QUARTERLY REPORT

AT MARCH 31, 2012

EDISON

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(1) Edison Spa, working through its Business Units and Corporate Activities, is directly engaged in the production of electric power from hydroelectric and thermoelectric power plants, and produces, imports and distributes hydrocarbon products.

(2) Edipower Spa is consolidated proportionally at 50%. Listed under the Discontinued Operations at March 31, 2012.

(*) Companies subject to functional unbundling requirements.

KEY EVENTS

Growing Our Business

Agreement Between Edison and Confindustria Alessandria

On January 26, 2012, Edison and Confindustria Alessandria signed an agreement to develop energy efficiency projects for member companies.

Under the agreement, Edison will build, at its expense, photovoltaic systems at the industrial plants of interested member companies of Confindustria Alessandria that meet certain requirements. Edison will retain ownership of the systems and will be the recipient of the economic benefits provided under the "Energy Account" (national government incentives), while the companies will benefit from a reduction in the cost of the electric power used by their factories and from the consideration they will receive for the air rights they granted to Edison. Title to the photovoltaic systems will pass to the companies upon the expiration of the "Energy Account" (after 20 years) or earlier, under certain conditions. Pursuant to the agreement, Confindustria Alessandria has agreed to promote the project among its member companies and inform Edison of any interested companies.

Agreement Between Edison and Consorzio Multienergia to Promote Energy Efficiency Among the Consortium's Member Companies

On February 17, 2012, Edison and Consorzio Multienergia (an organization part of the Confartigianato system, supported by the associations in Arezzo, Florence, Lucca, Massa-Carrara, Pistoia, Pisa, Siena and Prato) signed an agreement to develop energy efficiency projects for member companies.

Under the agreement, Edison will build, at its expense, facilities for energy self-production with a low environmental impact, such as photovoltaic and cogeneration systems, and develop projects to optimize energy efficiency at the factories of interested member companies of Consorzio Multienergia that meet certain requirements. Edison will build, operate and maintain the equipment.

Pursuant to the agreement, Consorzio Multienergia, already an established Edison customer for the supply of electric power, has agreed to promote the project among its member companies and inform Edison of any companies interested in pursuing the objectives of the agreement.

Edison Is Awarded Three New Hydrocarbon Exploration Licenses in Norway: in the North Sea and the Norway Sea

On March 21, 2012, Edison, through its Edison International Spa subsidiary, was awarded three new hydrocarbon exploration licenses in the Norwegian Continental Shelf, which were put out for bids by the Norwegian Oil and Energy Ministry. The licenses include Block PL 616 in the North Sea, with Edison as operator at 25% in a joint venture with North Energy at 20%, Concedo at 20%, Noreco at 20% and Skagen 44 at 15%, Block PL 620, in the North Sea, with Edison at 25% in a joint venture with Faroe Petroleum Norge as operator at 50% and Noreco at 25%, and Block PL 643 in the Norway Sea, with Edison at 30% in a joint venture with VNG Norge as operator at 40% and Lotos at 30%.

These licenses include a drill-or-drop clause that provides for a survey period of three years, at the end of which license holder must decide whether to proceed with drilling or abandon the license. Edison is currently active in Norway with 13 licenses, including three as operator.

Other Key Events

Edison: an Agreement for the Sale of Edipower and the Supply of Natural Gas Is Reached

On February 13, 2012, Edison's Board of Director, having heard the favorable opinion rendered by the alternative governance body equivalent to the Committee of Independent Directors, comprised of the independent Directors Gregorio Gitti and Gian Maria Gros-Pietro, approved the final contracts for the corporate restructuring of Edison and Edipower executed by the A2A, Delmi and EDF, each company within the scope of its jurisdiction, calling for the sale to Delmi of the equity interest held in Edipower and a contract for the supply of natural gas by Edison to Edipower, authorizing the Chief Executive Officer to finalize and execute the contracts.
Subsequently, on February 15, 2012, Edison, together with Alpiq, entered into an agreements to sell its equity interest in Edipower to Delmi for a price of about 605 million euros.
The implementation of the sales agreement is subject to the fulfillment of certain conditions precedent, the most important of which are approval by the antitrust authority and execution by Delmi of the sale of its 50% interest in Transalpina di Energia, as announced.

On March 16, 2012, Edison and Edipower signed a contract for the supply of natural gas, in accordance with the terms authorized by Edison's Board of Directors on February 13, 2012, after the contract's final version was resubmitted to the alternative governance body equivalent to the Committee of Independent Directors, comprised of the independent Directors Gregorio Gitti and Gian Maria Gros-Pietro.
More specifically, Edison and Edipower reached an agreement regarding all of the individual components of the parameters that the parties, or an independent expert if the parties fail to agree, will need to revise the gas supply price and keep it consistent with market terms.
The gas supply contract between Edison and Edipower, which will have a duration of six years (72 months), for a total volume estimated at about 1 billion standard cubic meters of gas, equal to 50% of the requirements of Edipower's thermoelectric power plants, will enable Edison to maintain unchanged the balance between its gas procurement sources and uses.
The contract will go into effect on the first day of the month following the date when Edison's sale to Delmi of its stake in Edipower closes. Concurrently with the signing of the abovementioned contract, the parties stipulated the terms and conditions of an agreement for the consensual termination of all incidental and instrumental contracts related to the operation of Edipower in tolling mode.

Standard & Poor's Revises Edison's Rating

On March 6, 2012, the Standard & Poor's rating agency revised Edison's long-term and short term credit rating from BBB-/A-3 to BB+/B, respectively, with Negative Credit Watch.
According to the rating agency, this revision reflected primarily the repeated delays in completing Edison's restructuring, which allegedly could affect the Group's ability to meet its short-term refinancing needs.

Significant Events Occurring Since March 31, 2012

Information about events occurring after the end of the three-month period covered by this Report is provided in the section of the Review of the Group's Operating Performance and Financial Results entitled "Significant Events Occurring after March 31, 2012."

FINANCIAL HIGHLIGHTS – FOCUS ON RESULTS

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables that follow contain alternative performance indicators that are not included among those provided in the IFRS accounting principles. The methods used to compute these indicators, consistent with the guidelines of the Committee of European Securities Regulators (CESR), are described in the footnotes to the tables. In the 2011 Annual Report, as a result of the agreements for Edison's corporate restructuring, which called, inter alia, for the sale of Edipower Spa, subject to certain conditions precedent being fulfilled, and in view of the size of the assets slated for disposal, the Edison Group presented Edipower's integrated contribution (i.e., the overall contribution resulting from the Tolling operating activities) as "discontinued operations", in accordance with IFRS 5, which requires that assets and liabilities held for sale and the results of discontinue operations be reclassified in a single line item. The amounts for the first quarter of 2011 were reclassified accordingly.

In the first quarter of 2012, consistent with the presentation adopted in the 2011 Financial Report, Edipower was treated as "held for sale," because there was no indication of new developments that could justify expectations that the planned transaction may not take place, while the conditions, particularly in the financial area, that justified treating the sale as a "highly probable" transaction continue to apply. For these reasons, Edipower's income statement was not consolidated and Edipower's assets and liabilities are shown as "Assets and liabilities held for sale" in the consolidated balance sheet and carried at the amounts reported at December 31, 2011. Moreover, the sales price is determined and the results for 2012 accrue to the buyer.

In view of the developments discussed above and in order to allow a homogeneous comparison of industrial margin data, the table below also shows operating results for the first quarter of 2012 (Sales revenues and EBITDA) computed consistent with the presentation used in the first quarter of 2011.

Edison Group

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2012(*)	1st quarter 2011(*)	% change
11,381	Sales revenues	3,294	3,121	2,763	19.2%
887	EBITDA	131	160	163	(19.6%)
7.8%	*as a % of sales revenues*	*4.0%*	*5.1%*	*5.9%*	
2	EBIT	(43)		37	n.s.
n.s.	*as a % of sales revenues*	*n.s.*		*1.3%*	
(273)	Net profit (loss) from continuing operations	(52)		(12)	
(605)	Net profit (loss) from discontinued operations	-		(9)	n.s.
(871)	Group interest in net profit (loss)	(51)		(20)	n.s.
482	Capital expenditures from continuing operations	71		98	(27.6%)
46	Investments in exploration	27		3	n.s.
11,030	Net invested capital (A+B) (1)	11,104		12,152	0.7%
3,884	Net financial debt (A) (1) (2)	4,028		4,054	3.7%
7,146	Shareholders' equity before minority interest (B) (1)	7,076		8,098	(1.0%)
6,988	Shareholders' equity attributable to Parent Company shareholders (1)	6,936		7,932	(0.7%)
n.s.	ROI (3)	n.s.		1.48%	
n.s.	ROE (4)	n.s.		n.s.	
0.54	Debt/Equity ratio (A/B)	0.57		0.50	
35%	Gearing (A /A+B)	36%		33%	
3,764	Number of employees (1) (5)	3,242		3,922	(13.9%)

(1) End-of-period data. The changes are computed against the data at December 31, 2011.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Review of the Group's Operating Performance and Financial Results.
(3) Annualized EBIT/Average net invested capital from continuing operations.
Net invested capital from continuing operations does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net result/Average shareholders' equity attributable to Parent Company shareholders.
Average Group interest in shareholders' equity is the arithmetic average of the Group interest in shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line and Group interest in companies consolidated by the proportional method.
(*) Does not include the integrated contribution resulting from Edipower's Tolling operating activities, which was reclassified to "discontinued operations" in the first quarter of 2011.

Edison Group

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011(*)
	Stock prices (in euros) (6)		
0.7954	- common shares	0.8586	0.8300
0.7701	- savings shares	0.8023	1.2317
	Profit (Loss) per share (in euros)		
(0.1692)	- basic earnings per common share	(0.0102)	(0.0041)
0.0500	- basic earnings per savings share	0.0125	0.0125
(0.1692)	- diluted earnings per common share	(0.0102)	(0.0041)
0.0500	- diluted earnings per savings share	0.0125	0.0125

(6) Simple arithmetic average of the prices for the last calendar month of the period.
(*) Does not include the integrated contribution resulting from Edipower's Tolling operating activities, which was reclassified to "discontinued operations" in the first quarter of 2011.

Sales Revenues and EBITDA by Business Segment

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2012(*)	1st quarter 2011(*)	% change
	Electric Power Operations (1)				
7,437	Sales revenues	1,721	1,548	1,679	2.5%
509	Reported EBITDA	87	116	127	(31.5%)
702	Adjusted EBITDA (**)	77	106	160	(51.9%)
	Hydrocarbons Operations (2)				
5,468	Sales revenues	1,996	1,996	1,511	32.1%
484	Reported EBITDA	67	67	60	11.7%
291	Adjusted EBITDA (**)	77	77	27	n.s.
	Corporate Activities and Other Segments (3)				
50	Sales revenues	12	12	12	-
(106)	EBITDA	(23)	(23)	(24)	4.2%
	Eliminations				
(1,574)	Sales revenues	(435)	(435)	(439)	0.9%
	EBITDA	-	-	-	
	Edison Group				
11,381	**Sales revenues**	**3,294**	**3,121**	**2,763**	**19.2%**
887	**EBITDA**	**131**	**160**	**163**	**(19.6%)**
7.8%	***as a % of sales revenues***	***4.0%***	***5.1%***	***5.9%***	

(1) Activities carried out by the following Business Units: Electric Power Operations, Power International, Renewable Sources, Energy Efficiency and Sustainable Development, Energy Management and Marketing & Distribution.
(2) Activities carried out by the following Business Units: Hydrocarbons Operations, Gas International, Gas Supply & Logistics and Marketing & Distribution.
(3) Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.
(*) Does not include the integrated contribution resulting from Edipower's Tolling operating activities, which was reclassified to "discontinued operations" in the first quarter of 2011.
(**) Adjusted EBITDA reflect the effect of the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. Within the framework of the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas used in Edison Group portfolios and of the gas earmarked for direct sales. The gains or losses generated by these transactions, which are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations. This reclassification is being made in view of the significant impact of fluctuations in commodity prices and foreign exchange parities that occurred during the reporting period, in order to provide an operational presentation of the Group's industrial results.

PERFORMANCE AND RESULTS OF THE GROUP

Operating Performance

In the first quarter of 2012, sales revenues grew to 3,294 million euros, or 19.2% more than in the same period last year.
At the individual sector level, revenues were up 32.1% for the Hydrocarbons Operations and 2.5% for the Electric Power Operations, due mainly to an increase in average sale prices that reflected trends in the benchmark scenario.

EBITDA totaled 131 million euros (160 million euros with data restated for consistent presentation of the integrated contribution resulting from Edipower's Tolling operating activities), or 32 million euros less (-19.6%) than in the first quarter of 2011.
This decrease is the net result of the following items:

- a negative change in the adjusted EBITDA(1) of the Electric Power Operations (-83 million euros), caused by the presentation described above of the integrated contribution resulting from Edipower's Tolling operating activities (about 29 million euros) and, to a lesser extent, the impact of a change in scope of consolidation, and by the reduced profitability of sales in the deregulated market segment, mitigated in part by the effects of the early termination of the CIP 6/92 contract for the Piombino power plant;
- an increase in the adjusted EBITDA(1) of the Hydrocarbons Operations (+50 million euros), which was achieved primarily thanks to the positive contribution of the exploration and production activities and despite the negative margins that continue to characterize the gas buying and selling business.

A more detailed analysis of the results for the period is provided in the section of this Report that reviews the performance of the Group's businesses.

EBIT, negative by 43 million euros, reflect, in addition to the factors mentioned above, the impact of an increase of 48 million euros in depreciation and amortization expense, resulting from higher investments in exploration, and a writedown of the Piombino thermoelectric power plant recognized due to a reduction in its expected profitability following the early termination of the CIP 6/92 contract.

The net result from continuing operations, which is after net financial expense of 28 million euros, is a loss of 52 million euros (loss of 12 million euros in the first quarter of 2011).

At March 31, 2012, net financial debt amounted to 4,028 million euros (4,054 million euros at March 31, 2011), up compared with the 3,884 million euros owed at December 31, 2011. More detailed information about the individual components of this item is provided in the "Net Financial Debt" chapter found within the section of this Report entitled "Review of the Group's Performance and Financial Results".

(1) See note on page 6.

The table below provides a breakdown of the changes that occurred in net financial debt:

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011(*)
(3,708)	**A. Net financial (debt) at beginning of the period**	**(3,884)**	**(3,708)**
887	EBITDA	131	163
(494)	Change in operating working capital	(205)	(398)
(184)	Income taxes paid (-)	(17)	(10)
(1)	Change in other assets (liabilities)	71	25
208	**B. Cash flow from operating activities**	**(20)**	**(220)**
(528)	Investments in property, plant and equipment and intangibles (-)	(98)	(101)
(3)	Investments in non-current financial assets (-)	-	-
-	Acquisition price of business combinations (-)	-	-
259	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	-	1
11	Capital distributions from equity investments	3	8
5	Dividends received	-	1
(48)	**C. Free Cash Flow**	**(115)**	**(311)**
(160)	Financial income (expense), net	(28)	(37)
-	Contributions of share capital and reserves	-	-
(22)	Dividends paid (-)	(1)	(4)
(230)	**D. Cash Flow after financing activities**	**(144)**	**(352)**
54	Discontinued operations	-	6
(176)	**E. Net Cash Flow for the period**	**(144)**	**(346)**
(3,884)	**F. Net financial (debt) at end of the period**	**(4,028)**	**(4,054)**

(*) Data reclassified in accordance with IFRS 5.

Outlook and Expected Year-end Results

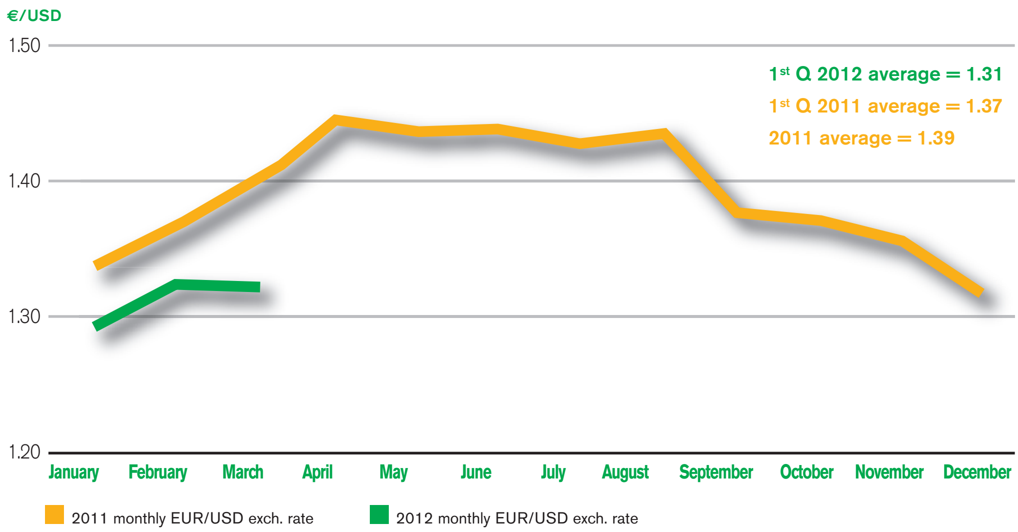
In view of the persisting competitive pressure both in the power and gas markets and the lack of visibility on the evolution of the gas and power demand in the country, full-year 2012 Group EBITDA are expected to range between 1.1 and 1.2 billion euros, including the full impact of the Libyan and Qatari gas renegotiations.

ECONOMIC FRAMEWORK

The rate of economic expansion slowed in worldwide terms in 2011, making the global outlook for the first quarter of 2012 uncertain, with sharp differences geographically, even though the early months of the year brought comforting signals that make the forecasting horizon somewhat brighter than a few months ago: in the United States, the recovery has gained a firmer footing, as shown by the increase in industrial production, healthy gains in consumer spending and strong job creation; in Europe, governments reached important milestones, albeit partial, in resolving the Greek crisis and developing the indispensable tools that the European Union needs to address financial crises of member countries, with the positive effect of boosting confidence in the financial markets; trade volumes started to grow again, particularly outside Europe; while Brazil, Russia, India and China appear to have put the most acute phase of the slowdown behind them and are now growing at a faster pace.
The Eurozone is still the area that is suffering the most, but the recession is now expected to be less deep than it was projected a few months ago: the indicators of economic activity for the Eurozone, after the deterioration that characterized 2011, are now stabilizing and, according to forecasts, Germany will again be the engine driving the recovery in Europe, with a growth rate that, according to the OECD, will be equal to +0.1% in the first quarter of 2012 and +1.6% in the second quarter of the year. Benefiting the German locomotive was an upturn in manufacturing activity and faster growth in the service sector; consumer confidence increased and the unemployment rate is the lowest since reunification; domestic demand continues to improve thanks to sizable gains in real wages, thereby cushioning the impact of the decrease in exports caused by recession conditions in many EU countries. Specifically, the countries that are technically in recession (two quarters of negative growth) include Italy, Belgium, the Netherlands and Portugal, as their economies contracted in the third and fourth quarter of 2011.

As for Italy, projections for the first quarter of 2012 call for a further decline in economic activity: according to the latest update by the OECD about economic conditions in the world's largest economies, Italy's GDP will decrease by 1.6% in the first quarter of the year, but will be contracting at a lower rate of 0.1% in the second quarter. Prometeia has a more optimistic outlook, calling for Italy's GDP to shrink at rates of 0.9% and 0.4% in the first and second quarter, respectively. However, other countries in Europe are expressing concern about Italy's anemic growth, which could end up frustrating all of the efforts made by Italy to achieve a balanced budget by 2013, while restoring the health of the economy, which is a prerequisite for ending the recession. More specifically, a high unemployment rate, a still weak domestic demand and a deteriorating level of confidence among consumers and businesses are the factors weighing down economic activity in Italy. On the other hand, a contrasting effect is provided by the strengthening of global demand, especially in countries outside the EU, and, more importantly, renewed confidence in the international markets about Italy's solvency in terms of its public debt, which caused the spread between German Bunds and Italian treasury bonds to narrow and provided a glimpse of improving conditions in future quarters in Italy.

In the first quarter of 2012, the euro/U.S. dollar exchange rate averaged 1.31 USD for one euro, for a decrease of 4.1% compared with the same period last year, when the average was 1.37 USD for one euro. In the quarter ended March 31, 2012, the overall trend was up for the euro: after hitting a low in January 2012, due to the lingering effects of the crisis that affected the Eurozone in 2011, the implementation of budget balancing policies by various countries, including Italy, caused the euro to strengthen versus the U.S. dollar in February and consolidate its gains in March.

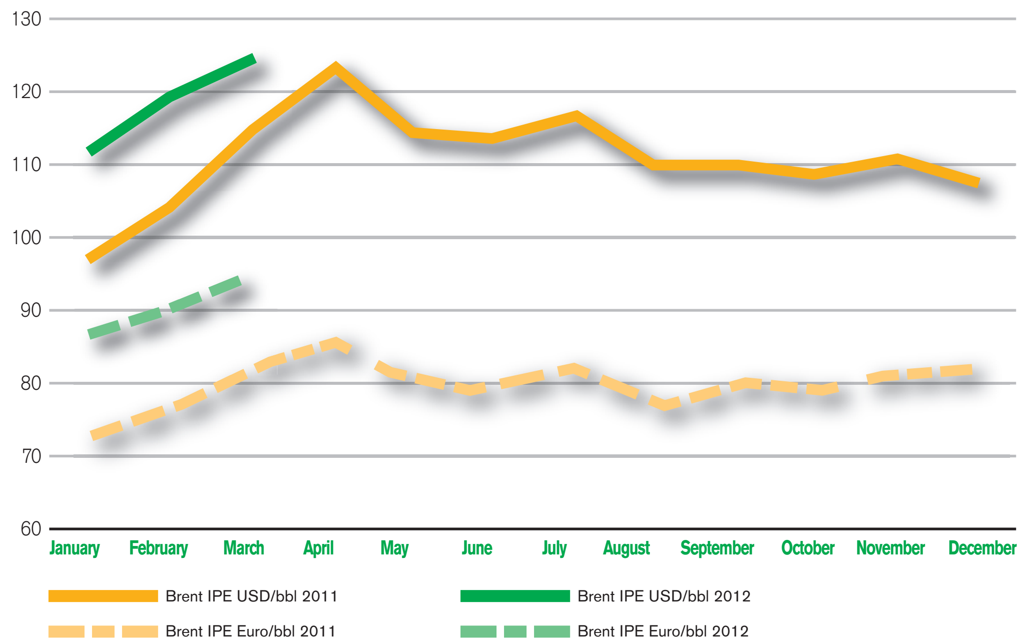


As for the oil market, after reaching the high for the year in 2011, prices continued to follow an upward trend in the first quarter of 2012. Slightly lower oil demand from Asia and the restart of oil supply from Libya probably had merely the effect of easing the upward pressure on prices caused by an increase in international political tension, primarily between the United States and Iran.
In the first quarter of 2012, crude oil prices were up 12.5% compared with the same period last year, averaging USD 118.3 per barrel. In terms of quarterly averages, this is the second highest level ever reached, after the record high of USD 123 per barrel set in the second quarter of 2008, in a macroeconomic scenario totally different from the one that exists today.
The fluctuation in the price of a barrel of Brent crude is even more pronounced when stated in euros, as the trends for oil prices and the euro/dollar exchange rates moved in opposite directions. Compared with the first three months of 2011, crude oil prices in euros increased by 17.3% in the first quarter of 2012, to an average of EUR 90.3 per barrel.

The table and chart that follow show the average quarterly data and the monthly trends for 2012 and 2011:

2011 full year		1st quarter 2012	1st quarter 2011	% change
110.8	Oil price in USD/bbl (1)	118.3	105.2	12.5%
1.39	USD/EUR exchange rate	1.31	1.37	(4.1%)
79.6	Oil price in EUR/bbl	90.3	77.0	17.3%

(1) Brent IPE.



Gas prices were up sharply also in Europe on a quarterly basis. On the TTF, Europe's main trading hub, prices were 5.9% higher than in the first quarter of 2011, while the price on Italy's Virtual Trading Facility rose by 25.9%, causing the differential between these two hubs to widen considerably.
The trend for other commodity prices ran counter to that of crude oil, particularly in the case of the price of API2 coal, which was down 18% compared with the first three months of 2011, and the price of CO_2 emissions credits, which plummeted by 50%. The trend prevailing in these markets was chiefly the result of the current macroeconomic scenario, in which a decrease in thermoelectric production caused a reduction both in consumption of solid fuels and CO_2 emissions. In addition, the market for emissions credits was adversely affected by regulatory uncertainty about the upcoming Phase III of the market (2012-2020).

THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

2011 full year	TWh	1st quarter 2012	1st quarter 2011	% change
289.2	Net production:	72.0	73.3	(1.7%)
217.4	- Thermoelectric	56.8	58.3	(2.6%)
47.7	- Hydroelectric	6.8	10.5	(35.0%)
24.1	- Other renewables (1)	8.4	4.5	86.5%
45.6	Net imports	11.7	12.0	(2.6%)
(2.5)	Pumping consumption	(0.7)	(0.6)	4.9%
332.3	**Total demand**	**83.0**	**84.7**	**(1.9%)**

Source: Analysis of official Terna data, before line losses.
(1) Includes production from geothermal, wind power and photovoltaic facilities.

In the first quarter of 2012, total gross demand for electric power from the Italian grid decreased to 83.0 TWh (TWh = 1 billion kWh), or 1.9% less than in the same period last year, consistent with the overall decline in economic activity. On a seasonally adjusted basis (i.e., eliminating the impact of changes in the number of business days), the decrease in demand grows to 3.3%, due to the fact that 2012 is a leap year.

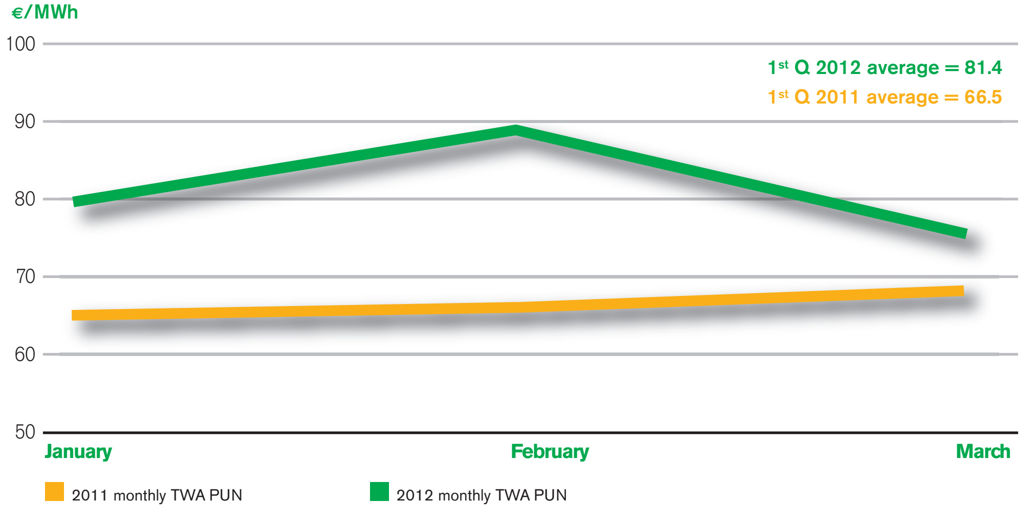
Net national production declined by 1.3 TWh (-1.7%) in the first quarter of 2012 as the combined result of a contraction of 1.7 TWh in demand for electric power, a reduction of 0.3 TWh in net electric power imports and an increase of 0.1 TWh in pumping consumption. National production, net of pumping consumption, was equal to 86% of demand, about the same as in the first quarter of 2011, with net imports covering the remaining 14%.

While net national production decreased by 1.3 TWh overall, hydroelectric generation contracted by 3.7 TWh (-35%) and production from other renewable sources was up sharply, growing by 3.9 TWh (+86.5%); consequently, thermoelectric production fell by 1.5 TWh (-2.6%) in the first three months of 2012.

Specifically with regard to the main renewable energy sources, in addition to the abovementioned decrease in hydroelectric production caused by a lower availability of water resources compared with the first quarter of 2011, there was a remarkable increase in production by photovoltaic facilities (+2.8 TWh; +348%) and a sharply higher output by wind farms (+1.2 TWh; +48%), thanks to a surge in installed capacity in 2011. The production of geothermal facilities was substantially in line with the same period last year.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) increased to 81.4 euros per MWh, for a gain of about 22.4% compared with the first three months of 2011 (66.5 euros per MWh).

The chart below shows a year-over-year comparison of the monthly trend for the TWA PUN.



Even though demand for electric power was down on average compared with 2011, the substantially higher level of the PUN can be explained by a steady rise in the price of gas, consistent with the upward trend for crude oil prices. When looking at individual months, it is worth mentioning that, early in February 2012, exceptionally cold weather throughout Europe and a “gas emergency” in Italy contributed to increasing demand for electric power and, consequently, driving up prices, which rose by about 23 euros per MWh compared with February 2011.

An analysis by hourly periods shows that, compared with the same period last year, the increase was greater during daytime hours (+27,7%, Monday to Friday) than at night and on weekends (+18.6%). A breakdown of the data by the F1, F2 and F3 hourly time periods shows that, in March, average demand during the F2 period was actually higher than in the F1 period. This anomaly can be explained by the increase in production from renewable sources, photovoltaic manly, which helped lower prices during daytime hours, shifting peak prices to the evening hours.

Demand for Natural Gas in Italy and Market Environment

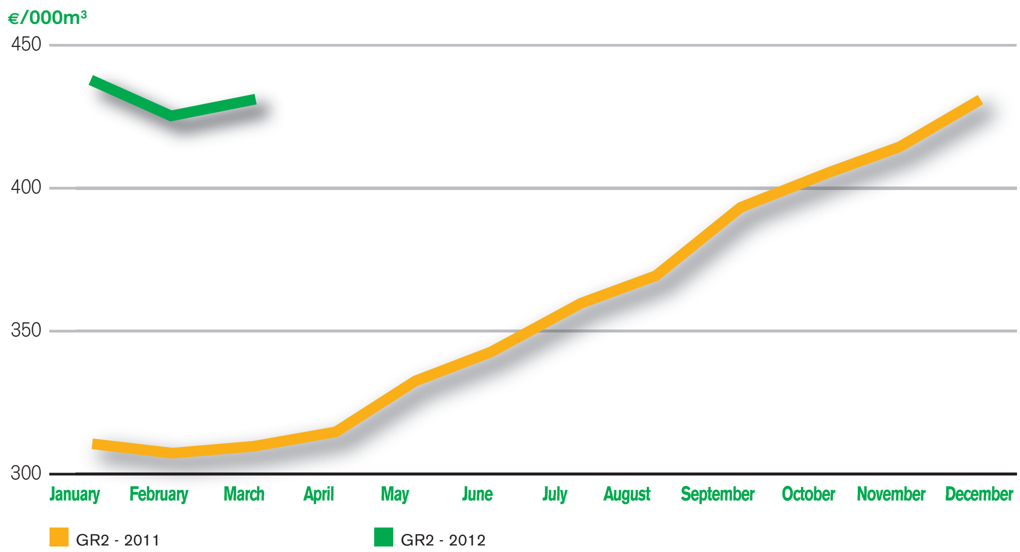
2011 full year	in billions of m^3	1st quarter 2012	1st quarter 2011	% change
30.5	Services and residential customers	15.3	15.2	0.3%
17.9	Industrial users	4.9	4.9	0.7%
27.7	Thermoelectric power plants	6.9	7.6	(9.1%)
1.3	System usage and leaks	0.3	0.3	(1.6%)
77.4	**Total demand**	**27.4**	**28.0**	**(2.2%)**

Source: 2011 data and 2012 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the first quarter of 2012, Italian demand for natural gas contracted by 2.2% compared with the same period last year to a total of about 27.4 billion cubic meters, for an overall reduction of about 0.6 billion cubic meters.
The main reason for this decrease is a contraction in thermoelectric production (down by about 0.7 billion cubic meters, or 9.1%, compared with the first quarter of 2011) that reflects the growing contribution that renewable-source generating facilities are providing. In the industrial sector (+0.7% compared with the first three months of 2011) demand was about the same as in the first quarter last year, still far below the pre-crisis levels of 2008. Lastly, consumption by the service sector and residential customers improved slightly (+0.3%) compared with the same period last year.
In the first quarter of 2012, fluctuations in weather temperature had a major impact on the monthly trend of demand for natural gas: compared with the previous year, the weather was extremely cold in February, but national gas consumption was down sharply in March, due to warmer weather.

The following developments characterized supply sources in the first quarter of 2012:
- higher domestic production (+0.2 billion cubic meters; +7.9% compared with the first quarter of 2011);
- lower gas imports than in 2011 (-1.2 billion cubic meters; -5.6% compared with the same period last year);
- increase in inventories of stored gas compared with 2011, reflecting favorable price dynamics and an increase in national storage capacity.

As for the monthly trend for prices of indexed gas, the chart provided on the next page, which uses the Gas Release 2 formula as a benchmark, shows the impact of a level of Brent prices in euros per barrels that was substantially higher than in the first quarter of 2011. As a result, prices by the Gas Release 2 formula show an increase of 39.3% compared with the first three months of 2011.



The rate component that corresponds to the Wholesale Distribution Charge (abbreviated as CCI in Italian), which is indicative of the prices charged in the residential market, reflects changes in the basket of benchmark fuels with a longer time lag than the Gas Release 2, due to a different indexing mechanism. The price determined in accordance with the computation method of Resolution ARG/gas No. 77/11 was 380.50 euros per thousand cubic meters in the first quarter of 2012, for an increase of 30.1%, compared with 292.50 euros per thousand cubic meters in the first three months of 2011, computed in accordance with Resolution ARG/gas No. 89/10.
In the first quarter of 2012, the different indexing mechanism and the use of the CCI formula as a quarterly yardstick, caused the differential between the two formulas to increase compared with the first three months of 2011, widening the gap to 50.60 euros per thousand cubic meters.

The table below shows average annual and quarterly prices for the Gas Release 2 and the CCI:

2011 full year		**1st quarter 2012**	1st quarter 2011	% change
357.4	Gas Release 2 - euros/000 m^3 (1)	431.1	309.5	39.3%
323.6	CCI – euros/000 m^3 mc (2)	380.5	292.5	30.1%

(1) Gas Release 2: Gas sold by ENI to competitors pursuant to a 2007 resolution by the Antitrust Authority. It reflects the trend of natural gas prices under long-term supply contracts. The price is the one quoted on the Virtual Exchange Facility.
(2) Wholesale distribution charge set pursuant to Resolution No. 134/06 and updated pursuant to Resolutions ARG/gas No. 192/08, ARG/gas No. 40/09, ARG/gas No. 64/09, ARG/gas No. 89/10 and No. 77/11.The price is the one quoted at the border.

LEGISLATIVE AND REGULATORY FRAMEWORK

The main legislative and regulatory measures enacted in the first quarter of 2012 that had an impact on the various businesses of the Group are reviewed below.

Electric Power

Environment

Burden Sharing Ministry Decree: The Ministry Decree of March 15, 2012, concerning the allocation on a regional basis of burden required to meet the national target of increasing renewable-source production to 17% of final gross production by 2020, was published on April 2, 2012 in issue No. 78 of the *Official Gazette of the Italian Republic.*

The decree specifies regional objectives with regard to renewable sources and defines the modalities for handling instances when regions or autonomous provinces fail to achieve their targets, thereby providing a significant tool to knock down the barriers that, in some cases, regional administration create with regard to projects for renewable source facilities, concerning mainly permit granting processes.

With this Decree, regional administrations are held accountable for their actions. Should they fail to achieve the final 2020 objective assigned to them or found to be lagging compared with the growth trend projected starting in 2012, the central government is empowered to appoint an ad hoc Commissioner to remedy the lack of action or remove the obstacles that exist at the regional level.

The abovementioned decree also represents a new opportunity for investors, because it sets forth the development potential that each region is expected to achieve by 2020 with regard both to electric power renewables and thermal renewables.

In all likelihood, it will be amended to include regional energy and environmental plans, detailing the expected development for each renewable energy source.

Wholesale Market

Facilities that are essential for the electrical system's safety: In 2012, Terna confirmed the must-run status of the San Filippo del Mela power plant for units connected at 220 kV (with the cost reimbursement provided by the Electric Power and Gas Authority (AEEG) with Resolution ARG/elt No. 208/11) and included in the same classification the San Quirico, Porcari and Milazzo power plants. Edison opted for the alternative modalities for San Quirico (increasable reserve offered on the Dispatching Services Market at administrated prices, with payment of a bonus by Terna; as a result, the power plant was deleted from the list of must-run facilities published by Terna), but chose the regular status (reimbursement of variable costs only for the must run hours) for Porcari and Milazzo.

Reform of the electric power market: The implementation of the pay-as-bid system introduced by Law No. 2/09, originally scheduled for April 2012 will not take place. In the meantime, under Article 21 of Decree Law No. 1/2012 (converted into Law No. 27/2012) the Ministry of Economic Development is required to publish new guidelines and amend the implementation provisions of Law No. 2/09 with the aim of minimizing costs and ensure the safety and quality of the electric power supplied to users, while respecting market criteria and principles.

CTR for producers: Until December 2011, generating facilities connected to medium and low voltage distribution networks were compensated for avoided transmission costs (CRT), as an incentive for the development of distributed generating facilities. With the start of the 2012-2015 regulatory period, the Authority decided that producers no longer needed CRT compensation, since the level of penetration of distributed power generation system is now high enough to make the use of rate-based incentives no longer justified. Consequently, as of January 1, 2012, the CRT compensation system for producers has been permanently cancelled (Resolution ARG/elt No. 199/11).

Retail Market

Indemnification system: Edison challenged Resolution ARG/elt No. 219/10 (Provisions Governing the Implementation of the Indemnification System) in an appeal filed with the Regional Administrative

Court of Lombardy on February 7, 2011. At the first hearing in these proceedings, held on March 16, 2011, Edison withdrew its motion to stay the implementation of the abovementioned resolution, asking instead that the Court set a short-term date for a merit hearing, which was initially scheduled for April 12, 2012 and has now been postponed to July 4, 2012. In any event, discussions with the Authority resulted in the publication of Resolution R/eel No. 99/2012, which introduced measures to mitigate the adverse effects of the indemnification mechanism on incoming sellers and other measures designed to resolve the problems encountered thus far by the system's operator.
The measures implemented to resolve the issues raised by the operators are summarized below:
- Handling of customer complaints regarding the use of delinquency fees (CMOR).
- Voiding of the indemnification claim by the incoming seller, when certain specific conditions are met.
- Payment of the CMOR to the local distributor deferred for six months following the identification of the incoming seller.
- Monitoring of the indemnification system by means of a monthly report on CMOR implementation practices by the incoming seller.

Hydrocarbons

Rates and Market

The CCI rate component for distribution at the wholesale level is computed as the sum of the following items: a variable consideration (QE) to cover natural gas procurement costs and a fixed consideration (QCI) to cover other costs to market gas at the wholesale level not reflected in the QE (transmission costs on the international network and the margin provided for wholesalers). With the publication of Resolution ARG/gas No. 77/11, the Authority began a consultative process aimed at revising, by October 1, 2012, the computation mechanism for the CCI component, also in light of the launch of the balancing market for natural gas on December 1, 2011.
Pursuant to the recently published Decree Law No. 1/12 (deregulation measures decree), the Electric Power and Gas Authority (AEEG), starting on April 1, 2012, is required to bring the reference prices for the supply of natural gas to vulnerable customers in line with European prices. To that effect, on March 1, 2012, the AEEG published a new consultative document (Resolution No. 68/2012/R/gas), which led to the publication of Resolution No. 116/2012/R/gas, which made some initial changes to the CCI component, ahead of the revision planned for October 1, 2012.
More specifically, this resolution redefines the QEt consideration for the second and third quarter, taking into account a section of the spot market traded on the TTF European exchange and using as reference the quarterly forward OTC prices applicable to the quarter for which the CCI component is being updated.

Balancing Market: On February 7, 2012, by Resolution No. 32/12/R/gas, the AEEG amended the rules of the economic merit balancing market, requiring that, under emergency situations caused by gas shortages, charges for operator imbalances be determined based on the highest market price, corresponding to the unauthorized use of the strategic reserve. The gas emergency that affected the Italian system in February 2012 caused Edison to incur significant imbalance costs, due mainly to the unavailability of gas from the ALNG terminal. Currently, the Company is engaged in discussions with the relevant authorities to mitigate the economic effects of the new regulations on the occasion of a failure at the infrastructure level.

Infrastructures

Gas Transmission: With regard to the obligation to segregate Edison Stoccaggio - Transmission Operations in accordance with Legislative Decree No. 93/2011, Edison Stoccaggio - Transmission Operations informed the AEEG that it elected to adopt the ITO model (maintaining the ownership and management of the transmission infrastructure, with the obligation to secure a certification of the status of independent operator of the natural gas transmission system) and submitted the paperwork required to begin the certification procedure. In February 2012, Edison Stoccaggio announced that its parent company decided to transfer the natural gas transmission operations to a newly established company.

Issues Affecting Multiple Business Segments

Law No. 27/2012 ("Growth for Italy" Decree): Law No. 27 of March 24, 2012, which converted into law Decree Law No. 1 of January 24, 2012 containing urgent provisions for competition, infrastructural development and competitiveness, was published on March 24, 2012 in Issue No. 71 of the *Official Gazette of the Italian Republic.*

With this package of reforms, the government intended to remove obstacles caused by an insufficiently competitive market and inadequate infrastructures. The provisions that are relevant to the energy industry are reviewed below:

- **Ownership separation structure of SNAM Spa (Article 15):** Regulations will be issued by May 31, 2012, setting forth the criteria, conditions and modalities that SNAM Spa will required to abide by for the purpose of adopting (within 18 months) an ownership separation model to establish full separate ownership for regulated transmission, storage, regasification and distribution services.

- **Electric power market (Article 21):** The Ministry of Economic Development is expected to publish, with the input of the AEEG, guidelines implementing the changes required by the reform of the electric power market, subject of Law No. 2/2009, with the aim of containing costs and ensuring the safety and quality of the supply of electric power, using flexibility services when needed. The new rules will also have to address issues related to the integration of the European market and the changes that are occurring in the electrical system, particularly with regard to the growing production from non-programmable renewable-source facilities.

- Transparency in the electric power and gas markets (Article 22): The Integrated Information System (IIS), established by the Single Buyer, is expected to collect, in addition to information about delivery points and the data identifying end customers, also metering data of electric power and gas consumption. The AEEG will update within two months the relevant regulatory framework. The purpose of this provision is to promote the transparency of information and give sales companies access to the data processed through the IIS.

Law No. 35/2012 converting Decree Law No. 5/2012 ("Simplifications" Decree): Decree Law No. 5/2012 (published on February 9, 2012 in Issue No. 33 of the *Official Gazette of the Italian Republic*), setting forth urgent simplification and economic development provisions, was converted into Law No. 35 of April 4, 2012 (published on April 6 in Issue No. 82 of the *Official Gazette of the Italian Republic*). The main provisions of interest to businesses are mentioned below:

- E&P (Article 24): This article introduces the possibility of providing additional extensions of existing permits for activities involving offshore exploration, prospecting and production with regard to liquid and gaseous hydrocarbons;
- AEEG powers (Article 58): This article amends the powers of the AEEG, which, in urgent cases, can order autonomously, but motivating its actions, the implementation of precautionary measure even before the start of the penalty process. It also introduces the option of adopting a streamlined procedures for imposing administrative fines, with the approval of the target company.

Decree Law No. 21/2012: Decree Law No. 21 of March 15, 2012, setting forth provisions governing special powers in connection with ownership structure in the defense and national security areas and strategically significant assets in the energy, transportation and communications industries, was published on March 15, 2012 in Issue No. 63 of the *Official Gazette of the Italian Republic.*

More specifically, Article 2 of this decree deals with the special powers concerning strategic assets in the energy area. Decrees issued to specifically identify strategically relevant assets (networks and production facilities, and systems and other items of strategic importance for the energy industry) must be updated at least once every three years. Essentially, with regard to any resolution, action or transaction by companies that own one or more strategic assets that potentially could be harmful to public interest in terms of procurement practices and the safety and operation of networks and production facilities, the government will be allowed, in exceptional situations involving an actual danger of serious harm to the public interest, to exercise veto power or grant conditional authorization with regard to the abovementioned resolution, action or transaction. The process of converting this decree into a law is currently in progress.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2011 full year	GWh (*)	1st quarter 2012	1st quarter 2011	% change
26,416	**Edison's production**	**4,633**	**7,101**	**(34.8%)**
21,578	- Thermoelectric power plants	3,852	6,192	(37.8%)
4,128	- Hydroelectric power plants	527	711	(25.9%)
710	- Wind farms and other renewables	254	198	28.5%
6,747	**Edipower's production**	**1,678**	**2,156**	**(22.1%)**
5,568	- Thermoelectric power plants	1,537	1,881	(18.3%)
1.179	- Hydroelectric power plants	141	275	(48.6%)
38,990	**Other purchases (1)**	**4,931**	**9,038**	**(45.4%)**
72,153	**Total sources in Italy**	**11,242**	**18,295**	**(38.5%)**
2,172	**Production outside Italy**	**514**	**458**	**12.4%**

(*) One GWh is equal to one million kWh, referred to physical volumes.
(1) Before line losses and excluding the trading portfolio.

Uses

2011 full year	GWh (*)	1st quarter 2012	1st quarter 2011	% change
4,738	**CIP 6/92 dedicated**	**428**	**1,532**	**(72.1%)**
3,321	**Captive and other customers**	**233**	**931**	**(75.0%)**
64,094	**Deregulated market:**	**10,581**	**15,832**	**(33.2%)**
23,522	- End customers (1)	4,677	5,699	(17.9%)
2,807	- IPEX and mandates	2,070	545	n.s.
28,204	- Wholesalers and industrial portfolio	2,639	7,036	(62.5%)
9,561	- Other sales (2)	1,195	2,552	(53.2%)
72,153	**Total uses in Italy**	**11,242**	**18,295**	**(38.5%)**
2,172	**Sales of production outside Italy**	**514**	**458**	**12.4%**

(*) One GWh is equal to one million kWh.
(1) Before line losses.
(2) Excluding the trading portfolio.

Financial Highlights

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011	% change
7,437	**Sales revenues**	**1,721**	**1,679**	**2.5%**
509	EBITDA	87	127	(31.5%)
702	Adjusted EBITDA (1)	77	160	(51.9%)
168	Capital expenditures	12	35	(65.7%)
1,275	Number of employees (2)	1,272	1,279	(0.2%)

(1) See note on page 6.
(2) End-of-period data. The changes are computed against the data at December 31, 2011.
(*) Edipower's contribution was reclassified to discontinued operations.

Production and Procurement

In the first quarter of 2012, Edison's portfolio changed drastically compared with the same period last year, due both to the effect on production of a change in the scope of consolidation and a different sources/uses optimization strategy.

Edison's net production decreased to 4,633 GWh, down about 2.5 TWh, or 34.8%, compared with the first three months of 2011, as a result of a 37.8% reduction in thermoelectric output. The divestment, in October 2011, of the thermoelectric power plants serving ILVA's production facilities in Taranto is the main reason for the thermoelectric shortfall, which, however, also reflects an across-the-board contraction in national demand for electric power that was particularly pronounced for generating facilities that use fossil fuels.

As for production from renewable sources, the first quarter was characterized, on the one hand, by a contraction in hydroelectric production (-25.9%), in line with the national trend and reflective of the reduced availability of water resources during the period, and, on the other hand, by an increase in the output of wind farms and other renewable-source facilities (+28.5%) thanks to the completion of repowering and expansion programs at the San Giorgio and Foiano (BN) wind farms.

Other purchases carried out to round out the sources portfolio were cut almost in half compared with the first quarter of 2011, reflecting a decision to reduce outside purchases, particularly on the IPEX, a segment in which the Group has been a net seller in 2012, as explained below.

However, it is important to keep in mind that this category includes purchases that occur when facilities operate in bidding mode and other transactions with relatively low unit margins.

Production outside Italy, consisting of the production of the facilities operated by Elpedison Power in Greece, increased by 12.4% in the first three months of 2012.

Sales and Marketing

In the first quarter of 2012, domestic sales of electric power totaled 11,242 GWh, or 38.5% less than in the same period last year.

Sales in the CIP 6/92 and Captive Customer segments contracted sharply (more than 70%), due to the abovementioned divestment of the thermoelectric power plants located in Taranto.

The sales volume was also down in the deregulated market, falling by 33.2%. This negative performance is the net result of different dynamics in the individual segments. Specifically, while sales to end business customers and wholesalers decreased, due to the compression of margins that competitive pressure is causing in this segment, sales to end residential customers and transactions on the IPEX increased.

As mentioned above in the section on procurement, other sales in the deregulated market include volumes generated with the production facilities operating in bidding mode.

Operating Performance

Despite lower sales volumes, sales revenues improved to 1,721 million euros in the first quarter of 2012, up slightly compared with the amount reported in the same period last year, primarily thanks to an increase in average sales prices driven by the trend in the benchmark energy commodity scenario.

Adjusted EBITDA totaled 77 million euros at March 31, 2012 (160 million euros in the first three months of 2011). The decrease of 51.9% compared with the same period last year is attributable in part to the different effect of the Tolling Contract with Edipower (about 29 million euros), resulting from the agreement to sell this company, and in part to the impact of sales to customers in the deregulated market, where sales margins are continuing to shrink due to the unrelenting, severe competitive pressure that characterizes the national electric power market. On the other hand, EBITDA for the first quarter of 2012 benefited from the positive contribution resulting from the voluntary early termination of the CIP 6/92 contract for the CET 3 power plant and Piombino, effective as of January 1, 2013.

Capital Investments

Capital expenditures by the electric power operations, which totaled 12 million euros in the first three months of 2012, were focused mainly on wind energy and other renewables, with the lion's share (7 million euros) used to complete projects started in 2011.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2011 full year	in millions of m³ natural gas	1st quarter 2012	1st quarter 2011	% change
520	Production in Italy (1)	160	101	58.1%
11,812	Imports (Pipelines + LNG)	3,522	3,647	(3.4%)
2,749	Domestic purchases	1,091	524	n.s.
124	Change in stored gas inventory (2)	(21)	376	n.s.
15,205	**Total sources (Italy)**	**4,752**	**4,648**	**2.2%**
1,726	**Production outside Italy (3)**	**481**	**380**	**26.5%**

(1) Net of self-consumption and stated at Standard Calorific Power.
(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(3) Counting volumes withheld as production tax.

Uses of Natural Gas

2011 full year	in millions of m³ natural gas	1st quarter 2012	1st quarter 2011	% change
2,152	Residential use	1,017	1,054	(3.5%)
1,484	Industrial use	505	457	10.5%
9,117	Thermoelectric fuel use	2,427	2,568	(5.5%)
2,452	Other sales	803	569	41.1%
15,205	**Total uses in Italy**	**4,752**	**4,648**	**2.2%**
1,726	**Sales of production outside Italy (1)**	**481**	**380**	**26.5%**

(1) Counting volumes withheld as production tax.

Crude Oil Production

2011 full year	in thousands of barrels	1st quarter 2012	1st quarter 2011	% change
2,142	Production in Italy	540	539	0.2%
1,366	Production outside Italy (1)	425	271	56.7%
3,508	**Total production**	**965**	**810**	**19.1%**

(1) Counting volumes withheld as production tax.

Financial Highlights

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011	% change
5,468	**Sales revenues**	**1,996**	**1,511**	**32.1%**
484	EBITDA	67	60	11.7%
291	Adjusted EBITDA (1)	77	27	n.s.
311	Capital expenditures	59	62	(4.8%)
46	Investments in exploration	27	3	n.s.
1,319	Number of employees (2)	1,329	1,346	0.8%

(1) See note on page 6.
(2) End-of-period data. The changes are computed against the data at December 31, 2011.

Production and Procurement

Net production of natural gas, counting the combined output of the Italian and international operations, totaled 641 million cubic meters in the first quarter of 2012, for a gain of 33.1% compared with the same period last year. Production was up 58.1% in Italy, thanks to the sidetrack drilling projects implemented at some wells in 2011, and grew by 26.5% abroad, reflecting the contribution of wells that went on stream in 2011 at the Abu Qir concession in Egypt.

Production of crude oil increased to 965,000 barrels (810,000 barrels in the first three months of 2011), with volumes basically holding steady in Italy compared with the first quarter of 2011, but rising by 56.7% abroad, as the output from the Abu Qir concession grew for the reasons mentioned above.

Gas imports were down 3.4%, consistent with a reduction in demand from residential customers and thermoelectric users.

Sales and Marketing

Unit sales of natural gas to customers in Italy totaled 4,752 million cubic meters, for an increase of 2.2% compared with the first quarter of 2011.

Specifically, sales to residential users decreased by 3.5%, reflecting monthly changes in weather temperature, and deliveries to thermoelectric users contracted by 5.5%, due mainly to lower gas consumption by the Group's thermoelectric power plants, offset only in part by higher sales to thermoelectric facilities of external customers, but sales to industrial users grew by 10.5% compared with the corresponding period last year.

Sales to other wholesalers and volumes traded on the virtual trading facility totaled 803 million cubic meters (569 million cubic meters in the first quarter of 2011).

Operating Performance

In the first quarter of 2012, sales revenues grew to 1,996 million euros, up sharply (+32.1%) compared with the same period in 2012, benefiting from an upward trend in the benchmark scenario and an increase in unit sales.

Adjusted EBITDA almost tripled compared with the first quarter of 2011, rising to 77 million euros. This remarkable improvement reflects the higher EBITDA reported by the exploration and production operations, which benefited from rising oil prices and an increase in sales volumes both in Italy and abroad, and a reduction of the loss generated by the Group's activities engaged in buying and selling natural gas, which reported negative results for the opening quarter of 2012, even though they are benefiting since July 2011 from the positive effect of a renegotiated contract with Promgas for the supply of gas from Russia.

With regard to this negative performance, it is worth mentioning that sales margins are still negative in this business segment, reflecting the effect of strong competitive pressure, which has driven market prices below procurement costs under long-term importation contracts, due to the presence of a supply overhang concurrently with the availability of huge quantities of spot gas at prices decisively lower than those charged under conventional long-term gas procurement contracts, the impact of which was magnified by a slump in national demand for natural gas, compared with pre-crisis levels.

For this reason, as announced on earlier occasions, Edison is engaged in renegotiating its long-term contracts to import natural gas, in the belief that it is essential to restore a reasonable level of profitability to its portfolio of multi-year contracts.

Capital Investments

Capital investments totaled about 59 million euros in the first quarter of 2012.

The main investments in Italy included 18 million euros to increase the capacity of the San Potito and Cotignola fields and 5 million euros to drill Well 7 in the Clara North field.

Investment projects outside Italy focused on the Abu Qir concession in Egypt (24 million euros), where work continued on the construction of the new NAQ PII platform and the renovation and expansion of the existing NAQ PI platforms.

Exploration Activities

In the first three months of 2012, the Group invested about 27 million euros in exploration. Virtually the entire amount was allocated to projects in Norway to develop exploratory wells in Zidane (16 million euros) and Skarfjell (6 million euros).

Corporate Activities and Other Segments

Financial Highlights

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011	% change
50	Sales revenues	12	12	-
(106)	EBITDA	(23)	(24)	4.2%
n.s.	*as a % of sales revenues*	*n.s.*	*n.s.*	
3	Capital expenditures	-	1	n.s.
642	Number of employees (1)	641	633	(0.2%)

(1) End-of-period data. The changes are computed against the data at December 31, 2011.

Corporate Activities and Other Segments include those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

Sales revenues and EBITDA were substantially the same as in the first three months of 2011.

Discontinued Operations

Financial Highlights

2011 full year	(in millions of euros)	1st quarter 2012	1st quarter 2011	% change
(605)	**Profit (Loss) from discontinued operations**	**-**	**(9)**	**(100.0%)**
21	Capital expenditures	-	3	(100.0%)
528	Number of employees (1)	-	664	n.s.

(1) End-of-period data. The changes are computed against the data at December 31, 2011.

The net loss of 9 million euros reported by the discontinued operations in the first quarter of 2011 is due to the classification of Edipower's contribution to assets held for sale; the employees data refer to the staff of Edipower and the Taranto thermoelectric power plants.

RISKS AND UNCERTAINTIES

Please consult the "Group Financial Risk Management" section of the Review of the Group's Operating Performance and Financial Results, which explains the risk management activities of the Edison Group.

RELATED PARTY TRANSACTIONS

In the Review of the Group's Operating Performance and Financial Results, please consult the section entitled "Intercompany and Related-Party Transactions," which provides information on material transactions with related parties.

REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL RESULTS

AT MARCH 31, 2012

Income Statement

2011 full year	of which related parties	(in millions of euros)	See note	1st quarter 2012	of which related parties	1st quarter 2011(*)	of which related parties
11,381	337	Sales revenues	1	3,294	45	2,763	131
652	13	Other revenues and income	2	153	4	142	5
12,033	**350**	**Total net revenues**		**3,447**	**49**	**2,905**	**136**
(10,932)	(196)	Raw materials and services used (-)	3	(3,264)	(78)	(2,686)	(41)
(214)	-	Labor costs (-)	4	(52)	-	(56)	-
887		**EBITDA**	5	**131**		**163**	
(885)		Depreciation, amortization and writedowns (-)	6	(174)		(126)	
2		**EBIT**		**(43)**		**37**	
(160)	-	Net financial income (expense)	7	(28)	-	(37)	-
(5)	1	Income from (Expense on) equity investments	8	-	-	1	-
(14)	-	Other income (expense), net	9	-	-	(1)	-
(177)		**Profit (Loss) before taxes**		**(71)**		**-**	
(96)		Income taxes	10	19		(12)	
(273)		**Profit (Loss) from continuing operations**		**(52)**		**(12)**	
(605)	-	Profit (Loss) from discontinued operations	11	-	-	(9)	-
(878)		**Profit (Loss)**		**(52)**		**(21)**	
		Broken down as follows:					
(7)		Minority interest in profit (loss)		(1)		(1)	
(871)		**Group interest in profit (loss)**		**(51)**		**(20)**	
		Earnings (Loss) per share (in euros)	12				
(0.1692)		Basic earnings (loss) per common share		(0.0102)		(0.0041)	
0.0500		Basic earnings per savings share		0.0125		0.0125	
(0.1692)		Diluted earnings (loss) per common share		(0.0102)		(0.0041)	
0.0500		Diluted earnings per savings share		0.0125		0.0125	

(*) Pursuant to IFRS 5, the first quarter 2011 amounts are being reclassified.

Other Components of the Comprehensive Income Statement

2011 full year	(in millions of euros)	See note	1st quarter 2012	1st quarter 2011
(878)	**Profit (Loss)**		**(52)**	**(21)**
	Other components of comprehensive income:			
(83)	**A) Change in the Cash Flow Hedge reserve**	24	**(3)**	**17**
(132)	- Gains (Losses) arising during the period		(2)	27
49	- Income taxes (-)		(1)	(10)
4	**B) Change in reserve for available-for-sale investments**		**-**	**2**
-	- Gains (Losses) arising during the period not realized		-	2
4	- Reclassification to profit or loss		-	-
-	- Income taxes (-)		-	-
-	**C) Differences on the translation of assets in foreign currencies**		**1**	**-**
-	**D) Pro rata interest in other components of comprehensive income of investee companies**		**-**	**-**
(79)	**Total other components of comprehensive income net of taxes (A+B+C+D)**		**(2)**	**19**
(957)	**Total comprehensive profit (loss)**		**(54)**	**(2)**
	Broken down as follows:			
(7)	Minority interest in comprehensive profit (loss)		(1)	(1)
(950)	**Group interest in comprehensive profit (loss)**		**(53)**	**(1)**

Balance Sheet

03.31.2011		(in millions of euros)		03.31.2012		12.31.2011	
	of which related parties		See note		of which related parties		of which related parties
		ASSETS					
6,976	-	Property, plant and equipment	13	5,062	-	5,113	-
11	-	Investment property	14	10	-	10	-
3,534	-	Goodwill	15	3,231	-	3,231	-
969	-	Hydrocarbon concessions	16	1,016	-	1,040	-
124	-	Other intangible assets	17	94	-	95	-
48	48	Investments in associates	18	49	49	49	49
286	-	Available-for-sale investments	18	195	-	198	-
88	-	Other financial assets	19	81	-	82	-
193	-	Deferred-tax assets	20	109	-	111	-
172	-	Other assets	21	117	-	40	-
12,401		**Total non-current assets**		**9,964**		**9,969**	
227	-	Inventories		279	-	252	-
2,947	107	Trade receivables		3,245	69	3,152	117
31	-	Current-tax assets		24	-	28	-
775	92	Other receivables		634	131	681	113
60	6	Current financial assets		639	-	628	-
248	-	Cash and cash equivalents		156	-	291	-
4,288		**Total current assets**	22	**4,977**		**5,032**	
197	**-**	**Assets held for sale**	23	**1,430**	**-**	**1,430**	**-**
-		**Eliminations of assets from and to Discontinued Operations**	33	**(550)**		**(594)**	
16,886		**Total assets**		**15,821**		**15,837**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292	-	Share capital		5,292	-	5,292	-
2,563	-	Reserves and retained earnings (loss carryforward)		1,698	-	2,568	-
97	-	Reserve for other components of comprehensive income		(3)	-	(1)	-
(20)	-	Group interest in profit (loss)		(51)	-	(871)	-
7,932		**Total shareholders' equity attributable to Parent Company shareholders**		**6,936**		**6,988**	
166	-	Shareholders' equity attributable to minority shareholders		140	-	158	-
8,098		**Total shareholders' equity**	24	**7,076**		**7.146**	
61	-	Provision for employee severance indemnities and provisions for pensions	25	34	-	36	-
499	-	Provision for deferred taxes	26	171	-	215	-
855	-	Provisions for risks and charges	27	884	-	828	-
1,792	-	Bonds	28	1,794	-	1,793	-
932	-	Long-term financial debt and other financial liabilities	29	1,327	-	1,334	-
34	-	Other liabilities	30	29	-	29	-
4,173		**Total non-current liabilities**		**4,239**		**4,235**	
499	-	Bonds		79	-	71	-
1,221	15	Short-term financial debt		1,184	15	1,167	15
2,223	70	Trade payables		2,272	63	2,357	131
96	-	Current taxes payable		32	-	23	-
573	38	Other liabilities		660	105	603	86
4,612		**Total current liabilities**	31	**4,227**		**4,221**	
3	**-**	**Liabilities held for sale**	32	**829**	**-**	**829**	**-**
-		**Eliminations of liabilities from and to Discontinued Operations**	33	**(550)**		**(594)**	
16,886		**Total liabilities and shareholders' equity**		**15,821**		**15,837**	

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first quarter of 2012. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in the Group's net financial debt.

2011 full year		(in millions of euros)		1st quarter 2012		1st quarter 2011(*)	
	of which related parties		See note		of which related parties		of which related parties
(266)	-	Group interest in profit (loss) from continuing operations		(51)	-	(11)	-
(7)	-	Minority interest in profit (loss) from continuing operations		(1)	-	(1)	-
(273)		**Profit (Loss) from continuing operations**		**(52)**		**(12)**	
885	-	Amortization, depreciation and writedowns	6	174	-	126	-
(1)	(1)	Interest in the result of companies valued by the equity method (-)		-	-	-	-
1	1	Dividends received from companies valued by the equity method		-	-	1	1
(6)	-	(Gains) Losses on the sale of non-current assets		1	-	-	-
(3)	-	Change in the provision for employee severance indemnities and provisions for pensions	25	(2)	-	-	-
15	-	Change in fair value recorded in EBITDA		15	-	(23)	-
(494)	34	Change in operating working capital		(205)	(20)	(398)	(17)
(63)	37	Change in other operating assets and liabilities		22	1	54	10
61		**A. Cash flow from continuing operations**		**(47)**		**(252)**	
(528)	-	Additions to intangibles and property, plant and equipment (-)	13-17	(98)	-	(101)	-
(3)	-	Additions to non-current financial assets (-)		-	-	-	-
14	-	Proceeds from the sale of intangibles and property, plant and equipment		-	-	-	-
245	-	Proceeds from the sale of non-current financial assets		-	-	1	-
11	-	Repayment of capital contribution by non-current financial assets		3	-	8	-
(559)	6	Change in other current financial assets		(11)	-	9	-
(820)		**B. Cash used in investing activities from continuing operations**		**(106)**		**(83)**	
1,215	-	Receipt of new medium-term and long-term loans	28/29	3	-	-	-
(1,099)	-	Redemption of medium-term and long-term loans (-)	28/29	(9)	-	(8)	-
555	-	Change in short-term net financial debt		25	-	122	-
(22)	-	Dividends paid to controlling companies or minority shareholders (-)		(1)	-	(4)	-
649		**C. Cash used in financing activities from continuing operations**		**18**		**110**	
-		**D. Liquid assets from changes in the scope of consolidation**		**-**		**-**	
-		**E. Net currency translation differences**		**-**		**-**	
(110)		**F. Net cash flow for the period from continuing operations (A+B+C+D+E)**		**(135)**		**(225)**	
(36)		**G. Net cash flow for the period from discontinued operations**		**-**		**1**	
(146)		**H. Net cash flow for the period (continuing and discontinued operations) (F+G)**		**(135)**		**(224)**	
472		**I. Cash and cash equivalents at the beginning of the year from continuing operations**		**291**		**472**	
-		**L. Cash and cash equivalents at the beginning of the year from discontinued operations**		**35**		**-**	
326		**M. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (H+I+L)**		**191**		**248**	
35		**N. Cash and cash equivalents at the end of the period of discontinued operations**		**35**		**-**	
291		**O. Cash and cash equivalents at the end of the period of continuing operations (M-N)**		**156**		**248**	

(*) Pursuant to IFRS 5, the first quarter 2011 amounts are being reclassified.

Changes in Consolidated Shareholders' Equity

(in millions of euros)			Reserve for other components of comprehensive income							
	Share capital	Reserves and retained earnings (loss carry-forward)	Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Group interest in Profit (Loss)	**Total shareholders' equity attributable to Parent company shareholders**	Shareholders' equity attributable to minority shareholders	**Total shareholders' Equity**
Balance at December 31, 2010	**5,292**	**2,548**	**75**	**(4)**	**7**	**-**	**21**	**7,939**	**198**	**8,137**
Appropriation of the previous year's profit (loss)	-	21	-	-	-	-	(21)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(31)	(31)
Other changes	-	(6)	-	-	-	-	-	(6)	-	(6)
Total comprehensive profit (loss)	**-**	**-**	**17**	**2**	**-**	**-**	**(20)**	**(1)**	**(1)**	**(2)**
of which:										
- Change in comprehensive income for the period	-	-	17	2	-	-	-	19	-	19
- Profit (Loss) for 1st quarter 2011	-	-	-	-	-	-	(20)	(20)	(1)	(21)
Balance at March 31, 2011	**5,292**	**2,563**	**92**	**(2)**	**7**	**-**	**(20)**	**7,932**	**166**	**8,098**
Dividends distributed	-	-	-	-	-	-	-	-	(1)	(1)
Change in the scope of consolidation	-	(1)	-	-	-	-	-	(1)	(1)	(2)
Other changes	-	6	-	-	-	-	-	6	-	6
Total comprehensive profit (loss)	**-**	**-**	**(100)**	**2**	**-**	**-**	**(851)**	**(949)**	**(6)**	**(955)**
of which:										
- Change in comprehensive income for the period	-	-	(100)	2	-	-	-	(98)	-	(98)
- Profit (Loss) from 04.01.2011 to 12.31.2011	-	-	-	-	-	-	(851)	(851)	(6)	(857)
Balance at December 31, 2011	**5,292**	**2,568**	**(8)**	**-**	**7**	**-**	**(871)**	**6,988**	**158**	**7,146**
Appropriation of the previous year's profit (loss)	-	(871)	-	-	-	-	871	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(16)	(16)
Other changes	-	1	-	-	-	-	-	1	(1)	-
Total comprehensive profit (loss)	**-**	**-**	**(3)**	**-**	**1**	**-**	**(51)**	**(53)**	**(1)**	**(54)**
of which:										
- Change in comprehensive income for the period	-	-	(3)	-	1	-	-	(2)	-	(2)
- Profit (Loss) for 1st quarter 2012	-	-	-	-	-	-	(51)	(51)	(1)	(52)
Balance at March 31, 2012	**5,292**	**1,698**	**(11)**	**-**	**8**	**-**	**(51)**	**6,936**	**140**	**7,076**

NOTES TO THE QUARTERLY REPORT AT MARCH 31, 2012

Content and Presentation

The Edison Group's Quarterly Report at March 31, 2012 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 - Interim Financial Reporting.
The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).* The presentation formats of financial statements, the accounting principles and consolidation criteria, the consolidation of foreign companies and the criteria used to translate financial statements denominated in foreign currencies and the valuation criteria used to prepare this Quarterly Report are consistent with those applied in the preparation of the Consolidated Financial Statements at December 31, 2011, which should be consulted for more detailed information.

In particular, an amendment to the international accounting principles governing the disclosures required by IFRS 7 was adopted as of January 1, 2012. The amendment requires additional quantitative and qualitative analyses for fully or partly derecognized financial assets in which the Company retains a residual involvement.

This Quarterly Report was prepared treating Edipower's divestment as a transaction involving assets and liabilities held for sale, consistent with the presentation adopted in the 2011 Annual Report. This is because there is no indication of the occurrence of new developments that could justify expectations that the planned transaction may not take place, while the conditions, particularly in the financial area, that justified treating the sale as a "highly probable" transaction continue to apply. More specifically, the closing of this transaction, which involved the signing of the corresponding contract on February 15, 2012, is conditional, inter alia, on the authorization by the relevant antitrust authorities to proceed with the sale of the entire 70% interest (Edison and Alpiq stakes) in Edipower's share capital and the concurrent purchase by EDF of the 50% interest held by Delmi in Transalpina di Energia.

As for the presentation of Edipower as a discontinued operation pursuant to IFRS 5, please note that:
- in the first quarter of 2012, the income statement of Edipower Spa is not consolidated;
- in the balance sheet at March 31, 2012, the assets and liabilities attributable to Edipower are classified under "Assets and liabilities held for sale" and carried at the amounts reported at December 31, 2011;
- the net financial debt at March 31, 2012 includes Edipower's financial debt and liquid assets, in the amounts reported at December 31, 2011.

The first quarter 2011 Income Statement and the Cash Flow Statement are being reclassified, pursuant to IFRS 5, exclusively for comparison purposes.

The publication of the Quarterly Report at March 31, 2012, which has not been audited, was authorized by the Board of Directors on April 27, 2012.

Unless otherwise stated, all amounts in these accompanying notes are in millions of euros.

Changes in the Scope of Consolidation Compared with December 31, 2011

The only change in the Group's scope of consolidation that occurred in the first quarter of 2012 is the merger by absorption of Sarmato Energia Spa in Edison Spa, already fully controlled, effective vis-à-vis third parties as of March 1, 2012.

SEGMENT INFORMATION

The segments, as identified by the Group in accordance with IFRS 8, correspond to the Electric Power Operations, the Hydrocarbons Operations and Corporate Activities and Other Segments, as a residual sector. This segment information disclosure is based on the same structure used for the reports that are periodically analyzed by the Board of Directors to manage the Group's business activities and for management reporting, planning and control purposes.

INCOME STATEMENT	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
(in millions of euros)	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011
Sales Revenues	**1,721**	**1,679**	**1,996**	**1,511**	**12**	**12**	**-**	**-**	**(435)**	**(439)**	**3,294**	**2,763**
- third parties sales revenues	1,720	1,678	1,572	1,083	2	2	-	-	-	-	3,294	2,763
- intra-Group sales revenues	1	1	424	428	10	10	-	-	(435)	(439)	-	-
EBITDA	**87**	**127**	**67**	**60**	**(23)**	**(24)**	**-**	**-**	**-**	**-**	**131**	**163**
as a % of sales revenues	*5.1%*	*7.6%*	*3.4%*	*4.0%*	*n.m.*	*n.m.*	-	-	-	-	*4.0%*	*5.9%*
Depreciation, amortization and writedowns	(92)	(87)	(79)	(36)	(3)	(3)	-	-	-	-	(174)	(126)
EBIT	**(5)**	**40**	**(12)**	**24**	**(26)**	**(27)**	**-**	**-**	**-**	**-**	**(43)**	**37**
as a % of sales revenues	*(0.3%)*	*2.4%*	*(0.6%)*	*1.6%*	*n.m.*	*n.m.*	-	-	-	-	*(1.3%)*	*1.3%*
Net financial income (expense)											(28)	(37)
Interest in result of companies valued by equity method											-	-
Income taxes											19	(12)
Profit (Loss) from continuing operations											**(52)**	**(12)**
Profit (Loss) from discontinued operations								**-**	**(9)**		**-**	**(9)**
Minority interest in profit (loss)											**(1)**	**(1)**
Group interest in profit (loss)											**(51)**	**(20)**

INCOME STATEMENT	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Held for Sale		Adjustments		Edison Group	
(in millions of euros)	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011
Total assets	**9,014**	**9,350**	**5,298**	**5,293**	**5,290**	**5,568**	**1,430**	**1,430**	**(5,211)**	**(5,804)**	**15,821**	**15,837**
Total liabilities	**3,362**	**3,787**	**3,340**	**3,060**	**4,695**	**5,102**	**829**	**829**	**(3,481)**	**(4,087)**	**8,745**	**8,691**
Net Financial Debt							**515**	**515**			**4,028**	**3,884**

OTHER INFORMATION	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
(in millions of euros)	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011	1st quarter 2012	1st quarter 2011
Capital expenditures	12	35	58	61	-	1	-	3	-	-	70	100
Investments in exploration	-	-	27	3	-	-	-	-	-	-	27	3
Investments in intangibles	-	-	1	1	-	-	-	-	-	-	1	1
Total capital investments	**12**	**35**	**86**	**65**	**-**	**1**	**-**	**3**	**-**	**-**	**98**	**104**

	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Held for Sale		Adjustments		Edison Group	
(in millions of euros)	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011	03.31.2012	12.31.2011
Number of employees (*)	**1,272**	**1,275**	**1,329**	**1,319**	**641**	**642**	**-**	**-**	**-**	**-**	**3,242**	**3,236**

(*) Not included employees of Edipower Spa.

Thus far, the Group has not viewed **geographic area** segment information as meaningful, since it is mainly located and active in Italy. However, over the past years, the Group began to expand its international operations essentially through acquisitions and, at the end of the period, net non-current assets held outside Italy totaled 1,601 million euros, including 1,410 million euros for assets of the Hydrocarbons Operations, the largest component of which was located in Egypt, and 191 million euros for assets of the Electric Power Operations, mainly in Greece for thermoelectric power activities. At March 31, 2012, the contribution of foreign operations accounted for about 44% of EBITDA and about 14% of net invested capital.

As for the disclosure about the so-called "**major customers**", the Group's sales are generally non concentrated, except for the Electric Power Operations, where one major customer, as defined by IFRS 8, generated sales revenues totaling 404 million euros in the period, equal to about 23% of the total sales revenues of Electric Power Operations and to about 12% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

The first quarter of 2012, viewed in comparison with the same period last year, was characterized by concurrent contractions in national consumption of electric power (-1.9%; -3.3% on a seasonally adjusted basis) and in demand for natural gas (-2.2%), the latter due mainly to lower consumption of natural gas for thermoelectric uses.

This situation, which is due to a worsening of the European economic crisis, exacerbated the negative effects of a continuing gas "bubble" situation and excess capacity in the electric power market, causing the pressure on margins to increase steadily. As for the natural gas market, in the first quarter of 2012, the extremely cold weather that affected all of Europe in February caused a short-lived procurement crisis, resulting in a temporary price spike at the main European hubs. Instead, in the electric power market, an increase in the production of electric power by facilities fueled with coal and renewable sources put additional pressure on margins during peak usage hours.

Against this backdrop, the Group reported **EBITDA** of 131 million euros, for a decrease of 32 million euros (-19.6%) compared with the 163 million euros earned in the first quarter of 2011. Please note that the first quarter of 2012 includes a negative contribution of 29 million euros attributable to Edipower's Tolling operating activities, which in the 2011 comparative data is included in "Profit (Loss) from discontinued operations", as required by IFRS 5. With data stated on a comparable presentation basis, the EBITDA amount is in line with the first quarter of 2011.

The adjusted EBITDA[1] of the **Hydrocarbons Operations** totaled 77 million euros, for a strong increase compared with the same period last year (27 million euros) thanks to a positive performance of the exploration and production activities. This factor was strengthened by the positive effect of the successful renegotiation, in the second quarter of 2011, of a long-term contract to import natural gas from Russia, as a result of which the unit sales margins of the Edison Group's activities that engage in buying and selling natural gas did improve, but remained negative.

It is also worth mentioning that the Group is in the process of renegotiating its contracts to import natural gas from Qatar, Libya and Algeria with the aim of restoring adequate operating margins for these contracts as well.

The adjusted EBITDA[1] of the **Electric Power Operations** amounted to 77 million euros in the first quarter of 2012 (including the negative contribution attributable to Edipower's Tolling operating activities), down sharply (-51.9%) compared with the same period of the previous year (160 million euros). It is worth mentioning that EBITDA include a gain of 85 million euros, net of an addition of 57 million euros to a provision for future charges, recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. This decrease reflects a contraction in the margins earned by the Edison Group on sales of electric power in the deregulated market due to higher competitive pressure in the Italian electric power market, combined with a decline of the Group's sales volumes and lower hydroelectric production (-26%) caused by a reduction in the availability of water resources. An additional negative factor was the reduction in the contribution provided by the CIP 6/92 activities, caused by the early termination of a contract in the fourth quarter of 2011. These negative effects were offset in part by positive performances by the international operations and the renewable energy activities.

1. Adjusted EBITDA reflects the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. Consistent with the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas used in Edison Group portfolios and of the gas earmarked for direct sales. The gains and losses generated by these transactions, which are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations for the portion of gains and losses attributable to them (-10 million euros in 2012, +33 million euros in 2011). This reclassification is being made, in view of the impact of fluctuations in commodity prices and foreign exchange parities during the period, to provide an operational presentation of the industrial results.

The **Group's interest in the net result** was a loss of 51 million euros, in first three months of 2011 was a loss of 20 million euros. In addition to the negative effect of the industrial margins mentioned above, the loss for the period reflects the impact of the following contrasting factors:
- writedowns of property, plant and equipment for 21 million euros, related to the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant;
- higher exploration costs, up to from 3 million euros in the first quarter 2011 to 27 million euros in the first three months of 2012;
- a reduction of 9 million euros in financial expense, attributable mainly to net foreign exchange gains on fuel procurement transactions.

Please note that in 2012, pursuant to IFRS 5, Edipower's income statement was not consolidated.

1. Sales Revenues

Sales revenues totaled 3,294 million euros, or 19.2% more than the 2,763 million euros reported at March 31, 2011, mainly affected by commodity prices trend.
The table below provides a breakdown of sales revenues, which were booked for the most part in Italy:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Revenues from the sales of:				
- Electric power	1,424	1,422	2	0.1%
- Natural gas	1,461	1,004	457	45.5%
- Steam	34	33	1	3.0%
- Oil	66	43	23	53.5%
- Green certificates	6	4	2	50.0%
- CO_2 emissions rights	8	16	(8)	(50.0%)
- Other sales revenues	12	9	3	33.3%
Total sales revenues	**3,011**	**2,531**	**480**	**19.0%**
Revenues from services provided	4	4	-	-
Storage services	17	15	2	13.3%
Margin on physical trading activities	12	12	-	-
Transmission revenues	243	197	46	23.4%
Other revenues from sundry services	7	4	3	75.0%
Total for the Group	**3,294**	**2,763**	**531**	**19.2%**

Breakdown by Business Segment

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Electric Power Operations	1,721	1,679	42	2.5%
Hydrocarbons Operations	1,996	1,511	485	32.1%
Corporate Activities and Other Segments	12	12	-	-
Eliminations	(435)	(439)	4	(0.9%)
Total for the Group	**3,294**	**2,763**	**531**	**19.2%**

An analysis of sales revenues is provided below:
- The **Electric Power Operations** reported a modest increase (+2.5%) in sales revenues compared with the first three months of 2011, as a result of higher average sales prices, driven by conditions in the benchmark scenario, partially offset by a decrease in sales volumes (-39%) caused by:
  - lower sales to end customers (-18%) and wholesalers (-62%), which reflected in part national demand dynamics;
  - the sale of two thermoelectric power plants at the end of 2011.

  In addition, the contribution provided by the international operations grew, as did that of the renewable energy activities, thanks to the commissioning of new wind power plants.
- The sales revenues of the **Hydrocarbons Operations** were up sharply, rising by 32.1% compared with the first quarter of 2011, as the combined result of higher sales prices and volumes (+2.2%).

More specifically, sales were up for wholesalers and industrial customers that more than offset the decrease in the consumption in residential and thermoelectric uses. The contribution of the exploration and production activities increased, thanks to higher production in Italy and abroad (oil +19% and natural gas +33%) made possible by the startup during the 2011 of new production facilities, and significant rise in crude oil prices.

2. Other Revenues and Income

Other revenues and income totaled 153 million euros (142 million euros in the first three months of 2011). A breakdown is as follows:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Commodity derivatives	28	95	(67)	(70.5%)
Margin on financial trading activities	1	-	1	n.a.
Out-of-period income	7	5	2	40.0%
Recovery of costs from partners in hydrocarbon exploration projects	7	6	1	16.7%
Net reversals in earnings of provisions for risks on receivables and other risks	4	3	1	33.3%
Income from CIP 6/92 contracts early termination	85	-	85	n.a.
Sundry items	21	33	(12)	(36.4%)
Total for the Group	**153**	**142**	**11**	**7.7%**

The income from **commodity derivatives**, which should be analyzed together with the same item included in "**Raw materials and services used**" (which decrease from 62 million euros to 45 million euros), reflects primarily the results of commodities and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used in Edison Group portfolios and of the gas earmarked for direct sales.
This performance is due to the scenario effect on the hedge physical commodity: in the first quarter of 2012, a spike in price of commodity markets, with a net positive effect on the underlying physical commodity, offset by the negative results shown as net costs from commodity derivatives.

Income from CIP 6/92 contracts early termination of 85 million euros refers to the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant pursuant to the Ministry Decree of December 2, 2009 and June 23, 2011. The termination will be effective as of January 1, 2013. At this benefit are opposed provisions for future charges (57 million euros) and writedowns of property, plant and equipment (21 million euros).

Sundry items in the first quarter 2011 included insurance settlements totaling 10 million euros.

3. Raw Materials and Services Used

Raw materials and services used totaled 3,264 million euros, or 21.5% more than in the same period in 2011 (2,686 million euros) affected by the price and volume trends already mentioned in the note "Sales revenues".

The table that follows provides a breakdown of raw materials and services used:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Purchases of:				
- Natural gas	1,744	1,117	627	56.1%
- Electric power	575	497	78	15.7%
- Dispatching and balancing market	117	178	(61)	(34.3%)
- Blast-furnace, recycled and coke-oven gas	13	92	(79)	(85.9%)
- Oil and fuel	1	9	(8)	(88.9%)
- Demineralized industrial water	1	9	(8)	(88.9%)
- Green certificates	34	-	34	n.a.
- CO_2 emissions rights	4	25	(21)	(84.0%)
- Coal, utilities and other materials	23	16	7	43.8%
Total	**2,512**	**1,943**	**569**	**29.3%**
- Facilities maintenance	26	29	(3)	(10.3%)
- Transmission of electric power and natural gas	418	370	48	13.0%
- Regasification fee	27	24	3	12.5%
- Professional services	33	26	7	26.9%
- Writedowns of trade and other receivables	11	7	4	57.1%
- Commodity derivatives	45	62	(17)	(27.4%)
- Margin on financial trading activities	-	8	(8)	(100.0%)
- Additions to provisions for miscellaneous risks	60	10	50	n.m.
- Change in inventories	(30)	117	(147)	n.m.
- Use of property not owned	25	22	3	13.6%
- Losses on sales of property, plant and equipment	1	1	-	-
- Sundry items	136	67	69	n.m.
Total for the Group	**3,264**	**2,686**	**578**	**21.5%**

Breakdown by Business Segment

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Electric Power Operations	1,737	1,556	181	11.6%
Hydrocarbons Operations	1,941	1,549	392	25.3%
Corporate Activities and Other Segments	25	22	3	13.6%
Eliminations	(439)	(441)	2	(0.5%)
Total for the Group	**3,264**	**2,686**	**578**	**21.5%**

The increase in the amount shown for **natural gas** (627 million euros more than in the first quarter of 2011) is due to the higher prices paid for natural gas (both in the spot market and under long-term procurement contracts). This effect was offset only in part by the positive impact of a successful renegotiation of the contract for the supply of natural gas from Russia and by the adoption of policies to optimize supply sources. The amount of natural gas purchases reflects the negative impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (9 million euros).

The divestment of thermoelectric power plants in the fourth quarter of 2011 is the reason for the decrease in purchases of **blast-furnace, recycled and coke-oven gas**, decreased from 92 million euros in the first quarter of 2011 to 13 million euros in the first three months of 2012.

The increase of 34 million euros in the cost of **green certificates** should be analyzed together with the corresponding **change in the inventory**, due to the fact that these certificates are held for sale.

The decrease in the cost of **CO_2 emissions rights** (21 million euros) reflects primarily a reduction in the Group's need for these certificates, following the lower production by thermoelectric power plants compared with the previous year and the sale of some thermoelectric power plants in the fourth quarter of 2011.

The higher costs paid for **transmission of electric power and natural gas** (48 million euros more than in the first quarter of 2011) is due, for natural gas, to rate changes implemented in 2011 and, for electric power, mainly to the effect of higher rates, offset in part by a reduction in volumes.

The **regasification fee** (27 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (11 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific utilizations. In addition, allowances for doubtful accounts in excess, totaling 1 million euros, were reversed in earnings in the first quarter of 2012. This item is included in "Net reversals in earnings of provisions for risks on receivables and other risks" listed in Note 2 **Other Revenues and Income**.

Additions to provisions for miscellaneous risks (60 million euros) mainly include the already abovementioned addition of 57 million euros to a provision for future charges recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. A breakdown of **"Additions to provisions for miscellaneous risks"** is provided in the note to provisions for risks and charges (Note 27).

Sundry items includes 65 million euros in tolling fees, which represent the consideration owed to Edipower for making its power plants available to the Edison Group.

Margin on Trading Activities

The table below shows the results from trading in physical and financial energy commodity contracts held in Trading Portfolios included in revenues and in raw materials and services used.
Compared with the same period of previous year, volumes increased, mainly due to the growth of natural gas trading activities.

(in millions of euros)	See note	1st quarter 2012	1st quarter 2011	Change	% change
Margin on physical contracts included in trading portfolios					
Sales revenues		1,098	1,009	89	8.8%
Raw materials and services used		(1,086)	(997)	(89)	8.9%
Total included in sales revenues	1	**12**	**12**	**-**	**-**
Margin on financial contracts included in trading portfolios					
Other revenues and income		39	43	(4)	(9.3%)
Raw materials and services used		(38)	(51)	13	(25.5%)
Total included in other revenues and income/ (raw materials and services used)	2/3	**1**	**(8)**	**9**	**n.m.**
Total margin on trading activities		**13**	**4**	**9**	**n.m.**

A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

4. Labor Costs

Labor costs totaled 52 million euros, or 7.1% less than in the same period in 2011, when they amounted to 56 million euros.
A lower average payroll, essentially due to the sale of some thermoelectric power plants in the fourth quarter of 2011, is the main reason for this decrease.

5. EBITDA

EBITDA totaled 131 million euros, or 32 million euros less (-19.6%) than the 163 million euros earned in the first three months of 2011. Please note that the first quarter of 2012 includes a negative contribution of 29 million euros attributable to Edipower's Tolling operating activities, which in the 2011 comparative data is included in "Profit (Loss) from discontinued operations", as required by IFRS 5. With data stated on a comparable presentation basis, the EBITDA amount is in line with the first quarter of 2011.
The table below provides a breakdown by business segment of the Group's reported and adjusted EBITDA, which include the reclassification of a portion of the result from transactions executed to hedge natural gas importation contracts, since, from an operational standpoint, the margins earned on sales of electric power also benefit from these hedges. In order to provide an adequate basis of comparison, it seems appropriate to show the adjusted EBITDA amount, restated to reflect the applicable portion of the result from hedging transactions attributable to the Electric Power Operations.

(in millions of euros)	1st quarter 2012	as a % of sales revenues	1st quarter 2011	as a % of sales revenues	EBITDA % change
Reported EBITDA					
Electric Power Operations	87	5.1%	127	7.6%	(31.5%)
Hydrocarbons Operations	67	3.4%	60	4.0%	11.7%
Corporate Activities and Other Segments	(23)	n.m.	(24)	n.m.	n.m.
Total for the Group	**131**	**4.0%**	**163**	**5.9%**	**(19.6%)**
Adjusted EBITDA					
Electric Power Operations	77	4.5%	160	9.5%	(51.9%)
Hydrocarbons Operations	77	3.9%	27	1.8%	n.m.
Corporate Activities and Other Segments	(23)	n.m.	(24)	n.m.	n.m.
Total for the Group	**131**	**4.0%**	**163**	**5.9%**	**(19.6%)**

Regarding the performance:

- The adjusted EBITDA of the **Hydrocarbons Operations** totaled 77 million euros, rebounding strongly compared with the first quarter of 2011 (27 million euros). The exploration and production activities performed particularly well, thanks to a significant rise in crude oil prices and an increase in production in Italy and abroad (oil +19%, natural gas +33%), due to the startup during the 2011 of new production facilities. In addition, the positive effect of the successful renegotiation, in the second quarter of 2011, of a long-term contract to import natural gas from Russia, as a result of which the unit sales margins of the Edison Group's activities that engage in buying and selling natural gas did improve, but remained negative.
- The adjusted EBITDA of the **Electric Power Operations** was down sharply, falling by 51.9%, from 160 million euros in the first quarter of 2011 to 77 million euros in the first three months of 2012 (including the negative contribution attributable to Edipower's Tolling operating activities). It is worth mentioning that the 2012 EBITDA were boosted by a gain of 85 million euros, net of a provision for future charges (57 million euros), from the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. However, the main reasons for the decrease in the EBITDA of the Electric Power Operations were a contraction of the Group's unit sales margins caused by higher competitive pressure in the Italian electric power market combined with a decrease on sales volume and a decrease in hydroelectric production (-26%), caused by a reduced availability of water resources. Another negative factor was the drop in the contribution provided by the CIP 6/92 activities, that resulted from the early termination of a contract in the fourth quarter of 2011. These unfavorable effects could be offset only in part by the positive performance by the international activities, due to the increase on production and by the renewable energy activities, thanks to the commissioning of new wind power plants.

6. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 174 million euros, is provided below:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Depreciation and amortization of:	**152**	**126**	**26**	**20.6%**
- property, plant and equipment	97	103	(6)	(5.8%)
- hydrocarbon concessions	24	16	8	50.0%
- other intangible assets (*)	31	7	24	n.m.
Writedowns of:	**22**	**-**	**22**	**n.m.**
- property, plant and equipment	21	-	21	n.m.
- other intangible assets	1	-	1	n.m.
Total for the Group	**174**	**126**	**48**	**38.1%**

(*) Included the exploration costs.

Breakdown by Business Segment

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change	% change
Electric Power Operations:	**92**	**87**	**5**	**5.7%**
- depreciation and amortization	70	87	(17)	(19.5%)
- writedowns of property, plant and equipment	21	-	21	n.a.
- writedowns of other intangible assets	1	-	1	n.a.
Hydrocarbons Operations:	**79**	**36**	**43**	**n.m.**
- depreciation and amortization	79	36	43	n.m.
Corporate Activities and Other Segments:	**3**	**3**	**-**	**-**
- depreciation and amortization	3	3	-	-
Total for the Group	**174**	**126**	**48**	**38.1%**

The increase of 5 million euros for the **Electric Power Operations** is the combined result of:

- higher writedowns of property, plant and equipment by 21 million euros, due to the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant;
- lower depreciation and amortization, reflecting to the effect of writedowns and divestments of facilities carried out in 2011.

The increase of 43 million euros for the **Hydrocarbons Operations** is essentially due to the combined result of:

- a rise in exploration costs for 24 million euros, up from 3 million euros in the first quarter of 2011 to 27 million euros in the first three months of 2012;
- an increase in depreciation and amortization due to effect of the reversal of writedowns of hydrocarbon concessions recognized in 2011, to the startup of new production facilities and to the different hydrocarbon production profiles.

7. Net Financial Income (Expense)

Net financial expense totaled 28 million euros, or 9 million euros less than in the first quarter of 2011 (37 million euros).
A breakdown of net financial expense is as follows:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change
Financial income			
Financial income from financial derivatives	27	9	18
Interest earned on finance leases	3	4	(1)
Interest earned on bank and postal accounts	-	1	(1)
Interest earned on trade receivables	1	-	1
Other financial income	11	3	8
Total financial income	**42**	**17**	**25**
Financial expense			
Interest paid on bond issues	(18)	(20)	2
Fair Value Hedge adjustment on bonds	(8)	29	(37)
Financial expense on financial derivatives	(17)	(32)	15
Interest paid to banks	(12)	(6)	(6)
Bank fees	(5)	(4)	(1)
Financial expense on decommissioning projects and provisions for risks	(6)	(6)	-
Financial expense in connection with employee severance benefits	-	(1)	1
Interest paid to other lenders	(3)	(3)	-
Other financial expense	(8)	(2)	(6)
Total financial expense	**(77)**	**(45)**	**(32)**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	33	38	(5)
Foreign exchange translation losses	(26)	(47)	21
Net foreign exchange translation gains (losses)	**7**	**(9)**	**16**
Net financial income (expense) for the Group	**(28)**	**(37)**	**9**

The main reason for the decrease in net financial expense for the period is an improvement in the results from foreign exchange transactions (net gain of 7 million euros, as against a net loss of 9 million euros in the first quarter of 2011), due mainly to the foreign exchange gains earned on commercial transactions, which more than offset the net losses generated by derivative transactions executed to hedge purchases of natural gas in foreign currencies. In the first quarter of 2012, the cost of money of the Edison Group was slightly higher than in the same period last year.

8. Income from (Expense on) Equity Investments

The net result from equity investments amounted to less than one million euros, compared with net income of 1 million euros in the first quarter of 2011.

9. Other Income (Expense), Net

Net other expense amounted to less than one million euros in the first quarter of 2012, as against net other expense of 1 million euros in the same period last year.

10. Income Taxes

The income-tax balance was positive by 19 million euros, for a positive change of 31 million euros compared with the first three months of 2011, when the balance was negative by 12 million euros. A breakdown of income taxes is provided below:

(in millions of euros)	1st quarter 2012	1st quarter 2011	Change
Current taxes	15	34	(19)
Net deferred-tax liabilities (assets)	(34)	(22)	(12)
Income taxes attributable to previous years	-	-	-
Total for the Group	**(19)**	**12**	**(31)**

Current taxes include 32 million euros for corporate income taxes (IRES) and 5 million euros for regional taxes (IRAP), offset only in part by a tax benefit of 22 million euros generated by filing a consolidated income tax return and by the recovery of foreign taxes.

The tax burden for the period also reflects the impact of tax benefits from investments in exploration in Norway.

11. Profit (Loss) from Discontinued Operations

The loss of 9 million euros in the first quarter of 2011 reflects the reclassification, recognized pursuant to IFRS 5, of Edipower's contribution to the Group's interest in the net aggregate result of the Edison system.

For further information, please see the section entitled "Disclosure pursuant to IFRS 5".

12. Earnings (Loss) per Share

A breakdown of earnings (loss) per share is as follows:

2011 full year		(in millions of euros)	1st quarter 2012		1st quarter 2011	
Common shares	Savings shares [1]		Common shares	Savings shares [1]	Common shares	Savings shares [1]
(871)	(871)	Group interest in profit (loss)	(51)	(51)	(20)	(20)
(877)	6	Profit (Loss) attributable to the different classes of shares (A)	(52)	1	(21)	1
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C) [2]	5,181,108,251	110,592,420	5,181,108,251	110.592,420
		Earnings (Loss) per share (in euros)				
(0.1692)	0.0500	- basic (A/B)	(0.0102)	0.0125	(0.0041)	0.0125
(0.1692)	0.0500	- diluted (A/C) [2]	(0.0102)	0.0125	(0.0041)	0.0125

(1) 3% of par value for the higher dividend paid to the savings shares compared with the common shares. Savings shares are treated as common shares, since the portion of net income attributable to the savings shares has been deducted from Group interest in profit (loss).

(2) When the Group reports a loss, potential shares are deemed to have no dilutive effect.

The tables below show earnings (loss) per share for continuing and discontinued operations:

2011 full year		(in millions of euros)	1st quarter 2012		1st quarter 2011	
Common shares	Savings share		Common shares	Savings shares	Common shares	Savings shares
(266)	(266)	Group interest in profit (loss) from continuing operations	(51)	(51)	(11)	(11)
(272)	6	Profit (Loss) attributable to the different classes of shares (A)	(52)	1	(12)	1
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings (Loss) per share from continuing operations (in euros)				
(0.0524)	0.0500	- basic (A/B)	(0.0102)	0.0125	(0.0023)	0.0125
(0.0524)	0.0500	- diluted (A/C)	(0.0102)	0.0125	(0.0023)	0.0125

2011 full year		(in millions of euros)	1st quarter 2012		1st quarter 2011	
Common shares	Savings share		Common shares	Savings shares	Common shares	Savings shares
(605)	(605)	Group interest in profit (loss) from discontinued operations	-	-	(9)	(9)
(605)	-	Profit (Loss) attributable to the different classes of shares (A)	-	-	(9)	-
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings (Loss) per share from discontinued operations (in euros)				
(0.1168)	-	- basic (A/B)	n.a.	n.a.	(0.0018)	-
(0.1168)	-	- diluted (A/C)	n.a.	n.a.	(0.0018)	-

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment

The table that follows shows a breakdown of the changes that occurred in the period:

(in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets acquired under finance leases	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2011 (A)	**498**	**4,022**	**168**	**36**	**5**	**8**	**376**	**5,113**
Changes in the first quarter of 2012:								
- Additions	-	24	-	-	-	-	46	70
- Disposals (-)	-	(1)	-	-	-	-	-	(1)
- Depreciation (-)	(4)	(84)	(8)	-	-	(1)	-	(97)
- Writedowns (-)	-	(20)	(1)	-	-	-	-	(21)
- Decommissioning costs	-	2	-	-	-	-	-	2
- Other changes	5	83	(2)	-	-	-	(90)	(4)
Total changes (B)	**1**	**4**	**(11)**	**-**	**-**	**(1)**	**(44)**	**(51)**
Balance at 03.31.2012 (A+B)	**499**	**4,026**	**157**	**36**	**5**	**7**	**332**	**5,062**

A breakdown by business segment of **additions** totaling 70 million euros is as follows:

(in millions of euros)	1st quarter 2012	1st quarter 2011
Electric Power Operations	**12**	**35**
broken down as follows:		
- Thermoelectric area	2	14
- Hydroelectric area	3	6
- Renewable sources area (wind power, photovoltaic, etc.)	7	15
Hydrocarbons Operations	**58**	**61**
broken down as follows:		
- Hydrocarbon fields in Italy	12	18
- Hydrocarbon fields outside Italy	27	36
- Transmission and storage infrastructures	19	7
Corporate Activities and Other Segments	**-**	**1**
Total for Continuing Operations	**70**	**97**
Discontinued Operations	**-**	**3**
Total for the Group	**70**	**100**

Projects carried out during the period included the following:

- for the **Electric Power Operations**: the repowering and the development of San Giorgio wind farm (for about 54 MW);
- for the **Hydrocarbons Operations**: in the exploration and production area, start of production from the new fields in Italy and, abroad, drilling of production wells at Abu Qir, in Egypt. In the gas storage area, further investment in the current projects for the San Potito and Cotignola field, in Italy.

Capitalized borrowing costs recognized in the period as part of property, plant and equipment, as required by IAS 23 Revised, amounted to less than one million euros.

Writedowns of 21 million euros reflect the effects of early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

The change in **decommissioning cost** (2 million euros) mainly refers to the Electric Power Operations and reflects the putting into service of the abovementioned new wind farm.

Assets transferable at no cost are attributable to the concession held by the Edison Group.

For the **assets acquired under finance leases**, recognized in accordance with the IAS 17 Revised method, the balance of the remaining financial liability, which amounts to 32 million euros, is shown part under "Long-term financial debt and other financial liabilities" (29 million euros) and part under "Short-term financial debt" (3 million euros).

14. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes and has a total carrying amount of 10 million euros, unchanged compared with December 31, 2011.

15. Goodwill

Goodwill totaled 3,231 million euros, unchanged compared with December 31, 2011.
The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.
The table below provides a breakdown of goodwill by business segment:

(in millions of euros)	03.31.2012	12.31.2011
Electric Power Operations	2,528	2,528
Hydrocarbons Operations	703	703
Total for the Group	**3,231**	**3,231**

16. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which consist of 87 mineral leases in Italy and abroad (including 3 storage concessions) for the extraction of hydrocarbon deposits, were valued at 1,016 million euros. The net decrease of 24 million euros, compared with December 31, 2011, reflects the amortization for the period. In the first quarter of 2012 the Group was awarded three new hydrocarbon exploration concessions in Norway but two exploration permits expired.

17. Other Intangible Assets

The table below shows the main changes that occurred in the first quarter of 2012:

(in millions of euros)	Concessions, licenses, patents and similar rights	CO_2 emissions rights	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2011 (A)	**84**	**4**	**-**	**7**	**-**	**95**
Changes in the first quarter of 2012:						
- Additions	1	-	27	-	-	28
- Amortization (-)	(4)	-	(27)	-	-	(31)
- Writedowns (-)	-	(1)	-	-	-	(1)
- Other changes	-	3	-	-	-	3
Total changes (B)	**(3)**	**2**	**-**	**-**	**-**	**(1)**
Balance at 03.31.2012 (A+B)	**81**	**6**	**-**	**7**	**-**	**94**

Concessions, licenses, patents and similar rights includes the infrastructures used by the Group to distribute natural gas under the 62 concessions it holds in this area of business, as required by IFRIC 12.

CO_2 emissions rights (6 million euros) include the rights exceeding the Group's requirements. This amount reflects a valuation at market prices, which required a writedown of 1 million euros.

The **exploration costs** incurred in the first quarter of 2012 totaled 27 million euros, up from 3 million euros in the same period of 2011. The entire amount was amortized during the period and no exploration costs were capitalized in connection with successful exploration project subsequently leading to production.

18. Investments in Associates and Available-for-sale Investments

The total includes 49 million euros in investments in associates and unconsolidated subsidiaries and affiliated companies and 195 million euros in available-for-sale investments. The latter amount includes investments in RCS Mediagroup Spa (5 million euros) and Terminale GNL Adriatico Srl (185 million euros).

The table below shows the main changes that occurred in the first quarter of 2012:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2011 (A)	**49**	**198**	**247**
Changes in the first quarter of 2012:			
- Changes in shareholders' equity reserves	-	(3)	(3)
Total changes (B)	**-**	**(3)**	**(3)**
Balance at 03.31.2012 (A+B)	**49**	**195**	**244**

Changes in shareholders' equity reserves, negative by 3 million euros, refer to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl.

19. Other Financial Assets

Other financial assets consist of loans receivable due in more than one year. Other financial assets include the following:

(in millions of euros)	03.31.2012	12.31.2011	Change
Loan receivables from Ibiritermo (IFRIC 4) (*)	76	77	(1)
Bank deposits that secure project financing facilities	4	4	-
Sundry items	1	1	-
Total other financial assets	**81**	**82**	**(1)**

(*) Referred to a fully captive thermoelectric power plant in Brazil and acting as a financial lease.

20. Deferred-tax Assets

Deferred-tax assets, which were valued based on assumptions that they would be probable realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies, amounted to 109 million euros (111 million euros at December 31, 2011). They reflect differences in the valuation of:

- taxed provisions for risks of 53 million euros;
- property, plant and equipment and intangibles of 41 million euros;
- a tax-loss carryforward of 12 million euros;

with differences stemming from the adoption of IAS 39 on financial instruments and sundry reversals accounting for the balance.

21. Other Assets

Other assets totaled 117 million euros, or 77 million euros more than December 31, 2011. This account includes:

- 102 million euros for the non-current portion of advances paid under long-term natural gas supply contracts for gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses. Please note that, in the first quarter of 2012, the Group paid advances totaling 77 million euros, due to activation of the abovementioned clauses in 2011. In the period the Group recovered the 42-million-euro advance paid in previous years on Norway long term contract that expired on March 31, 2012 (please see Note 22).
- 5 million euros (net of an allowance for doubtful accounts of 1 million euros) in tax refunds receivable, including accrued interest through March 31, 2012.
- 10 million euros in sundry receivables, consisting mainly of security deposits.

22. Current Assets

A breakdown of the components of current assets is provided below:

(in millions of euros)	03.31.2012	12.31.2011	Change
Inventories	279	252	27
Trade receivables	3,245	3,152	93
Current-tax assets	24	28	(4)
Other receivables	634	681	(47)
Current financial assets	639	628	11
Cash and cash equivalents	156	291	(135)
Total current assets	**4,977**	**5,032**	**(55)**

A review of the individual components is provided below:

- The table that follows shows a breakdown of **inventories** by business segment:

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	Green certificates	CO_2 emission rights	Other	Total 03.31.2012	Total 12.31.2011	Change
Electric Power Operations	13	-	4	32	5	23	77	45	32
Hydrocarbons Operations	32	158	12	-	-	-	202	207	(5)
Total for the Group	**45**	**158**	**16**	**32**	**5**	**23**	**279**	**252**	**27**

The increase for the period refers mainly to purchases of green certificates, which are slated to be sold in the near future. Inventories also include 24 million euros in strategic reserves of natural gas, the use of which is restricted.

- A breakdown of **trade receivables** by business segment is provided in the table below:

(in millions of euros)	03.31.2012	12.31.2011	Change
Electric Power Operations	2,117	1,959	158
Hydrocarbons Operations	1,300	1,273	27
Corporate Activities and Other Segments and Eliminations	(172)	(80)	(92)
Total trade receivables	**3,245**	**3,152**	**93**
Of which Allowance for doubtful accounts	**(146)**	**(141)**	**(5)**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, Power Exchange transactions and, for 207 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolios, attributable for 176 million euros to the Electric Power Operations and for 31 million euros to Hydrocarbons Operations. The higher amount shown for trade receivables compared with December 31, 2011 (93 million euros) reflects the impact of the price and volume trends discussed in the note to "Sales revenues", as well as a lengthening of the time to collection resulting from a change in the customer mix, the expansion of the Group's international activities and an increase in the fair value of the trading portfolios (48 million euros). In the first quarter of 2012, the Hydrocarbons Operations recovered a receivable recognized in 2011 pursuant to the make-up capacity clause of the long-term contracts for the importation of natural gas.

Lastly, transactions involving the irrevocable assignment of receivables without recourse on a revolving (monthly and quarterly) and spot basis, totaled 1,435 million euros (1,280 million euros at March 31, 2011). As required by its credit policies, the Group uses these transactions on a regular basis to control and minimize credit risks. The residual risk of recourse associated to trade receivables is less than one million euros.

- **Current-tax assets** of 24 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company.

- A breakdown of **other receivables**, which totaled 634 million euros, is provided in the table below:

(in millions of euros)	03.31.2012	12.31.2011	Change
- Receivables arising from the valuation of derivatives	172	175	(3)
- Amounts owed by partners and associates in hydrocarbon exploration projects	82	85	(3)
- Advances to suppliers	10	10	-
- Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	119	100	19
- Advances paid under take-or-pay contracts	-	42	(42)
- VAT credit	9	64	(55)
- Sundry items	242	205	37
Total other receivables	**634**	**681**	**(47)**

The decrease shown for **receivables arising from the valuation of derivatives**, which should be analyzed in conjunction with the corresponding liability included in **"Current liabilities"** (up from 179 million euros to 191 million euros), primarily reflects changes in the market price scenario compared with December 31, 2011, specifically regarding Brent crude and EUR/USD exchange rate. A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".
The Group's ability to accept increased deliveries of natural gas enabled it to recover in full the **advances for take-or-pay contract** paid in previous years and recorded in this account.

- A breakdown of **current financial assets**, which are included in the computation of the Group's net financial debt, is as follows:

(in millions of euros)	03.31.2012	12.31.2011	Change
Loans receivable	568	571	(3)
Derivatives	67	53	14
Equity investments held for trading	4	4	-
Total current financial assets	**639**	**628**	**11**

Loans receivable reflect the amount owed by Edipower Spa (550 million euros) for a shareholder loan provided by Edison Spa in December 2011.

- **Cash and cash equivalents** of 156 million euros (291 million euros at December 31, 2011) consist of short-term deposits in bank and postal accounts and other short-term investments.

23. Assets held for sale

The main components of assets held for sale, which amounted to 1,430 million euros, include:
- the assets of Edipower Spa (1,429 million euros, for Edison's pro rata share) which earmarked for disposal pursuant to agreements signed in December 2011;
- the residual value of a natural gas distribution concession that expired in 2011.

For further information, see the Section entitled "Disclosure pursuant to IFRS 5", provided later in these Notes.

Liabilities and Shareholders' Equity

24. Shareholders' Equity Attributable to Parent Company Shareholders and Shareholders' Equity Attributable to Minority Shareholders

Shareholders' equity attributable to Parent Company shareholders amounted to 6,936 million euros, for a decrease of 52 million euros compared with December 31, 2011 (6,988 million euros). This reduction is mainly due to the net loss for the period, for 51 million euros, and to the negative change in the reserve for Cash Flow Hedge (3 million euros).

Shareholders' equity attributable to minority shareholders decreased to 140 million euros, or 18 million euros less than at December 31, 2011 (158 million euros), due mainly to the effect of dividend distribution resolutions by companies with minority shareholders (16 million euros) and to the net loss for the period (1 million euros).

A breakdown of the shareholders' equity attributable to Parent Company shareholders and to minority shareholders is provided in the schedule entitled "Changes in Consolidated Shareholders' Equity".

A breakdown of share capital, which consists of shares with a par value of 1 euro each, all with regular ranking for dividends, is as follows:

Share class	Number of shares	Millions of euros
Common shares	5,181,108,251	5,181
Savings shares	110,592,420	111
Total		**5,292**

The table below provides a breakdown of the changes that occurred in the reserve for Cash Flow Hedge transactions, established upon the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of changes in the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rates.

Cash Flow Hedge reserve

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2011	(11)	3	(8)
Changes in the first quarter of 2012	(2)	(1)	(3)
Reserve at March 31, 2012	**(13)**	**2**	**(11)**

25. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 34 million euros, reflect the accrued severance indemnities and other benefits owed to employees. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held at the Company.
The table below shows the changes that occurred in the first quarter of 2012:

(In millions of euros)	Provision for employee severance indemnities	Provisions for pensions	Total
Balance at 12.31.2011 (A)	**36**	**-**	**36**
Changes in the first quarter of 2012:			
- Utilizations (-)/Other changes	(2)	-	(2)
Total changes (B)	**(2)**	**-**	**(2)**
Total at 03.31.2012 (A+B)	**34**	**-**	**34**

26. Provision for Deferred Taxes

The balance of 171 million euros (215 million euros at December 31, 2011) reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as the deemed cost of property, plant and equipment.

The following table shows a breakdown of this provision by type of underlying temporary difference, keeping in mind that certain Group companies that meet the requirements of IAS 12 offset their deferred-tax liabilities against their deferred-tax assets:

(in millions of euros)	03.31.2012	12.31.2011	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment and intangibles	237	263	(26)
- Adoption of standard on finance leases (IAS 17)	24	24	-
- Adoption of standard on financial instruments (IAS 39) with impact on Income Statement	1	-	1
- Other deferred taxes	6	9	(3)
Total deferred-tax liabilities (A)	**268**	**296**	**(28)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	82	65	17
- Tax loss carryforward	8	7	1
- Adoption of standard on financial instruments (IAS 39) with impact on shareholders' equity	3	3	-
- Differences in the valuation of property, plant and equipment and intangibles	-	1	(1)
- Other prepaid taxes	4	5	(1)
Total deferred-tax assets (B)	**97**	**81**	**16**
Total provision for deferred taxes (A-B)	**171**	**215**	**(44)**

27. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 884 million euros, for an increase of 56 million euros compared with December 31, 2011.

The table below shows the changes that occurred in the first quarter of 2012:

(in millions of euros)	12.31.2011	Additions	Utilizations	Other changes	03.31.2012
Disputed tax items	69	2	(1)	-	70
Risks for disputes, litigation and contracts	138	2	(3)	-	137
Charges for contractual guarantees on sale of equity investments	80	-	-	-	80
Provisions for decommissioning and remediation of industrial sites	385	4	-	2	391
Environmental risks	39	-	(1)	-	38
Other risks and charges	117	58	(2)	(5)	168
Total for the Group	**828**	**66**	**(7)**	**(3)**	**884**

More specifically:

- The main components of **additions** of 66 million euros include an addition to a provision for future charges in connection with the early termination of a CIP 6/92 contract (57 million euros), financial expense on decommissioning provisions (4 million euros), statutory and tax interest accrued on existing provisions (2 million euros) and legal and tax related risks for the balance.
- **Utilizations** of 7 million euros refer to the settlement of legal disputes and tax disputes (3 million euros), the coverage of costs incurred for the remediation and decommissioning of some industrial sites (1 million euros) and the reversals of the portions of provisions for risks that exceeded the actual charges (3 million euros).
- **Other changes,** negative by 3 million euros, include the recognition of a provision for expected decommissioning costs related to the startup of a new wind farm.

28. Bonds

The balance of 1,794 million euros (1,793 million euros at December 31, 2011) represents the non-current portion of the bonds valued at amortized cost.

The table below shows the balance outstanding at March 31, 2012 and indicates the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value Non-current portion	Carrying value Current portion	Carrying value Total	Fair value
Edison Spa	Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	07.22.2014	698	40	738	716
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	03.17.2015	499	8	507	500
Edison Spa	Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	597	31	628	604
Total for the Group			**1,800**				**1,794**	**79**	**1,873**	**1,820**

The valuation at amortized cost of the bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuation, was adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

29. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account, which did not change significantly in the first quarter of 2012, is as follows:

(in millions of euros)	03.31.2012	12.31.2011	Change
Due to banks	1,283	1,290	(7)
Due to other lenders	44	44	-
Total for the Group	**1,327**	**1,334**	**(7)**

An analysis of these changes is provided in the "Liquidity Risk" paragraph of the Section entitled "Group Financial Risk Management".

30. Other Liabilities

Other liabilities of 29 million euros represent sundry liabilities, including the suspension of a gain on the 2008 sale of a 51% interest in Dolomiti Edison Energy Srl (which continues to be consolidated line by line) while agreements providing both parties with put and call options are in effect.

31. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	03.31.2012	12.31.2011	Change
Bonds	79	71	8
Short-term financial debt	1,184	1,167	17
Trade payables	2,272	2,357	(85)
Current taxes payable	32	23	9
Other liabilities	660	603	57
Total current liabilities	**4,227**	**4,221**	**6**

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 79 million euros, include the total accrued interest at March 31, 2012.

- **Short-term financial debt**, which totaled 1,184 million euros, essentially includes:
  - 943 million euros due to banks, 14 million euros of which represent the effect of measuring interest rate derivatives at fair value;
  - 217 million euros due to other lenders;
  - 21 million euros owed to minority shareholders of consolidated companies;
  - 3 million euros due to leasing companies.

- **Trade payables** totaled 2,272 million euros. A breakdown by business segment is provided below:

(in millions of euros)	03.31.2012	12.31.2011	Change
Electric Power Operations	1,447	1,652	(205)
Hydrocarbons Operations	977	763	214
Corporate Activities and Other Segments and Eliminations	(152)	(58)	94
Total trade payables	**2,272**	**2,357**	**(85)**

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. This item also includes 201 million euros for the fair value of the physical energy commodity contracts held in the Trading Portfolios, attributable for 166 million euros to the Electric Power Operations and for 35 million euros to Hydrocarbons Operations.
The decrease in trade payables compared with December 31, 2011 (85 million euros) is mainly attributable to the price and volume dynamics commented earlier in these notes partially offset by an increase in the fair value of the Trading Portfolios (56 million euros) and, in Hydrocarbons Operations, by the effect of extended payment terms for some natural gas supply contracts.

- **Current taxes payable** of 32 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 660 million euros, is as follows:

(in millions of euros)	03.31.2012	12.31.2011	Change
Amounts owed to shareholders	25	10	15
Amount owed to the controlling company in connection with the filing of a consolidated tax return	104	85	19
Amounts owed to joint holders of permits for hydrocarbon exploration	153	160	(7)
Payables for consulting and other services	39	32	7
Payables owed to Tax Administration (other than current tax payables)	24	11	13
Amount owed to employees	25	26	(1)
Liabilities stemming from the measurement at fair value of derivatives	191	179	12
Payables owed to social security institutions	18	21	(3)
Sundry items	81	79	2
Total other liabilities	**660**	**603**	**57**

32. Liabilities Held for Sale

Liabilities held for sale, which amounted to 829 million euros, include mainly the liabilities of Edipower Spa (for Edison's pro rata share) which earmarked for disposal pursuant to agreements signed in December 2011.

For further information, see the Section entitled "Disclosure pursuant to IFRS 5", provided later in these Notes.

33. Eliminations of Assets and Liabilities from and to Discontinued Operations

The table below shows a breakdown of balance sheet transactions outstanding with the discontinued operations:

(in millions of euros)	03.31.2012	12.31.2011	Change
Eliminations of Assets			
Trade receivables	-	(15)	15
Other receivables	-	(1)	1
Current financial assets	(550)	(550)	-
Assets held for sale	-	(28)	28
Total Eliminations of Assets	**(550)**	**(594)**	**44**
Eliminations of Liabilities			
Trade payables	-	(16)	16
Liabilities held for sale	(550)	(578)	28
Total Eliminations of Liabilities	**(550)**	**(594)**	**44**

Please note that the only intercompany balance sheet transactions that were eliminated at March 31, 2012 were those already outstanding at December 31, 2011 that had not yet been settled for cash.

“Current financial assets” refers to the amount owed to Edison Spa by Edipower Spa for a shareholder loan provided in December 2011. The corresponding liability is included in **“Liabilities held for sale”**.

An analysis of these transactions is provided in the section of these notes entitled “Disclosure pursuant to IFRS 5”.

NET FINANCIAL DEBT

At March 31, 2012, net financial debt, included Edipower, totaled 4,028 million euros, or 144 million euros more than the 3,884 million euros owed at the end of 2011.

Consistent with the practice followed at the end of 2011, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	See note	03.31.2012	12.31.2011	Change
Bonds - non-current portion	28	1,794	1,793	1
Non-current bank loans	29	1,283	1,290	(7)
Amounts due to other lenders - non-current portion	29	44	44	-
Other non-current financial assets (*)	19	(76)	(77)	1
Medium/long-term net financial debt		**3,045**	**3,050**	**(5)**
Bonds - current portion	31	79	71	8
Short-term financial debt	31	1,184	1,167	17
Current financial assets (**)	22	(639)	(628)	(11)
Cash and cash equivalents	22	(156)	(291)	135
Short-term net financial debt		**468**	**319**	**149**
Financial debt held for sale	32	550	550	-
Financial asset held for sale	23	(35)	(35)	-
Net financial debt		**4,028**	**3,884**	**144**

(*) Included the long-term portion of financial receivables, as required by the adoption of IFRIC 4.
(**) Included a loan of 550 million euros owed to Edison Spa by Edipower Spa.

Most of the increase in net financial debt (144 million euros) is due to the combined effect of the following factors:

- outlays for the period's capital expenditures (98 million euros);
- net advances paid due to the activation of take-or-pay clauses in natural gas procurement contracts (35 million euros).

These factors, in addition to an increase in operating working capital (205 million euros) due partially to seasonal factors, to a lengthening of the time to collection, resulting from a change in the customer mix and to the expansion of the Group's international activities, were offset in part by the period's cash flow from operating activities.

Net financial debt includes 82 million euros stemming from transactions with significant parties (61 million euros owed to Mediobanca and 21 million euros owed to SEL Spa).
In addition, "Short-term financial debt" includes 15 million euros owed to unconsolidated Group subsidiaries.

DISCLOSURE PURSUANT TO IFRS 5

Edipower Spa

Please note that, further to the agreement in principle for the corporate restructuring of Edison and Edipower reached by A2A, EDF, Delmi and Edison on December 26, 2011, Edison executed a preliminary agreement to sell its 50% equity interest in Edipower at a price of about 600 million euros. This sales transaction, which qualifies as a highly material related-party transaction, is part of a complex restructuring project concerning Edison's control structure that involves, inter alia, the sale of Transalpina di Energia and the resulting acquisition of control by EDF. Basically, the transaction calls for:

- EDF's purchase of 50% of Transalpina di Energia from Delmi Spa;
- purchase by Delmi Spa of 70% of Edipower, which will be sold (i) 50% by Edison for a price of about 600 million euros; (ii) 20% by Alpiq Energia Italia for a price of 200 million euros;
- the execution of a gas supply contract by Edison (supplier) and Edipower (customer), at market prices and with a term of six years, for a quantity of gas equal to 50% of Edipower's gas needs.

The execution of the agreement, which is expected to close by June 30, 2012, following the approval of the sale of Edipower by the Board of Directors on January 24, 2012 and February 13, 2012, based on the favorable opinion rendered by the Independent Directors, who, in turn, relied on a fairness opinion provided by independent advisors, is conditional, in addition to receiving the approval of the relevant antitrust authorities, on the concurrent purchase by EDF of Delmi's 50% equity interest in Transalpina di Energia.

Given this context and considering that Edison's Board of Directors approved the transaction and that the required contracts were executed (the contract for the sale of Edipower to Delmi on February 15, 2012 and the contract for the supply of natural gas to Edipower on March 16, 2012), there appear to be no new elements that could lead to believe that the planned transaction will not take place. Moreover, the same conditions and motivations, particularly in the financial area, that justified treating the transaction as "highly probable" continue to apply. Therefore, consistent with the presentation adopted in December 2011, the sales transaction continues to be treated as a transaction involving assets and liabilities held for sale and presented as involving a discontinued operation. At March 31, 2012, pursuant to IFRS 5:

- the income statement of Edipower Spa is not consolidated;
- in the balance sheet, the assets and liabilities, except for the shareholders' equity, are classified under "Assets and liabilities held for sale" and carried at the amounts reported at December 31, 2011;
- in the cash flow statement, cash and cash equivalents of discontinued operations are shown as a separate item;
- the comparative data for 2011 (Income Statement and Cash Flow Statement) were reclassified accordingly.

The table that follows shows the details of "Assets and liabilities held for sale" at March 31, 2012.

Balance Sheet at March 31, 2012

(in millions of euros)	03.31.2012	of which to Continuing Operations	of which related and significant parties (*)
Non current not financial assets	1,213	-	-
Current financial assets	35	-	-
Current not financial assets	181	-	-
Assets held for sale	**1,429**	**-**	
Non current not financial liabilities	198	-	-
Current financial liabilities	550	550	-
Current not financial liabilities	81	-	-
Liabilities held for sale	**829**	**550**	

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

The table that follows shows the contribution of the Edipower CGUs to the Group's interest in the net aggregate result of the Edison system.

Income Statement - First quarter 2011

(in millions of euros)	Discontinued Operations	Eliminations from and to Continuing Operations	1st quarter 2011	of which related and significant parties (*)
Sales revenues	205	(2)	203	-
Other revenues and income	-	-	-	-
Total net revenues	**205**	**(2)**	**203**	**-**
Raw materials and services used (-)	(174)	2	(172)	-
Labor costs (-)	(11)	-	(11)	-
EBITDA	**20**	**-**	**20**	
Depreciation, amortization and writedowns (-)	(31)	-	(31)	
EBIT	**(11)**	**-**	**(11)**	
Net financial income (expense)	(5)	-	(5)	-
Income from (Expense on) equity investments	3	-	3	-
Other income (expense), net	-	-	-	-
Profit (Loss) before taxes	**(13)**	**-**	**(13)**	
Income taxes	4	-	4	
Profit (Loss) from discontinued operations	**(9)**	**-**	**(9)**	
Broken down as follows:				
- Minority interest in profit (loss) from discontinued operations	-	-	-	
- Group interest in profit (loss) from discontinued operations	**(9)**	**-**	**(9)**	

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

Cash Flow Statement - First quarter 2011

(in millions of euros)	1st quarter 2011	of which related and significant parties (*)
A. Cash flow from discontinued operations	3	
B. Cash used in investing activities from discontinued operations	2	
C. Cash used in financing activities from discontinued operations	(4)	
D. Net cash flow for the period from discontinued operations (A+B+C)	**1**	

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

Comparability

The following tables show the effects of the IFRS 5 discontinued operations on the first quarter of 2011 Edison Group Income Statement and Cash Flow Statement.

Income Statement

(in millions of euros)	1st quarter 2011 Published	IFRS 5	**1st quarter 2011 Reclassified (*)**
Sales revenues	2,966	(203)	2,763
Other revenues and income	142	-	142
Total net revenues	**3,108**	**(203)**	**2,905**
Raw materials and services used (-)	(2,858)	172	(2,686)
Labor costs (-)	(67)	11	(56)
EBITDA	**183**	**(20)**	**163**
Depreciation, amortization and writedowns (-)	(157)	31	(126)
EBIT	**26**	**11**	**37**
Net financial income (expense)	(42)	5	(37)
Income from (Expense on) equity investments	4	(3)	1
Other income (expense), net	(1)	-	(1)
Profit (Loss) before taxes	**(13)**	**13**	**-**
Income taxes	(8)	(4)	(12)
Profit (Loss) from continuing operations	**(21)**	**9**	**(12)**
Profit (Loss) from discontinued operations	-	(9)	(9)
Profit (Loss)	**(21)**	**-**	**(21)**
Broken down as follows:			
Minority interest in profit (loss)	(1)	-	(1)
Group interest in profit (loss)	**(20)**	**-**	**(20)**

(*) Pursuant to IFRS 5, the first quarter 2011 amounts are being reclassified.

Cash Flow Statement

(in millions of euros)	1st quarter 2011 Published	IFRS 5	1st quarter 2011 Reclassified (*)
Group interest in profit (loss) from continuing operations	(20)	9	(11)
Group interest in profit (loss) from discontinued operations	-	-	-
Minority interest in profit (loss) from continuing operations	(1)	-	(1)
Profit (Loss)	**(21)**	**9**	**(12)**
A. Cash flow from continuing operations	**(249)**	**(3)**	**(252)**
B. Cash used in investing activities	**(81)**	**(2)**	**(83)**
C. Cash used in financing activities	**106**	**4**	**110**
D. Liquid assets from changes in the scope of consolidation	**-**	**-**	**-**
E. Net currency translation differences	**-**	**-**	**-**
F. Net cash flow for the period (A+B+C+D+E)	**(224)**	**(1)**	**(225)**
G. Net cash flow for the period from discontinued operations	**-**	**1**	**1**
H. Net cash flow for the period (continuing and discontinued operations) (F+G)	**(224)**	**-**	**(224)**
I. Cash and cash equivalents at the beginning of the year	**472**		**472**
L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (H+I)	**248**	**-**	**248**
M. Cash and cash equivalents at the end of the period of discontinued operations	**-**		**-**
N. Cash and cash equivalents at the end of the period of continuing operations (L-M)	**248**	**-**	**248**

(*) Pursuant to IFRS 5, the first quarter 2011 amounts are being reclassified.

COMMITMENTS AND CONTINGENT RISKS

(in millions of euros)	03.31.2012	12.31.2011	Change
Guarantees provided	1,251	1,312	(61)
Collateral provided	195	231	(36)
Other commitments and risks	421	473	(52)
Total for the Group	**1,867**	**2,016**	**(149)**

Guarantees provided totaled 1,251 million euros at March 31, 2012. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet date, includes 113 million euros in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax credits. Guarantees provided by the Group's Parent Company to secure the performance of contractual obligations by its subsidiaries account for most of the balance. The decrease is due in part to the cancellation of some guarantees provided in connection with sales of equity investments executed in previous years.

Collateral provided, which amounted to 195 million euros, reflects the carrying amounts of the assets or rights pledged as collateral on the balance sheet date. This account includes collateral provided for liabilities listed on the balance sheet consists for the most part of mortgages and encumbrances granted on facilities of the Electric Power Operations to secure financing.

Other commitments and risks, which totaled 421 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad. With regard to long-term contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated minimum quantities and the quantity actually used, at March 31, 2012, the Company carried advances to suppliers included in "Other assets" (Note 21) for 102 million euros. Commitments include 8 million euros (79 million euros at December 31, 2011) for accrued amounts owed to but not yet paid to counterparties stemming from the activation of the clauses in 2012. Risk profiles and the economic recoverability of these receivables are periodically updated during the year.

Unrecognized Commitments and Risks

In the first quarter of 2012, material commitments and risks faced by the Group that are not included among those listed above did not change significantly compared with the disclosure provided in the Consolidated Financial Statements at December 31, 2011, which should be consulted for more exhaustive information. The **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar. The contract to import hydrocarbons from Norway expired during the period.

The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		within 1 year	from 2 to 5 years	over 5 years	Total
Natural gas	Billions of m^3	13.4	53.9	163.8	**231.1**

Update of the Status of the Main Pending Legal and Tax Disputes Compared with December 31, 2011

A review, based on information currently available, of the **developments that occurred in the first quarter of 2012** concerning the main legal and tax disputes currently outstanding is provided below, listing separately actions involving Edison Spa and actions involving other Group companies. A comprehensive disclosure is provided in the Consolidated Financial Statements at December 31, 2011. Legal disputes were subdivided further between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognized a corresponding provision for risks on the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to a contingent liability, only a disclosure is provided in the notes to the financial statements.
The disputes that could give rise to a probable liability for which a provision for risks was recognized in the balance sheet are concerned, are reviewed below:

A) Edison Spa

Actions for Damages Arising from the Operation of Chemical Facilities Conveyed to Enimont
Crotone Factory - Criminal Proceedings for Environmental Damages
The Public Prosecutor of the Court of Crotone launched an investigation targeting 35 individuals, including five former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with environmental crimes (unauthorized waste management, disaster and poisoning of the aquifer) for activities carried out from 1986 to 1990, while operating a local plant formerly owned by Montecatini. In connection with these proceedings, the Public Prosecutor filed a motion asking to be allowed to introduce evidence developed during the discovery phase at a hearing that the Preliminary Investigation Judge scheduled for May 2012.

Industrial Site in Bussi sul Tirino
Within the framework of the site remediation process that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, is implementing in accordance with Ministry Decree No. 471/1999 in connection with the contamination of the Bussi sul Tirino industrial property, Solvay Solexis and Solvay Chimica Bussi, the former in its capacity as the owner of the property, following Ausimont's merger by absorption, and the latter in its capacity as the current operator of the property, served notice on Edison that they filed a series of administrative complaints with the Regional Administrative Court of Latium - Rome seeking, among other remedies, a stay and the subsequent voiding of the administrative decisions pursuant to which they are responsible for implementing activities to ensure the safety and remediation of the abovementioned property, insofar as these decisions fail to list Edison as a liable (or jointly liable) party in the abovementioned proceedings. Edison filed defense briefs contesting in fact and law the complainant's conclusions. In March 2011, the Regional Administrative Court of Latium handed down a decision ruling that part of the complaints filed by Solvay Chimica Bussi and Solvay Solexis were inadmissible and dismissed other complaints. In June 2011, Solvay Chimica Bussi and Solvay Solexis appealed this decision to the Council of State and Edison joined these proceedings putting forth the objections it already raised before the lower court. In the meantime, in the criminal proceedings filed by the Public Prosecutor of the Court of Pescara in connection with the environmental conditions at the abovementioned industrial site and the consequences on the aquifer, which is also used as a supply of drinking water, the Preliminary Hearing Judge, by a decision dated May 10, 2011, revised some the charges against the defendants (specifically, stating that they should be charged with polluting the aquifer and not with poisoning it) and ordered that they stand for trial before the Court of Pescara (instead of the Court of Chieti).
The first hearing, during which preliminary motions were filed, was held on March 12, 2012. At that hearing, the Public Prosecutor, concurring with the motion filed by the defendants, argued that the Court lacked jurisdiction with regard to these specific proceedings, due to fact that in the decree authorizing the trial there appear to be a contradiction between the section describing the actions of the

defendants, with seem to be consistent with the charge of poisoning the aquifer, and the dispositive section, in which the same actions were defined as consistent with the charge of polluting it.
The Court ruled affirmatively with regard to the merit of Public Prosecutor's motion and, in finding that there was a contradiction, recognized its lack of jurisdiction.
Consequently, the Court handed down a decision ordering that the records of the proceedings be provided to the Public Prosecutor, so that, in order to ensure that the right of the defendants to defend themselves is fully protected, he may reword the motion for indictment and a new preliminary hearing be held.

B) Other Group Companies

Multiutility vs Edison Energia Spa

In the proceedings pending before the Court of Milan, in which Multiutility Spa is suing Edison Energia Spa alleging failures to comply with multiple obligations arising from contracts executed by the two companies in 2004, 2005 and 2006 involving the wholesale supply of electric power, the hearing for filing final motions was held in February 2012 and a decision is now pending.

* * * * *

The principal legal disputes that have arisen from past events which are dependent on the occurrence of events that are possible, but non probable, or are probable but their impact cannot be quantified reliably and that are likely to result in a cash outlay of an amount that cannot reasonably be estimated as a result of obligations that existed on the balance sheet date, based on available information, is reviewed below:

A) Edison Spa

Verbania Factory/1 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust

Following a ruling by which the Court of Cassation set aside a decision by the Court of Appeals of Turin in the trial for injuries caused by exposure to asbestos dust at a Verbania plant formerly owned by Montefibre Spa, the new trial pending before the Turin Court of Appeals ended in December 2011 with a full acquittal of the defendants. The Turin Office of the Public Prosecutor filed a motion for Cassation challenging this decision and the parties are now waiting for a hearing to be scheduled.

Verbania Factory/2 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust

By a decision the conclusions of which were read and published on July 19, 2011, the Court of Verbania acquitted of all charges the defendants charged with the crimes of involuntary manslaughter and involuntary personal injuries caused in connection with the death or illness of other employees allegedly caused by exposure to asbestos in different forms at the Verbania factory. The Public Prosecutor is appealing this decision and the parties are now waiting for a hearing to be scheduled.

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

In connection with the preliminary hearing held in the proceedings filed by the Public Prosecutor of Modica against several parties, including some Edison Directors and executives, in connection with the alleged pollution caused by the Vega Oil vessel, the Court, by an order dated July 27, 2011, ruled, with regard to the expert reports submitted by the Public Prosecutor, that the first one was void and the second one filed past the required deadline and requested a new expert report, which is still being developed. The next hearing has been scheduled for April 26, 2012.

Angelo Rizzoli/Edison et al.

On September 25, 2009, Angelo Rizzoli sued before the Court of Milan Edison (as assign for Iniziativa Meta Spa), RCS Media Group, Mittel and Giovanni Arvedi in connection with the purchase in 1984 by the abovementioned parties of a controlling interest in Rizzoli Editore (owner of the *Corriere della Sera* newspaper). Intesa San Paolo was also sued, in its capacity as assign for Banco Ambrosiano. The purpose of the lawsuit was to obtain that the contracts that resulted in the abovementioned purchase be found to be and declared null and void and that the defendants be ordered to make restitution by paying the financial equivalent of the rights and equity interests subject of the abovementioned contracts.

By a decision published on January 11, 2012, the Court of Milan denied all of the plaintiff's claims, ordering the plaintiff to refund all litigation costs incurred by the defendants, which, in Edison's case, were quantified at about 1.3 million euros. The Court also ordered Angelo Rizzoli, for liability aggravated by unlawful court conduct pursuant to Article 96 of the Code of Civil Procedure, to pay to each of the defendants, including Edison, the sum of 1.3 million euros.
The losing party is challenging this decision before the Milan Court of Appeals and both parties are now waiting for a hearing to be scheduled.

Cartel Damage Claims - Ausimont: Claim for Damages
In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Dusseldorf in which Cartel Damage Claims Hydrogen Peroxide Sa, a Belgian company specialized in class action lawsuits, is claiming compensation for alleged damages to competition caused by the members of a cartel for the production and distribution of peroxides and perborates on which the European Commission levied a fine in 2006.
Edison is being sued due to Ausimont's involvement in the antitrust proceedings launched by the Commission. The proceedings are currently in the preliminary phase, in the course of which the judge decided that the complex jurisdictional issues raised by all parties to the proceedings should be submitted to the European Court of Justice.

* * * * *

The developments that affected the status of the main tax disputes in the first quarter of 2012 are reviewed below:

Old Calcestruzzi Spa - Tax Assessments for 1991 and 1992
The disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years of Calcestruzzi Spa (absorbed by and now part of Edison Spa) were reinstated before the Regional Tax Commission of Emilia Romagna following a ruling handed down by the Court of Cassation in 2008 overturning an earlier decisions by the Regional Tax Commission that was favorable to the Company and reinstating the proceedings before the lower court.
A hearing for oral arguments regarding the challenges filed in the reinstated proceedings has been scheduled for May 2012.

Edison Spa - IRES and IRAP Assessments for 2005 and 2006
In December 2011, following the audit performed by the Revenue police and based on the issues formally raised in the official tax audit report at the end of the audit, the Revenue Agency - Regional Lombardy Division - Office of Major Taxpayers, served Edison Spa, both individually and as the corporate income tax consolidating entity, with corporate income tax (IRES) and regional taxes (IRAP) notices of assessment for 2005 contesting the deductibility of costs incurred with black-listed suppliers (mainly Swiss).
Also in December 2011, Edison Spa was served with IRES and IRAP notices of assessment for 2006, which disallowed expenses found to be "not attributable" to the year in which they were deducted, but nevertheless deductible in another tax period, and costs that were not deductible because they were incurred with black-listed suppliers (mainly Swiss).
A similar IRES notice of assessment was served on Transalpina di Energia Srl in its capacity as the lead company for the 2006 IRES consolidated return in which Edison Spa was included.
With regard to the abovementioned assessments, the Company is currently pursuing a negotiated settlement, while retaining the option to litigate this matter, should it be impossible to settle these assessments on reasonable terms.

Edison Trading Spa - IRES and IRAP Assessments for 2005 and VAT Assessments for 2005 and 2006

The Company is challenging the VAT assessment for 2006, which was notified in December 2011, concerning the alleged failure to issue invoices for green certificates delivered to Edipower pursuant to the Tolling Contract. Upon filing its complaint, the Company also filed a motion asking that the enforcement of the assessment be suspended. The Provincial Tax Commission is scheduled to hear arguments about the suspension motion early in May 2012.

For the sake of providing complete information, an updated of the status of tax disputes involving Edipower Spa is also provided below.

Edipower Spa - Assessment for VAT on Excise Taxes for 2004

In February 2010, Edipower filed an application asking that the assessment be automatically voided by virtue of its lack of merit and, subsequently, applied for a negotiation settlement. The Revenue Agency scheduled a meeting with Edipower for April 2, 2010 to begin the process of seeking a negotiated settlement and hear Edipower's defense. Subsequently, the Revenue Agency reaffirmed its interpretation, refusing, for the time being, to void the assessment. In May 2010, Edipower filed an appeal challenging the assessment and asking the Tax Commission of venue to void it in full. The Revenue Agency has joined these proceedings. In March 2012, the Tax Commission handed down a ruling upholding Edipower's appeal.

Edipower Spa - Assessment for VAT on Excise Taxes for 2005 and IRES-IRAP for 2005

In December 2010, the Revenue Agency served Edipower with a notice of assessment for VAT due on excise taxes for 2005 (an issue with regard to which a notice of assessment was already issued for 2004) and for the recovery of corporate income taxes (IRES) and regional taxes (IRAP) for 2005. The amount demanded for taxes and penalties totals 3.8 million euros (about 2 million euros attributable to Edison).

In September 2011, Equitalia served on Edipower a collection notice for the recovery of one-third of the assessed VAT and regional tax (IRAP). On October 25, 2011, the Milan Tax Commission disallowed this notice, granting instead a motion to stay the payment. In the merit hearing, which was held on March 13, 2012, Edipower's position prevailed.

In March 2012, the Tax Commission handed down a ruling upholding Edipower's appeal with regard to the VAT on excise taxes and most of the IRES and IRAP assessments.

Edipower Spa - Assessment for VAT Due on Green Certificates for 2006

In December 2011, the Revenue Agency served Edipower with a new assessment for VAT penalties for 2006 amounting to 12.3 million euros (about 6 million euros attributable to Edison) on the same grounds as for the penalties levied for 2004 and 2005, consisting of the failure to invoice itself for the alleged transfer of green certificates by the Tollers. At the same time, the Revenue Agency also served Edipower with a notice of assessment for VAT and penalties for 2006 amounting to 61.7 million euros (about 31 million euros attributable to Edison) for failure to bill the Tollers for the costs incurred for the alleged purchases of green certificates and, in addition, for failing to charge VAT on the excise tax paid by Edison Trading Spa for the fuel supplied to the San Filippo del Mela power plant. On February 22, 2012, Edipower served notice on the Revenue Agency of two separate complaints and, subsequently, sued for relief before the Milan Provincial Tax Commission.

GROUP FINANCIAL RISK MANAGEMENT

This Section describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions credits, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). A more detailed description of these issues is provided in Consolidated Financial Statements at December 31, 2011.
In accordance with IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

1. Commodity Price Risk and Exchange Rate Risk Related to Commodity Transactions

Consistent with its Energy Risk Policies, the Edison Group manages this risk within the limit of an Economic Capital amount - measured in terms of Profit at Risk (PaR[1]) - approved by the Board of Directors for the Industrial Portfolio, including both transactions that hedge contracts to buy or sell commodities and the Group's production and assets. The Economic Capital represents the risk capital, stated in millions of euros, available to hedge market risks.

A simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedge) while others qualify as Economic Hedge, to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives.
The Italian forward market for electric power does not yet meet IFRS requirements to qualify as an active market. Specifically, both the Over The Counter (OTC) markets operated by brokerage firm (e.g., TFS) and those operated by Borsa Italiana (IDEX) and by the Gestore dei Mercati Energetici (MTE) lack sufficient liquidity for peak and off-peak products and for maturities longer than one year.
Consequently, market price data obtained from those markets should be viewed as input for the internal valuation model used at fair value the abovementioned products.

The table below shows the maximum negative variance in the fair value of outstanding financial derivatives expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at March 31, 2012, which is 40.8 million euros (74.4 million euros at March 31, 2011). In other words, compared with the fair value determined for hedging derivatives contracts outstanding at March 31, 2012, the probability of a negative variance greater than 40.8 million euros by the end of 2012 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	**1st quarter 2012**		1st quarter 2011	
	Level of probability	Expected negative variance in fair value (in millions of euros)	Level of probability	Expected negative variance in fair value (in millions of euros)
Edison Group	**97.5%**	**40.8**	**97.5%**	**74.4**

The corresponding value at December 31, 2011 was 85.6 million euros.

The lower amount, compared with the level measured at March 31, 2011, is mainly the result of a smaller net volume of financial contracts executed to hedge the 2012 sales campaign.

The hedging strategy deployed in the period enabled the Group to comply with its risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital. Without hedging, the average amount of Economic Capital absorbed in the first quarter of 2012 by the Industrial Portfolio would have been equal to 69% of the approved limit, with

1. Profit at Risk is a statistical measurement of the maximum potential negative variance in the projected margin in response to unfavorable market fluctuations, within a given time horizon and confidence interval.

a peak of 80% in January 2012. With hedging, the average amount of Economic Capital absorbed in the first quarter of 2012 by the Industrial Portfolio was 61%, with a peak of 74% in January 2012.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from the Group's Industrial Portfolio. Trading Portfolios are monitored based on strict risk ceilings. Compliance with these ceilings is monitored by an organizational unit independent of the trading unit. The daily Value-at-Risk (VaR[2]) limit with a 95% probability on the Trading Portfolios is 3.9 million euros, with a stop loss limit of 20.2 million euros. The VaR limit was 65% utilized at March 31, 2012, with an average utilization of 49% for the period.
As is the case for the Industrial Portfolio, an Economic Capital that represents the total risk capital available to support the market risks entailed by trading activities is allocated to the entire set of Trading Portfolios. In this case, the Economic Capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for possible illiquid positions. The Economic Capital ceiling for the entire set of Trading Portfolios is 60.5 million euros. This limit was 69% utilized at March 31, 2012, with an average utilization of 56% for the period.

2. Foreign Exchange Risk

The foreign exchange risk arises from the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through indexing formulas. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk). Lastly, fluctuations in foreign exchange rates have an impact on consolidated results and on shareholders' equity attributable to Parent Company shareholders because the financial statements of subsidiaries denominated in a currency other than the euro are translated into euros from each subsidiary's functional currency (translational risk).
The foreign exchange risk management objectives are described in specific Foreign Exchange Risk Policies. The exposure to the economic and transactional risk entailed by commodity trading activities is managed in accordance with specific limits and strategies (see the preceding section in this regard). Also with regard to the transactional risk, the Group manages centrally, under the coordination of the Finance Department, its exposure to the foreign exchange risk for some cash flows in foreign currencies (mainly U.S. dollars) concerning international investments in exploration and development projects by the hydrocarbons operations and, for limited amounts, purchases of other goods and services. Lastly, the Group is only marginally exposed to the translational risk in connection with the translation of the results, assets and liabilities in the financial statements of some foreign subsidiaries.

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs. Consequently, it values on a regular basis its exposure to the risk of fluctuations in interest rates, which it manages with hedging derivatives, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedges and Fair Value Hedges), while others qualify as Economic Hedges. The Euribor is the interest rate to which the Group has the largest exposure.

Gross Financial Debt	03.31.2012			12.31.2011		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (included structures with CAP)	1,853	1,294	30%	1,855	1,297	30%
- variable rate portion	2,531	3,090	70%	2,510	3,068	70%
Total gross financial debt (*)	**4,384**	**4,384**	**100%**	**4,365**	**4,365**	**100%**

(*) This amount does not include the current financial debt of Edipower Spa, amounting to 550 million euros, classified under "Liabilities held for sale".

2. Value at risk is a statistical measurement of the maximum potential negative variance in the portfolio's fair value in response to unfavorable markets moves, within a given time horizon and confidence interval.

As the table above shows, the breakdown of the financial structure between fixed rate component and variable rate component did not materially change compared with December 31, 2011, as the Edison Group did not execute material financial transactions in the first quarter of 2012 and did not change its strategy to manage the risk of interest rate fluctuations.
A more complete and detailed description is provided in the notes to the Consolidated Financial Statements at December 31, 2011.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first quarter of 2012 and provides a comparison with the same period in 2011.

Sensitivity analysis	**1st quarter 2012**			**03.31.2012**		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	**34**	**27**	**21**	**-**	**-**	**-**

Sensitivity analysis	1st quarter 2011(*)			12.31.2011		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	33	26	22	-	-	-

(*) Included Edison's pro rata share of Edipower Spa's amounts.

4. Credit Risk

The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.
To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Central Finance Department), Edison Group implemented procedures and programs designed to evaluate customer credit worthiness (using specially designed scoring grids) and subsequently monitor the expected cash flows and any collection actions.
Edison Group is currently a party to contracts assigning receivables without recourse on a monthly and quarterly revolving basis.
The receivables assigned without recourse during the first quarter of 2012 totaled 1,435 million euros. At March 31, 2012, the amount of receivables that were exposed to the risk of recourse was not material.
Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison Group deals only with entities with a high credit rating. At March 31, 2012, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment.
The table below provides an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The increase in receivables outstanding at March 31, 2012, compared with December 31, 2011, is largely due to the Group's international activities (Egypt and Greece) and to the fact that the average length of time required to collect receivables from customers in the Retail and Public Administration segments continues to be longer than contractually allowed.

(in millions of euros)	**03.31.2012**	12.31.2011
Gross trade receivables	3,391	3,293
Allowance for doubtful accounts (-)	(146)	(141)
Trade receivables	**3,245**	**3,152**
Guarantees held (*)	633	718
Receivables 9 to 12 months in arrears	53	68
Receivables more than 12 months in arrears	229	205

(*) Including 221 million euros to hedge receivables outstanding at March 31, 2012.

Please note that Edison has implemented programs to collect past-due receivables. To that effect, the Group is negotiating with Egyptian General Petroleum Corporation (EGCP) a payment extension for the outstanding receivables. Consequently, the trade receivables outstanding at March 31, 2012 were discounted to present value, which resulted in the recognition of about 5 million euros in financial expense.

5. Liquidity Risk

The liquidity risk is the risk that the Group may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario. Specifically, the liabilities reflect all future cash outflows, in addition to principal and accrued interest, including all interest payments estimated for the entire length of the underlying debt obligation, and taking into account the effect of interest rate derivatives. As a result, the aggregate liability amount is larger than the gross financial debt amount used to compute the Group's net financial debt. In addition, assets (cash and cash equivalents, trade receivables, etc.) are not taken into account and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst case scenario	03.31.2012			12.31.2011		
(in millions of euros)	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	-	69	2,008	16	53	2,025
Financial debt and other financial liabilities	222	729	1,303	39	834	1,330
Trade payables	2,242	30	-	2,252	105	-
Total	**2,464**	**828**	**3,311**	**2,307**	**992**	**3,355**
Guarantees provided to third parties (*)	**692**	**198**	**361**	760	203	349

(*) These guarantees, mainly of a commercial nature and related to the Group's core businesses, are shown based on their remaining contractual maturity. For further details, see the "Commitments and Contingent Risks" section of this Report.

At March 31, 2012, the financial debt due within one year totaled 1,020 million euros, broken down as follows:

- 700 million euros for a credit line provided on a club-deal basis (of equal face value), the full amount of which had been drawn down at March 31, 2012;
- about 82 million euros for a facility provided by Mediobanca to Edison Spa, on European Investment Bank (EIB) funds, for an original amount of 120 million euros, with amortization plan, due on June 15, 2012;
- 69 million euros in accrued interest payable on outstanding bond issues;
- about 169 million euros in installments of loans with amortization plan, plus accrued interest payable on the overall debt amount and temporary utilizations of uncommitted credit lines.

At March 31, 2012, the Group held liquid assets totaling 156 million euros and had access to unused committed credit lines amounting to 455 million euros that are mostly part of a standby syndicated facility of 1,500 million euros that expires in 2013.

Financial debt due after one year totaled 3,311 million euros, including 2,008 million euros for bond issues (with a face amount of 1,800 million euros plus accrued interest) and 1,303 million euros for "Financial debt and other financial liabilities". It is also worth mentioning that the amount drawn from the syndicated standby facility totaled 1,050 million euros at March 31, 2012.

Over the coming months, one of the Group's priorities will be to lengthen the remaining average life of its debt. In any event, financial obligations maturing up to December can be comfortably covered thanks to the Group's liquid assets and its unused credit lines.

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" paragraph above). The following three bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at March 31, 2012:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07.22.2014	700	Fixed annual	4.250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03.17.2015	500	Fixed annual	3.250%
EMTN 11/2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11.10.2017	600	Fixed annual	3.875%

Outstanding debt obligations of the Group include non-syndicated facilities totaling 945 million euros (including a facility provided to Edison on a club-deal basis in June 2011) and syndicated facilities amounting to 1,593 million euros, the unused portion of which was 455 million euros at March 31, 2012 originating mainly from a standby syndicated facility of 1,500 million euros, and revolving credit lines provided to Group companies.

With regard to the transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing changed compared with December 31, 2011. Additional information can be found in the extensive remarks provided in the notes to the Consolidated Financial Statements at December 31, 2011.

At present, the Group is not aware of the existence of any default situation.

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

The Edison Group engages in trading for its own account in physical energy commodities and financial derivatives based on such commodities, in a manner consistent with special Energy Risk Policies. Accordingly, it defined an appropriate risk control structure and the necessary guidelines and specific procedures. The Group views this activity as part of its regular operations and the results derived from it are recognized in the Income Statement and are included in EBITDA. Whenever possible, the Group uses hedge accounting, provided the transactions comply with the requirements of IAS 39.
Forward transactions and derivatives can be classified as follows:

1) **Derivatives that qualify as hedges in accordance with IAS 39**. This category includes transactions that hedge the risk of fluctuations in cash flow (Cash Flow Hedges - CFH) and those that hedge the fair value of the hedged item (Fair Value Hedge - FVH).
2) **Forward transactions and derivatives that do not qualify as hedges in accordance with IAS 39**. They can be:
   a. Transactions to manage interest rate and foreign exchange and price risk on energy commodities. For all derivatives that comply with internal risk policies and procedures, realized results and expected values are either included in EBITDA, if they refer to activities related to the Industrial Portfolio, or recognized as financial income or expense, in the case of financial transactions.
   b. Trading Portfolios. As explained above, they include physical and financial energy commodity contracts; both realized results and expected values of these transactions are included in EBITDA.

Fair Value Hierarchy According to IFRS 7

IFRS 7 requires that the classification of financial instruments in accordance with their fair value be based on the reliability of inputs used to measure fair value.

The IFRS 7 ranking is based on the following hierarchy:

- **Level 1**: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2**: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g., forward contracts or swaps in futures markets).
- **Level 3**: Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At the moment, there are two types of instruments that are included in this category, unchanged compared with December 31, 2011.

The valuation of financial instruments can entail significant subjective judgment. However, Edison uses prices quoted in active markets, when available, as the best estimate of the fair value of all derivatives.

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the first quarter of 2012

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at March 31, 2012, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair Value recognized for contracts outstanding at 12.31.2011 (B)	Portion of (B) contracts realized in the period (B1)	Fair Value recognized for contracts outstanding at 03.31.2012 (C)	Change in fair value in the period (D)=(C–B)	Amounts recognized in earnings (A+D)
Sales revenues and Other revenues and income						
(see Notes 1 and 2 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	42	1	-	-	(1)	41
- not definable as hedges pursuant to IAS 39	3	21	20	2	(19)	(16)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	3	3	3
Margin on trading activities						
- Sales revenues from physical contracts included in the Trading Portfolios (***)	1,050	159	96	207	48	1.098
- Other revenues and income from derivatives included in the Trading Portfolios (****)	17	78	63	100	22	39
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(1,030)	(145)	(79)	(201)	(56)	(1,086)
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(17)	(70)	(55)	(91)	(21)	(38)
Total margin on trading activities	*20*	*22*	*25*	*15*	*(7)*	*13*
Total (A)	**65**	**44**	**45**	**20**	**(24)**	**41**
Raw materials and services used						
(see Note 3 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	(49)	-	-	(1)	(1)	(50)
- not definable as hedges pursuant to IAS 39	(4)	(19)	(19)	(8)	11	7
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*)	(9)	-	-	-	-	(9)
- not definable as hedges pursuant to IAS 39	(1)	(5)	(1)	(6)	(1)	(2)
Total (B)	**(63)**	**(24)**	**(20)**	**(15)**	**9**	**(54)**
TOTAL INCLUDED IN EBITDA (A+B)	**2**	**20**	**25**	**5**	**(15)**	**(13)**
Interest rate hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	7	48	2	62	14	21
- not definable as hedges pursuant to IAS 39	6	5	1	5	-	6
Total financial income (C)	**13**	**53**	**3**	**67**	**14**	**27**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(11)	-	-	-	-	(11)
- not definable as hedges pursuant to IAS 39	(5)	(13)	-	(14)	(1)	(6)
Total financial expense (D)	**(16)**	**(13)**	**-**	**(14)**	**(1)**	**(17)**
Margin on interest rate hedging transactions (C+D)=(E)	**(3)**	**40**	**3**	**53**	**13**	**10**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	13	1	1	-	(1)	12
Total foreign exchange gains (F)	**13**	**1**	**1**	**-**	**(1)**	**12**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(13)	-	-	(5)	(5)	(18)
Total foreign exchange losses (G)	**(13)**	**-**	**-**	**(5)**	**(5)**	**(18)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**-**	**1**	**1**	**(5)**	**(6)**	**(6)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 7 to the Income Statement)	**(3)**	**41**	**4**	**48**	**7**	**4**

(*) Includes the effective portion included in "Raw materials and services used" (Note 3 to the Income Statement) for purchases of natural gas.
(**) Includes the ineffective portion.
(***) Amounts included in "Sales revenues" (Note 1 to the Income Statement) under margin on physical trading activities.
(****) Amounts included in "Other revenues and income" (Note 2 to the Income Statement) under margin on financial trading activities.
(&) Includes the fair value adjustment of trading inventories, the carrying amount of which was virtually nil at March 31, 2012.

The table below provides a breakdown of the amounts recognized on the Balance Sheet following the measurement at fair value of the derivatives and physical contracts outstanding on the date of the financial statements and their classification on the fair value hierarchy as required by IFRS 7:

(in millions of euros)	03.31.2012		12.31.2011	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	12	(35)	23	(61)
Interest rate transactions	67	(14)	53	(13)
Commodity transactions	367	(357)	311	(263)
Fair value recognized as current assets and current liability	**446**	**(406)**	**387**	**(337)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	207	(201)	159	(145)
- recognized as "Other receivables and payables"	172	(191)	175	(179)
- recognized as "Current financial assets" and "Short-term financial debt"	67	(14)	53	(13)
Broken down on fair value hierarchy:				
- Level 1	28	(27)	26	(25)
- Level 2	404	(368)	349	(300)
- Level 3 (*)	14	(11)	12	(12)

(*) The fair value classified at Level 3 is recognized in the amount of +2 million euros as part of the physical trading margin (13 million euros of revenues and 11 million euros of costs), in the amount of +1 million euros as part of the financial trading margin.

With regard to these items, please note that a negative Cash Flow Hedge reserve amounting to 13 million euros, before the corresponding deferred-tax assets and liabilities, was recognized in connection with the receivables and payables shown above.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related and significant parties(*) affecting the income statement and balance sheet that were outstanding at March 31, 2012 are reviewed below. The information provided is sufficient to meet the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms that were consistent with standard market practices.
Further to the publication by the CONSOB, on September 24, 2010, of a Communication setting forth provisions governing related-party transactions in accordance with CONSOB Resolution No. 17221 of March 12, 2010, as amended, the Board of Directors of Edison Spa approved a Procedure Governing Related-Party Transactions, which went into effect on January 1, 2011.

(in millions of euros)	Related Parties pursuant to IAS 24					Other Related and Significant Parties						Total for related and significant parties	Total for financial statem. line item	% Impact
	With unconsolidated Group companies	With the controlling company	EDF Group	A2A Group	Sub total	IREN Group (**)	SEL Group (**)	Dolomiti Energia Group (**)	Banca Popolare di Milano	Mediobanca	Sub total			
Balance Sheet transactions:														
Investments in associates	49	-	-	-	**49**	-	-	-	-	-	**-**	**49**	**49**	**100.0%**
Trade receivables	1	-	54	14	**69**	1	-	2	-	-	**3**	**72**	**3,245**	**2.2%**
Other receivables	1	119	11	-	**131**	-	-	-	-	-	**-**	**131**	**634**	**20.7%**
Trade payables	1	-	41	21	**63**	26	8	-	-	-	**34**	**97**	**2,272**	**4.3%**
Other payables	-	104	1	-	**105**	-	-	-	-	-	**-**	**105**	**660**	**15.9%**
Short-term financial debt	15	-	-	-	**15**	-	21	-	-	59	**80**	**95**	**1,184**	**8.0%**
Long-term financial debt and other financial liabilities	-	-	-	-	-	-	-	-	-	2	**2**	**2**	**1,327**	**0.2%**
Income Statement transactions:														
Sales revenues	-	-	23	22	**45**	139	1	19	-	-	**159**	**204**	**3,294**	**6.2%**
Other revenues and income	-	-	3	1	**4**	1	-	-	-	-	**1**	**5**	**153**	**3.3%**
Raw materials and services used	3	-	56	19	**78**	43	12	-	-	-	**55**	**133**	**3,264**	**4.1%**
Financial expense	-	-	-	-	**-**	-	-	-	-	1	**1**	**1**	**77**	**1.3%**
Commitments and contingent risks:														
Guarantees provided	-	-	-	-	**-**	-	-	-	45	-	**45**	**45**	**1,251**	**3.6%**
Collateral provided	-	-	-	-	**-**	-	-	-	-	38	**38**	**38**	**195**	**19.5%**
Other commitments and risks	-	-	24	-	**24**	-	-	-	-	-	**-**	**24**	**421**	**5.7%**

(*) Please see "2011 Corporate Governance".
(**) Considered as Related Party in the "Procedure Governing Related-Party Transactions".

A) Intercompany Transactions

Transactions between Edison Spa and its subsidiaries and affiliated companies and its controlling company consist primarily of:

- commercial transactions involving the buying and selling of electric power, natural gas, green certificates and CO_2 certificates;
- transactions involving the provision of services (technical, organizational and general) by headquarters staff;
- financial transactions involving lending and current account facilities established within the framework of the Group's centralized cash management system;
- transactions required to file a consolidated VAT return for the Group (so-called VAT Pool);
- transactions with its controlling company required to file the consolidated IRES return.

All of the transactions listed above are governed by contracts with conditions that are consistent with market terms (i.e., terms that would have been agreed upon by two independent parties), with the exception of those related to the VAT Pool and the consolidated corporate income tax (IRES) return, which were executed pursuant to law.

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT Group return for March 31, 2012 showed an overpayment of 6 million euros.

Consolidated IRES Return

For the three-year period from 2009 to 2011, Edison Spa and its principal subsidiaries agreed to be included in the consolidated corporate income tax (IRES) return filed by Transalpina di Energia Srl, their controlling company, and, consequently, determine their IRES liability in coordination with Transalpina di Energia Srl, the Group's controlling company. The relationships between the filers of the consolidated tax return are governed by special agreements.

In view of the fact that control continues to rest with Transalpina di Energia Srl, the consolidated filing option will be renewed by the statutory deadline, for three years starting in 2012, with the parties executing new agreement in line with those already in effect. Consequently, in 2012, Edison Spa and its principal subsidiaries will determine their IRES liability in coordination with Transalpina di Energia Srl, the Group's controlling company.

Please note that, due to amendments introduced in 2011, Group companies that operate primarily in the sectors of hydrocarbon exploration and development, production and distribution, transmission or distribution of natural gas, and production and distribution of electric power, including power generated from renewable sources, are subject to a corporate income tax surcharge, which has been set at 10.5% for 2012 (regular rate of 6.5% increased to 10.5% for three years from 2011 to 2013). The affected companies are required to pay the surcharge directly, even if they are included in the filing of a consolidated IRES return.

B) Transactions with Other Related and Significant Parties

An analysis of the main transactions with other related and significant parties is provided below.

1) Commercial Transactions

EDF Group

Transactions executed with the EDF Group included the following:

- With Fenice Spa, sales revenues of about 12 million euros, mainly from sales of natural gas, and recovery of maintenance costs for about 2 million euros.
- With EDF Trading Ltd, sales revenues of 21 million euros and costs of 54 million euros stemming from sales and purchases of commodities. In addition, were booked 1 million euros for recovery of costs incurred and costs of 2 million euros for corporate services provided to EDF.
- With EDF Trading Ltd revenues of 74 million euros and costs of 84 million euros stemming from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.
- With EDF Trading Ltd, commitments of up to 24 million euros within the EDF Carbon Fund to purchase CER/ERU.

A2A Group

The transactions carried out with the A2A Group resulted in the following:

- Sales revenues of 22 million euros from contracts to supply electric power and steam to A2A Trading Srl and A2A Calore e Servizi Spa.
- Other revenues and income of 1 million euros from A2A Trading Srl, for the recovery of costs incurred.
- Materials and services used totaling 19 million euros, broken down as follows: 8 million euros for purchases of electric power by A2A Trading Srl; and 11 million euros for electric power transmission services by A2A Reti Elettriche Spa.
- With A2A Trading Srl, revenues of 12 million euros and costs of 12 million euros from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.

IREN Group

The transactions carried out with the IREN Group resulted in the following:

- Sales revenues of 138 million euros from contracts to supply electric power and natural gas to Iren Mercato Spa.
- Other revenues and income of 1 million euros from Iren Mercato Spa, for the recovery of costs incurred.
- Raw material and services used of 43 million euros, mainly from the purchase of electric power and natural gas.
- With Iren Mercato Spa, revenues of 5 million euros and costs of 4 million euros from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.

SEL Group

The transactions carried out with the SEL Group resulted in the following:

- Sales revenues of 1 million euros and costs for 12 million euros from contracts to supply electric power to SEL Spa.
- With SEL Spa, revenues of 1 million euros and costs of 1 million euros from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.

Dolomiti Energia Group

Transactions executed pursuant to contracts for the supply of electric power resulted in sales revenues of 19 million euros, of which 18 million euros with Trenta Spa and 1 million euros with Dolomiti Energia Srl.

The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

2) Financial Transactions

No material changes occurred in the first quarter of 2012. For a comprehensive presentation of the outstanding transactions, please see the comments in the Consolidated Financial Statements at December 31, 2011.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, the Edison Group announces that, on February 7, 2012, it agreed to the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, recognizing a net positive impact of 28 million euros at the EBITDA level (due to an income of 85 million euros net of a provision for future charges of 57 million euros) and writedowns of property, plant and equipment totaling 21 million euros.

Transactions Resulting from Atypical and/or Unusual Activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first quarter of 2012, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2012

Edison Spa: the Board of Directors Reviewed the CONSOB Communication of April 4, 2012

Further to a communication dated April 4, 2012, by which the CONSOB asked that the price of the Tender Offer be set within an interval ranging from 0.84 and 0.95 euros per share (the median amount potentially representing a useful reference point to balance the interests of both parties), the Board of Directors of Edison Spa met on April 16, 2012 to review any potential consequences for the Company and emphasized that it always acted exclusively in the Company's interest.

Edison: Hydrocarbon Discoveries in Norway

Edison further strengthened its exploration and production activities thanks to new discoveries in the Norway Sea, including light oil in Block PL418 and gas reserves in the Zidane-1 and Zidane-2 fields.

Milan, April 27, 2012

The Board of Directors
By Renato Ravanelli
Chairman

SCOPE OF CONSOLIDATION
AT MARCH 31, 2012

SCOPE OF CONSOLIDATION AT MARCH 31, 2012

List of equity investments

A) Investments in companies included in the scope of consolidation

A.1) Companies consolidated line by line

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/12	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Group Parent Company											
Edison Spa	Milan (IT)	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese CEB Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	S	-
Ecofuture Srl (single shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) Electric Power Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Calabria Spa (single shareholder)	Crotone (IT)	EUR	120,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Sicilia Srl (single shareholder)	Palermo (IT)	EUR	20,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Energie Speciali Spa (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	S	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Parco Eolico San Francesco Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	90.00	90.00	Edison Spa	-	-	S	(i)
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	(i)
Sondel Dakar Bv	Breda (NL)	EUR	18,200	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	(i)
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	(i)
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Spa	-	-	S	(i)
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa - (single shareholder) Hydrocarbons Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison International Spa (single shareholder)	Milan (IT)	EUR	75,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
						0.00	Edison Spa	-	-	-	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/12	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Corporate Activities											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison International Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Finance Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	73,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Montedison Srl (single shareholder)	Milan (IT)	EUR	2,583,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	-	S	(i)

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/12	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	37.89	75.78	Elpedison Bv	-	-	JV	-
Elpedison Trading Sa	Marousi Athens (GR)	EUR	1,150,000	50.00	50.00	100.00	Elpedison Bv	-	-	JV	-
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	JV	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV	-
Hydrocarbons Operations											
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50,00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Ed-Ina D.o.o.	Zagabria (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000	30.00	-	30.00	Edison international Spa (single shareholder)	-	-	JV	-
ICGB AD	Sofia (BG)	BGL	7,823,320	25.00	-	50,00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	-	-	JV	-
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	22,100,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Corporate Activities											
Elpedison Bv	Amsterdam (NL)	EUR	20,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Discontinued operations											
Electric Power Operations											
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.00	50.00	50.00	Edison Spa	-	-	JV	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes

B) Investments in companies valued by the equity method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-	-	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	2.9	AC	-
Energia Senales Srl - Es Srl	Senales (BZ) (IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	1.5	AC	-
GTI Dakar Ltd	George Town Gran Caiman (KY)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	-	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (single shareholder)	-	-	4.3	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	20.7	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,242,300		20.81	Edison Spa	-	-	17.7	AC	-
Total investments in companies valued by the equity method									**47.1**		

List of Equity Investments (continued)

C) Investments in companies in liquidation or subject to permanent restrictions

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Auto Gas Company S.A.E. (in liquidation)	Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa (single shareholder)	-	-	-	AC	-
Cempes Scrl (in liquidation)	Rome (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Compagnia Elettrica Lombarda Spa (in liquidation)	Milan (IT)	EUR	408,000		60.00	Sistemi di Energia Spa	-	-	-	S	-
Coniel Spa (in liquidation)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	AC	-
Groupement Gambogi - Cisa (in liquidation)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Inica Soc. de Iniciativas Mineiras e Industriais Sa	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	AC	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Montedison Srl (single shareholder)	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	-	-	S	-
Sorrentina Scarl (in liquidation)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.4**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/11	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
D) Investments in other companies valued at fair value											
D.1) Investments held for trading											
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	2.3	NG	-
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	0.9	NG	-
Amsc-American Superconductor	Devens (US)	USD	508,687		0.31	Edison Spa	-	-	0.5	NG	-
D.2) Available-for-sale investments											
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0.2	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3.5	NG	-
MB Venture Capital Fund I Participating Comp. E Nv (in liq.)	Amsterdam (NL)	EUR	50,000		7.00	Edison Spa	-	-	-	NG	(iv)
Prometeo Spa	Osimo (AN) (IT)	EUR	2,292,436		17.76	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Cairo (ET)	EGP	20,000		10.00	Edison International Spa (single shareholder)	-	-	-	NG	-
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.02	Edison Spa	1.06	1.06	5.1	NG	-
Syremont Spa	Messina (IT)	EUR	1,250,000		24.00	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		7.30	Edison Spa	-	-	184.9	NG	-
Other minor									0.2		
Total investments in other companies valued at fair value									**198.8**		
Total equity investments									**248.3**		

Notes

(a) The consolidated Group interest is computed on the basis of the interest held in the respective share capital by the Parent Company or subsidiaries consolidated on a line-by-line basis, and by jointly controlled companies consolidated by the proportional method.

(b) The interest in the share capital is equivalent to the ratio between the aggregate par value of all equity securities held directly and the total share capital. In this computation, the denominator (total share capital) is net of any treasury shares held.

(c) The percentage of the voting securities held is equivalent to the ratio between the number of voting securities held directly (irrespective of the ownership of the voting rights) and the total number of voting securities (e.g. common and preferred shares) included in the share capital. The percentage is shown only if it is different from the overall interest held.

(d) The percentage of securities with exercisable voting rights is the ratio between the number of votes which can be effectively cast by the investor company attending an Ordinary Shareholders' Meeting and the total number of votes that can be cast at an Ordinary Shareholders' Meeting. The percentage is shown only if it is different from the overall interest held.

(e) S = subsidiary JV = joint venture AC = affiliated company NG = non-Group company

(f) The carrying value is shown only for companies valued by the equity method or at cost, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, it is shown only if it is equal to or greater than one million euros.

(i) Company subject to the oversight and coordination of Edison Spa.

(ii) On 1/30/07 Edison exercised the option to sell its equity investment, with respect to which the counterparty is now in default.

(iii) This company is a contractual joint venture.

(iv) Company for which cancellation has been requested but not yet removed from Dutch Trade Register

The currency codes used in this report are those of the ISO 4217 International Standard.

BGL Bulgarian lev	GBP British pound
BRL Brazilian real	HRK Croatian kuna
CHF Swiss franc	PTE Portuguese escudo
EGP Egyptian pound	USD U.S. dollar
EUR Euro	XAF Central African franc

CERTIFICATION PURSUANT TO ARTICLE 154-BIS, SECTION 2, OF LEGISLATIVE DECREE NO. 58/1998

As required by Article 154-*bis*, Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Massimiliano Masi, in his capacity as "Dirigente preposto alla redazione dei documenti contabili societari" of Edison Spa, declares that the accounting information contained in this Quarterly Report at March 31, 2012 is consistent with the data in documents, accounting records and other records.

Milan, April 27, 2012

Massimiliano Masi
Il Dirigente Preposto alla redazione
dei documenti contabili societari

This document is also available on the
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