QUARTERLY REPORT
AT SEPTEMBER 30, 2008

EDISON

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SIMPLIFIED STRUCTURE OF THE GROUP AT SEPTEMBER 30, 2008

EDISON

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Electric Power Operations

Hydrocarbons Operations

Energy Management/ Gas Supply & Logistics

Marketing & Distribution

Corporate

EDISON Spa [(1)]

- **Edison Energie Speciali** – Production of Electric Power
- **Edipower** [(2)] – Production of Electric Power
- **Edison International** – Hydrocarbon Expl. & Prod.
- **Edison Stoccaggio** – Natural Gas Storage
- **Edison DG** – Natural Gas Distribution
- **Edison Trading** – Energy Management
- **Edison Energia** – Sales of Energy & Gas
- **IWH** [(2)] – Water

Electric Power Operations

Hydrocarbons Operations

(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 and IWH are joint ventures consolidated at 50% by the proportional method.

KEY EVENTS

THIRD QUARTER 2008

Growing Our Business

Edison: Green Light for the Joint Venture with Hellenic Petroleum

On July 3, 2008, at a meeting in Athens, Edison and Hellenic Petroleum, Greece's largest hydrocarbon company and the country's top independent electric power operator, signed agreements establishing a 50-50 joint venture to operate in Greece's electric power market.
The joint venture, working through subsidiaries, intends to develop a generating capacity of more than 1,500 MW (including 390 MW already operational), a level of output equal to about 12% of the Greek market, thereby becoming the second largest electric power operator in Greece. The new company will also engage in trading and selling electric power and will consider growth opportunities in the field of renewable energy sources in Greece and in the production and sales of electric power in the Balkans. Hellenic Petroleum will convey to the new joint venture its T-Power Sa subsidiary, which owns a 390-MW, combined-cycle power plant fueled with natural gas that is already operational in Thessaloniki. This facility is the first private-sector power plant built in Greece. Edison will convey its 65% equity interest in Thisvi Sa, which is building a 420-MW combined-cycle facility in Thisvi, in central Greece, and projects, currently in the study phase, for the construction of additional power plants. Under the agreements signed today, T-Power Sa and Thisvi Sa will later be merged into a single company controlled by the joint venture. Thisvi's current minority shareholders (Hellenic Energy & Development and Halcor) will have the right to purchase a sufficient number of shares of the company resulting from the merger to maintain an overall equity interest of 25%. Alternatively, Hellenic Energy & Development and Halcor will have the option of selling their equity interests to the joint venture.
This transaction is expected to close once it is approved by the relevant antitrust authorities, presumably before the end of 2008.

Two New Natural Gas Fields Discovered in the Strait of Sicily

In July 2008, Edison made an important natural gas discovery in the Strait of Sicily, successfully drilling the Cassiopea 1 well about 22 km offshore; Edison has a 40% interest in this field and Eni is the operator, with a 60% interest. The well was tested successfully, showing production potential of about 190,000 cubic meters of natural gas a day. An analysis of the data would seem to indicate that an even greater level of output could be possible over the field's regular production cycle.
In September, Edison made a further significant gas discovery in the Strait of Sicily, after drilling the Argo 2 well about 20 km offshore; Edison has a 40% interest in this field and Eni is the operator, with a 60% interest. An initial test of the Argo 2 well was successful, showing a production potential of about 170,000 cubic meters of gas per day.
The Cassiopea and Argo 2 discoveries, coming on the heels of those in the adjoining Panda and Argo fields, confirms the high potential of the deep offshore area in the Strait of Sicily. A fast-action plan that will use underwater systems to achieve an integrated development of the Cassiopea and Argo 2 fields and the adjoining Panda and Argo fields is currently being considered. The area's potential reserves are estimated at about 18 billion cubic meters.

Edison: Inauguration of the Rovigo Regasification Terminal

On September 20, 2008, an event was held at Porto Viro (RO) to welcome the regasification terminal, which, almost three weeks and 1,700 nautical miles (about 3,150 kilometers) after its departure from the dock yard where it was built in Algeciras, in Spain, arrived at its permanent Adriatic Sea home, offshore Porto Levante, in the province of Rovigo.
The terminal's structure sailed from Algeciras on August 30, towed by four tugboats traveling at an average speed of 4.4 knots (about 8 kilometers per hour), and reached its destination on September 15. Upon its arrival, the structure was permanently positioned on the seabed, in about 28 meters of water. Work on the installation of the berthing and mooring system for LNG ships will begin shortly and the terminal will be hooked to a pipeline that will deliver the natural gas to Italy's distribution network. Once the installation phase is completed, the terminal will undergo a series of tests and technical trials, with

the first LNG ship scheduled to arrive in the first quarter of 2009 for the cooling process.
The terminal, which is the first offshore facility of its kind, is 47-meters tall, 88-meters wide and 180-meters long. It has a regasification capacity of 8 billion cubic meters of natural gas a year. Pursuant to the LNG supply agreement signed with Ras Gas (a joint venture of Qatar Petroleum and ExxonMobil), Edison will have access to 80% of the terminal's capacity (equal to 6.4 billion cubic meters of natural gas a year). The remaining 20% will be made available to market operators, in accordance with procedures determined by the Electric Power and Natural Gas Authority.
The gas delivered to the terminal will originate from the North Field, in Qatar, which is the largest natural gas field in the world, with over 25,000 billion cubic meters in reserves, and will be liquefied with modern liquefaction trains in Qatar.
Edison, which launched this project over 10 years ago, currently owns a 10% interest in Terminale GNL Adriatico Srl, the company that is developing this facility. The other partners are Qatar Terminal Limited and ExxonMobil Italiana Gas, each with a 45% interest.

Edison Unveils its Electric Power Sales Package for the Residential Market

A year from the deregulation of the electric power market, consistent with the strategy of diversifying its customer base, Edison entered the residential market.
On September 28, 2008, Edison has started an intense television, print, radio and internet advertising campaign, to approach the residential market with a sales package that provides a 20% discount on the energy component of the electric bill; the offer will be available until December 31, 2008.

FINANCIAL HIGHLIGHTS - FOCUS ON RESULTS

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the table below contains alternative performance indicators that are not included among those provided in the IFRS-EU 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.

Edison Group

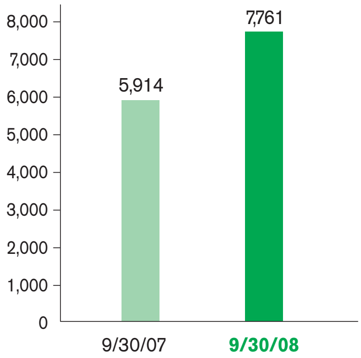
2007 full year	(in millions of euros)	9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
8,276	Sales revenues	7,761	5,914	31.2%	2,756	1,862	48.0%
1,605	EBITDA	1,209	1,270	(4.8%)	400	366	9.3%
19.4%	as a % of sales revenues	15.6%	21.5%		14.5%	19.7%	
896	EBIT	673	746	(9.8%)	231	174	32.8%
10,8%	as a % of sales revenues	8.7%	12.6%		8.4%	9.3%	
687	Profit before taxes	526	584	(9.9%)	189	118	60.2%
497	Group interest in net profit	219	321	(31.8%)	117	65	80.0%
431	Capital expenditures	330	317	4.1%	132	105	25.7%
58	Investments in exploration	39	48	(18.8%)	(1)	31	n.m.
10,838	Net invested capital (A + B) (1)	10,896	10,645	0.5%			
2,687	Net financial debt (A) (1)(2)	2,821	3,192	5.0%			
8,151	Shareholders' equity before minority interest (B) (1)	8,075	7,453	(0.9%)			
8,004	Group interest in shareholders' equity (1)	7,959	7,318	(0.6%)			
8.30%	ROI (3)	8.45%	9.29%				
6.74%	ROE (4)	3.66%	6.09%				
0.33	Debt / Equity ratio (A/B)	0.35	0.43				
25%	Gearing (A/A+B)	26%	30%				
3,277	Number of employees (1)(5) - including:	3,645	2,950	11.2%			
93	employees of discontinued operations	-	-				
	Stock market price (in euros) (6)						
2.1932	- common shares	1.2294	2.1868				
2.0389	- savings shares	1.3695	2.0478				
1.1926	- warrants	-	1.2454				
	Earnings per share (in euros)						
0.1040	- basic earnings per common share	0.0408	0.0671				
0.1340	- basic earnings per savings share	0.0708	0.0971				
0.0976	- diluted earnings per common share	0.0408	0.0629				
0.1340	- diluted earnings per savings share	0.0708	0.0971				

(1) End-of-period data. The changes are computed against the data at December 31, 2007.
(2) A breakdown of this item is provided in the "Net financial debt" section of the Operating Performance, Financial Results and Financial Position of the Group.
(3) Annualized EBIT/Average net invested capital.
Net invested capital does not include the value of equity investments held as fixed 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 profit/Average Group interest in shareholders' equity.
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.
(6) Simple arithmetic mean of the prices for the last calendar month of the period or fiscal year.

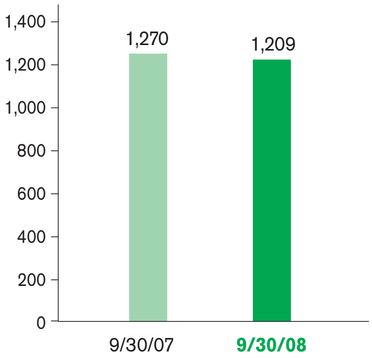
Key Group Data

(in millions of euros)

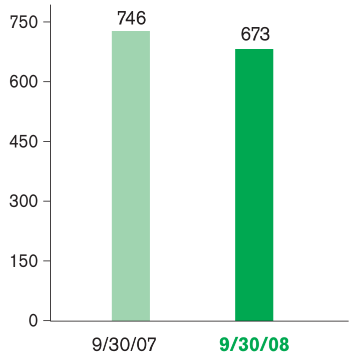
Sales Revenues



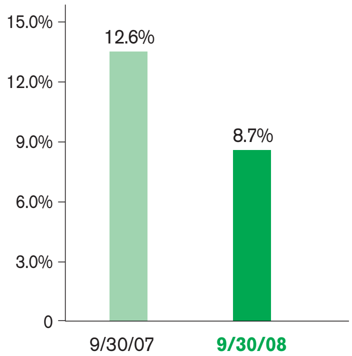
EBITDA



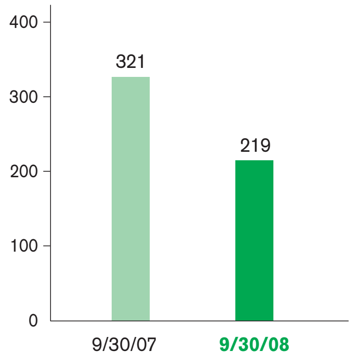
EBIT



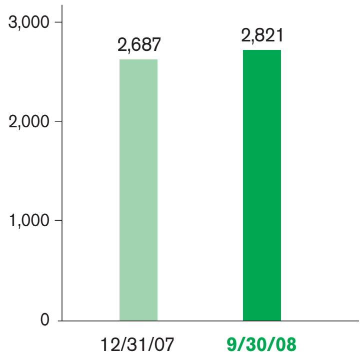
EBIT/Sales Revenues



Group Interest in Net Profit



Net Financial Debt



Sales Revenues and EBITDA by Business Segment

(in millions of euros)

2007 full year		9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
	Electric Power Operations (1)						
6,783	Sales revenues	6,234	4,906	27.1%	2,370	1,662	42.6%
1,238	EBITDA	996	934	6.6%	360	313	15.0%
18.3%	*as a % of sales revenues*	*16.0%*	*19.0%*		*15.2%*	*18.8%*	
	Hydrocarbons Operations (2)						
3,937	Sales revenues	3,470	2,744	26.5%	1,026	758	35.4%
427	EBITDA	268	384	(30.2%)	59	69	(14.5%)
10.8%	*as a % of sales revenues*	*7.7%*	*14.0%*		*5.8%*	*9.1%*	
	Corporate Activities (3)						
73	Sales revenues	57	54	5.6%	19	17	11.8%
(60)	EBITDA	(55)	(48)	(14.6%)	(19)	(16)	(18.8%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*		*n.m.*	*n.m.*	
	Eliminations						
(2,517)	Sales revenues	(2,000)	(1,790)	(11.7%)	(659)	(575)	(14.6%)
-	EBITDA	-	-		-	-	
	Edison Group						
8,276	**Sales revenues**	**7,761**	**5,914**	**31.2%**	**2,756**	**1,862**	**48.0%**
1,605	**EBITDA**	**1,209**	**1,270**	**(4.8%)**	**400**	**366**	**9.3%**
19.4%	***as a % of sales revenues***	***15.6%***	***21.5%***		***14.5%***	***19.7%***	

(1) Activities carried out by the following Business Units: Electric Power Operations, Energy Management and Marketing & Distribution.
(2) Activities carried out by the following Business Units: Hydrocarbons Operations, 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, certain holding companies and real estate companies and the water distribution and treatment operations (IWH).

PERFORMANCE AND RESULTS OF THE GROUP

Operating Performance

Sales revenues were up significantly in the third quarter of 2008 (+48.0% compared with the same period last year). An analysis of the data by type of business shows that the electric power operations and the hydrocarbons operations achieved gains of 42.6% and 35.4%, respectively; this improvement was the combined result of an increase in unit revenues made possible by a sharp rise in the price of benchmark commodities and of higher unit sales by the electric power operations (+11.7%).
EBITDA for the period were up by 34 million euros (+9.3%), rising from 366 million euros in the third quarter of 2007 to 400 million euros in the same period this year. The electric power operations accounted for the entire gain.
Specifically, the electric power operations increased EBITDA by 15.0% compared with the third quarter of 2007. This positive performance reflects the beneficial impact of the higher margins earned in the deregulated segments of the market, which more than offset the EBITDA shortfall that occurred in the CIP 6/92 sales due to the expiration of some contracts, the end of subsidized rates for other contracts and the absence of the contribution formerly provided by the power plants sold in April 2008.
The hydrocarbons operations reported EBITDA that were 14.5% lower than in the third quarter of 2007 due to differences in the timing with which changes in the benchmark oil market are reflected in the formulas applied to purchasing and sales prices.
As a result of the improvement discussed above and a reduction of 23 million euros in depreciation and amortization, third quarter EBIT grew by 32.8%, reaching 231 million euros.

Cumulative sales revenues for the first nine months of 2008 totaled 7,761 million euros, or 31.2% more than the 5,914 million euros booked in the same period last year. The electric power operations and the hydrocarbons operations reported gains of 27.1% and 26.5%, respectively, with both businesses benefiting from higher unit revenues due to a better scenario and higher volume sales.
Despite the improvement in sales revenues, EBITDA declined from 1,270 million euros to 1,209 million euros. This 4.8% decrease is attributable in its entirety to the hydrocarbons operations (-30.2%), which, as explained when commenting on the quarterly results, were adversely affected by the different timing of changes in prices and benchmark costs and by the impact on last year's data of the reversal, in the first half of 2007, of a provision of about 56 million euros set aside in connection with Resolution No. 248/04. The electric power operations increased EBITDA by 6.6% by optimizing its use of the sales channels available in the deregulated markets sufficiently to more than offset the lower margins earned in the CIP 6/92 segment.
For the reasons discussed above, consolidated EBIT decreased to 673 million euros, or 9.8% less than the 746 million euros earned in the first nine months of 2007.
The Group's profit before taxes totaled 526 million euros, for a decrease of 9.9% compared with the amount reported at September 30, 2007 (584 million euros). The Group's profitability was aided by significantly lower borrowing costs made possible by a reduction in average indebtedness for the period. However, the resulting benefit was not enough to offset the impact of additions made to the provisions for risks (43 million of euros, net of utilizations) mainly in connection with tax risks related to assets sold in previous years.
The tax burden reflects the impact of the surcharge introduced with Legislative Decree No. 112 of June 25, 2008 (the "Robin Hood Tax"), which increased corporate income tax liability by 106 million euros, including 65 million euros in deferred taxes and 41 million euros in current taxes.
As a result of the factors discussed above, the net profit totaled 219 million euros, for a decrease of 102 million euros (-31.8%) compared with the 321 million euros earned in the first nine months of 2007.

At September 30, 2008, net financial debt totaled 2,821 million euros (3,192 million euros at September 30, 2007), up from 2,687 million euros at the end of 2007. The cash utilization related to the changes in operating working capital is due to the increase in trade receivables, itself linked to the higher exposure towards the Electrical Services Operator (GSE Spa) for rate adjustments of CIP6/92 contracts (in 2007 the same situation issued a positive impact). The figure is related also to the increase of the inventories of stored natural gas, due to the stock addition campaign that took place after summer.

Investments in non current financial assets include the purchase of a 5% interest in Edipower and the capital stock increase in Terminale GNL Adriatico (139 and 61 million of euro, respectively).

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

(in millions of euros)

2007 full year		9 months 2008	9 months 2007
(4,256)	**A. Net Financial Debt at January 1**	**(2,687)**	**(4,256)**
1,605	EBITDA	1,209	1,270
244	Change in operating working capital	(427)	304
(220)	Income taxes paid (-)	(239)	(131)
34	Change in other assets (liabilities)	26	54
1,663	**B. Cash Flow from operating activities**	**569**	**1,497**
(494)	Investments in property, plant and equipment and intangibles (-)	(379)	(367)
(337)	Investments in non-current financial assets (-)	(209)	(319)
175	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	282	136
3	Dividends received	0	2
1,010	**C. Free Cash Flow**	**263**	**949**
(198)	Financial income (expense), net	(104)	(157)
1,019	Contributions of share capital and reserves	3	520
(248)	Dividends declared (-)	(281)	(248)
1,583	**D. Cash Flow after financing activities**	**(119)**	**1,064**
(14)	Change in the scope of consolidation	(15)	-
1,569	**E. Net Cash Flow for the Period**	**(134)**	**1,064**
(2,687)	**F. Net Financial Debt at end of Period**	**(2,821)**	**(3,192)**

Outlook for the Balance of 2008

Assuming a comparable scope of consolidation, the results reported in the third quarter, which were made possible by further success in the policy of optimizing the energy portfolio and by the full availability of the production facilities, should enable the Group to report for all of 2008 industrial results in line with those achieved in 2007, despite volatility of the scenario for raw material prices and change rates.

THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

2007 full year	TWh	9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
301.3	Net production	231.8	223.3	3.8%	79.5	76.2	4.4%
46.3	Net import	29.5	36.0	(18.0%)	9.0	10.6	(15.4%)
(7.7)	Surges	(5.5)	(5.5)	0.6%	(1.8)	(1.7)	8.3%
339.9	**Total demand**	**255.8**	**253.8**	**0.8%**	**86.7**	**85.1**	**1.9%**

Source: Analysis of official 2007 data and preliminary 2008 Terna and AU data, before line losses.

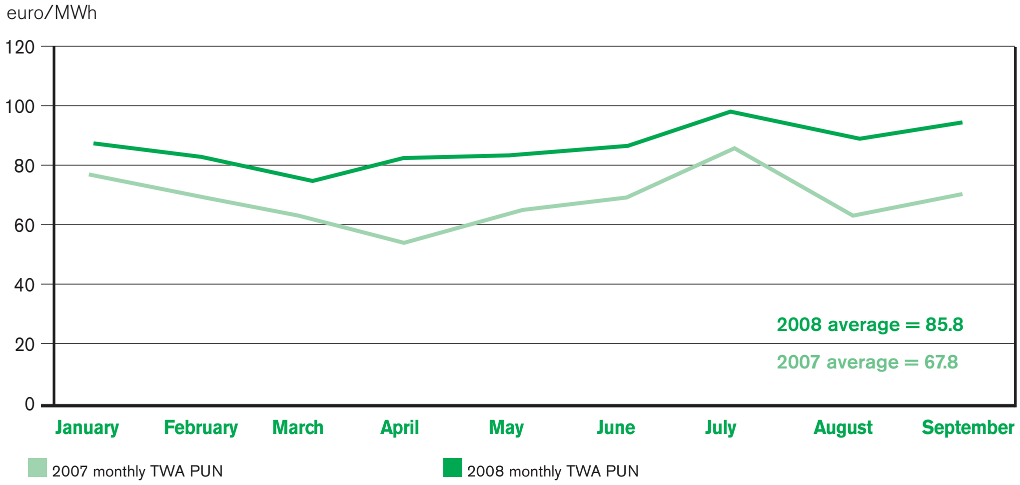
In the third quarter of 2008, gross total demand for electric power from the Italian grid totaled 86.7 TWh (1 TWh = 1 billion kWh), for a gain of 1.9% compared with the same period last year. On a seasonally adjusted basis (i.e., restating the data to remove the effect of changes in average temperature and in the number of business days), the year-over-year increase is 1.5%.

The gap that resulted from an increase of 1.6 TWh in demand for energy and a significant reduction in net imports (-1.6 TWh) was filled by a substantial rise in domestic output (+3.3 TWh). Incremental production generated with renewable energy sources, which accounted for most of the increase, totaled 3.0 TWh, with hydroelectric power plants contributing 2.1 TWh. Net of the impact of surges, domestic production for the period thus covered 89.6% of demand, up from 87.5% in the same period last year, while the percentage supplied by net imports decreased from 12.5% to 10.4%.
This development is the result of temporary, but increasingly frequent reductions and reversals in the substantial price differentials that usually exist between Italy and Central Europe. Specifically, net imports from the Northwest (borders with France and Switzerland) were down significantly, falling by 1.9 TWh (-18.8%), net imports from the Northeast (borders with Austria and Slovenia) increased by 0.4 TWh (+52.8%) and exports were about the same as in 2007.

In the first nine months of 2008, total gross demand for electric power total 255.8 TWh, or 0.8% more than in the same period last year. On a seasonally adjusted basis, the increase is 0.5%.

In the first nine months of 2008, reflecting the impact of the complete deregulation of the energy markets, demand continued to decrease steadily in the market served by the Single Buyer, falling to 75.4 TWh, a level equal to 29.5% of domestic demand (compared with 38.3% in the same period last year). On the other hand, the deregulated market continued to expand, reaching a level equal to 64.5% of total consumption. Internal consumption by producers accounts for the balance of domestic consumption (6.0%). It is important to keep in mind that until June 30, 2007, the market served by the Single Buyer was based on the demand from captive customers and those in the so-called "eligible" (or "non-switched") market who had not yet chosen a supplier in the deregulated market. Since July 1, 2007, following full deregulation of the electric power market pursuant to Directive No. 2003/54/CE, the captive market no longer exists.

With regard to price trends, the time-weighted average for the Single National Price (abbreviated PUN in Italian) increased to 85.80 euros per MWh at September 30, 2008, or about 26.5% more than in the first nine months of 2007 (67.80 euros per MWh). The chart below provides a monthly comparison of the PUN trend in the first nine months of 2007 and 2008:



The chart above shows that the monthly PUN followed a steadier trend than in 2007. This was particularly true in the summer months, as a cooler than usual month of July produced a lower increase in the PUN than in 2007, but the opposite occurred in August, helping contain the PUN decrease.
The substantial increase in the PUN compared with 2007 is largely the result of higher prices in the oil market, particularly with regard to natural gas. Overall, the fact that the PUN rose consistent with changes in raw material prices is indicative of an Italian electric power market that was relatively in balance in 2008, even though demand for electric power grew less than in 2007 (+0.8%), picking up slightly in the third quarter of the year. The effect of a reduction in net imports (-18% from January to September), caused by a significant increase in the Power Exchange prices in continental Europe (EEX +108%), continues to be one of the factors that have the greatest impact on the Italian electric power market.

Demand for Natural Gas in Italy and Market Environment

2007 full year	in billions of m³	9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
27.9	Services and residential customers	19.1	17.2	10.9%	2.2	2.2	-
21.2	Industrial users	15.0	15.2	(1.4%)	4.4	4.7	(7.9%)
34.0	Thermoelectric power plants	25.9	25.0	3.5%	8.5	8.7	(1.8%)
0.5	Transportation	0.4	0.4	-	0.1	0.1	-
83.6	**Total demand**	**60.4**	**57.8**	**4.5%**	**15.2**	**15.7**	**(3.6%)**

Source: Official 2007 data and preliminary 2008 data provided by the Ministry of Economic Development and Edison estimates, net of system usage and leaks.

In the third quarter of 2008, Italian demand for natural gas contracted by about 3.6%, compared with the same period last year, totaling about 15.2 billion cubic meters (net of system usage and leaks), or about 0.5 billion cubic meters less than in the same period in 2007.

This decrease, which is largely a product of the current business environment, reflects primarily downward trends in consumption by thermoelectric power plants (down about 0.2 billion cubic meters compared with the third quarter of 2007) and industrial users (-7.9%), with demand from residential customers holding relatively steady.

With regard to supply sources, the following developments characterized the third quarter of 2008:

- A steady reduction in domestic production (-5.5% compared with the third quarter of 2007), consistent with the downward trend of recent years, which is expected to continue in the future;
- An increase in imports (+6.3%);
- An increase in inventories of stored natural gas caused by the different trends that characterized the winter months in 2008 and 2007 (increased amounts drawn during the winter of 2008 and, as a result, an increase in the amounts added during the summer).

During the first nine months of 2008, demand for natural gas totaled about 60.4 billion cubic meters, for an increase of 2.6 billion cubic meters (+4.5%) compared with the same period last year. This increase is largely the result of the colder weather that characterized the first quarter of 2008, producing a sharp rise in demand from residential users.

As for the benchmark oil market, in the third quarter of 2008, the average price of crude oil reached a record level of USD114.80 per barrel, or 53.3% more than in the same period last year (USD74.90 per barrel). In 2008, the price of crude oil, which was already above USD90 per barrel at the beginning of the year, rose steadily, quickly passing the USD100-per-barrel mark and reaching a record level of USD143 per barrel at the beginning of July. It was only in September that the price of oil began to decline, reflecting the slowdown in the global economy caused by the financial crisis in the United States. The cumulative average price for the first nine months of the year was USD111.00 per barrel, up significantly over the corresponding datum for the same period last year (USD67.10 per barrel).

During the period subject of this Report, the euro continued to appreciate versus the U.S. dollar. The average exchange rate for the third quarter of 2008 (USD1.50 for one euro) was 9.4% higher than in the third quarter of 2007. The cumulative average exchange rate for the first nine months of 2008 (USD1.52 for one euro) was also higher (+13.2%) than in the same period last year. The exchange rate was always higher than USD1.40 for one euro throughout the period, actually holding above USD1.50 for one euro from March to August.

Despite the dramatic appreciation of the euros versus the U.S. dollar, the price of crude oil stayed above 70 euros per barrel during the first nine months of 2008, showing an increase of 46.1% compared with the first nine months of 2007.

2007 full year		9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
72.5	Oil price USD/bbl (*)	111.0	67.1	65.4%	114.8	74.9	53.3%
1.37	USD/euro exchange rate	1.52	1.34	13.2%	1.50	1.37	9.4%
52.9	Oil price euro/bbl	72.9	49.9	46.1%	76.3	54.5	40.1%

(*) Brent Dated.

LEGISLATIVE AND REGULATORY FRAMEWORK

The main legislative and regulatory measures enacted in the third quarter of 2008 that had an impact on the energy industry, both in Italy and at the EU level, are reviewed below.

Robin Hood Tax

Legislative Decree No. 112/2008, converted into Law No. 133/2008, introduced the so-called "Robin Hood Tax" (a corporate income tax surcharge of 5.5 percentage points to be levied on the total income of taxpayers who reported revenues higher than 25 million euros during the previous tax period and engage in the production and distribution of hydrocarbons and electric power). Upon the decree being converted into law, parties who produce electric power using primarily biomasses, solar-photovoltaic energy or wind energy were exempted from paying the surcharge.
With regard to this issue, the AEEG issued Resolution Arg/com No. 91/08, by which it asked the operators who were subject to the surcharge to provide it, by July 31, 2008, with specific information (latest annual financial statements, quarterly and semiannual reports, if available, budgets and disclosures showing the unit gross operating margins for the different products). Edison complied with this request by the required deadline. The AEEG concern is to ensure that the "additional burden caused by the tax surcharge" is not reflected on prices.

Electric Power

Production

On July 31, 2008, acting in response to Decision 1/08 by the Constitutional Court, the Unified Conference of national and regional governmental entities approved a resolution establishing a technical Work Group to study and resolve issues related to the renewal of concessions for large-scale diversions of water for hydroelectric power plants with regard to the procedures for public bidding processes and the need to preserve the effect produced by the 2006 Budget Law in terms of supplemental fees paid and investments made.
A second meeting of the technical Work Group should be convened in November 2008.

On January 22, 2008, the Council of State upheld the appeal filed by the AEEG against a decision by the Administrative Regional Court of Lombardy that voided Resolution No. 249/06, which concerned the computation and updating of the cost of natural gas used to determine the rate component that accounts for avoided fuel costs. This rate component, as defined in the CIP 6/92 Resolution, is used to determine the price at which electric power produced using renewable sources can be sold. In its decision, which was filed on March 28, 2008, the Council of State ruled that the power to update this component rests with the AEEG, which has exercised it properly. The Court found that the power held by the AEEG is a regulatory power that it already has and which was reaffirmed by the legislator in the 2008 Budget Law. By Resolution ARG/elt No. 49/08, the AEEG determined the value of the adjustment to the rate component that accounts for avoided fuel costs in 2007 and the corresponding estimated amount for 2008. Subsequently, the AEEG began a consultation process concerning a proposal to adopt a new method to update the rate component that accounts for avoided fuel costs. The proposal follows the updating method used to determine the rates at which natural gas could be sold in the protected market.

Nuclear Energy

In September 2008, Parliament began discussing a bill delegating to the government authority to overhaul the legislation that governs the production of nuclear energy. Currently, the bill is being debated in the Chamber of Deputies, which is expected to pass by December 2008.

Environment

Emissions Trading - Quota Allocation: The CO_2 Quota Allocation Decision for the 2008-2012 Period, which was approved by the Council of Ministers on February 29, 2008, subsequently notified to the European Commission and published on March 4, 2008, is still being reviewed for approval by the European Commission.

Green Certificates: At the end of June 2008, the AEEG published Resolution ARG/elt No. 80/08 amending Resolution No. 113/06, which defined the criteria for refunding to operators of CIP 6/92 facilities the costs incurred to comply with the obligation set forth in Article 11 of Legislative Decree No. 79/99.

Wholesale Market

By Resolution ARG/elt No. 97/08 of July 2008, the AEEG ordered Terna, effective July 31, 2008, to add to the list of units that are essential for the system's reliability (must-run units) all production units qualified to operate in the dispatching services market that are connected to the electrical grid in Sicily and Sardinia. These units, limited to the hours and the quotas designated as "indispensable" by Terna, must submit offers at a zero price and will receive administratively determined compensation. This Resolution was adopted in response to the extremely high uplift rate communicated by Terna to the AEEG for the July-September 2008 period (7.8 euros/MWh vs 5.2 euros/MWh in the current quarter) and to the findings of a survey carried out by Terna, which showed that during "high load periods (15 weeks a year in Sicily), all of the production units connected with the Sicilian electrical grid are needed to meet demand with adequate margins of safety." The Resolutions also requires the following:

- Terna shall communicate to the AEEG, by July 31, the results of surveys carried out to identify in the rest of Italy critical situations comparable to those that exist on the islands;
- Terna shall recompute the uplift for the July-September 2008 period taking into account the impact of the abovementioned requirements;
- The Markets Department of AEEG shall carry out the process (to be completed by November 30) of developing measures to incentivize Terna to increase dispatching efficiency and thus reduce the net cost incurred in the dispatching services market.

At the end of July 2008, Edipower (in addition to Enel and E.ON) filed an appeal against Resolution ARG/elt No. 97/08 asking that the Resolution be set aside and ultimately voided (rejected on July 31). By Resolution ARG/elt No. 106/08, the AEEG extended to September 30 the deadline by which Terna was required to complete the survey of situations similar to those that that exist in Sicily and Sardinia. By this resolution, the AEEG implicitly confirmed that Resolution No. 97/08 should be implemented in accordance with the indications provided by Terna.
Edipower submitted additional arguments as to why Resolution No. 97/08 and its implementation methods are unlawful in advance of a merit hearing scheduled before the Regional Administrative Court of Lombardy; on October 23 the Regional Administrative Court of Lombardy has upheld the challenges filed by the operators.

Retail Market

Resolution ARG/elt No. 15/08 allows direct access to the databases of distributors by suppliers for sales offers to customers. This provision applies exclusively to "residential customers" and is not applicable to customers hooked to medium or high voltage lines (electric power) and/or with annual consumption greater than 200,000 standard cubic meters (natural gas). Sales offers can be made by means of printed material or through other means (call center or a website). With regard to this issue, the ANIGAS, ASSOGAS, Federutility and Federestrattiva are preparing a proposal, which they plan to file with the AEEG, asking that the costs incurred by the sellers also be taken into account. In September, the AEEG began the process of developing a single computerized platform that will contain a database with the profiles of each customer (including such information as payment delinquencies and status of pending issues).

Hydrocarbons

Infrastructures

Distribution: In the distribution area, the AEEG published Part I of the "Uniform Regulations Concerning the Quality and Distribution Rates of Natural Gas for the Four-year Period from 2009 to 2012" (Resolution ARG/gas No. 120/08), which set forth the regulatory principles applicable to service quality that will go into effect on January 1, 2009.

Transmission: In June, the AEEG published Resolution ARG/gas No. 72/08 approving the regulations governing the "Open Season" procedure for the allocation to outsiders of incremental transmission capacity created for the Poseidon Italy-Greece natural gas pipeline beyond the capacity exempted from such requirement pursuant to Article 1, Section 1, of the Decree dated June 21, 2007. The first phase of the abovementioned procedure was completed on September 19, 2008 with the submissions of 17 nonbinding indications of interest by Italian and international operators for the 10 lots of 100 million cubic meters a year each put up for bids.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2007 full year	GWh (*)	9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
53,404	**Net production of the Edison Group:**	**38,480**	**39,382**	**(2.3%)**	**12,145**	**13,234**	**(8.2%)**
37,985	*- Thermoelectric power plants*	*26,082*	*27,773*	*(6.1%)*	*7,764*	*9,106*	*(14.7%)*
2,966	*- Hydroelectric power plants*	*3,057*	*2,397*	*27.5%*	*1,381*	*978*	*41.1%*
510	*- Wind farms*	*394*	*388*	*1.5%*	*89*	*128*	*(30.5%)*
11,943	*- Edipower*	*8,947*	*8,824*	*1.4%*	*2,911*	*3,022*	*(3.7%)*
1.174	**Imports**	**335**	**982**	**(65.9%)**	**41**	**207**	**(80.3%)**
9,195	**Other domestic purchases and swaps** (1)	**11,594**	**6,588**	**76.0%**	**5,541**	**2,426**	**128.4%**
63,773	**Total sources**	**50,409**	**46,952**	**7.4%**	**17,727**	**15,867**	**11.7%**

(*) One GWh is equal to one million kWh (in terms of physical quantities).
(1) Net of line losses.

Uses

2007 full year	GWh (*)	9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
18,092	CIP 6/92 dedicated	10,188	13,699	(25.6%)	2,789	4,633	(39.8%)
4,324	Industrial, captive and other customers	3,350	3,207	4.4%	1,159	966	19.9%
41,225	Deregulated market	36,732	30,015	22.4%	13,759	10,237	34.4%
132	Exports	139	31	n.m.	20	31	(35.1%)
63,773	**Total uses**	**50,409**	**46,952**	**7.4%**	**17,727**	**15,867**	**11.7%**

(*) One GWh is equal to one million kWh.

Financial Highlights

(in millions of euros)

2007 full year		9 months 2008	9 months 2007	% change	3rd quarter 2008	3rd quarter 2007	% change
6,783	**Sales revenues**	**6,234**	**4,906**	**27.1%**	**2,370**	**1,662**	**42.6%**
1,238	EBITDA	996	934	6.6%	360	313	15.0%
18.3%	*as a % of sales revenues*	*16.0%*	*19.0%*		*15.2%*	*18.8%*	
234	Capital expenditures	153	169	(9.5%)	57	55	3.6%
1,944	Number of employees (1)	1,841	1,957	(5.3%)			
93	employees of discontinued operations	-	-				

(1) End-of-period data. The changes are computed against the data at December 31, 2007.

Sales revenues totaled 2,370 million euros in the third quarter of 2008, for a gain of 42.6% compared with the same period last year. As explained earlier in this Report, this increase is the result of higher unit sales, made possible by steady growth in the deregulated market, and an increase in unit sales revenues.
EBITDA rose to 360 million euros, or 15.0% more than the 313 million euros earned in the third quarter of 2007. This increase was made possible by large sales gains in the deregulated market, which more than offset a decrease in the profit margins earned in the CIP 6/92 segment. This decrease is due to the normal, scheduled expiration of some contracts for 16 million euros and reflects the impact of a reorganization of the Group's portfolio of production facilities, which resulted in the sale of seven CIP 6/92 power plants in April 2008.

Cumulative data for the first nine months of 2008 show sales revenues of 6,234 million euros, up 27.1% compared with the same period in 2007.
At 996 million euros, EBITDA were 6.6% higher than in the first nine months of 2007, when they amounted to 934 million euros.

Production and Procurement

In the third quarter of 2008, the Group's net production totaled 12,145 GWh, or 8.2% less than in the same period last year. The sale of some CIP 6/92 power plants in April 2008 is the reason for this decrease.
However, hydroelectric power generation increased by 41.1% in the third quarter of 2008. At the same time, the output of the Group's wind farms was down 30.5%.
Purchases and imports of electric power increased to 5,582 GWh in the third quarter of 2007, up from 2,633 GWh in the same period in 2007.

Production for the first nine months of the year decreased to 38,480 GWh, or 2.3% less than in the first nine months of 2007. Restated net of the effect of the change in the scope of consolidation caused by the sale of the abovementioned CIP 6/92 power plants, production shows an increase of 1.7%.
In the first nine months of 2008, as part of a strategy to optimize the sources and uses portfolio, the Group increased its purchases and imports of electric power by 76.0% compared with the same period in 2007. At the same time, exports grew to 139 GWh (31 GWh in 2007) and imports decreased by 647 GWh.

Sales and Marketing

In the third quarter of 2008, sales of electric power totaled 17,727 GWh, or 11.7% more than in the same period last year (15,867 GWh).
An increase of 34.4% in sales to customers in the deregulated market was offset in part by an 39.8% reduction in CIP 6/92 sales, attributable to the previously mentioned sale of some power plants in April 2008 and the expiration of some contracts.

Cumulative sales at September 30, 2008 totaled 50,409 GWh, for an increase of 7.4% compared with the first nine months of 2007.
Ongoing trading activity on foreign power exchanges was profitable on balance in the first nine months of 2008. The volumes traded (about 6 TWh) are not included in the "Sources" and "Uses" tables shown on the previous page.

Capital Investments

In the third quarter of 2008, the electric power operations invested 57 million euros in property, plant and equipment, up slightly (+3.6%) compared with the same period last year.
The capital expenditures incurred in the first nine months of 2008, which amounted to 153 million euros (including about 24 million euros attributable to Edipower) or 16 million euros less than in the same period in 2007, were earmarked mainly for thermoelectric power plants that operate in the deregulated markets and for expansion in the renewable energy area. Edipower's capital expenditures, which are recognized by Edison at 50%, were used primarily to bring the S. Filippo power plant in compliance with environmental requirements.

Hydrocarbons Operations

Quantitative Data

Sources

2007 full year	in millions of m³ of natural gas	**9 months 2008**	9 months 2007	% change	**3rd quarter 2008**	3rd quarter 2007	% change
928	**Total net production:**	**701**	**706**	**(0.8%)**	**260**	**234**	**11.2%**
674	*- Production in Italy*	*493*	*513*	*(3.9%)*	*176*	*171*	*3.3%*
254	*- Production outside Italy*	*208*	*193*	*7.4%*	*84*	*63*	*32.4%*
6,093	**Pipeline imports**	**5,362**	**4,063**	**32.0%**	**1,081**	**913**	**18.4%**
25	**LNG imports**	**-**	**-**	**n.m.**	**-**	**-**	**n.m.**
6,771	**Domestic and other purchases** (1)	**4,084**	**4,942**	**(17.3%)**	**1,344**	**1,755**	**(23.4%)**
13,817	**Total sources**	**10,147**	**9,711**	**4.5%**	**2,685**	**2,902**	**(7.4%)**

(1) Includes inventory changes and pipeline leaks.

Uses

2007 full year	in millions of m³ of natural gas	**9 months 2008**	9 months 2007	% change	**3rd quarter 2008**	3rd quarter 2007	% change
2,638	Residential use	1,604	1,583	1.4%	152	162	(6.4%)
1,098	Industrial use	913	762	19.7%	255	211	21.2%
9,154	Thermoelectric fuel use	6,617	6,728	(1.7%)	2,011	2,250	(10.6%)
254	Exports	208	193	7.4%	84	63	32.4%
673	Other sales	805	445	81.1%	183	216	(15.2%)
13,817	**Total uses**	**10,147**	**9,711**	**4.5%**	**2,685**	**2,902**	**(7.4%)**

Financial Highlights

(in millions of euros)

2007 full year		**9 months 2008**	9 months 2007	% change	**3rd quarter 2008**	3rd quarter 2007	% change
3,937	**Sales revenues**	**3,470**	**2,744**	**26.5%**	**1,026**	**758**	**35.4%**
427	EBITDA	268	384	(30.2%)	59	69	(14.5%)
10.8%	*as a % of sales revenues*	*7.7%*	*14.0%*		*5.8%*	*9.1%*	
183	Capital expenditures	167	134	24.6%	71	43	65.1%
58	Investments in exploration	39	48	(18.8%)	(1)	31	n.m.
460	Number of employees (1)	504	453	9.6%			

(1) End-of-period data. The changes are computed against the data at December 31, 2007.

In the third quarter of 2008, sales revenues rose to 1,026 million euros, or 35.4% more than in the same period last year. Higher unit revenues made possible by a rise in the price of benchmark petroleum products account for this improvement.
EBITDA totaled 59 million euros, or 14.5% less than the 69 million euros earned in the third quarter of 2007, as the profitability of the natural gas procurement and distribution activities was adversely affected by differences in the timing with which changes in the oil markets are reflected in the formulas applied to purchasing and sales prices. The impact of this negative development was offset in part by the benefit generated by renegotiating a long-term supply contract concerning purchases of natural gas in Russia.

Revenues for the first nine months of 2008 totaled 3,470 million euros. The gain of 26.5%, compared with the same period last year, is the result both of higher unit sales and of an increase in unit revenues, which was made possible by the sharp rise in the price of benchmark commodities mentioned earlier in this report.
EBITDA amounted to 268 million euros, or 30.2% less than the 384 million euros earned in the first nine months of 2007, when they reflected the positive impact of the reversal of about 56-million-euro provision established in connection with Resolution No. 248/04.

Production and Procurement

Net production of natural gas totaled 260 million cubic meters in the third quarter of 2008, up from 234 million cubic meters in the same period last year. This improvement was made possible by higher production outside Italy, which increased by 32.4% as a new well came on stream in Egypt. In Italy, the output decreased due to the natural depletion of gas fields
On the procurement side, imports of natural gas grew to 1,081 million cubic meters, up from 913 million cubic meters in the third quarter of 2007, but domestic purchases were down 23.4%, consistent with the objective of optimizing the source portfolio.

The same trend is apparent in the cumulative data for the first nine months of the year, with long-term procurement planning producing an increase in imports of natural gas (5,362 million cubic meters compared with 4,063 million cubic meters in the first nine months of 2007) and a 17.3% reduction in domestic purchases.
Production of crude oil decreased to 1,312,000 barrels, down from 1,987,000 barrels in the first nine months of 2007, due to production interruptions at the Vega field.

Sales and Marketing

At 2,685 million cubic meters, total unit sales of natural gas were lower than in the third quarter of 2007 (2,902 million cubic meters).
Specifically, sales to residential users and thermoelectric users were down 6.4% and 10.6%, respectively, while deliveries to industrial users grew by 21.2%.
Sales to wholesalers and volumes traded on the virtual exchange facility accounted for 183 million cubic meters of natural gas, compared with 216 million cubic meters in the third quarter of 2007.

Cumulative unit sales of natural gas totaled 10,147 million cubic meters at September 30, 2008 (9,711 million cubic meters in the first nine months of 2007), with sales to residential users and to industrial users increasing by 1.4% and 19.7%, respectively, and deliveries to the Group's thermoelectric power plants decreasing slightly (-1.7%).
Sales to wholesalers and volumes traded on the virtual exchange facility totaled 805 million cubic meters (445 million cubic meters in 2007).

Capital Investments

Capital investments totaled 71 million euros in the third quarter of 2008, or about 28 million euros more than in the same period last year, bringing the total for the first nine months of the year to about 167 million euros (134 million euros at September 30, 2007). The main projects carried out in Italy included construction of the Cavarzere-Minerbio natural gas pipeline (13 million euros), expansion of storage capacity at the Collalto field (7 million euros) and drilling of new production wells in the Emma field (about 10 million euros), the S. Giorgio field (about 8 million euros) and the S. Stefano field (about 10 million euros) in the Adriatic Sea and the Panda complex (about 26 million euros) in the Strait of Sicily. Outside Italy, phase 3 activities were close to completion and phase 4 in the development of the Rosetta concession was under way in Egypt, requiring an investment of about 48 million euros. In Algeria, 30 million euros were invested to put into production the Reggane and Azrafil fields.

Exploration Activities

Investments in successful exploration activities totaling 17 million euros were capitalized in the third quarter of 2008 in connection with projects in the Cassiopea offshore field in Sicily. Because all of the outlays in this area were capitalized, no exploration costs were recognized in the third quarter of 2008.
Cumulative investments for the first nine months of 2008 totaled about 39 million euros. Of this amount, 36 million euros were invested outside Italy, mainly for exploration programs in the Reggane block in Algeria, where three wells are being drilled, one well is under testing and a 3D seismic mapping campaign has been completed.

Corporate Activities

Financial Highlights

(in millions of euros)

2007 full year (*)		9 months 2008	9 months 2007 (*)	% change	3rd quarter 2008	3rd quarter 2007 (*)	% change
73	**Sales revenues**	**57**	**54**	**5.6%**	**19**	**17**	**11.8%**
(60)	EBITDA	(55)	(48)	(14.6%)	(19)	(16)	(18.8%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*		*n.m.*	*n.m.*	
14	Capital expenditures	10	14	(28.6%)	4	7	(42.9%)
873	Number of employees [(1)]	1,300	540	48.9%			

(*) Includes the data of Water Distribution and Treatment (IWH).

(1) End-of-period data. The changes are computed against the data at December 31, 2007.

The Water Distribution and Treatment operations (IWH), which are being divested, which are being divested, are now part of the Corporate Activities and Other Operations, which already included 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 totaled 19 million euros in the third quarter of 2008. They include 7 million euros contributed by the IWH operations carried out in Guayaquil (Ecuador) under license (7 million euros third quarter of 2007) and 12 million euros attributable to the Parent Company's operations mentioned above (10 million euros in the same period last year). EBITDA were negative by 19 million euros (a decrease of about 3 million euros compared with the third quarter of 2007) as the net result of a loss of 22 million euros incurred by the Parent Company's operations and positive EBITDA of 3 million euros earned by IWH. Cumulative data for the first nine months of 2008 show that revenues totaled 57 million euros and EBITDA were negative by 55 million euros, a decrease of 14.6% compared with the same period in 2007.

The substantial increase in the number of employees is due to the insourcing of the IWH operational personnel outside Italy, which was required to comply with changes in Ecuadorian laws.

Share Capital Increases

The share capital increase of 36,171 euros recorded in the first nine months of 2008 reflects the exercise of stock options awarded under the Company's stock option plan.

MANAGEMENT AND TYPES OF FINANCIAL RISKS

Please consult the section entitled "*Risk Management*" in the Operating Performance, Financial Results and Financial Position of the Group, which describes the Group's Risk Management Activities.

TRANSACTIONS WITH RELATED PARTIES

For information about significant transactions with related parties, please consult the section entitled "*Intercompany and Related Party Transactions*" in the Operating Performance, Financial Results and Financial Position of the Group.

OPERATING PERFORMANCE, FINANCIAL RESULTS AND FINANCIAL POSITION OF THE GROUP

at September 30, 2008

Balance Sheet

09.30.2007	(in millions of euros)	See Note	09.30.2008	12.31.2007
	ASSETS			
7,901	Property, plant and equipment	1	7,451	7,619
34	Investment property	2	11	11
3,518	Goodwill	3	3,521	3,518
305	Hydrocarbon concessions	4	282	299
35	Other intangible assets	5	33	36
49	Investments in associates	6	48	44
173	Available-for-sale investments	6	231	184
140	Other financial assets	7	140	139
97	Deferred-tax assets	8	78	78
62	Other assets	9	63	61
12,314	**Total non-current assets**		**11,858**	**11,989**
303	Inventories		396	250
1,253	Trade receivables		2,204	1,654
9	Current-tax assets		7	13
385	Other receivables		571	371
30	Current financial assets		29	25
75	Cash and cash equivalents		217	103
2,055	**Total current assets**	10	**3,424**	**2,416**
-	**Assets held for sale**	11	**-**	**318**
14,369	**Total assets**		**15,282**	**14,723**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
4,793	Share capital		5,292	5,292
633	Equity reserves		655	641
1,111	Other reserves		1,176	1,114
(5)	Reserve for currency translations		(6)	(5)
465	Retained earnings (Loss carryforward)		623	465
321	Profit (Loss) for the period		219	497
7,318	**Total Group interest in shareholders' equity**		**7,959**	**8,004**
135	Minority interest in shareholders' equity		116	147
7,453	**Total shareholders' equity**	12	**8,075**	**8,151**
73	Provision for employee severance indemnities and provision for pensions	13	67	68
745	Provision for deferred taxes	14	566	560
874	Provision for risks and charges	15	1,002	899
1,201	Bonds	16	1,196	1,201
1,274	Long-term borrowings and other financial liabilities	17	1,067	1,216
13	Other liabilities	18	30	2
4,180	**Total non-current liabilities**		**3,928**	**3,946**
35	Bonds		39	9
867	Short-term borrowings		845	485
1,107	Trade payables		1,663	1,394
34	Current taxes payable		78	9
693	Other liabilities		654	652
2,736	**Total current liabilities**	19	**3,279**	**2,549**
-	**Liabilities held for sale**	20	**-**	**77**
14,369	**Total liabilities and shareholders' equity**		**15,282**	**14,723**

As required by Consob Resolution No. 15519 of July 27, 2006, an analysis of transactions with related parties is discussed in a separate disclosure provided later in the Section of this Report entitled "Intercompany and Related Party Transactions."

Income Statement

(in millions of euros)	See Note	9 months 2008	9 months 2007	3rd quarter 2008	3rd quarter 2007
Sales revenues	21	7,761	5,914	2,756	1,862
Other revenues and income	22	535	383	77	126
Total net revenues		**8,296**	**6,297**	**2,833**	**1,988**
Raw materials and services used (-)	23	(6,924)	(4,865)	(2,380)	(1,569)
Labor costs (-)	24	(163)	(162)	(53)	(53)
EBITDA	25	**1,209**	**1,270**	**400**	**366**
Depreciation, amortization and writedowns (-)	26	(536)	(524)	(169)	(192)
EBIT		**673**	**746**	**231**	**174**
Net financial income (expense)	27	(104)	(157)	(41)	(45)
Income from (Expense on) equity investments	28	-	(16)	-	(7)
Other income (expense), net	29	(43)	11	(1)	(4)
Profit before taxes		**526**	**584**	**189**	**118**
Income taxes	30	(299)	(255)	(65)	(51)
Profit (Loss) from continuing operations		**227**	**329**	**124**	**67**
Profit (Loss) from discontinued operations	31	(4)	-	(1)	-
Profit (Loss)		**223**	**329**	**123**	**67**
Broken down as follows:					
Minority interest in profit (loss)		4	8	6	2
Group interest in profit (loss)		**219**	**321**	**117**	**65**
Earnings per share (in euros)	32				
Basic earnings per common share		0.0408	0.0671		
Basic earnings per savings share		0.0708	0.0971		
Diluted earnings per common share		0.0408	0.0629		
Diluted earnings per savings share		0.0708	0.0971		

As required by Consob Resolution No. 15519 of July 27, 2006, an analysis of transactions with related parties is discussed in a separate disclosure provided later in the Section of this Report entitled "Intercompany and Related Party Transactions."

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 nine months of 2008, compared with the corresponding data for 2007. 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.

2007 full year	(in millions of euros)	9 months 2008	9 months 2007
497	Group interest in Profit (Loss) from continuing operations	223	321
-	Group interest in Profit (Loss) from discontinued operations	(4)	-
20	Minority interest in profit (loss) from continuing operations	4	8
517	**Profit (Loss)**	**223**	**329**
706	Amortization and depreciation	518	530
1	Interest in the result of companies valued by the equity method (-)	-	1
3	Dividends received from companies valued by the equity method	-	2
(16)	(Gains) Losses on the sale of non-current assets	(10)	(8)
3	(Revaluations) Writedowns of intangibles and property, plant and equipment	18	(6)
(3)	Change in the provision for employee severance indemnities	(1)	1
178	Change in other operating assets and liabilities	(267)	508
1,389	**A. Cash flow from continuing operations**	**481**	**1,357**
(494)	Additions to intangibles and property, plant and equipment (-)	(379)	(367)
(337)	Additions to non-current financial assets (-)	(209)	(319)
72	Proceeds from the sale of intangibles and property, plant and equipment	39	38
103	Proceeds from the sale of non-current financial assets	243	98
-	Capital grants received during the year	-	-
-	Change in the scope of consolidation	-	-
17	Other current assets	(4)	12
(639)	**B. Cash used in investing activities**	**(310)**	**(538)**
1,271	Receipt of new medium-term and long-term loans	196	1,240
(3,080)	Repayments of new medium-term and long-term loans (-)	(27)	(2,759)
1,019	Capital contributions provided by controlling companies or other shareholders	3	520
(248)	Dividends paid to controlling companies or minority shareholders (-)	(281)	(248)
93	Change in short-term debt	67	205
(945)	**C. Cash used in financing activities**	**(42)**	**(1,042)**
-	**D. Cash and cash equivalents of discontinued operations**	**-**	**-**
-	**E. Net currency translation differences**	**-**	**-**
-	**F. Net cash flow from operating assets of discontinued operations**	**(15)**	**-**
(195)	**G. Net cash flow for the period (A+B+C+D+E+F)**	**114**	**(223)**
298	**H. Cash and cash equivalents at the beginning of the period**	**103**	**298**
103	**I. Cash and cash equivalents at the end of the period (G + H)**	**217**	**75**
103	**L. Total cash and cash equivalents at end of period (I)**	**217**	**75**
-	**M. (-) Cash and cash equivalents of discontinued operations**	**-**	**-**
103	**N. Cash and cash equivalents of continuing operations (L-M)**	**217**	**75**

As required by Consob Resolution No. 15519 of July 27, 2006, an analysis of transactions with related parties is discussed in a separate disclosure provided later in the Section of this Report entitled "Intercompany and Related Party Transactions".

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital (a)	Reserves and ret. earnings (loss carryforward) (b)	Reserve for currency translations (c)	Profit for the period (d)	Group inter. in sharehold. equity (a+b+c+d)=(e)	Minority inter. in sharehold. equity (f)	Total shareholders' equity (e)+(f)
Balance at December 31, 2006	**4,273**	**1,819**	**(3)**	**654**	**6,743**	**147**	**6,890**
Share capital increase due to the conversion of warrants	520	-	-	-	520	-	520
Reclassification of previous year's earnings to Reserves	-	654	-	(654)	-	-	-
Dividend distribution	-	(233)	-	-	(233)	(15)	(248)
Adjustment required by IAS 32 and IAS 39	-	(12)	-	-	(12)	-	(12)
Change in the scope of consolidation	-	(3)	-	-	(3)	3	-
Difference from translation of financial statements in foreign currencies and sundry items	-	(16)	(2)	-	(18)	(8)	(26)
Profit at September 30, 2007	-	-	-	321	321	8	329
Balance at September 30, 2007	**4,793**	**2,209**	**(5)**	**321**	**7,318**	**135**	**7,453**
Share capital increase due to the conversion of warrants	499	-	-	-	499	-	499
Adjustment required by IAS 32 and IAS 39	-	10	-	-	10	-	10
Difference from translation of financial statements in foreign currencies and sundry items	-	1	-	-	1	-	1
Profit for the fourth quarter of 2007	-	-	-	176	176	12	188
Balance at December 31, 2007	**5,292**	**2,220**	**(5)**	**497**	**8,004**	**147**	**8,151**
Share capital increase	-	-	-	-	-	3	3
Reclassification of previous year's earnings to Reserves	-	497	-	(497)	-	-	-
Dividend distribution	-	(268)	-	-	(268)	(13)	(281)
Adjustment required by IAS 32 and IAS 39	-	(2)	-	-	(2)	-	(2)
Change in the scope of consolidation	-	-	-	-	-	(25)	(25)
Difference from translation of financial statements in foreign currencies and sundry items	-	7	(1)	-	6	-	6
Profit at September 30, 2008	-	-	-	219	219	4	223
Balance at September 30, 2008	**5,292**	**2,454**	**(6)**	**219**	**7,959**	**116**	**8,075**

NOTES TO THE QUARTERLY REPORT

Content and Format of the Quarterly Report

The Edison Group's Quarterly Report at September 30, 2008 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and its interim financial disclosures are consistent with the provisions of IAS 34 "Interim Financial Reporting."

This Report complies with the requirements of the International Financial Reporting Standards (IFRSs) published by the International Financial Reporting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).*

The principles of consolidation, the criteria used to translate financial statements denominated in foreign currencies, the accounting principles and the valuation criteria and estimates used to prepare the Consolidated Quarterly Report of the Edison Group at September 30, 2008 are consistent with those applied in the preparation of the Annual Report at December 31, 2007, which should be consulted for more detailed information.

Please note that:

- IFRIC 11 "Group and Treasury Share Transactions," which complements the principles set forth in IFRS 2 for the treatment of share-based payments, became applicable as January 1, 2008. This interpretation had no impact on the financial statements at September 30, 2008;
- Regulation No. 1004/2008 was published in the *O.J.E.U.* on October 16, 2008, partially amending the content of IAS 39 and IFRS 7. According to this amendment, if certain requirements are met, some assets other than derivatives can be reclassified from "trading assets measured at fair value with impact recognized in earnings," to "available-for-sale assets with changes in fair value recognized in equity" or, in the case of held-to-maturity receivables, to "receivables" valued at cost or, if applicable, amortized cost. The Edison Group chose not to opt for early adoption of this Regulation, which, consequently, had no impact on its financial statements. Had the Regulation been adopted, the impact would have been negligible.

Unless otherwise stated, the amounts that appear in the Notes to the Quarterly Report are in millions of euros.

The Quarterly Report at September 30, 2008 was not audited.

Presentation Formats of the Financial Statements Adopted by the Group

The presentation formats of the financial statements published in this Report are the same as those used for the annual financial statements.

Changes in the Scope of Consolidation Compared with December 31, 2007

The main changes in the scope of consolidation that occurred in the first nine months of 2008 are reviewed below:

Electric Power Operations

- In January, establishment of Dolomiti Edison Energy Srl. On May 1, 2008, Edison conveyed to this company three hydroelectric power plants in the province of Trent. Edison then sold a 51% interest in Dolomiti Edison Energy Srl to Dolomiti Energia, retaining ownership of the remaining 49%. However, because Dolomiti Edison Energy Srl is a "vehicle company" and the majority of the risks and benefits related to it accrue to Edison, it will continue to be consolidated line by line.
- Establishment of Edison Engineering Sa, a company consolidated line by line that will handle the construction of a combined-cycle power plant in Thisvi, Greece. This company established a contractual joint venture, as defined in IAS 31, in which it holds a 65% controlling interest. AKTOR Sa owns the remaining 35%.
- In June, establishment of Ise Srl, a company consolidated line by line that will engage directly in the construction and management of power plants and other facilities for the production, sale and transmission of electric power.
- In July, establishment of Hydros Srl, a wholly owned subsidiary of Edison Spa. On September 1, 2008, Edison Spa conveyed to this company the business operations consisting of seven hydroelectric power plants in the province of Bolzano.
- Edison Energie Speciali Spa purchased 100% of VSV Srl, a company that controls several projects to build wind farms in Calabria.
- Following its liquidation and dissolution, Bluefare Ltd was deconsolidated as of January 1, 2008.

In addition, in January, upon the exercise of a put option on the Edipower shares, Edison purchased a remaining block of shares equal to a 5% interest, thereby increasing its ownership percentage to 50%. The transaction had no impact on the scope of consolidation, as Edipower was already proportionally consolidated at 50%.

Hydrocarbons Operations

IGI Poseidon Sa, a company 50% owned by Edison International Holding and consolidated by the proportional method, was established in June 2008 for the purpose of designing and developing the Greece-Italy submarine natural gas pipeline that will link the coast of Apulia with the Greek coast.

Diversified Operations

Starting in 2008, the Diversified Operations consisting of the activities of the IWH Group are no longer being treated as an independent business segment, as defined in IAS 14, and, because they are no longer deemed to be material, they have been incorporated into the Corporate Activities segment.

Assets and Groups of Assets Held for Sale

In April 2008, CO Energy Power Srl (a company to which, on February 1, 2008, Edison Spa conveyed the business operations consisting of the five thermoelectric power plants) and Termica Boffalora were sold to Cofathec Servizi. At the same time, Termica Celano was sold to SECI. Until March 31, 2008, the divested companies were consolidated line by line in the income statement of the electric power operations. The sale generated a loss of 4 million euros, which is recognized in the income statement as "Profit (Loss) from discontinued operations."

RISK MANAGEMENT

The Edison Group has adopted an integrated risk control system based on international *Enterprise Risk Management* standards, the purpose of which is to identify the Company's top risks, assess in advance their potential negative impact and take appropriate actions to minimize them. This model is described in detail in the "Notes to the Semiannual Report at June 30, 2008," which should be consulted for additional information.

With regard to the challenging situation that has developed in the financial markets, it is worth mentioning that the Edison Group could actually benefit from its relatively low level of net financial debt compared with its shareholders' equity, and comfortable financial flexibility, made possible in part by unused committed credit lines in excess of 1.5 billion euros (see the "Liquidity Risk" section below).
Moreover, as described below in the "Credit Risk" section, the Group responded to the crisis currently gripping the financial markets by further tightening the credit requirements for the approval of counterparties.

A condensed analysis of the risks management approach adopted by the Edison Group, presented in accordance with the abovementioned risk model, is provided below.

Market Risk

This category includes all of the risks that are linked directly or indirectly with price fluctuations in the markets for physical goods or in the financial markets in which the Group operates.

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

Consistent with its Energy Risk Policies, the Group manages this risk consistent with the limit on the Economic Capital involved - measured in terms of Profit at Risk (PaR[1]) - approved by the Board of Directors for the industrial portfolio, which includes activities carried out to hedge contracts to buy and sell commodities, the Group's production and its assets. The Economic Capital represents the at-risk capital, stated in millions of euros, available to support market risks.

The table below shows the maximum expected negative variance in fair value (133.7 million euros) for the outstanding financial contracts over the time horizon of the current year for a level of probability of 97.5% compared with their fair value at September 30, 2008. In other words, the probability that the negative variance will be greater than 133.7 million euros by the end of 2008 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	9 months 2008		9 months 2007	
(in millions of euros)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Group	**97.5%**	**133.7**	**97.5%**	**37.4**

The Edison Group also engages in the trading of physical commodities and financial derivatives. The Economic Capital allocated to these activities amounts to 32.8 million euros. At September 30, 2008, 46% of the limit amount had been used, with an average of 48% for the third quarter of 2008.
In the case of trading activities, the risk limit is defined in terms of daily Value at Risk (VaR[2]) with a confidence level of 95%. The limit amounts to 2.1 million euros. At September 30, 2008, 40% of the limit amount had been used, with an average of 42% for the third quarter of 2008.

2. Foreign Exchange Risk not Related to Commodity Risk

With the exception of the issues reviewed above in the paragraph that discusses the commodity risk, the Group does not have a significant exposure to currency risks. Whatever remaining exposure there is, it is concentrated in the translation of the financial statements of certain foreign subsidiaries and of some foreign currency flows of limited amount that are related to purchases of machinery. As a rule, foreign subsidiaries use the same currency for invoices issued and invoices received.

1. Profit at risk is a statistical measurement of the maximun potential negative variance in the budgeted margin in response to unfavorable market moves, within a given time horizon and confidence interval.
2. Value at risk is a statistical measurement of the maximun potential negative variance in the portfolio's fair value in response to unfavourable market moves, within a given time horizon and confidence interval.

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates primarily because they affect its debt service costs. The table below shows the Group's exposure to the risk of fluctuations in interest rates at September 30, 2008:

Gross financial debt	09.30.2008			12.31.2007		
(in millions of euros)	without derivates	with derivates	% with derivates	without derivates	with derivates	% with derivates
- fixed rate portion	734	1,562	50%	756	1,798	62%
- variable rate portion	2,413	1,585	50%	2,155	1,113	38%
Total gross financial debt	**3,147**	**3,147**	**100%**	**2,911**	**2,911**	**100%**

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity of a hypothetical shift of the curves of plus or minus 50 basis points compared with the rates actually applied in the third quarter of 2008 (spot rates for the period and end-of-period forward curves).

Sensitivity analysis	9 months 2008			09.30.2008		
(in millions of euros)	Impact on financial expense (P&L)			Impact on cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	101	105	99	13	6	n.m.

Credit Risk

The credit risk represents Edison's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

To control this risk, the 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. When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Group deals only with entities with a high credit rating. In this area, as of September 30, 2008, the Group had no significant exposures to risks entailed by a further deterioration of the overall financial environment.

The program involving the assignment without recourse of trade receivables on a monthly revolving basis, which began this past February, has resulted thus far in the final sale of receivables with a total face value of 1,111 million euros. At September 30, 2008, the assigned receivables that were still subject to the risk of recourse did not represent a material amount.

The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The change, compared with the balance outstanding at December 31, 2007 is due mainly to an increase in receivables owed by the Power Exchange (GME Spa) and to a higher exposure toward Italy's national electrical services manager (GSE Spa) for adjustments to the avoided fuel cost rate component.

(in millions of euros)	09.30.2008	12.31.2007
Gross trade receivables	2,292	1,742
Allowance for doubtful accounts (-)	(88)	(88)
Trade receivables	**2,204**	**1,654**
Guarantees held	354	286
Receivables 9 to 12 months in arrears	10	13
Receivables more than 12 months in arrears	55	55

Trade receivables that are delinquent on the balance sheet date are offset by corresponding allowances. Of the receivables in arrears listed in the preceding table, 67% (9 to 12 months in arrears) and 84% (more than 12 months) was owed by agencies of the Italian public administration that are supplied by Edison Energia Spa under CONSIP contracts.

Operational Risks

Operational risks are the risks that the Company or third parties could incur due to the inadequacy or dysfunction of procedures, human resources and systems. They include legal risks and risks posed by external events. These risks, which for management purposes were identified in the *Risk Self Assessment* process, had no impact on the financial statements at September 30, 2008.

Other Risks

Liquidity Risk

The liquidity risk represents the risk that the Company 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 shows the expected nominal future cash outflows resulting from financial liabilities (including trade accounts payable) and interest rate derivatives. Borrowings were included based on the first due date when repayment can be demanded. Revocable lines of credit were treated as if repayable on demand.

Worst case	09.30.2008			12.31.2007		
(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	43	23	1,321	7	56	1,343
Borrowings and other financial liabilities	470	332	1,167	366	147	1,405
Trade accounts payable	1,522	141	-	1,282	112	-
Total	**2,035**	**496**	**2,488**	**1,655**	**315**	**2,748**

At September 30, 2008, the Edison Group has unused committed lines of credit amounting to 1,683 million euros with an average residual life of more than four years. The largest of these facilities is a syndicated standby credit line of 1,500 million euros that expires in April 2013, which was unused at September 30, 2008. The amount of the Group's trade receivables and the corresponding payment terms help create a well balanced working capital and specifically provide adequate coverage for the accounts payable.

Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are parties 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" section above).

Two issues of debt securities (Euro Medium-term Notes), for a total face value of 1,200 million euros, are still outstanding (see table below):

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturirty	Face value (millions of euros)	Coupon	Current rate
EMTN 12/2003	Edison Spa	Luxembourg Stock Exchange	XS0181582056	7	12.10.2010	700	Fixed , annual	5.125%
EMTN 12/2003	Edison Spa	Luxembourg Stock Exchange	XS0196762263	7	07.19.2011	500	Variable, quarterly	5.558%

In addition, the Group is a party to non-syndicated loan agreements totaling 609 million euros and syndicated loan agreements with a total face value of 2,533 million euros, 1,683 million euros of which was unused at September 30, 2008.

Generally, consistent with international practice for financial transactions of this type, these agreements provide the lenders with the right to demand the payment of the indebtedness and terminate their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or another procedure with similar effects.
Since nothing has changed compared with the situation described in the Semiannual Report, the "Notes to the Semiannual Report at June 30, 2008" should be consulted for a comprehensive discussion of covenant related issues.

Analysis of Forward Transactions and Derivatives

In 2008, the Group began trading for its own account in physical energy commodities and financial derivatives based on such commodities, in a manner consistent with its newly adopted *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, consequently, the results derived from it are included in reported EBITDA and are recognized in the income statement. Whenever possible, the Company uses *hedge accounting*, provided the transactions comply with the requirements of IAS 39.

Derivative transactions can be classified as follows:

1) **Transactions that qualify as hedges in accordance with IAS 39.** They can be *cash flow hedges* or *fair value hedges*. In the case of *cash flow hedges*, which are the only ones used by the Group, realized gains and losses are included in EBITDA for commodity transactions or recognized as financial income or as expense for financial transactions. Their projected value is reflected in shareholders' equity.
2) **Transactions that do not qualify as hedges in accordance with IAS 39.** They can be:
   a. Margin hedges. For all hedging transactions that comply with internal risk policies and procedures, realized results and expected value are included in EBITDA, if they are attributable to the industrial portfolio, or recognized as financial income or expense, if they are attributable to financial transactions.
   b. Trading transactions. As explained above, starting in 2008, both the realized results and expected value of these transactions are included in EBITDA.

Operating and Financial Effects of Derivative Transactions in the First Nine Months of 2008

The table below provides an analysis of the financial results generated at September 30, 2008 by derivative transactions and by the measurement at fair value of physical energy commodity contracts included in the trading portfolios. Insofar as the commodity contracts are concerned, the analysis does not include realized results, which are reflected in the corresponding revenue or expense items.

Purchases of natural gas classified under "Materials and services used" include the negative impact of the effective portion of commodity related foreign exchange hedges, which amounted to 17 million euros.

(in millions of euros)	Realized during the period (A)	Fair value recognized for contracts outstanding at 12.31.2007 (B)	Portion of (B) contracts realized during the period (B1)	Fair Value recognized for contracts outstanding at 09.30.2008 (C)	Change in fair value during the period (D)=(C–B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	29	-	-	-	-	29
- not definable as hedges pursuant to IAS 39	42	6	3	20	14	56
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*)	-	-	-	2	2	2
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Trading portfolios						
- not definable as hedges pursuant to IAS 39	11	28	15	109	81	92
Total (A)	**82**	**34**	**18**	**131**	**97**	**179**
Raw materials and services used (see Note 23 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(13)	-	-	(1)	(1)	(14)
- not definable as hedges pursuant to IAS 39	(6)	(5)	(3)	(53)	(48)	(54)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*)	(28)	(10)	(10)	1	11	(17)
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Trading portfolios						
- not definable as hedges pursuant to IAS 39	(10)	(32)	(18)	(93)	(61)	(71)
Total (B)	**(57)**	**(47)**	**(31)**	**(146)**	**(99)**	**(156)**
TOTAL INCLUDED IN EBITDA (A+B)	**25**	**(13)**	**(13)**	**(15)**	**(2)**	**23**
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	2	1	-	1	-	2
- not definable as hedges pursuant to IAS 39	24	7	6	14	7	31
Total financial income (C)	**26**	**8**	**6**	**15**	**7**	**33**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(36)	(20)	(3)	(13)	7	(29)
Total financial expense (D)	**(36)**	**(20)**	**(3)**	**(13)**	**7**	**(29)**
Margin on interest rate hedging transactions (C+D)=(E)	**(10)**	**(12)**	**3**	**2**	**14**	**4**
Foreign exchange rates hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Total foreign exchange gains (F)	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(2)	-	-	(2)	(2)	(4)
Total foreign exchange losses (G)	**(2)**	**-**	**-**	**(2)**	**(2)**	**(4)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**(2)**	**-**	**-**	**(2)**	**(2)**	**(4)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 27 in the Income statement)	**(12)**	**(12)**	**3**	**-**	**12**	**-**

(*) Includes the ineffective portion.

The table below provides a breakdown of the amounts recognized in the balance sheet following the measurement at fair value of the derivatives outstanding on the date of the financial statements:

(in millions of euros)	09.30.2008		12.31.2007	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	37	(3)	3	(21)
Interest rate transactions	18	(11)	12	(19)
Commodity transactions	139	(183)	59	(61)
Fair value recognized as current asset or current liability	**194**	**(197)**	**74**	**(101)**
Broken down as follows:				
- recognized as "Other receivables and payables"	176	(184)	62	(82)
- recognized as "Current financial assets" and "Short-term Borrowings"	18	(13)	12	(19)

With regard to the items listed above, please note that the receivables and payables shown are offset by a positive cash flow hedge reserve amounting to 12 million euros, before the corresponding deferred-tax assets and liabilities.

Segment Information

The table below provides information broken down by Business Segment operation. Detailed information about the performance of the different business operations is provided in a separate section of the Report on Operations. Differently from the previous year, "Other Operations" no longer qualify as a business segment pursuant to IAS 14 and, consequently, are included among "Corporate Activities." Comparative data have been adjusted accordingly.

INCOME STATEMENT	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007
Sales Revenues	**6,234**	**4,906**	**3,470**	**2,744**	**57**	**54**	**-**	**-**	**(2,000)**	**(1,790)**	**7,761**	**5,914**
- Intra-Group Revenue	3	3	1,970	1,760	27	27			(2,000)	(1,790)		
EBITDA	**996**	**934**	**268**	**384**	**(55)**	**(48)**	**-**	**-**	**-**	**-**	**1,209**	**1,270**
as a % of revenues	16.0%	19.0%	7.7%	14.0%	n.m.	n.m.	-	-	-	-	15.6%	21.5%
Depreciation, amortization and writedowns	(412)	(414)	(115)	(108)	(9)	(2)	-	-	-	-	(536)	(524)
EBIT	**584**	**520**	**153**	**276**	**(64)**	**(50)**	**-**	**-**	**-**	**-**	**673**	**746**
as a % of revenues	9.4%	10.6%	4.4%	10.1%	n.m.	n.m.	-	-	-	-	8.7%	12.6%
Net financial income (expense)											(104)	(157)
Interest in result of companies valued by equity method											-	1
Income taxes											(299)	(255)
Profit from continuing operations											**227**	**329**
Profit (Loss) from discontinued operations							**(4)**	**-**			**(4)**	**-**
Minority interest in profit (loss) for the period											**4**	**8**
Group interest in profit (loss) for the period											**219**	**321**

BALANCE SHEET	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007
Total assets	**12,185**	**11,409**	**2,822**	**2,718**	**3,442**	**3,052**	**-**	**318**	**(3,167)**	**(2,774)**	**15,282**	**14,723**
Total liabilities	**4,132**	**3,489**	**1,676**	**1,396**	**2,715**	**2,588**	**-**	**77**	**(1,316)**	**(978)**	**7.207**	**6,572**
Net Financial Debt							**-**	**(15)**			**2,821**	**2,687**

OTHER INFORMATION	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007	9 months 2008	9 months 2007
Capital expenditures	153	169	167	134	10	14	-	-	-	-	330	317
Investments in exploration	-	-	39	48	-	-	-	-	-	-	39	48
Investments in intangibles	4	1	-		6	1	-	-	-	-	10	2
Total capital investments	**157**	**170**	**206**	**182**	**16**	**15**	**-**	**-**	**-**	**-**	**379**	**367**

	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007	09.30.2008	12.31.2007
Number of employees	**1,841**	**1,851**	**504**	**460**	**1,300**	**873**	**-**	**93**	**-**	**-**	**3,645**	**3,277**

NOTES TO THE BALANCE SHEET

Assets

1. Property, Plant and Equipment

The table that follows shows a breakdown of the main changes that occurred in the first nine months of 2008:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2007 (A)	**903**	**6,232**	**21**	**11**	**452**	**7,619**
Changes in the first nine months of 2008						
- Additions	1	68	2	1	258	330
- Disposals (-)	(2)	(27)	-	-	-	(29)
- Depreciation (-)	(34)	(415)	(2)	(2)	-	(453)
- Writedowns (-)	-	(18)	-	-	-	(18)
- Currency translation difference	-	-	(1)	-		(1)
- Other changes	7	155	2	1	(162)	3
Total changes (B)	**(28)**	**(237)**	**1**	**-**	**96**	**(168)**
Balance at 09.30.2008 (A+B)	**875**	**5,995**	**22**	**11**	**548**	**7,451**

The changes that occurred in the first nine months of 2008 included:

- **Additions** of 330 million euros. A breakdown is the following:

(in millions of euros)		9 months 2008
Electric Power Operations		**153**
broken down as follows:	- thermoelectric area	92
	- hydroelectric area	32
	- wind power area	29
Hydrocarbons Operations		**167**
broken down as follows:	- hydrocarbon fields in Italy	58
	- hydrocarbon fields outside Italy	83
	- transmission and storage facilities	26
Corporate Activities		**10**
Total for the Group		**330**

- **Disposals,** which totaled 29 million euros, reflect the sale of components from thermoelectric power plants (about 20 million euros) and the disposal of the Vega tanker (about 7 million euros), which, taken as a whole, generated a net gain of about 10 million euros.
- **Writedowns** of plant and equipment totaling 18 million euros applied to certain assets of the hydrocarbons operations due to the presence of *impairment indicators*.

In addition, the net carrying amount of property, plant and equipment includes:

- **Assets transferable at no cost** with an aggregate value of 548 million euros (591 million euros at December 31, 2007) related mainly to the concessions held by the Edison Group (68 hydroelectric concessions and 62 gas and water distribution concessions).
- **Assets acquired under finance leases** totaling 110 million euros (117 million euros at December 31, 2007), which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounted to 12 million euros, is shown under "Long-term borrowings and other financial liabilities" (1 million euros) and "Short-term borrowings" (11 million euros).

2. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, totaled 11 million euros, unchanged compared with December 31, 2007. The depreciation for the period amounted to less than 1 million euros.

3. Goodwill

Goodwill totaled 3,521 million euros, or 3 million euros more than at December 31, 2007. This increase, which is attributable to the electric power operations, reflects the acquisition of VSV Srl, a company active in the area of renewable energy sources.

The remaining balance 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.

Allocation of goodwill

(in millions of euros)	09.30.2008	12.31.2007	Change
- Electric power operations	2,839	2,836	3
- Hydrocarbons operations	682	682	-
Total	**3,521**	**3,518**	**3**

No impairment indicators that affected the value of goodwill were detected in the first nine months of 2008.

4. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 81 mineral leases in Italy and abroad (including 2 storage concessions) for the extraction of hydrocarbon deposits, were valued at 282 million euros. The amortization for the period accounts for most of the decrease of 17 million euros from the amount reported at December 31, 2007.
During the first nine months of 2008, the Group was awarded a new exploration license in Iran.

5. Other Intangible Assets

The amount of 33 million euros shown for patents, licenses and similar rights refers mainly to software licenses. Following successful exploration programs in the Strait of Sicily, 17 million euros in costs incurred for the extraction of hydrocarbon deposits were added to "Construction in progress", as allowed by IFRS 6. In addition, hydrocarbon research and exploration costs, which are charged in full to income in the period they are incurred, totaled 39 million euros in the first nine months of 2008.

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

The table below shows the main changes that occurred in the first nine months of 2008:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2007 (A)	**44**	**184**	**228**
Changes in the first nine months of 2008:			
- Disposals (-)	-	(1)	(1)
- Additions	1	1	2
- Changes in share capital	7	61	68
- Writedowns and valuations at equity (-)	-	(13)	(13)
- Reclassifications and other changes	(4)	(1)	(5)
Total changes (B)	**4**	**47**	**51**
Balance at 09.30.2008 (A+B)	**48**	**231**	**279**

The main components of "Available-for-sale investments" are an investment in RCS Mediagroup (11 million euros) and a 10% interest in Terminale GNL Adriatico Srl (212 million euros). This company owns the offshore regasification terminal, which was inaugurated recently off the coast of Porto Viro (RO).

An analysis of the changes is as follows:
- **Additions and changes in share capital** totaling 70 million euros consist mainly of capital contributions provided to the associated companies Terminale GNL Adriatico (61 million euros) and Galsi Spa (about 5 million euros), which will be involved in the development, construction and management of the Algeria-Sardinia-Tuscany natural gas pipeline;
- **Writedowns and valuations at equity** totaling 13 million euros reflect for the most part the impact of valuing at fair value the investment in RCS, with the offset posted to shareholders' equity.

7. Other Financial Assets
Other financial assets, which totaled 140 million euros, or 1 million euros more than at December 31, 2007, consist of loans receivable due in more than one year.
This item includes the following:
- an 80-million-euro receivable under a finance lease for the Ibiritermo power plant recognized as required by IFRIC 4;
- 40 million euros for the IPSE 2000 escrow deposit, which is offset by a provision for risks of the same amount due to uncertainty about its repayment;
- 14 million euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa, the disbursement of which depends on changes in CIP 6/92 regulations;
- 6 million euros for other long-term financial receivables, which include 4 million euros in bank deposits that secure project financing facilities.

8. Deferred-tax Assets
Deferred-tax assets, which were valued based on realistic assumptions that they would be realized and produce tax benefits within the limited time horizon covered by the industrial plans approved by the Company, amounted to 78 million euros and reflect a tax-loss carryforward (27 million euros), differences in the valuation of property, plant and equipment (25 million euros) and tax-deductible provisions for risks (21 million euros). Other differences stemming from the adoption of IAS 39 account for the balance.

9. Other Assets
Other assets totaled 63 million euros, or 2 million euros less than at December 31, 2007. The components of this account are tax refunds receivable of 48 million euros (net of an allowance for doubtful accounts of 4 million euros and including accrued interest through September 30, 2008) and 15 million euros in sundry receivables, consisting mainly of security deposits.

10. Current Assets

(in millions of euros)	09.30.2008	12.31.2007	Change
Inventories	396	250	146
Trade receivables	2,204	1,654	550
Current-tax assets	7	13	(6)
Other receivables	571	371	200
Current financial assets	29	25	4
Cash and cash equivalents	217	103	114
Total current assets	**3,424**	**2,416**	**1,008**

A review of the individual components is provided below:
- A breakdown of **inventories** by Business Segment is as follows:

(in millions of euros)	Engineering consumables	Stored natural gas	Fuel oil	Other materials	Total at 09.30.2008	Total at 12.31.2007	Change
Electric power operations	41	-	45	-	86	67	19
Hydrocarbons operations	12	288	6	-	306	179	127
Corporate activities	-	-	-	4	4	4	-
Total for the Group	**53**	**288**	**51**	**4**	**396**	**250**	**146**

The increase of 146 million euros compared with December 31, 2007 reflects mainly additions to stored natural gas.
Inventories also include 11 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 that follows:

(in millions of euros)	09.30.2008	12.31.2007	Change
Electric power operations	1,936	1,190	746
Hydrocarbons operations	292	525	(233)
Corporate activities and eliminations	(24)	(61)	37
Total trade receivables	**2,204**	**1,654**	**550**
Allowance for doubtful accounts	**(88)**	**(88)**	**-**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, contracts to sell natural gas and Power Exchange transactions.
The higher volume sold in the third quarter of 2008 on the Power Exchange (GME Spa) and an increase in the exposure toward the Electrical Services Operator (GSE Spa), for rate adjustments of CIP 6/92 contracts, account for most of the gain in trade receivables.
A program for the assignment without recourse of trade receivables held by Edison Energia Spa and Edison Spa got under way in February. At September 30, 2008, the assigned receivables totaled about 1,111 million euros;

- **Current-tax assets** of 7 million euros includes amounts owed by the tax authorities for overpayments of corporate income taxes (IRES) and local income taxes (IRAP) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company;
- **Other receivables** totaled 571 million euros. They include receivables arising from the valuation of commodity and foreign exchange derivatives and from the valuation of physical and financial contracts held in the trading portfolios (176 million euros). Amounts owed by partners and associates in hydrocarbon exploration projects, receivables from public institutions and local entities, receivables from the tax administration, advances to suppliers (including amounts paid under take-or-pay clauses) and amounts owed by the controlling company (Transalpina di Energia Srl) in connection with the filing of a consolidated income tax return account for most of the balance;
- A breakdown of **current financial assets,** all of which are included in the computation of the Group's net financial debt, is provided below:

(in millions of euros)	09.30.2008	12.31.2007	Change
Equity investments held for trading	8	10	(2)
Loans receivable	3	3	-
Derivatives	18	12	6
Total current financial assets	**29**	**25**	**4**

A more detailed presentation of the overall effects of financial derivatives is provided in a separate section of this Report;

- **Cash and cash equivalents** of 217 million euros consist of short-term deposits in bank and postal accounts and other short-term investments.

11. Assets Held for Sale

This item had a zero balance at September 30, 2008. The change compared with December 31, 2007 reflects the sale of business operations that included five thermoelectric power plants that operated under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008.

Liabilities and Shareholders' Equity

12. Group Interest and Minority Interest in Shareholders' Equity

The Group's interest in shareholders' equity amounted to 7,959 million euros, for a net decrease of 45 million euros compared with December 31, 2007. This decrease is mainly due to the net result of the profit earned in the first nine months of 2008 (219 million euros), less a distribution of dividends totaling 268 million euros (equal to a dividend of 0.05 euros per common share and 0.08 euros per savings share).
Minority interest in shareholders' equity totaled 116 million euros. The decrease of 31 million euros, compared with December 31, 2007, is due mainly to the distribution of dividends attributable to minority shareholders (13 million euros) and to the sale of Termica Boffalora and Termica Celano (33 million euros).
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 change in shareholder's equity is marginally due to the impact of change in the Reserve for cash flow hedge transactions and the Reserve for available-for-sale investments.

The table below provides a breakdown of the changes that occurred in the Reserve for cash flow hedge transactions, which was established upon the adoption of IAS 32 and IAS 39 to account for derivatives:

Reserve for cash flow hedge transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at 12.31.2007	(2)	1	(1)
Changes in the first nine months of 2008	14	(5)	9
Reserve at 09.30.2008	**12**	**(4)**	**8**

A breakdown of the change in the reserve for available-for-sale investments, referred mostly to RCS Mediagroup Spa, is provided below:

Reserve for available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at 12. 31.2007	12	(1)	11
Changes in the first nine months of 2008	(12)	1	(11)
Reserve at 09.30.2008	**-**	**-**	**-**

13. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision reflects the severance indemnities and other employee benefits accrued at September 30, 2008, computed in accordance with the actuarial criteria of IAS 19. The table below shows the changes that occurred in the first nine months of 2008:

(in millions of euros)	Provision for sever. indemn.	Provision for pensions	Total
Balance at 12.31.2007 (A)	**59**	**9**	**68**
Changes in the first nine months of 2008:			
- Financial expense	2	-	2
- Actuarial (gains) losses (+/-)	1	-	1
- Utilizations (-) / Other changes	(4)	-	(4)
Total changes (B)	**(1)**	**-**	**(1)**
Total at 09.30.2008 (A+B)	**58**	**9**	**67**

14. Provision for Deferred Taxes

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

(in millions of euros)	09.30.2008	12.31.2007	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	620	579	41
- Adoption of standard on finance leases (IAS 17)	46	40	6
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	1	(1)
- shareholders' equity	6	2	4
- Other deferred taxes	9	14	(5)
Total deferred-tax liabilities (A)	**681**	**636**	**45**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	106	67	39
- Adoption of standard on financial instruments (IAS 39) with impact on:			-
- the income statement	6	7	(1)
- shareholders' equity	-	2	(2)
- Other prepaid taxes	3	-	3
Total deferred-tax assets (B)	**115**	**76**	**39**
Total provision for deferred taxes (A-B)	**566**	**560**	**6**

As explained in the Note to Income Taxes, the increase in deferred-tax liabilities is due in part to the impact of the so-called “Robin Hood Tax”.

15. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 1,002 million euros, or 103 million euros more than at December 31, 2007.

The table below shows the changes that occurred in the first nine months of 2008:

(in millions of euros)	12.31.2007	Additions	Utilizations	Translation differences	Other changes and reclassifications	09.30.2008
- Disputed tax items	25	42	(1)	-	8	74
- Risks for disputes, litigation and contracts	178	8	(17)	-	(18)	151
- Charges for contractual guarantees on the sale of equity investments	124	-	(19)	-	-	105
- Provisions for decommissioning and remediation of industrial sites	313	10	(3)	-	-	320
- Environmental risks	82	13	(72)	-	2	25
- Risks on the sale of equity invest.	29	12	(7)	1	(1)	34
- Provision for CO_2 emissions quotas	-	133	-	-	-	133
- Other risks and charges	148	12	(6)	-	6	160
Total for the Group	**899**	**230**	**(125)**	**1**	**(3)**	**1,002**

The changes that occurred in the first nine months of 2008 are reviewed below:

- **Additions** include 133 million euros booked for emissions rights, 42 million euros for tax disputes related mainly to assets sold in previous years of which Edison Spa is the current assign, 13 million euros for environmental risks, 8 million euros for legal and contractual risks, 10 million euros for finance charges related to decomissioning provisions, 12 million euros for contingent risks related to Group companies and 5 million euros to accrue statutory and tax interest through September 30, 2008 on existing provisions;

- **Utilizations** reflect primarily disbursements for settlements of environmental litigation (80 million euros); the reversal in earnings of a provision established in previous years upon the sale of assets, which was no longer needed once the corresponding warrantees expired (15 million euros); and a reduction due to the sale of equity investments (7 million euros).

More detailed information about the changes that occurred in the provisions for risks and charges is provided in the section of this Report entitled "Update on the Status of the Main Pending Legal and Tax Disputes Compared with the 2008 Semiannual Report."

16. Bonds

The balance of 1,196 million euros represents the non-current portion of outstanding bond issues valued at amortized cost.

The table below provides a breakdown of the bond liability at September 30, 2008 and shows the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Long-term amortized cost	Short-term amortized cost	Fair value
Euro Medium Term Notes:									
Edison Spa	Luxembourg Secur. Exch.	EUR	700	Annual in arrears	5.125%	12.10.2010	699	28	731
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Quarterly in arrears	5.558%	07.19.2011	497	11	505
Total for the Group			**1,200**				**1,196**	**39**	**1,236**

17. Long-term Borrowings and Other Financial Liabilities

A breakdown of these liabilities is provided below:

(in millions of euros)	09.30.2008	12.31.2007	Change
Due to banks	1,048	1,188	(140)
Due to leasing companies	1	9	(8)
Due to other lenders	18	19	(1)
Total for the Group	**1,067**	**1,216**	**(149)**

The amount due to banks includes facilities provided by banks during the first nine months of 2008 to the following subsidiaries: Hydros Srl (80 million euros), Dolomiti Edison Energy Srl (40 million euros) and Thisvi Power Generation Plant Sa (10 million euros).
The amount owed to other lenders includes 16 million euros payable to minority shareholders of consolidated companies.

18. Other Liabilities

The balance of 30 million euros reflects liabilities that arise from different types of obligations including the suspension of the gain earned by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy Srl, which continues to be consolidated line by line.

19. Current Liabilities

A breakdown of current liabilities is as follows:

(in millions of euros)	09.30.2008	12.31.2007	Change
Bonds	39	9	30
Short-term borrowings	845	485	360
Trade payables	1,663	1,394	269
Current taxes payable	78	9	69
Other liabilities	654	652	2
Total current liabilities	**3,279**	**2,549**	**730**

The main current liability accounts are reviewed below:

- **Bonds** payable of 39 million euros represent mainly the accrued coupons payable at September 30, 2008;
- **Short-term borrowings** of 845 million euros include 815 million euros due to banks, 13 million euros of which were generated by measuring at fair value interest rate and foreign exchange derivatives; 17 million euros owed to unconsolidated subsidiaries in liquidation; and 11 million euros payable to leasing companies;
- A breakdown of **trade payables** by Business Segment is provided below:

(in millions of euros)	09.30.2008	12.31.2007	Change
Electric power operations	1,020	883	137
Hydrocarbons operations	648	586	62
Corporate activities and eliminations	(5)	(75)	70
Total trade payables	**1,663**	**1,394**	**269**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to scheduled and extraordinary plant maintenance.
  The increase in trade payables is essentially a reflection of the higher volumes of electric power and natural gas handled during the first nine months of 2008;
- **Current taxes payable** of 78 million euros represent the liability for income taxes owed by Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl) including the newly enacted corporate income tax surcharge (the so-called "Robin Hood Tax"), which will be paid separately by the companies to which it applies;
- The main components of **other liabilities** of 654 million euros include the following: liabilities stemming from the measurement of commodity and foreign exchange derivatives included in the trading portfolios (184 million euros), amounts owed to joint holders of permits and concessions for the production and research of hydrocarbons, the amount owed to the controlling company (Transalpina di Energia Srl) in connection with the filing of a consolidated tax return and amounts payable to pension and social security institutions.

20. Liabilities Held for Sale

This item had a zero balance at September 30, 2008. The change compared with December 31, 2007 reflects the sale of business operations that included five thermoelectric power plants that operated under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008.

Net Financial Debt

At September 30, 2008, net financial debt totaled 2,821 million euros, or 134 million euros more than the 2,687 million euros owed at December 31, 2007.

This increase is the net results of the following contrasting factors: a positive operating cash flow and the proceeds, totaling 243 million euros, generated by the sale of the CIP 6/92 thermoelectric power plants and of a 51% interest in Dolomiti Edison Energy Srl and a 9.13% interest in Enìa Energia Spa, which offset in part the period's outlays for capital investments (379 million euros), net financial expense (104 million euros), additional equity investments in Group companies (including 139 million euros for the purchase of a 5% interest in Edipower, 61 million euros contributed to Terminale GNL Adriatico and about 4 million euros for the purchase of VSV Srl), the distribution of dividends (281 million euros) and income tax payments (239 million euros).

Consistent with the practice followed at the end of 2007, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	Balance sheet note ref.	09.30.2008	12.31.2007	Change
Long-term debt				
Bonds - non-current portion	16	1,196	1,201	(5)
Non-current bank loans	17	1,048	1,188	(140)
Amounts due to other lenders - non current portion	17	19	28	(9)
Other non-current financial assets (*)	7	(80)	(81)	1
Total long-term net debt		**2,183**	**2,336**	**(153)**
Short-term debt				
Bonds - current portion	19	39	9	30
Short-term borrowings	19	845	485	360
Current financial assets	10	(29)	(25)	(4)
Cash and cash equivalents	10	(217)	(103)	(114)
Loans payable of discontinued operations	20	-	13	(13)
Loans receivable of discontinued operations	11	-	(28)	28
Total short-term net debt		**638**	**351**	**287**
Net financial debt		**2,821**	**2,687**	**134**

(*) Includes the long-term portion of financial receivables, as required by the adoption of IFRIC 4.

Net financial debt includes 245 million euros stemming from transactions with related parties (221 million euros owed to Mediobanca and 24 million euros owed to Banca Popolare di Milano).

In addition, "Short-term borrowings" include 17 million euros owed to unconsolidated subsidiaries and affiliated companies.

NOTES TO THE INCOME STATEMENT

In the first nine months of 2008, while in the overall Italian market demand remained relatively flat for electric power and increased by 4.5% for natural gas compared with the previous year, the Group reported revenues of 7,761 million euros, or 31.2% more than in the same period in 2007.
An increase in unit sales both by the electric power operations (+7.4%), which benefited from growth in the deregulated market (+22.4%), and by the hydrocarbons operations (+4.5%), coupled with higher unit revenues, made possible primarily by a sharp rise in the price of benchmark commodities, are the main reasons for this improvement.

At 1,209 million euros, EBITDA were 61 million euros lower than the 1,270 million euros earned in 2007 (-4.8%). This decrease is the result of contrasting trends in the Group's two areas of business:

- the **electric power operations** increased EBITDA by 62 million euros (+6.6%) thanks to strong gains in unit sales and margins in the deregulated segment of the business and the positive effect of AEEG Resolutions No. 77/08 and No. 80/08, which more than offset a decrease in profitability in the CIP 6/92 segment caused by divestitures (negative impact of about 27 million euros) and the expiration of some contracts;
- the EBITDA decrease of 116 million euros (-30.2%) reported by the **hydrocarbons operations** is the combined result of a reduction in the margins generated through the procurement and distribution of natural gas (caused by the different timing with which changes in crude oil prices are reflected in procurement costs and sales prices) and of lower production from some natural gas and oil fields. In addition, EBITDA for the first nine months of 2008 include the benefit generate by renegotiating a long-term natural gas supply contract (about 50 million euros), while EBITDA for the same period last year reflected the positive impact of the reversal of the Provision for Resolution No. 248/04 (about 56 million euros).

The Group's interest in net profit totaled 219 million euros, or 102 million euros less than the 321 million euros earned in the first nine months of 2007.
This change is mainly the result of the following factors: a reduction in net financial expense (-53 million euros), made possible by a reduction in average net financial debt, which offset in part the impact of additions to provisions for risks (43 million euros, net of utilizations) recognized primarily for tax risks related to assets divested in previous years of which Edison Spa is the current assign and the effect of the so-called Robin Hood Tax (about 106 million euros).

The table below, which shows a breakdown by quarter and a comparison with corresponding data from the previous year, provides a clearer understanding of cumulative sales revenues and EBITDA at September 30, 2008:

	First quarter			Second quarter			Third quarter			Total		
(in millions of euros)	**2008**	2007	% change	**2008**	2007	% change	**2008**	2007	% change	**2008**	2007	% change
Sales revenues	2,502	2,231	12.1%	2,503	1,821	37.5%	2,756	1,862	48.0%	7,761	5,914	31.2%
EBITDA	307	397	(22.7%)	502	507	(1.0%)	400	366	9.3%	1,209	1,270	(4.8%)
as a % of sales revenues	12.3%	17.8%	(31.0%)	20.1%	27.8%	(28.0%)	14.5%	19.7%	(26.2%)	15.6%	21.5%	(27.5%)

21. Sales Revenues

Sales revenues totaled 7,761 million euros, up from 5,914 million euros booked in the first nine months of 2007, with the electric power operations and the hydrocarbons operations reporting gains of 27.1% and 26.5%, respectively.
The table below provides a breakdown of sales revenues, which were booked for the most part in Italy:

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Revenues from the sales of:				
- Electric power	5,713	4,233	1,480	35.0%
- Natural gas	1,383	950	433	45.6%
- Steam	114	115	(1)	(0.9%)
- Oil	89	79	10	12.7%
- Green certificates	2	15	(13)	(86.7%)
- Water and other utilities	26	24	2	8.3%
- Other revenues	3	3	-	n.m.
Total sales revenues	**7,330**	**5,419**	**1,911**	**35.3%**
Revenues from services provided	14	12	2	16.7%
Storage services	18	13	5	38.5%
Transmission revenues	383	458	(75)	(16.4%)
Other revenues for sundry services	16	12	4	33.3%
Total service revenues	**431**	**495**	**(64)**	**(12.9%)**
Total sales revenues for the Group	**7,761**	**5,914**	**1,847**	**31.2%**

The above amount includes the revenues generated by energy commodity contracts held in trading portfolios and reflects the impact, prorated for the period, of Resolutions No. 77/08 and No. 80/08 by which the AEEG defined the criteria for the reimbursement, in the form of a rate adjustment, of the costs incurred by companies that operate under CIP 6/92 contracts to comply with emissions rights and green certificate obligations.

Breakdown by Business Segment

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Electric power operations	6,234	4,906	1,328	27.1%
Hydrocarbons operations	3,470	2,744	726	26.5%
Corporate activities	57	54	3	5.6%
Eliminations	(2,000)	(1,790)	(210)	11.7%
Total for the Group	**7,761**	**5,914**	**1,847**	**31.2%**

The increase in sales revenues reported by the **electric power operations** is due to a gain in unit sales, mainly in the deregulated markets, and to higher unit sales prices, which more than offset the contraction in the scope of consolidation that resulted from the sale of power plants operating under CIP 6/92 contracts.
An increase in unit sales and a rise in benchmark oil prices are the main reasons for the higher revenues reported by the **hydrocarbons operations.**

22. Other Revenues and Income

Other revenues and income totaled 535 million euros. A breakdown is as follows:

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Commodity derivatives	179	105	74	70.5%
Recovery of costs from Edipower's Tollers	146	112	34	30.4%
Out of period income	109	42	67	n.m.
Recovery of costs from partners in hydrocarbon exploration projects	17	37	(20)	(54.1%)
Utilizations of allowances for doubtful acc. and miscellaneous provisions for risks	17	14	3	21.4%
Sundry items	67	73	(6)	(8.2%)
Total for the Group	**535**	**383**	**152**	**39.7%**

The result from transactions in derivatives includes the fair value of energy commodity contracts held in the trading portfolios.

Out of period income reflects in part the portion attributable to previous years of the positive impact produced on power plants operating under CIP 6/92 contracts by AEEG Resolution No. 77/08 and No. 80/08, which recognized the costs incurred for emissions rights and extended the reimbursement period for the costs incurred to comply with green certificate requirements and the benefits generated by renegotiating a supply contract to purchase natural gas.

Utilizations of provisions for risks refer mainly to trade receivables and should be evaluated taking also into account the corresponding cost item.

Sundry items include insurance settlements for accidents that occurred at thermoelectric power plants in previous years (about 14 million euros), recoveries of sundry costs (about 21 million euros) and gains on the sale of assets (16 million euros, including 7 million euros generated by the sale of the Vega tanker).

23. Raw Materials and Services Used

Raw materials and services used totaled 6,924 million euros, or 42.3% more than the cost incurred in the first nine months of 2007 (4,865 million euros). This increase, which affected both the electric power operations (+35.1%) and the hydrocarbons operations (+32.9%), is the result of the same causes discussed when explaining the corresponding rise in sales revenues.

A breakdown is as follows:

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
- Natural gas	3,076	2,168	908	41.9%
- Electric power	1,540	655	885	135.1%
- Dispatching and balancing market	97	90	7	7.8%
- Blast furnace, recycled and coke furnace gas	340	252	88	34.9%
- Oil and fuel	341	238	103	43.3%
- Demineralized industrial water	28	28	-	-
- Green certificates	71	79	(8)	(10.1%)
- CO_2 emissions rights	133	4	129	n.m.
- Coal, utilities and other materials	108	129	(21)	(16.3%)
Total	**5,734**	**3,643**	**2,091**	**57.4%**
- Facilities maintenance	130	174	(44)	(25.3%)
- Transmission of electric power and natural gas	729	730	(1)	(0.1%)
- Professional services	69	55	14	25.5%
- Insurance services	20	21	(1)	(4.8%)
- Writedowns of trade and other receivables	21	26	(5)	(19.2%)
- Commodity derivatives	139	36	103	n.m.
- Additions to provisions for miscellaneous risks	12	13	(1)	(7.7%)
- Change in inventories	(146)	7	(153)	n.m.
- Use of property not owned	60	53	7	13.2%
- Sundry charges	156	107	49	45.8%
Total for the Group	**6,924**	**4,865**	**2,059**	**42.3%**

The cost of raw materials and services used includes charges stemming from derivative trading. Specifically, realized costs attributable to physical energy commodity contracts held in trading portfolios are included in the corresponding cost items (purchases and transmission of electric power). The remaining costs incurred in connection with trading activities are included in “Commodity derivatives”.

“Change in inventories” refers mainly to gas held in storage and reflects both an increase in stored quantities and the impact of rising purchase prices.

The main components of “Sundry charges” are 38 million euros in out of period charges (about 16 million euros of this amount reflect the failure to receive a refund for the CCT 2004 rate component) and advertising costs for 12 million euros including the sponsorship of Italian Team at the 2008 Bejing Olympics.

Breakdown of Raw Materials and Services Used by Business Segment

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Electric power operations	5,572	4,123	1,449	35.1%
Hydrocarbons operations	3,274	2,463	811	32.9%
Corporate activities	83	72	11	15.3%
Eliminations	(2,005)	(1,793)	(212)	11.8%
Total for the Group	**6,924**	**4,865**	**2,059**	**42.3%**

24. Labor Costs

Based on the average payroll for the period, labor costs totaled 163 million euros, virtually the same as in the first nine months of 2007, when the corresponding amount was 162 million euros.
Counting the staff attributed to companies consolidated by the proportional method, the Edison Group had 3,645 employees at September 30, 2008, up from 3,277 employees at December 31, 2007.

The main reason for the net increase of 368 employees is the insourcing of the operational personnel of IWH, which was required to comply with changes in Ecuadorian laws, offset in part by the removal from the payroll of the employees of seven divested thermoelectric power plants that operate under CIP 6/92 contracts.

25. EBITDA

At 1,209 million euros, EBITDA were 61 million euros less (-4.8%) than in the first nine months of 2007. The hydrocarbons operations account for virtually the entire decrease.
A breakdown by business segment is as follows:

(in millions of euros)	9 months 2008	as a % of sales revenues	9 months 2007	as a % of sales revenues	EBITDA % change
Electric power operations	996	16.0%	934	19.0%	6.6%
Hydrocarbons operations	268	7.7%	384	14.0%	(30.2%)
Corporate activities	(55)	n.m.	(48)	n.m.	n.m.
Total for the Group	**1,209**	**15.6%**	**1,270**	**21.5%**	**(4.8%)**

More specifically:

- the increase in EBITDA reported by the **electric power operations** (+6.6% compared with the first nine months of 2007) reflects continuing strong growth in unit sales to customers in the deregulated market segment, which more than offset the impact of a reduction in the profitability CIP 6/92 segment. The decrease of the margins earned in this segment is due to the expiration of some contracts and to the ongoing implementation of a program to reorganize the portfolio of production facilities that began in April with the sale of seven thermoelectric power plants.
  The margins earned on sales of electric power benefited from a gain in unit sales in the deregulated markets (+22.4%), offset in part by a decrease in unit sales in the CIP 6/92 channel (-25.6%) caused mainly by a contraction of the scope of consolidation, which reduced EBITDA by about 27 million euros;
- the **hydrocarbons operations** were faced with a challenging operating environment, in which a decrease in domestic and foreign production (-0.8%) had to be compensated with an increase in imports (+32.0%). Nevertheless, sales volumes grew by 4.5% compared with the first nine months of 2007, with unit sales to residential and industrial users up 1.4% and 19.7%, respectively.

26. Depreciation, Amortization and Writedowns

A breakdown of depreciation, amortization and writedowns, which totaled 536 million euros, is provided below:

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Depreciation of property, plant and equipment	453	456	(3)	(0.7%)
Depreciation of investment property	-	1	(1)	n.m.
Amortization of hydrocarbon concessions	17	18	(1)	(5.6%)
Amortization of other intangible assets	48	55	(7)	(12.7%)
Writedown of property, plant and equipment	18	-	18	n.m.
Reversals of writedowns of investment property	-	(6)	6	n.m.
Total for the Group	**536**	**524**	**12**	**2.3%**

Breakdown by Business Segment

(in millions of euros)	9 months 2008	9 months 2007	Change	% change
Electric power operations	412	414	(2)	(0.5%)
Hydrocarbons operations	115	108	7	6.5%
Corporate activities	9	2	7	n.m.
Total for the Group	**536**	**524**	**12**	**2.3%**

More specifically:
- the slight decrease shown for the **electric power operations** is due mainly to the sale of thermoelectric power plants that operate under CIP 6/92 contracts, which had a positive effect of about 6 million euros, offset in part by the increase in depreciation expense caused by the commissioning of the Simeri Crichi and Turbigo power plants in the fourth quarter of 2007;
- during the first nine months of 2008, the **hydrocarbons operations** wrote down by about 18 million euros plant and equipment appurtenant to Italian concessions for the extraction of hydrocarbons.

27. Net Financial Income (Expense)

Net financial expense declined to 104 million euros, down sharply compared with the first nine months of 2007. This decrease was made possible by a significant reduction in net average borrowings, which helped lower the Group's debt service costs also due to the redemption of two bond issues totaling 1,429 million euros in the second half of 2007.
A breakdown of net financial expense is as follows:

(in millions of euros)	9 months 2008	9 months 2007	Change
Financial income			
Financial income from commodity derivatives (*)	-	29	(29)
Financial income from financial derivatives	33	72	(39)
Interest earned on finance leases	7	14	(7)
Interest earned on bank and postal accounts	5	6	(1)
Interest earned on amounts due from the tax administration	-	1	(1)
Other financial income	15	20	(5)
Total financial income	**60**	**142**	**(82)**
Financial expense			
Interest paid on bond issues	(46)	(100)	54
Financial expense from commodity derivatives (*)	-	(30)	30
Financial expense from financial derivatives	(29)	(75)	46
Interest paid to banks	(66)	(57)	(9)
Bank fees	(4)	(3)	(1)
Financial expense on decommissioning projects	(10)	(9)	(1)
Interest paid on finance leases	-	(1)	1
Financial expense in connection with employee severance benefits	(2)	(2)	-
Interest paid to other lenders	(5)	(2)	(3)
Other financial expense	(6)	(20)	14
Total financial expense	**(168)**	**(299)**	**131**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	20	10	10
Foreign exchange translation losses	(16)	(10)	(6)
Net foreign exchange translation gain (loss)	**4**	**-**	**4**
Net financial income (expense) for the Group	**(104)**	**(157)**	**53**

(*) As of January 1, 2008, these amounts are included in EBITDA.

The net foreign exchange gain (loss) shows an improvement of 4 million euros compared with the first nine months of 2007, due mainly to the impact of a finance lease involving a foreign affiliate.

28. Income from (Expense on) Equity Investments

The zero balance in this account is the net result of writedowns and valuations of investments by the equity method amounting to 15 million euros (including 2 million euros attributable to trading securities), mainly offset by gains on the disposal of equity investments totaling 14 million euros (including 7 million euros from the sale of a minority interest in Enìa Energia Spa).

A breakdown is provided in the table below:

(in millions of euros)	9 months 2008	9 months 2007	Change
Income from equity investments			
Dividends	1	1	-
Revaluations and valuations by the equity method of investments	-	3	(3)
Gain on the sale of equity investments	14	-	14
Total income from equity investments	**15**	**4**	**11**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	(15)	(17)	2
Loss on the sale of equity investments	-	(3)	3
Total expenses on equity investments	**(15)**	**(20)**	**5**
Total income from (expenses on) equity investments	**-**	**(16)**	**16**

29. Other Income (Expense), Net

Net other expense of 43 million euros is the result of nonrecurring items that are not related directly to the Group's industrial or financial operations. The main items included in this account are:

- **income** of 21 million euros mainly from the reversal in earnings of existing provisions set aside in previous years, made possible by the cancellation of guarantees provided in connection with the sale of equity investments;
- **expense** of 64 million euros, including 40 million euros added to provisions to cover tax risks related mainly to assets sold in previous years of which Edison Spa is the current assign, 13 million euros set aside for new environmental risks and for accrued statutory and tax interest on existing provisions account for the balance.

30. Income Taxes

Income taxes totaled 299 million euros. A breakdown of income taxes is as follows:

(in millions of euros)	9 months 2008	9 months 2007	Change
Current taxes	300	252	48
Net deferred-tax liabilities (assets)	2	3	(1)
Income taxes attributable to previous years	(3)	-	(3)
Total for the Group	**299**	**255**	**44**

Current taxes include 268 million euros for corporate income taxes (IRES), 43 million euros for regional taxes (IRAP) and a benefit of 11 million euros generated by filing a consolidated income tax return.

The tax liability for the period reflects the negative impact of a 5.5% corporate income tax surcharge, also known as the Robin Hood Tax, that totaled 106 million euros, including 41 million euros in current taxes and 65 million euros in net deferred-tax liabilities.
Absent this surcharge, the tax rate for the period would have been 36.7%, down from 43.7% in the first nine months of 2007.

31. Profit (Loss) from Discontinued Operations

The net loss of 4 million euros refers to the sale of the business operations consisting of five thermoelectric power plants operating under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008. At the end of 2007, these assets were classified as a Disposal Group.

32. Earnings per Share

Diluted earnings per share were computed taking into account exclusively the shares reserved for the exercise of stock options. About 36,000 stock options were exercised in the first nine months of 2008.

2007 full year			9 months 2008		9 months 2007	
Common shares	Savings shares[1]	(in millions of euros)	Common shares	Savings shares[1]	Common shares	Savings shares[1]
497	497	Group interest in profit	219	219	321	321
482	15	Profit attributable to the different classes of shares (A)	211	8	310	11
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing profit per share:				
4,638,069,829	110,592,420	- basic (B)	5,181,088,185	110,592,420	4,623,153,924	110,592,420
4,939,211,526	110,592,420	- diluted (C)[2]	5,181,087,799	110,592,420	4,931,157,315	110,592,420
		Profit per share (in euros)				
0.1040	0.1340	- basic (A/B)	0.0408	0.0708	0.0671	0.0971
0.0976	0.1340	- diluted (A/C) [2]	0.0408	0.0708	0.0629	0.0971

(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 net income.

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

OTHER INFORMATION

Disclosure Pursuant to IFRS 5

Disposal Group - "CIP 6/92 Thermoelectric Power Plants"

In April 2008, Edison closed the sale of six thermoelectric power plants to Cofathec Servizi, a Gaz de France Group company. These facilities, which operate under CIP/92 contracts, have a combined installed capacity of about 370 MW. In a separate transaction, Edison sold to Seci Energia, a company of the Maccaferri Group, a 70% interest in a company that controls a 170 MW thermoelectric power plant in Celano (AQ). Seci Energia, which already owned a 30% interest in this company, exercised the preemptive right it held pursuant to earlier agreements.

The sale generated a loss of about 4 million euros, shown in the income statement as a "Loss from discontinued operations", and, counting the deferred portion of the purchase price, produced a positive effect of about 189 million euros on net financial debt.

Commitments and Contingent Risks

(in millions of euros)	09.30.2008	12.31.2007	Change
Guarantees provided	1,149	1,237	(88)
Collateral provided	1,600	1,596	4
Other commitments and risks	508	410	98
Total for the Group	**3,257**	**3,243**	**14**

The value of **guarantees provided** is equal to the undiscounted amount of potential commitments on the balance sheet date. It includes 393 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries in connection with the offsetting VAT credits and on behalf of subsidiaries 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.

Collateral provided 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, including the value of Edipower shares (1,049 million euros) pledged to a pool of banks to secure financing facilities. The increase in the value of the pledged shares compared with December 31, 2007 is due to the exercise of a put option.
Collateral provided includes additional collateral for liabilities listed on the balance sheet (488 million euros), which generally consist of mortgages and encumbrances granted on facilities of the electric power operations to secure financing. A total of 84 million euros refers to mortgages that are in the process of being cancelled following the repayment of the corresponding loans. The derecognition of mortgages on facilities sold as part of the disposal group produced a reduction of 97 million euros compared with December 31, 2007.

Other commitments and risks of 508 million euros reflect mainly commitments undertaken to complete domestic and abroad investment projects in progress.
During the first nine months of 2008, as part of the terms of the acquisition of VSV Srl, Edison Energie Speciali Spa agreed to pay additional consideration of up to about 4.5 million euros predicated on the subsequent award of permits to install facilities with a stipulated level of wind-generated production capacity.

Unrecognized Commitments and Risks

During the third quarter of 2008, the commitments and risks that are not included in the amounts discussed above did not change appreciably compared with the situation discussed in the Semiannual Report at June 30, 2008, which should be consulted for a more complete disclosure.
In addition, to address its CO_2 emissions deficit, Edison Spa signed new Emission Reductions Purchase Agreements (ERPAs) for the purchase of about 1.4 million euros of Certified Emission Reduction (CERs) in China, for a total of about 4.8 million CERs during the 2008-2012 period.

Update on the Status of the Main Pending Legal and Tax Disputes Compared with the 2008 Semiannual Report

A review, based on information currently available, of the **developments that occurred in the third quarter** in the main legal and tax disputes outstanding at September 30, 2008, compared with the situation presented at June 30, 2008 (which should be consulted for a comprehensive presentation), is provided below, listing separately actions involving Edison Spa and actions involving other Group companies. Legal disputes were subdivided further between probable liabilities, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and contingent liabilities, which are 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 contingent liabilities, only a disclosure is provided in the Notes to the financial statements.

Legal disputes involving a probable liability for which a provision for risks was recognized in the balance sheet are reviewed below.

A) Edison Spa

Mantua Petrochemical Complex - Criminal Proceedings for Personal Injuries and Environmental Damages

The Public Prosecutor of Mantua completed the preliminary investigation, which, based on more accurate information than previously available, concerns the operation of a petrochemical facility in Mantua until 1989, which is alleged to have harmed the health of the facility's employees due to their exposure to benzene and asbestos. The resulting summonses are in the process of being served on the persons targeted by the investigation, all of whom are former Directors and managers of Montedison Spa (now Edison).

Savings Shareholders/UBS: Lawsuit for Damages Caused by the Merger of Edison into Italenergia and Claim for Cash Compensation

The Court postponed a decision in the proceedings concerning the combined lawsuits pending before the Court of Milan, in which the Joint Representative of the savings shareholders and UBS AG sued Edison, Italenergia Spa and others challenging the merger of the abovementioned companies and asking the Court to award them compensation for damages.

B) Other Group Companies

Montedison Srl - Property in Bussi sul Tirino (PE)

Montedison Srl, which had already filed an appeal before the Regional Administrative Court against an order by the Extraordinary Commissioner requesting the preparation and implementation of a remediation plan for a portion of the property owned in the Municipality of Bussi sul Tirino, filed a new appeal before the Regional Administrative Court against a subsequent order by the Extraordinary Commissioner that amended his earlier order. In the meantime, the Ministry of the Environment, having included the Bussi site in the list of sites of national interest, convened a service conference to determine the environmental projects that the area requires.

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The current status of the principal **legal disputes** that have arisen from past events which are dependent on the occurrence of events that are possible, but not 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

Pagnan vs Edison

In response to a third-party summons, Edison joined the proceedings to present its defense in the dispute pending before the Court of Venice between Pagnan Spa, defendant, and the Ministry of the Environment and for the Protection of Land and Sea and the Ministry of Infrastructures, plaintiffs, for alleged environmental damages caused in the area of the South Channel Dockyard in the Malcontenta section of the Porto Marghera Industrial Park.

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

The hearing that precedes the completion of the discovery process was held following an evidence gathering procedure ordered in one of the two criminal proceedings launched by the Public Prosecutor of Modica.

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An update on the developments that affected the status of the main **tax disputes** compared with the situation presented in the 2008 Semiannual Report is provided below:

Old Edison Spa - Income Taxes for the 1994 to 1999 Fiscal Years
The disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995 and 1996 fiscal years are currently pending before the Court of Cassation following an appeal filed by the Solicitor General, acting on behalf of the revenue administration. Meanwhile, the deadline within which the revenue administration must appeal in the dispute concerning the 1997 fiscal year has not yet expired.
A provision for risks has been recognized in connection with this dispute.

Assessment for the 2002 Fiscal Year Following a Tax Audit of Edison Spa
This dispute is pending before the Regional Tax Commission of Lombardy due to an appeal filed by the Revenue Office.
In view of the nature of this dispute, the Company did not deem it necessary to recognize a separate provision for risks.

EDF Energia Italia Srl - Customs VAT Audit for 2001, 2002 and 2003
The dispute concerning the VAT assessment is still pending before the Milan Provincial Tax Commission because, even though oral arguments were completed in October 2007, a decision in this case has not yet been handed down.
With regard to the dispute concerning the notice of penalty assessment, the deadline by which the Customs Office must appeal the decision by which the Provincial Commission ruled in the Company's favor has not yet expired.
In any case, any charges that may be incurred as a result of the abovementioned audits are covered by special guarantees provided by the seller (EDF International Sa) in connection with the sale of its interest in EDF Energia Italia for the purpose of holding the Company totally harmless in such cases.

Old Calcestruzzi Spa - Income Taxes for the 1991 and 1992 Fiscal Years
Following the decision handed down by the Court of Cassation overturning decisions favorable to the Company issued in past years by the Regional Tax Commission of Emilia Romagna in connection with notices of IRPEG and ILOR tax assessments for the 1991 and 1992 fiscal years owed by Calcestruzzi, of which Edison is the current assign, and returning the case to the lower court, the deadline for the resumption of the proceedings before the Regional Tax Commission of Emilia Romagna has not yet expired.
The Company recognized a provision for risks specifically for this dispute.

Intercompany and Related Party Transactions

In the first nine months of 2008, Edison Spa and some of its subsidiaries engaged in a number of commercial and financial transactions with some of its current shareholders and/or companies controlled by them. The table that follows provides an overview of these transactions, which were carried out in the normal course of business based on contractual terms mutually agreed upon by the parties that are consistent with market practice. A breakdown is as follows:

(in millions of euros)			Other related parties								
	With unconsolidated Group companies	With the controlling company	EDF Group	A2A Group	ENIA Group	SEL Group	Banca Popolare Milano	Mediobanca	**Total related parties**	**Total for financial statem. line item**	**% of financial statem. line item**
Balance sheet transactions											
Trade receivables	1	-	17	23	9	1	-	-	51	2,204	2.3%
Other receivables	1	12	11	-	-	-	-	-	24	571	4.2%
Trade payables	-	-	17	21	1	3	-	-	42	1,663	2.5%
Other payables	-	124	-	3	-	-	-	-	127	654	19.4%
Short-term borrowings	17	-	-	-	-	-	4	24	45	845	5.3%
Long-term borrowings and other financial liabilities	-	-	-	-	-	-	20	197	217	1,067	20.3%
Income statement transactions											
Sales revenues	89	-	114	63	136	12	-	-	414	7,761	5.3%
Other revenues and income	-	-	1	59	8	-	-	-	68	535	12.7%
Raw materials and services used	7	-	135	63	2	23	-	1	231	6,924	3.3%
Financial income	-	-	-	-	-	-	-	4	4	60	6.7%
Financial expense	1	-	-	-	-	-	1	4	6	168	3.6%
Cash flow transactions											
Dividends declared	-	159	50	-	-	-	-	-	209	281	74.4%
Proceeds from the sale of non-current financial assets	-	-	-	-	8	-	-	-	8	243	3.3%
Commitments and contingent risks											
Guarantees provided	-	-	-	-	-	-	5	-	5	1,149	0.4%
Collateral provided	-	-	-	-	-	-	-	47	47	1,600	2.9%

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 and natural gas and the use of electrical networks;
- 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).

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.

Consolidated IRES Return - Edison Spa and its wholly-owned subsidiaries agreed to be included in a consolidated income tax return filed by Transalpina di Energia Srl, their controlling company, as allowed by Article 117 and following of Presidential Decree No. 917/86 (Uniform Income Tax Code), for three years from 2006 to 2008.
Most Group companies are subject to the 5.5% corporate income tax surcharge introduced with Legislative Decree No. 112/2008, effective as of January 1, 2008. This surcharge is payable directly by the individual companies to which it applies. Consequently, the rate used for the purpose of the consolidated return filed by the Controlling Company (Transalpina di Energia Srl) continues to be the regular rate of 27.5%.

B) Other Transactions with Related Parties

An overview of significant transactions with other related parties is provided below.

1) Commercial Transactions

EDF Group:
The following transactions were executed with the EDF Group:
- Purchases of electric power and electric power transmission totaling about 47 million euros under contracts for the supply of electric power, mainly with ENBW;
- Sales revenues totaling about 23 million euros from Fenice Spa, mainly for sales of natural gas and electric power and recovery of maintenance costs;
- Sales revenues for 91 million euros and costs for 85 million euros from EDF Trading regarding commodities contracts for trading activities.

A2A Group:
The following transactions were executed with the A2A Group:
- Sales revenues of 63 million euros, including 55 million euros under contract to supply electric power;
- Other revenues and income of 59 million euros from Aem Trading Srl in connection with Tolling Agreement activities for the supply of fuel to certain production facilities;
- Purchases of materials and services totaling 63 million euros, including 44 million euros related to the dispatching market, 7 million euros for purchases of electric power, 8 million euros for electric power and natural gas transmission and about 4 million euros for green certificates.

ENIA Group:
Transactions with Enìa Energia Spa included revenues from sales of natural gas, electric power and transmission services valued at 136 million euros.

SEL Group:
Transactions produced revenues from the sale of electric power totaling about 12 million euros and costs for purchases of electric power amounting to about 23 million euros.

2) Financial Transactions

Compared with the 2008 Semiannual Report, the main changes concerning financial transactions executed by Edison Spa with its shareholder banks (Banca Popolare di Milano and Mediobanca) involved the repayment by Edison Spa of a short-term facility amounting to about 40 million euros owed to Banca Popolare di Milano.

3) Other Transactions

In July 2008, further to the "Addendum Amending and Replacing the Agreement to Permanently Settle Disputes Concerning the Shareholder Agreement and for the Temporary Management of Blumet Spa" signed and executed on July 27, 2007 by Edison Spa, Enìa Spa and SAT Finanziaria Spa and subsequent stipulations, Edison Spa agreed to sell to Enìa Spa its 9.13% interest in the share capital of Enìa Energia. The sale had a positive effect of 7 million euros.

Significant Nonrecurring Events and Transactions

As required by the CONSOB Communication No. DEM/6064293 of July 28, 2006, the nonrecurring transactions executed during the first nine months of 2008 are reviewed below:

- Sale of the business operations consisting of five thermoelectric power plants operating under CIP 6/92 contracts and of Termica Boffalora and Termica Celano. See the section of this Report entitled "Disclosures Pursuant to IFRS 5" for additional information;
- Conveyance of the business operations consisting of three hydroelectric power plants located in the province of Trent to Dolomiti Edison Energy, a newly established company, and subsequent sale of a 51% interest in Dolomiti Energia. Because Dolomiti Edison Energy is a "vehicle company" and the majority of the risks and benefits related to it accrue to Edison, it will continue to be consolidated line by line. For additional information, see the section of this report entitled "Changes in the Scope of Consolidation Compared with December 31, 2007."

Lastly, the Group benefited from the enactment of Resolutions No. 77/08 and No. 80/08 by which the AEEG recognized to the right to the reimbursement of the costs incurred by facilities that operate under CIP 6/92 contracts to comply with emissions rights and green certificate obligations.

Changes Resulting from Atypical and/or Unusual Transactions

As required by CONSOB Communication No. DEM/6064293 of July 28, 2006, the Group declares that in the first nine months of 2008 it did not execute any atypical and/or unusual transactions, as defined in the abovementioned Communication.

SIGNIFICANT EVENTS OCCURRING SINCE SEPTEMBER 30, 2008

Edison Buys an 80% interest in AMG Spa

On October 7, 2008, Edison Spa submitted the winning bid in an auction to buy an 80% interest in AMG Gas Srl, a company that distributes natural gas in the Palermo area. The purchase of this investment, at a price of about 25 million euros, is subject to the approval of the antitrust authorities.

Edison and SEL: green light for Hydros, a new Joint Venture in the Province of Bolzano

On October 24, 2008, Edison Spa transferred to SEL Spa (Società Elettrica Altoatesina) ownership of 60% interest in Hydros Srl.
The sales price, amounting to about 130 million euros, was arrived at based on an aggregate value of 7 hydroelectric power plants conveyed by Edison Spa and the indebtedness.
Edison retained ownership of the remaining 40% interest in Hydros Srl's capital. Consistent with the governance agreements stipulated by the partners and with the assignment of economic risks and benefits to Edison, this equity investment will continue to be consolidated.

Edison will supply energy to Public Administrations

Edison, through its subsidiary Edison Energia Spa, won, for the third time, the 2009 contest for the supply of electric power to Italian public administration called by Consip. Edison will therefore continue supplying energy, for 1,900 million kWh on yearly basis, to Ministries, Regions, Provinces, schools and local P.As.

Milan, November 12, 2008

The Board of Directors
by Giuliano Zuccoli
Chairman

SCOPE OF CONSOLIDATION

at September 30, 2008

SCOPE OF CONSOLIDATION AT SEPTEMBER 30, 2008

List of Equity Investments (including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09.30.2008	Consolidated Group interest % (a) 12.31.2007	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)
A) Investments in Companies Included in the Scope of Consolidation										
A.1) Companies Consolidated Line by Line										
Parent Company										
Edison Spa	Milan (IT)	EUR	5,291,700,671							
Electric Power Operations										
Electric Power Business Unit										
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	-	49.00	Edison Spa	-	-	SUB
Ecofuture Srl (Sole Shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Edison Engineering Sa	Athens (GR)	EUR	60,000	100.00	-	100.00	Edison Spa	-	-	SUB
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	SUB
Hydro Power Energy Srl - Hpe Srl (Sole Shareholder)	Bolzano (IT)	EUR	50,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Hydros Srl (Sole Shareholder)	Bolzano (IT)	EUR	30,000	100.00	-	100.00	Edison Spa	-	-	SUB
ISE Srl (Sole Shareholder)	Milan (IT)	EUR	10,000	100.00	-	100.00	Edison Spa	-	-	SUB
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	SUB
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.00	55.00	55.00	Edison Spa	-	-	SUB
Sondel Dakar Bv	Rotterdam (NL)	EUR	18,200	100.00	100.00	100.00	Edison Internat. Holding Nv	-	-	SUB
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	(g)	SUB
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	(g)	SUB
Thisvi Power Generation Plant Sa	Athens (GR)	EUR	8,448,000	65.00	65.00	65.00	Edison Internat. Holding Nv	-	-	SUB
Renewable Sources										
Edison Energie Speciali Spa (Sole Shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
VSV Srl	Milan (IT)	EUR	10,000	100.00	-	100.00	Edison Energie Speciali Spa (Sole Shareholder)	-	-	SUB
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Edison D.G. Spa (Sole Shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Edison International Spa	Milan (IT)	EUR	17,850,000	100.00	100.00	70.00	Edison Spa	-	(g)	SUB
						30.00	Selm Holding International Sa			
Edison Stoccaggio Spa (Sole Shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	0.00	Edison Spa	-	-	SUB
						100.00	Selm Holding International Sa			
Energy Management										
Energy Management Business Unit										
Edison Trading Spa (Sole Shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Volta Spa	Milan (IT)	EUR	130,000	51.00	51.00	51.00	Edison Spa	-	-	SUB

List of Equity Investments (continued)

(including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09.30.2008	Consolidated Group interest % (a) 12.31.2007	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Marketing and Sales										
Marketing and Sales Business Unit										
Edison Energia Spa (Sole Shareholder)	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Eneco Energia Spa	Bolzano (IT)	EUR	222,000	100.00	100.00	90.00	Edison Spa	-	(g)	SUB
Corporate Activities										
Italian and Foreign Holding Companies										
Atema Limited	Dublino 2 (IE)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	SUB
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	SUB
Edison International Holding Nv	Amsterdam (NL)	EUR	4,582,803	100.00	100.00	100.00	Edison Spa	-	-	SUB
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.00	100.00	99.95	Edison Spa	-	-	SUB
						0.05	Montedison Srl (Sole Shareholder)			
Real Estate										
Montedison Srl (Sole Shareholder)	Milan (IT)	EUR	2,583,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Nuova Alba Srl (Sole Shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	(g)	SUB

A.2) Companies Consolidated by the Proportional Method

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09.30.2008	Consolidated Group interest % (a) 12.31.2007	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Electric Power Operations										
Electric Power Business Unit										
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	Edison Engineering Sa	-	(l)	JV
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV
Seledison Net Srl (Sole Shareholder)	Castelbello (IT) Ciardes (BZ)	EUR	200,000	42.00	42.00	100.00	Sel Edison Spa	-	-	JV
Renewable Sources										
Parco Eolico Castelnuovo Srl	Castelnuovo di (IT) Conza (SA)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (Sole Shareholder)	-	-	JV
Other Electric Power Assets										
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.00	50.00	50.00	Edison Spa	-	-	JV

List of Equity Investments (continued)

(including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09.30.2008	12.31.2007	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa	-	-	JV
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Posei	Herakleio - Attiki (GR)	EUR	670,000	50.00	-	50.00	Edison Internat. Holding Nv	-	-	JV
Marketing and Distribution										
Marketing and Distribution Business Unit										
Ascot Srl	Bressanone (BZ) (IT)	EUR	10,330	50.00	50.00	50.00	Eneco Energia Spa	-	-	JV
Corporate Activities										
Italian and Foreign Holding Companies										
Edison Nederland Bv	Amsterdam (NL)	EUR	18,000	50.00	60.00	50.00	Edison Internat. Holding Nv	-	-	SUB
Water										
Internat. Water Serv. (Guayaquil) Interagua C. Ltda	Guayaquil (EC)	USD	32,180,000	45.00	45.00	90.00	International Water Services (Guayaquil) Bv	-	-	JV
International Water (Uk) Limited	London (GB)	GBP	1,001	50.00	50.00	100.00	International Water Holdings Bv	-	-	JV
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.00	50.00	50.00	Edison Spa	-	-	JV
International Water Services (Guayaquil) Bv	Amsterdam (NL)	EUR	20,000	50.00	50.00	59.00	International Water Holdings Bv	-	-	JV
International Water Services Ltd	Zug (CH)	CHF	100,000	50.00	50.00	100.00	International Water Holdings Bv	-	-	JV

List of Equity Investments (continued)

(including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007	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)
B) Investments in Companies Valued by the Equity Method										
Electric Power Operations										
Electric Power Business Unit										
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-		ASS
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	1,7	ASS
GTI Dakar Ltd	George Town Gran Caiman (GBC)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	5,2	ASS
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	15,7	ASS
Renewable Sources										
Sistemi di Energia Spa	Milan (IT)	EUR	10,475,000		40.57	Edison Spa	-	-	5,2	ASS
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Soc. Svil. Rea. Gest. Gasdot. Alg-Ita.V. Sardeg. Galsi Spa	Milan (IT)	EUR	32,838,000		20.81	Edison Spa			9,9	ASS
Marketing and Distribution										
Marketing and Distribution Business Unit										
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	1,2	ASS
Gasco Spa	Bressanone (BZ) (IT)	EUR	350,000		40.00	Edison Spa	-	-	0,2	ASS
Utilità Spa	Milan (IT)	EUR	2,307,692		35.00	Edison Spa	-	-	1,1	ASS
Corporate Activities										
Real Estate Companies										
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (Sole Shareholder)	-	-	4,5	ASS
Total Equity Investments Valued with the Equity Method									**44,7**	

List of Equity Investments (continued)

(including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

C) Investments in Companies in Liquidation or Subject to Long-Term Restrictions

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007	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)
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Auto Gas Company S.A.E. (In liquid.)	Cairo (EG)	EGP	1,700,000		30.00	Edison International Spa	-	-	0,1	ASS
Corporate Activities										
Dormant Companies and other Companies										
Codest Srl	Pavia di Udine (UD) (IT)	EUR	15,600		33.33	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
Finsavi Srl	Palermo (IT)	EUR	18,698		50.00	Edison Spa	-	-		ASS
Poggio Mondello Srl (Sole Shareh.)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	(g)		SUB
In Liquidation and Subject to Restrictions										
C.F.C. Consorzio Friulano Costruttori (In liquid.)	Udine (IT)	LIT	100,000,000		20.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
Cempes Scrl (In liquid.)	Roma (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
C.I.FAR. Scarl (In bankruptcy)	Udine (IT)	LIT	20,000,000		60.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	(h)		SUB
Coniel Spa (In liquid.)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-		ASS
Consorzio Carnia Scrl (In liquid.)	Rome (IT)	EUR	45,900		17.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		OC
Convolci Scnc (In liquid.)	Sesto San Giovanni (MI) (IT)	EUR	5,165		27.37	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
Groupement Gambogi-Cisa (In liquid.)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
Inica Sarl (In liquid.)	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-		ASS
Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	(g)	2,4	SUB
Nuova I.S.I. Impianti Selez. Inerti Srl (In bankruptcy)	Vazia (RI) (IT)	LIT	150,000,000		33.33	Montedison Srl (Sole Shareholder)	-	-		ASS
Roma Energia Srl (In liquid.)	Rome (IT)	EUR	50,000		35.00	Edison Spa	-	-		ASS
Sistema Permanente di Servizi Spa (In bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-		OC
Soc. Gen. per Progr. Cons. e Part. Spa (Under Extraordinary Administration)	Rome (IT)	LIT	300,000,000		59.33	Edison Spa	-	-		SUB
Sorrentina Scarl (In liquid.)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
Total Equity Investments in Liquidation or Under Permanent Restrictions									2,5	

List of Equity Investments (continued)

(including disclosure required by Article 126 of Consob Resolution No. 11971 of 5/14/99)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007	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)
D) Investments in Other Companies Valued at Fair Value										
D.1) Trading Investments										
Corporate Activities										
Publicly Traded Securities										
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	3,6	OC
Acsm Spa	Como (IT)	EUR	46,870,625		3.17	Edison Spa	-	-	1,9	OC
Amsc-American Superconductor Corp.	Westborough (US)	USD	19,128,000		0.84	Edison Spa	-	-	2,6	OC
D.2) Available-for-sale Investments										
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		10.00	Edison Spa	-	-	212,3	OC
Marketing and Distribution										
Marketing and Distribution Business Unit										
Prometeo Spa	Osimo (AN) (IT)	EUR	2,164,498		18.81	Edison Spa	-	-	0,8	OC
Corporate Activities										
Publicly Traded Securities										
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.02	Edison Spa	1.06	1.06	11,4	OC
Not Publicly Traded										
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0,2	OC
European Energy Exchange Ag - Eex	Leipzig (DE)	EUR	40,050,000		0.75	Edison Spa	-	-	0,7	OC
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	79,071,770		4.37	Edison Spa	-	-	3,5	OC
MB Venture Capital Fund I Partecipating Comp. e Nv	PP Amsterdam (NL)	EUR	50,000		7.00	Edison Spa	-	-	2,2	OC
Syremont Spa	Messina (IT)	EUR	750,000		40.00	Edison Spa	-	(i)		ASS
Others minor									1,1	
Total Investments in Other Companies Valued at Fair Value									**240,3**	
Total									**287,5**	

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) SUB = subsidiary JV = joint venture ASS = associate OC = other 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, and only if it is equal to or greater than 1 million euros.

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

(h) The deletion of this company from the Company Register is pending following a decision handed down by the Court of Udine on April 20, 2007, which closed the bankruptcy proceedings upon to total distribution of assets. However, on May 2, 2007, the Udine Company Register recorded the court decision as if the company was still active.

(i) On January 30, 2007, Edison exercised its put option but the counterpart is currently in default.

(l) The Company is a contractual joint venture.

The currency codes used in the preceding schedules are those of the ISO 4217 Standard.

BRL Brazilian real	HRK Croatian kuna
CHF Swiss franc	LIT Italian lira
EGP Egyptian pound	PTE Portuguese escudo
EUR Euro	USD U.S. dollar
GBP British pound	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), Marco Andreasi, in his capacity as "Dirigente Preposto alla redazione dei documenti contabili societari" of Edison Spa, declares that the accounting information contained in this consolidated quarterly report is consistent with the data in the Company's documents, accounting records and other records.

Milan, November 12, 2008

"Il Dirigente Preposto alla redazione
dei documenti contabili societari"
Marco Andreasi

This document is also available on the
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