QUARTERLY REPORT
at September 30, 2010

EDISON

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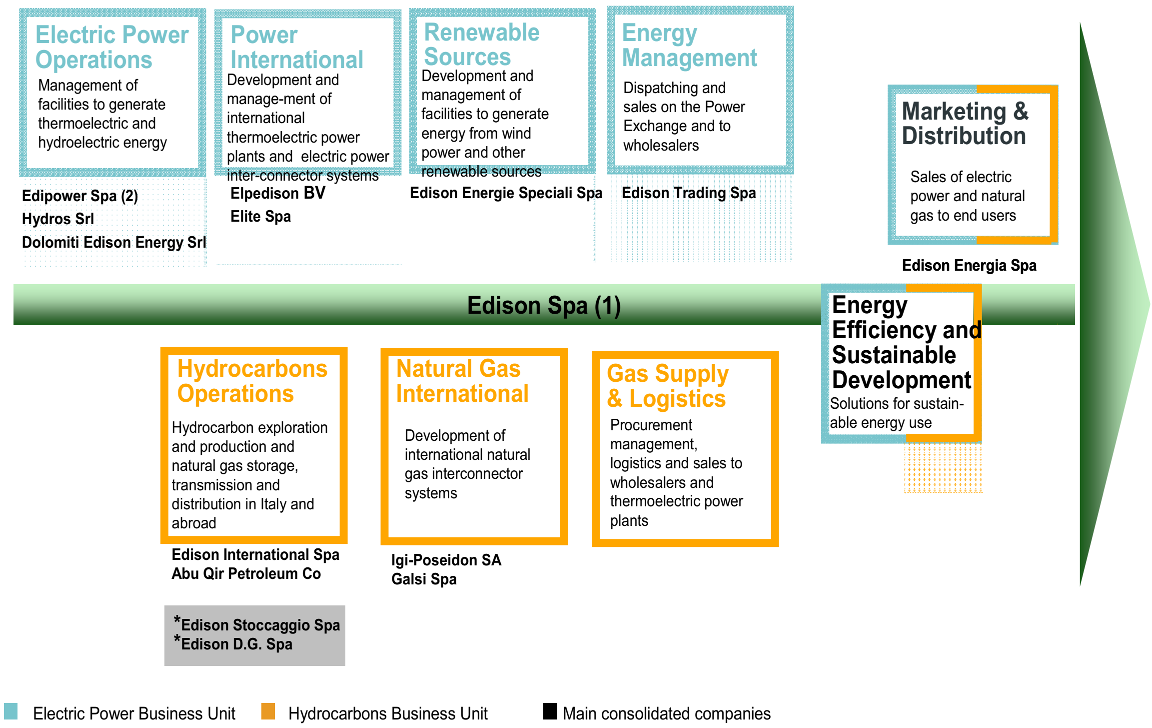


* Companies subject to functional unbundling requirements.

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

(2) – Edipower Spa is consolidated at 50% by the proportional method.

Key Events

THIRD QUARTER OF 2010

Growing Our Business

Edison Expands in Renewables Acquiring a 26-MW Wind Farm in Melissa (KR)

On July 20, 2010, Edison, acting through its Edison Energie Speciali Spa subsidiary, closed the purchase from Gamesa Energia Sa of 100% of Parco Eolico San Francesco Srl, which owns a fully operational 26-MW wind farm in the municipality of Melissa (KR).
The San Francesco facility in Melissa (KR) is capable of generating about 46 Gigawatt Hours of power a year.
Edison currently operates facilities with more than 2,100 MW of production capacity from renewable sources.

Edison: New Gas Discovery in the Sea of Norway

In September 2010, a new gas field was discovered in the Sea of Norway. The new well falls within production license 435 (Zidane).
The well's licensee consortium includes Edison (20%), RWE (40% and operator), Maersk Oil Norway (20%) and Norwegian Energy Company (20%).
Estimates of the recoverable gas range between 5 and 18 billion standard cubic meters.

Strengthening Our Balance Sheet

The Board of Directors of Edison Spa Approves an Extension of the EMTN Program and New Bond Issues for up to 1 Billion Euros

On September 24, 2010, the Board of Directors of Edison Spa agreed to increase from 2 to 3 billion euros the maximum amounts of bonds that may be issued under the Euro Medium-term Note Program. As originally announced to the market, this program was approved by the Board at a meeting held on June 25, 2009 and was registered with the Luxembourg Securities Exchange on July 14, 2009.
The program sets forth the general conditions for Eurobond issues floated by Edison Spa. Thus far, bonds totaling 1,200 million euros have been issued under this program. These bonds have been placed with qualified investors and are traded on the Luxembourg Securities Exchange.

The Board of Directors also agreed to issue up to 1 billion euros in new bonds, in one or more tranches, as part of the abovementioned program.
The bonds, which will have a minimum denomination of 50,000 euros, will be placed with qualified investors.
The Board of Directors delegated to the Chief Executive Officer the authority to determine the amount, timing and characteristics of the bond issue, and to apply for the bonds' listing. The Company will give timely notice to the public regarding the flotation of bond issues.

Significant Events Occurring After September 30, 2010

Information about events occurring after the end of the three-month period covered by this Report is provided in the section of the Operating Performance, Financial Results and Financial Position of the Group entitled *“Significant Events Occurring After September 30, 2010.”*

Financial Highlights – Focus on Results

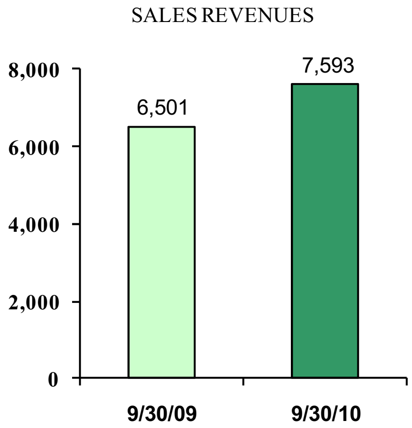
In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables that follow contain alternative performance indicators that are not included among those provided in the IFRS-EU accounting principles. The methods used to compute these indicators, consistent with the guidelines of the Committee of European Securities Regulators (CESR), are described in the footnotes to the tables.

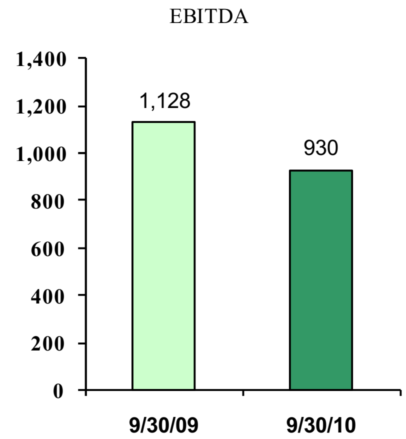
Edison Group

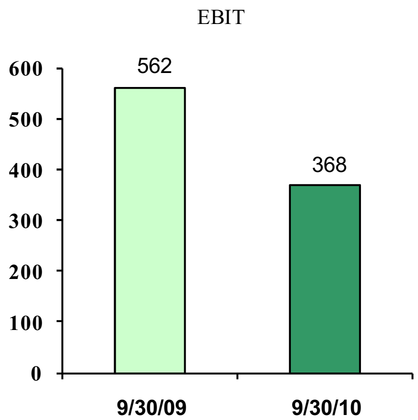
2009 full year	(in millions of euros)	**9 months 2010**	**9 months 2009**	***% change***	**3rd quarter 2010**	**3rd quarter 2009**	***% change***
8,867	Sales revenues	7,593	6,501	*16.8%)*	2,506	1,912	*31.1%*
1,471	EBITDA	930	1,128	*(17.6%)*	304	396	*(23.2%)*
16.6%	*as a % of sales revenues*	*12.2%*	*17.4%*		*12.1%*	*20.7%*	
699	EBIT	368	562	*(34.5%)*	104	208	*(50.0%)*
7.9%	*as a % of sales revenues*	*4.8%*	*8.6%*		*4.2%*	*10.9%*	
529	Profit before taxes	309	448	*(31.0%)*	67	171	*(60.8%)*
240	Group interest in net profit	179	203	*(11.8%)*	37	81	*(54.3%)*
1,679	Capital expenditures	381	1,464	*(74.0%)*	82	132	*(37.7%)*
66	Investments in exploration	45	63	*(28.6%)*	24	8	*n.m.*
12,112	Net invested capital (A + B)(1)	12,179	12,381	*0.6%*			
3,858	Net financial debt (A)(1)(2)	3,995	4,222	*3.6%*			
8,254	Shareholders' equity before minority interest (B)(1)	8,184	8,159	*(0.8%)*			
8,077	Group interest in shareholders' equity (1)	8,003	7,980	*(0.9%)*			
6.22%	ROI (3)	4.16%	6.60%				
3.00%	ROE (4)	2.97%	3.41%				
0.47	Debt/Equity ratio (A/B)	0.49	0.52				
32%	Gearing (A/A+B)	33%	34%				
3,923	Number of employees (1)(5)	3,936	3,897	*0.3%*			
	Stock market prices (in euros) (6)						
1.0463	• common shares	0.9205	1.1888				
1.2939	• savings shares	1.2781	1.3372				
	Earnings per share (in euros)						
0.0448	• basic earnings per common share	0.0333	0.0378				
0.0748	• basic earnings per savings share	0.0633	0.0678				
0.0448	• diluted earnings per common share	0.0333	0.0378				
0.0748	• diluted earnings per savings share	0.0633	0.0678				

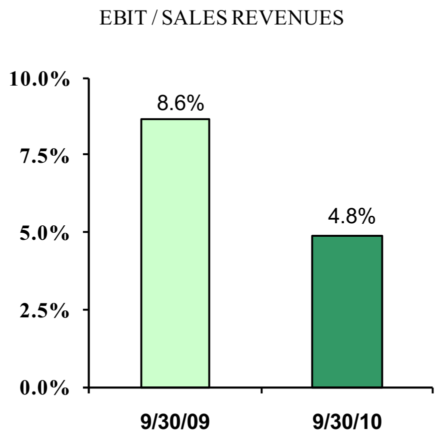
(1) *End-of-period data. The changes are computed against the data at December 31, 2009.*
(2) *A breakdown of this item is provided in the "Net Financial Debt" section of the Operating Performance, Financial Results and Financial Position of the Group.*
(3) *Annualized EBIT/Average net invested capital.*
Net invested capital does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) *Annualized Group interest in net 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.*

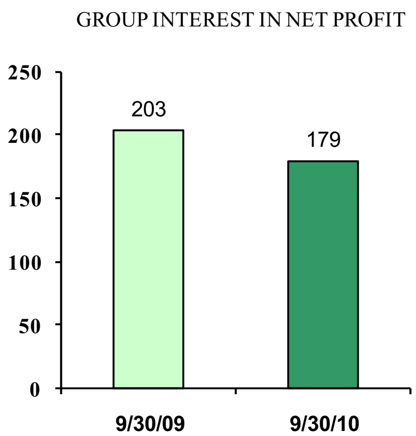
Key Group Data
(in millions of euros)

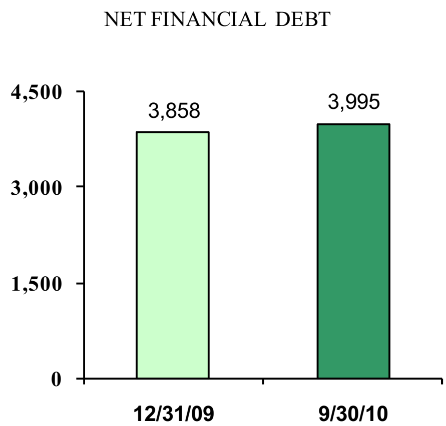












Sales Revenues and EBITDA by Business Segment

2009 full year	(in millions of euros)	9 months 2010	9 months 2009	% change	3rd quarter 2010	3rd quarter 2009	% change
	Electric Power Operations (1)						
6,463	Sales revenues	5,297	4,824	*9.8%*	1,859	1,592	*16.8%*
1,227	Reported EBITDA	653	930	*(29.8%)*	225	374	*(39.8%)*
1,086	Adjusted EBITDA *	722	801	*(9.9%)*	239	341	*(29.9%)*
19.0%	*as a % of sales revenues*	*12.3%*	*19.3%*		*12.1%*	*23.5%*	
	Hydrocarbons Operations (2)						
4,158	Sales revenues	3,689	3,002	*22.9%*	1,137	660	*72.3%*
347	Reported EBITDA	349	274	*27.4%*	102	51	*100.0%*
488	Adjusted EBITDA *	280	403	*(30.5%)*	88	84	*4.8%*
8.3%	*as a % of sales revenues*	*9.5%*	*9.1%*		*9.0%*	*7.7%*	
	Corporate Activities and Other Segments (3)						
53	Sales revenues	38	38	-	13	12	*8.3%*
(103)	EBITDA	(72)	(76)	*5.3%*	(23)	(29)	*20.7%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*		*n.m.*	*n.m.*	
	Eliminations						
(1,807)	Sales revenues	(1,431)	(1,363)	*5.0%*	(503)	(352)	*42.9%*
-	EBITDA	-	-		-	-	
	Edison Group						
8,867	**Sales revenues**	**7,593**	**6,501**	***16.8%***	**2,506**	**1,912**	***31.1%***
1,471	**EBITDA**	**930**	**1,128**	***(17.6%)***	**304**	**396**	***(23.2%)***
16.6%	***as a % of sales revenues***	***12.2%***	***17.4%***		***12.1%***	***20.7%***	

(1) Activities carried out by the following Business Units: Electric Power Operations, Power International, Renewable Sources, Energy Efficiency and Sustainable Development, Energy Management and Marketing & Distribution.
(2) Activities carried out by the following Business Units: Hydrocarbons Operations, Gas International, Gas Supply & Logistics and Marketing & Distribution.
(3) Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

** **Adjusted EBITDA** reflect the effect of the reclassification of the results of Brent crude and foreign exchange hedges executed in connection with contracts to import natural gas. Within the framework of the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas earmarked for the production and sale of electric power and for direct gas sales. The gains or losses generated by these transactions, which for the reasons explained above are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations for the portion of gains or losses attributable to them (+69 million euros on 2010, -129 million euros on 2009). This reclassification is being made to provide an operational presentation of the Group's industrial results and reflect the results of fixed-price sales of electric power together with the corresponding hedges, in view of the exceptional impact of fluctuations in commodity prices and foreign exchange parities that occurred during the reporting period.*

Performance and Results of the Group

Operating Performance

The Group reported sales revenues of 2,506 million euros in the third quarter of 2010, for a gain of 31.1% compared with the same period last year. A breakdown by business segment shows gains of 16.8% for the Electric Power Operations and 72.3% for the Hydrocarbon Operations, driven mainly by a rise in sales volumes.

Cumulative sales revenues for the first nine months of 2010 rose to 7,593 million euros, or 16.8% more than the 6,501 million euros booked in the first three quarters of 2009. This improvement reflects the positive effect of rising unit sales in both areas of business, which more than offset the impact of a reduction in unit revenues caused by changes in the benchmark energy scenario.

Quarterly EBITDA declined to 304 million euros, down 23.2% compared with the third quarter of 2009. The comments provided for the different business segments should be consulted for a more detailed description of the developments that characterized the reporting period.

Cumulative EBITDA totaled 930 million euros, or 198 million euros less (-17.6%) than the 1,128 million euros reported at September 30, 2009. This decrease reflects reductions of 123 million euros and 79 million euros, respectively, in the adjusted EBITDA([1]) of the Hydrocarbons Operations and the Electric Power Operations. As explained in greater detail later in this Report, the adjusted operating results of the Hydrocarbons Operations reflect a sharp decrease of the margins earned on sales of natural gas caused primarily by a major contraction in downstream prices, in turn attributable to a business environment characterized by an excess of supply over demand that is featuring Italy and Europe.
In the case of the Electric Power Operations, the main reasons for the EBITDA shortfall are the performance of the CIP 6/92 activities, which were adversely affected during the period by the expiration of contracts and incentives, a reduced availability of water resources during the reporting period and a contraction of the margins available on the Dispatching Services Market.

For the reasons explained above, consolidated EBIT were also down, decreasing to 368 million euros, or 34.5% less than the amount earned in the same period last year (562 million euros).

The profit before taxes amounted to 309 million euros (448 million euros in 2009), for a year-over-year decrease of 31%.
The shortfall is significantly smaller when looking at Group interest in net profit, which, at 179 million euros, was 11.8% less than the amount earned in the same period in 2009 (203 million euros).
The liability for current taxes reflects the positive effect of a net prior-period gain of 8 million euros, for a reduction in the taxes owed for 2009 resulting from the determination that the 1% increase in the corporate income tax (IRES) rate (Robin Hood Tax) was applicable starting in 2010 instead of 2009, and a tax benefit

(1) See note on page 9

of 16 million euros made possible by Law No. 10 of August 23, 2009 (so-called *Tremonti ter*), enacted to encourage investments in capital goods. The opposite was true in 2009, when the tax liability for the first nine months of the year was adversely affected by the provisions of Law No. 99 of July 23, 2009, which raised the IRES surcharge from 5.5% to 6.5%, with a negative impact of 17 million euros (including 11 million euros for deferred taxes and 6 million euros for current taxes).

At September 30, 2010, net financial debt amounted to 3,995 million euros (4,222 million euros at September 30, 2009), up compared with the 3,858 million euros owed at December 31, 2009. More detailed information about the individual components of this item is provided in the "Net Financial Debt" section of the Operating Performance, Financial Results and Financial Position of the Group.

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

2009 full year	(in millions of euros)	**September 30, 2010**	**September 30, 2009**
(2,920)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF PERIOD**	**(3,858)**	**(2,920)**
1,471	EBITDA	930	1,128
274	Change in operating working capital	(28)	(119)
(401)	Income taxes paid (-)	(228)	(194)
28	Change in other assets (liabilities)	(29)	(38)
1,372	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**645**	**777**
(1,745)	Investments in property, plant and equipment and intangibles (-)	(426)	(1,527)
(56)	Investments in non-current financial assets (-)	(7)	(48)
(80)	Acquisition price of business combinations (-)	(41)	(80)
58	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	7	24
-	Capital distributions from equity investments	5	
1	Dividends received	1	1
(450)	**C. FREE CASH FLOW**	**184**	**(853)**
(156)	Financial income (expense), net	(93)	(117)
-	Contributions of share capital and reserves	10	-
(278)	Dividends paid (-)	(238)	(278)
(884)	**D. CASH FLOW AFTER FINANCING ACTIVITIES**	**(137)**	**(1,248)**
(54)	Change in the scope of consolidation	-	(54)
(938)	**E. NET CASH FLOW FOR THE PERIOD**	**(137)**	**(1,302)**
(3,858)	**F. NET FINANCIAL (DEBT) AT END OF PERIOD**	**(3,995)**	**(4,222)**

Outlook and Expected Year-end Results

Based on their current status, it is unlikely that the process of renegotiating the long-term gas contracts will be completed this year. Moreover, while prices will decrease further in the fourth quarter, compared with the previous year, due to the 2010-2011 sales campaign, the benefit provided by the lower purchase prices of renegotiated contracts and by nonrecurring refunds for prior periods will still not be available.

The voluntary early termination of the CIP 6 contracts mentioned above, which should result in the payment of a nonrecurring settlement, will have a positive effect on the 2010 results. However, the expected amount of this settlement will not be sufficient to make up for the lost margins on the natural gas merchant activities. The Group’s other businesses are expected to report equal or better results than in 2009.

As a result of the combined impact of these factors, EBITDA are expected to be slightly lower in 2010 than in 2009.

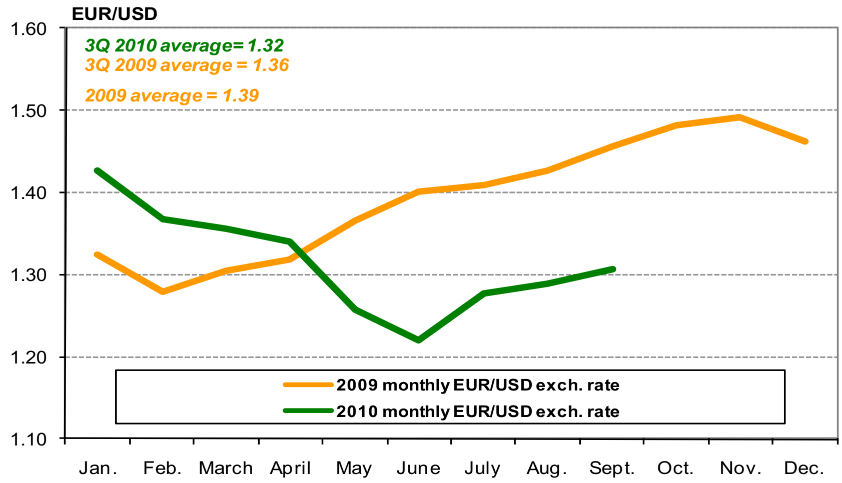
Economic Framework

After a first half of the year during which the growth rate of the world's economy accelerated significantly, the pace of the global recovery slowed during the third quarter, but with expansion rates that were nevertheless satisfactory.

The most recent data available show a deceleration for the U.S. and Chinese economies. In the United States, the weakness reflects the dreaded effect of the expiration of incentives for the real estate market and the fragility of household budgets. However, the business earnings remain high and will support investments. In China, on the other hand, the slowdown is the result of restrictive economic policies introduced to prevent an excessive overheating of the local economy. In the other emerging countries (India, Korea, Brazil, Chile and Mexico), as rebounds in international trade seem to have run their course and the policies of anti-crisis incentives are coming to an end, growth rates have decreased, but still remain quite high. In Japan as well there have been signs of a slowdown that reflect trends in internal demand, but exports continued to provide a strong contribution. As for Europe, the recovery is quite strong in Germany and less pronounced in the United Kingdom, but shared only to a limited extent by the other euro-zone economies. Moreover, the jury is still out on the ability of the German economy to sustain its recovery.

Against this background, the Italian economy is characterized by the relatively slow pace at which it is emerging from the recession, as it shares with other countries the uncertainty that tinges the outlook for the next six months. At the same time, Italy continues to enjoy important advantages, compared with other countries, which include a lower unemployment rate made possible by social safety nets, a lower level of debt in the private sector and a smaller reduction in the net wealth of households. All of these factors should bode well for an economic recovery that, at this stage, appears to be driven primarily by exports and the rebuilding of inventories. Subsequent to the August vacation shutdowns, the growth rate of manufacturing activity, which held steady in July, appears to be losing some momentum. During the summer months, inflation began to creep up, spurred by higher prices for oil products, but is expected to remain low overall.

Insofar as the euro/U.S. dollar exchange rate is concerned, the third quarter of the year was characterized by extreme volatility, with the European single currency rising from an exchange rate of 1.23 U.S. dollars for one euro at the beginning of July to an exchange rate of 1.36 U.S. dollars for one euro towards the end of September, with wide swings during the course of the third quarter. This upturn in the value of the euro, following a decline in the first half of the year, sapped the strength of a recovery that was fueled mainly by exports. Overall, the average exchange rate for the first nine months of 2010 was 1.32 U.S. dollars for one euro, 3.6% lower than the average for the first nine months of 2009. In the third quarter of 2010, the average exchange rate was 1.29 U.S. dollars for one euro, down 9.8% compared with the same period last year.



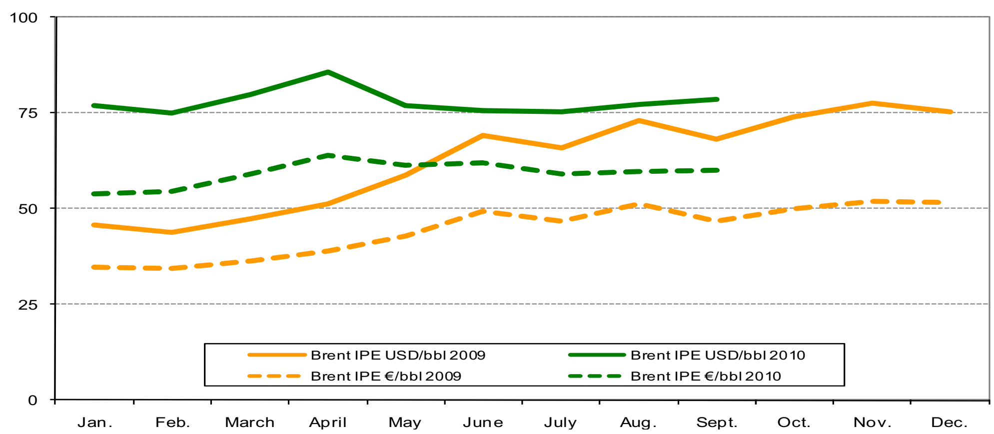
In the oil market, crude prices showed only limited fluctuations outside the range of 70-to-80 U.S. dollars per barrel in 2010, reflecting greater market stability than in previous years. Compared with the first nine months of 2009, the price of crude oil was up 34% in 2010, for an average of US$77.90 per barrel. In the third quarter of 2010, the year-over-year increase was 11.5%.

When stated in euros, the swings in the price of a barrel of Brent crude are more pronounced, due to the opposite trends of crude prices and average euro/U.S. dollar exchange rate. Compared with the first nine months of 2009, the euro price of crude oil rose by 38.9% in 2010, for an average of 59.2 euros per barrel. In the third quarter of 2010, the increase was 23.6% compared with the same period last year.

The table and chart provided below show the quarterly data and the monthly trends for 2010 and 2009:

2009 full year		**9 months 2010**	**9 months 2009**	***% change***	**Third quarter 2010**	**Third quarter 2009**	***% change***
62.6	Oil price in USD/bbl[(1)]	77.9	58.2	*33.9%*	77.0	69.0	*11.5%*
1.39	US$/euro exchange rate	1.32	1.36	*(3.6%)*	1.29	1.43	*(9.8%)*
44.9	Oil price in EUR/bbl	59.2	42.6	*38.9%*	59.6	48.2	*23.6%*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2009 full year	TWh	9 months 2010	9 months 2009	*% change*	Third quarter 2010	Third quarter 2009	*% change*
281.1	Net production	213.1	208.6	*2.1%*	73.1	72.9	*0.3%*
45.0	Net imports	33.6	34.8	*(3.6%)*	10.7	10.7	-
(5.8)	Pumping consumption	(3.4)	(4.1)	*(19.0%)*	(0.7)	(1.2)	*(39.6%)*
320.3	**Total demand**	**243.3**	**239.3**	***1.7%***	**83.1**	**82.4**	***0.8%***

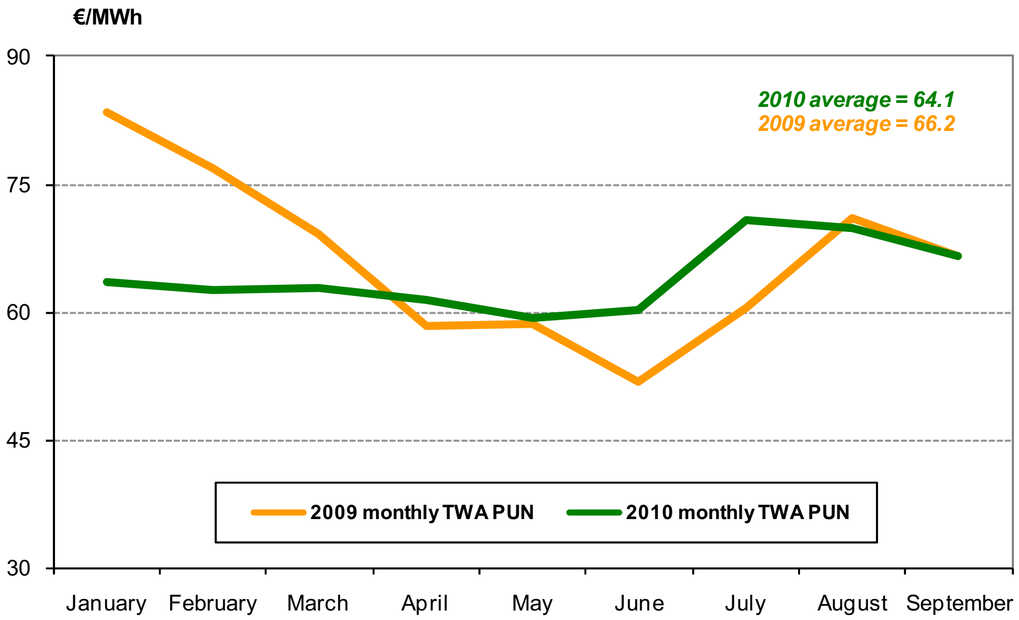
Source: Analysis of 2009 data and pre-closing 2010 Terna data, before line losses.

In the third quarter of 2010, gross total demand for electric power from the Italian grid totaled 83.1 TWh (1 TWh = 1 billion kWh), or 0.8% more than in the same period last year.
Changes in weather temperature during the quarter had a significant impact on monthly demand trends for electric power: in July, high temperatures drove domestic demand for air conditioning (demand for electric power up about 6% compared with 2009), while in August and September cooler temperatures contributed to the decrease in demand compared with the previous year.

A modest increase of 0.2 TWh in net domestic production is the net result of an increase of 0.7 TWh in demand for electric power and a reduction of 0.5 TWh in the energy consumed for pumping services. In the third quarter of 2010, domestic production, net of pumping services consumption, covered 87% of demand, about the same as in the third quarter of 2009, with net imports satisfying the remaining 13%.
Net imports of electric power totaled 10.7 TWh, the same as in 2009, as the impact of a year-over-year decrease in exports (-0.1 TWh) was matched by an equal reduction in imports (-0.1 TWh).
Net domestic production grew by 0.2 TWh, despite a reduction of 1.4 TWh in hydroelectric output (-9.8%), as energy produced from renewable source increased by 0.7 TWh (+26.6%) and thermoelectric production was up by 0.9 TWh (+1.5%).
With regard to the main renewable energy sources, while, as stated above, hydroelectric production decreased (-1.4 TWh; -9.8%) due to a reduced availability of water resources compared with 2009, production was up sharply for the wind farms (+0.4 TWh) and photovoltaic facilities (+0.4 TWh), reflecting a significant expansion of generating capacity in 2010. Geothermal production was about the same as a year ago.

In the first nine months of 2010, gross total demand for electric power from the Italian grid totaled 243.3 TWh, or 1.7% more than in the same period last year.
Insofar as the pricing scenario is concerned, the time-weighted average for the Single National Price (abbreviated as PUN in Italian) decreased to 64.1 euros per MWh at September 30, 2010, or about 3.2% less than in the first nine months of 2009 (66.2 euros per MWh).
The chart that follows shows a significant change in the PUN's monthly profile compared with 2009. The reason for this difference is a lower volatility of the variable cost of gas-generated power, made possible by more stable crude prices. As for the third quarter of 2010, the average PUN was up by 4.7% compared with the previous year, due mainly to the spike in demand that, as mentioned above, occurred in July.

The chart below provides a monthly comparison of the PUN trend in 2009 and 2010:



Demand for Natural Gas in Italy and Market Environment

2009 full year	in billions of m^3	9 months 2010	9 months 2009	% change	Third quarter 2010	Third quarter 2009	% change
31.8	Services and residential customers	22.2	20.7	*7.5%*	2.3	2.1	*7.5%*
16.7	Industrial users	12.7	11.7	*8.9%*	3.8	3.7	*3.4%*
28.2	Thermoelectric power plants	22.1	20.5	*7.6%*	7.7	7.8	*(2.2%)*
1.4	System usage and leaks	1.0	0.9	*7.3%*	0.3	0.4	*(2.0%)*
78.1	**Total demand**	**58.0**	**53.8**	***7.8%***	**14.1**	**14.0**	***0.8%***

Source: 2009 data and preliminary 2010 data provided by the Ministry of Economic Development and Edison estimates.

In the third quarter of 2010, Italian demand for natural gas increased by about 0.8% compared with the same period a year ago, rising to about 14.1 billion cubic meters, for an overall increase of about 0.1 billion cubic meters.

Rising demand by residential customers, which grew by about 0.2 billion cubic meters (+7.5%) due to more favorable weather conditions during the reporting period, and by industrial users, which grew by about 0.1 billion cubic meters (+3.4%) accounts for this improvement. Higher consumption in the industrial sector shows that the modest upward trend that characterized the Italian economy during the first half of the year is continuing, even though demand levels remain well below those of 2008.

The decrease of 0.1 billion cubic meters in consumption by thermoelectric power plants (-2.2%) is due mainly to the higher contribution that renewable energy and coal-fired facilities provided to Italian production of electric power.

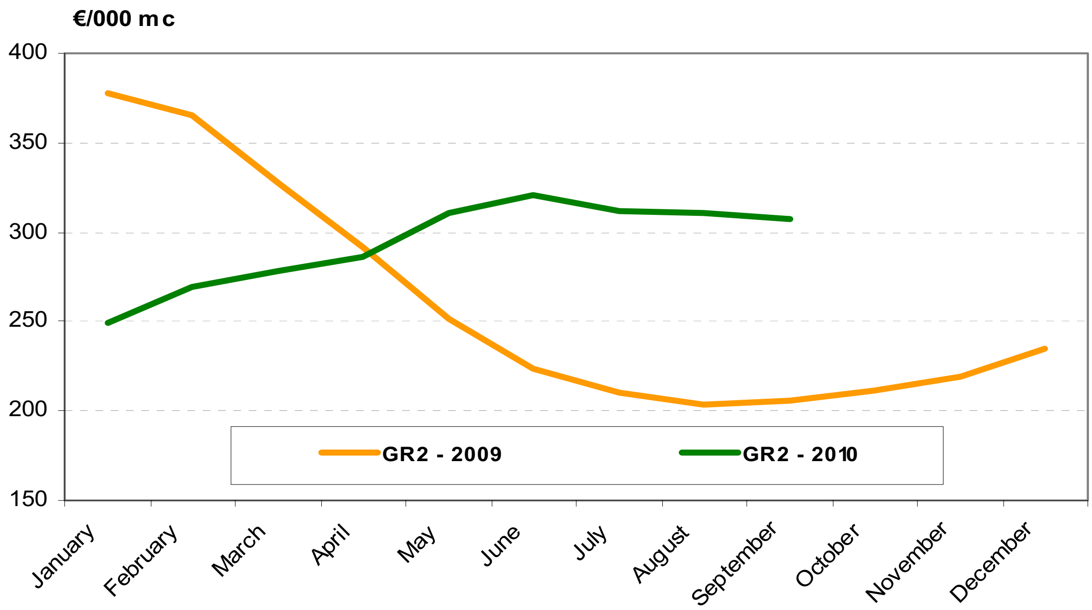
With regard to supply sources, the following developments characterized the third quarter of 2010:

- Domestic production in line with the level in the third quarter of 2009;
- Natural gas imports little changed compared with the third quarter of 2009 (+0.1 billion cubic meters);
- A slightly higher volume of natural gas added to inventories, due to the additional capacity authorized in 2010 and the need to plan for potential problems caused by the breakdown on the Transitgas pipeline.

The data for the first nine months of 2010 show that demand for natural gas totaled about 58 billion cubic meters, or 4.2 billion cubic meters more than in the same period last year (+7.8%).

With regard to the trend of monthly gas price index (shown in the chart below as a reference of the formula of the Gas Release 2) there is the effect of the slow recovery of the post-crisis Brent for the first nine months of this year that has set the prices at levels much higher especially in the third quarter, in which the Gas Release 2 have been flat as a result of exchange rates and 9-month Brent prices stable.

The comparison with the year 2009, that in the first months showed a drastic drop of gas Release 2 until September as a result of the collapse of oil prices in the second half of 2008, shows a progressive increase of 7.6% and 49.8% in the reporting quarter.



In the case of the rate component that corresponds to the Wholesale Distribution Charge, which is indicative of the prices charged in the residential market, the time lag in reflecting changes in the pricing of the benchmark fuel basket is greater than for the Gas Release 2, due to indexing differences and regulatory decisions by the AEEG. The first nine months of the year show a decrease of 11.8% compared with the previous year, while in the third quarter of 2010 the Wholesale Distribution Charge was 19.5% higher than in the corresponding period last year. These differentials are explained by the opposing trends followed by the Wholesale Distribution Charge component caused by the delayed indexing to Brent prices.

The AEEG set the Wholesale Distribution Charge for the fourth quarter of 2010 at 283.3 euros per thousand cubic meters (referred to a heating power of 38.1 MJ/m^3).

The table below shows the average prices for Gas Release 2 and the Wholesale Distribution Charge in the first nine months of 2010 and 2009:

2009 full year		**9 months 2010**	**9 months 2009**	***% change***	**Third quarter 2010**	**Third quarter 2009**	***% change***
260.2	Gas Release 2 - euros/000 m^3 *(1)*	293.8	273.1	*7.6%*	309.6	206.7	*49.8%*
282.4	CCI - euros/000 m^3 *(2)*	265.6	301.2	*(11.8%)*	285.9	239.3	*19.5%*

(1) GR2: Gas sold by ENI to competitors pursuant to a resolution by the Antitrust Authority in 2007. It reflects the trend of natural gas prices under long-term supply contracts. The price is the one quoted on the Virtual Exchange Facility.

(2) Wholesale distribution charge set pursuant to Resolution No. 134/06 and updated pursuant to Resolution ARG/gas No. 192/08. The price is the one quoted at the border.

Legislative and Regulatory Framework

The main legislative and regulatory measures enacted in the third quarter of 2010 that had an impact on the energy industry, both in Italy and at the E.U. level, are reviewed below.

Electric Power

Production

Early termination of CIP 6/92 contracts: On December 2, 2009, the Ministry of Economic Development issued a decree defining the terms and conditions for early termination, on a voluntary basis, of CIP 6/92 contracts for electric power plants that use process or residual fuels (Monomial-rate Facilities) and fossil fuels (Binomial-rate Facilities). The Ministry of Economic Development, through two blanket implementation decrees (one for binomial-rate facilities and one for monomial-rate facilities) will define:

- the parameters needed to determine the specific consideration owed to producers for early termination;
- the criteria to determine the payment methods and timing of the abovementioned consideration.

The implementation decree for fossil-fuel facilities (for Edison, the Cologno Monzese, Jesi, Milazzo, Porcari, Porto Viro and San Quirico power plants) was issued on August 2, 2010 and went into effect on September 29, 2010. The deadline for filing with the Electrical Services Manager (or GSE, its abbreviation in Italian) a binding applications for early termination of CIP 6/92 contracts is October 29, 2010, with an effective date of January 1, 2011.

Within 90 days from the effective date of the decree, the GSE will terminate the CIP 6/92 contracts for those facilities for which it has been confirmed that such action is beneficial for the system.

The definition of the early termination parameters and modalities for facilities that use process fuels (for Edison, the Taranto and Piombino power plants) has been postponed to a later date, probably before the end of the year.

Wholesale Market

Units that are essential for the electrical system's safety: With regard to the regulations set forth in Resolutions ARG/elt No. 52/09,t he Electric Power and Natural Gas Authority (abbreviated as AEEG in Italian) issued a consultation document about the cost recognition criteria for "must run" facilities that opt for the regular system with or without cost reimbursement.

Capacity payment: The AEEG issued Resolution ARG/elt No. 120/10 by which it began the process of revising the methods with which the additional consideration to remunerate production capacity referred to in Resolution No. 48/04 will be disbursed. Positions with regard to this issue are discussed in a special consultation document.

Retail Market

Completion of the protected status systems, assumption and loss of responsibility for stipulated withdrawals, and performance delinquency at delivery points of natural gas distribution networks (DCO 24/10): This long-awaited consultation document, which addresses in an organic fashion the problems inherent in the protected status and delinquency systems, has now been published. It puts forth reasonable proposals that are adequately grounded in facts.

Insofar as the delinquency problem is concerned, the proposals offered in the document introduced stricter rules to handle those instances in which solving this problem can be challenging and those that involve a change in supplier. This issue is important for all sellers who seek a safeguard against so-called "energy tourism."

Obviously, a more comprehensive regulation of these issues will result in higher administrative and operating expenses for the distributors. The AEEG has indicated that it is willing to reimburse these costs by passing them on to users through increases in their bills.

With regard to delinquencies in the electric power sector, the AEEG published Resolution No. 101/10, by which it extended to June 30, 2011 the deadline for the submission of monitoring data, in the belief that a much larger mass of useful data will be available.

Code of commercial conduct for the sale of electric power and natural gas to end customers: The recently published Resolution No. 104/10 approves a single code of commercial conduct both for the electric power market and the natural gas market. This resolution introduces changes that are both financially onerous and time consuming for sellers. Edison is considering the option of challenging the Resolution's provisions.

Hydrocarbons

Rates and Market

Rates charged for the supply of electric power: The AEEG published Resolution ARG/com No. 93/10 by which it introduced the GS_T and RE_T rate components charged to users of transmission services who are directly connected to the national transmission grid and began the process of identifying the criteria and methods by which these components will be implemented. As part of this process, it published DCO No. 31/10 entitled "Criteria and Methods for the implementation of the GS_T and RE_T rate components." Operators were asked to submit their remarks by September 27, 2010.

Decree of August 6, 2010 (so-called Royalty Decree): The Ministry of Economic Development published the Royalty Decree setting forth further provisions concerning the methods by which natural gas producers comply with the requirements of Article 11, Section 1, of Decree Law No. 7/07, requiring that royalty gas lots be offered by their owners exclusively on the P-GAS trading platform, operated by the Manager of the Energy Markets (abbreviated as GME in Italian), and that the AEEG revise accordingly its rules concerning the pricing methods for offers of royalty gas lots.

The Ministry also approved an amendment to the Regulations governing the P-GAS platform, introducing a new segment reserved for offers of royalty gas lots, organized on the basis of a competitive bidding method.

Resolution ARG/gas No. 132/10: This Resolution, published on August 9, 2010, defines the pricing methods for offers of royalty gas lots, as required by the Royalty Decree on the P-GAS platform, specifically requiring the following:

- The royalty gas owed to the government must be divided into an equal number of monthly lots with a delivery period corresponding to each of the months from:
  - October 2010 to March 2011, for volumes greater than 20 million standard m^3;
  - January 2011 to March 2011, for volumes greater than 5 million m^3 and smaller than 20 million m^3;
- The sales price must be equal to the QE index;
- Unsold lots must be available on the platform for the entire trading period;
- Each owner must define and publish on its website, sufficiently in advance before offering its lots, the following information: the number of lots being offered, the general terms of the contract and the types of guarantees or other prerequisite, if needed;
- The general terms of the contract must require that the sales price be equal to the corresponding trade price and that the gas delivery occurs at the Virtual Exchange Facility in equal daily quantities throughout the delivery period;
- By April 1, 2011, owners must transmit to the Ministry of Economic Development and the AEEG information about the royalty gas lots actually offered on the platform, showing for each lot the buyer and the sales price;
- By March 15, 2011, the GME must issue to each owner a statement showing the royalty gas lots offered by that owner on the platform.

Infrastructures

Storage: By Resolution ARG/gas No. 119/10. "Regulations of Rates for Natural Gas Storage Services During the 2011-2014 Regulatory Period (RTSG)," the AEEG approved the criteria for defining the rates for natural gas storage services during the third regulatory period (January 1, 2011 – December 31, 2014).

In practice, with this Resolution, the AEEG retained the mechanisms that were already in effect during the previous regulatory period. More specifically:

- The use of a single national rate (TUN) and the corresponding equalization mechanism;
- A system to guarantee revenues for capital expenditures incurred by the storage companies;
- The allocation of a higher rate of return on capital invested in the construction of new storage facilities and the expansion of existing locations.

At the same time, the rate of return on invested capital was lowered to 6.7% pre-tax, down from 7.1% during the second rate period.

The main changes include the following:

- Adoption of the calendar year as a reference period to determine and apply the rates;
- Introduction of a separate rate component to cover decommissioning costs of storage sites;
- Adoption of productivity gain coefficients (X-factors) different for each storage company, computed to reflect the efficiency gains achieved by each company.

Issues Affecting Multiple Business Segments

Reform of the Natural Gas Market: Legislative Decree No. 130 entitled "Provisions to Increase Competitiveness in the Natural Gas Market and Transfer the Resulting Benefits to End Customers, Pursuant to Article 30, Sections 6 and 7, of Law No. 99 of July 23, 2009" went into effect on August 18, 2010.

This decree revises the antitrust ceilings introduced earlier by the Letta Decree, setting new ceilings for natural gas imports into Italy (40% increasable to 55% based on the submission of commitments to develop new capacity) and a new method to compute the market share of importers.

An importer who exceeds the 40% ceiling will be required to dispose of 4 billion cubic meters of gas for two consecutive years (Gas Release). As an alternative to the Gas Release, the market share of the affected importer can be increased to 55%, provided the importer submits a development plan to increase storage capacity by 4 billion cubic meters to be implemented over five years. This plan becomes binding once it is approved by the Ministry of Economic Development.

Pursuant to the decree, the development of new storage capacity may be financed by third parties specifically identified in the decree on the basis of natural gas usage levels set forth in the decree (end industrial customers and their consortia, aggregations of medium-size/small businesses and owners of thermoelectric facilities fueled exclusively with natural gas) and selected on the basis of competitive bidding procedures.

The parties selected to finance development projects (except for thermoelectric operators) will benefit from a so-called virtual storage mechanism that will provide them (starting in the 2010-2011 thermal year) with a financial benefit in terms of the gas price differential between winter and summer. The virtual storage benefit will be provided for 50% of the gas volume by the affected importer and by the GSE for the balance.

In order to avoid penalizing third parties who store gas with Stogit, the decree allows such third parties to also submit capacity expansion plans, which may not exceed a total of 4 billion cubic meters.

Lastly, the decree requires the AEEG to revise the gas balancing rules on an economic merit basis by February 28, 2011, in order to ensure that it can be put into effect by April 1, 2011.

Law No. 122/2010 (so-called Budget Adjustment Law): Law No. 122 of July 30, 2010 entitled "Conversion into Law with Amendments of Decree Law No. 78 of May 31, 2010 setting Forth Urgent Measures Concerning Financial Stabilization and Economic Competitiveness" was published on July 30, 2010, in Issue No. 176 of the *Official Gazette of the Italian Republic.* This Law contains two particularly significant provisions:

- Article 15, Section 6, calls for payment to the government, starting in 2010, of a supplemental annual environmental fee for large-scale water diversion hydroelectric concessions, computed on the average rated capacity of the facilities. The amount of the supplemental fee will be determined by a decree issued by the President of the Council of Ministers upon a proposal by the Ministry of the Economy and Finances, in concert with the Ministry of Economic Development and the Ministry of the Environment and the Protection of the Territory and the Sea and with the approval of the Government/Regional Administrations Conference. The new fee shall not be greater than the fee currently charged for each concession.
- Article 45, which concerns green certificates, states that, by December 31, 2010, by the Ministry of Economic Development, acting in concert with the Ministry of the Economy and Finances and with the input of the AEEG, shall issue a decree, pursuant to which, effective in 2011, the total amount of

green certificates taken back by the GSE must decrease by 30% compared with 2010 and that at least 80% of this reduction derive from a reduction in surplus green certificates.

Ministry Decree of August 6, 2010 (so-called Energy Account): The decree setting forth the criteria for incentivizing production of electric power from photovoltaic solar systems and the development of innovative technologies for photovoltaic conversion was published on August 24, 2010 in Issue No. 197 of the *Official Gazette of the Italian Republic*. This decree is a further component of a regulatory system that was launched with the Ministerial Decrees of February 19, 2007 and July 28, 2008. The new decree applies to photovoltaic facilities commissioned after December 31, 2010.

The decree calls for a gradual reduction of the incentivizing rates available to photovoltaic facilities, compared with the rates available in 2010. This reduction will be implemented on the basis of periods of four months and the average percentage reduction at the end of 2011, compared with 2010, ranges between 10% and 17% in the last four months of 2011.

Performance of the Group's Businesses

Electric Power Operations

Quantitative Data

Sources

2009 full year	GWh (*)	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
41,601	**Production in Italy:**	**30,953**	**31,048**	***(0.3%)***	**10,632**	**10,696**	***(0.6%)***
35,646	*- Thermoelectric power plants*	*26,153*	*26,034*	*0.5%*	*8,817*	*8,999*	*(2.0%)*
5,397	*- Hydroelectric power plants*	*4,310*	*4,635*	*(7.0%)*	*1,681*	*1,589*	*5.8%*
558	*- Wind farms and other renewables*	*490*	*379*	*29.2%*	*134*	*108*	*23.8%*
18,771	**Other purchases [1]**	**21,529**	**13,445**	***60.1%***	**7,198**	**5,196**	***38.5%***
60,372	**Total sources in Italy**	**52,482**	**44,493**	***18.0%***	**17,830**	**15,892**	***12.2%***
236	**Production outside Italy**	**617**	**-**	***n.m.***	**287**	**-**	***n.m.***

(*) One GWh is equal to one million kWh (in physical terms)

(1) Before line losses and excluding the trading portfolio

Uses

2009 full year	GWh (*)	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
11,050	**CIP 6/92 dedicated**	**7,990**	**8,201**	***(2.6%)***	**2,530**	**2,657**	***(4.8%)***
2,464	**Captive and other customers**	**2,778**	**1,919**	***44.8%***	**988**	**530**	***86.4%***
46,858	**Deregulated market:**	**41,714**	**34,373**	***21.4%***	**14,312**	**12,705**	***12.6%***
24,978	*End customers [1]*	*20,464*	*18,340*	*11.6%*	*6,748*	*6,473*	*4.2%*
2,452	*IPEX and mandates*	*979*	*2,016*	*(51.4%)*	*478*	*655*	*(27.0%)*
8,837	*Wholesalers and industrial portfolio*	*10,287*	*5,377*	*91.3%*	*3,242*	*2,444*	*32.7%*
10,591	*Other sales*	*9,984*	*8,640*	*15.6%*	*3,844*	*3,133*	*22.7%*
60,372	**Total uses in Italy**	**52,482**	**44,493**	***18.0%***	**17,830**	**15,892**	***12.2%***
236	**Sales of production outside Italy**	**617**	**-**	***n.m.***	**287**	**-**	***n.m.***

(*) One GWh is equal to one million kWh

(1) Before line losses

(2) Excluding the trading portfolio

Financial Highlights

2009 full year	(in millions of euros)	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
6,463	**Sales revenues**	**5,297**	**4,824**	***9.8%***	**1,859**	**1,592**	***16.8%***
1,227	Reported EBITDA	653	930	*(29.8%)*	225	374	*(39.8%)*
1,086	Adjusted EBITDA[1]	722	801	*(9.9%)*	239	341	*(29.9%)*
372	Capital expenditures	185	271	*17.8%*	46	82	*(43.9%)*
1,946	Number of employees [2]	1,946	1,935	-			

(1) See note on page9

(2)End-of-period data. The changes are computed against the data at December 31, 2009

Production and Procurement

In the third quarter of 2010, the Group's production in Italy totaled 10,632 GWh, roughly the same as in the same period last year. More specifically, the output from thermoelectric facilities decreased by about 2% in the third quarter, owing in part to substantial gains in production from hydroelectric power plants and other renewable-source facilities (+5.8% and +23.8%, respectively). This development, which is consistent with the national trend, can be explained by an increase in the availability of water resources during the period. Production outside Italy refers to the contribution provided by the power plant operated in Thessaloniki, Greece, by Elpedison Power Sa, which is being consolidated as of March 31, 2009.

Production for the first nine months of 2010 amounted to 30,953 GWh, or 0.3% less than in the same period in 2009, as a reduction in hydroelectric production (-7.0%) was offset in part by the higher output generated by wind farms and renewable energy facilities (+29.2%) and a modest gain in thermoelectric production (+0.5%).
Other purchases carried out to round out the sources portfolio increased by more than 60% compared with the same period in 2009. However, it is important to keep in mind that this category includes purchases that occur when facilities operate in bidding mode and other transactions with relatively low unit margins.

Sales and Marketing

In the third quarter of 2009, sales of electric power totaled 17,830 GWh, for an increase of 12.2% compared with the same period last year (15,892 GWh). The CIP 6/92 operations reported slightly lower sales due mainly to the expiration of contracts held by some Group thermoelectric power plants. On the other hand, sales to captive customers grew by 86.4% due to a resumption of steel production at the mills served by dedicated power plants. Sales in the deregulated market were up 12.6%, as the trend of the first six months continued, bringing the increase for the first nine months of the year to 21.4%. More specifically, deregulated-market sales were characterized by contrasting trends, depending on the business segment. Given the extreme scenario volatility, the Group opted for reducing its exposure to the risk of fluctuations in commodity prices, focusing on sales to end customers (+11.6%) and wholesalers (+91.3%), while reducing the volumes it offered on the Power Exchange. Other sales in the deregulated market increased by 15.6%. However, as mentioned above when discussing other purchases, the unit margins earned in these business segments are relatively small.

At September 30, 2010, cumulative sales totaled 52,482 GWh, or 18% more than in the first nine months of 2009.

Operating Performance

Sales revenues grew to 1,859 million euros in the third quarter of 2010, for a gain of 16.8% compared with the same period last year, thanks to higher unit sales and a slight increase in average unit prices driven by favorable changes in the benchmark scenario.
Adjusted EBITDA amounted to 239 million euros, or 29.9% less than the amount earned in the third quarter of 2009 (341 million euros).

As explained in the Semiannual Report, the adjusted EBITDA reported in 2009 by the Electric Power Operations were penalized by upfront costs incurred to hedge purchases of the fuel needed to produce electric power. This occurred because, in the first half of 2009, due to the mechanisms used to index natural gas to Brent crude (usually based on nine-month averages), the cost of natural gas reflected the decline in the price of Brent crude with a significant time lag. The Brent and foreign exchange hedges executed generated negative cash flows during the period that anticipated the economic benefit realized in the third and fourth quarters of 2009, in the margins earned on fixed-price sales of electric power. These fluctuations account fully for the sharp reduction in quarterly EBITDA.

Cumulative sales revenues for the first nine months of the year totaled 5,297 million euros, or 9.8% more than in the same period last year, as the beneficial effect of an increase in unit sales more than offset a reduction in average sales prices that reflected conditions in the benchmark scenario.
At 722 million euros, adjusted EBITDA were 9.9% lower than in the first nine months of 2009 (801 million euros) due to the combined result of a gain in unit sales to customers in the deregulated market, which offset the impact of lower distribution margins, a reduction in the profitability of transactions in the dispatching services market, a decrease in the availability of water resources and a drop in the EBITDA generated by sales in the CIP 6/92 segment due to the expiration of incentives and contracts.

Capital Investments

Capital expenditures by the Electric Power Operations totaled 46 million euros in the third quarter of 2010, for a decrease of 43.9% compared with the same period last year.
The cumulative amount at September 30, 2010 amounted to 185 million euros broken down as follows: about 86 million euros for the thermoelectric operations; about 22 million euros to develop wind power operations in Italy, primarily the Mistretta and San Giorgio wind farms; about 37 million euros to streamline and revamp the portfolio of hydroelectric facilities; about 34 million euros for the development of the Thisvi power plant, in Greece; and about 6 million euros for photovoltaic systems and energy efficiency projects.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2009 full year	millions of m³ of natural gas	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
604	Production in Italy	393	461	*(14.8%)*	126	150	*(15.7%)*
8,678	Pipeline imports	5,449	6,523	*(16.5%)*	1,402	1,931	*(27.4%)*
1,682	LNG imports	4,224	184	*n.m.*	1,350	143	*n.m.*
2,502	Domestic purchases	1,395	2,055	*(32.1%)*	685	721	*(5.1%)*
(256)	Change in stored gas inventory (1)	141	(407)	*(134.6%)*	(141)	(418)	*(66.3%)*
13,210	**Total sources (Italy)**	**11,602**	**8,816**	***31.6%***	**3,422**	**2,527**	***35.4%***
1,231	**Production outside Italy (2)**	**1,110**	**913**	***21.6%***	**385**	**351**	***9.8%***

(1) Includes pipeline leaks. A negative change reflects an addition to the stored inventory

(2) Counting volumes withheld as production tax

Uses of Natural Gas

2009 full year	millions of m³ of natural gas	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
3,043	Residential use	2,216	1,998	*10.9%*	238	221	*7.6%*
1,378	Industrial use	1,043	930	*12.1%*	271	281	*(3.5%)*
8,151	Thermoelectric fuel use	7,506	5,442	*37.9%*	2,618	1,856	*41.1%*
638	Other sales	837	446	*87.7%*	295	169	*74.8%*
13,210	**Total uses in Italy**	**11,602**	**8,816**	***31.6%***	**3,422**	**2,527**	***35.4%***
1,231	**Sales of production outside Italy**	**1,110**	**913**	***21.6%***	**385**	**351**	***9.8%***

Crude Oil Production

2009 full year	in thousands of barrels	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
1,703	*Production in Italy*	1,766	1,255	*40.8%*	586	391	*50.1%*
957	*Production outside Italy (1)*	878	709	*23.8%*	297	305	*(2.6%)*
2,660	**Total production**	**2,644**	**1,963**	***34.6%***	**883**	**695**	***27.0%***

(1) Counting volumes withheld as production tax.

Financial Highlights

2009 full year	(in millions of euros)	9 months 2010	9 months 2009	% change	3rd quarter 2009	3rd quarter 2009	% change
4,158	**Sales revenues**	**3,689**	**3,002**	***22.9%***	**1,137**	**660**	***72.3%***
347	Reported EBITDA	349	274	*27.4%*	102	51	*100.0%*
488	Adjusted EBITDA(1)	280	403	*(30.5%)*	88	84	*4.8%*
1,296	Capital expenditures	131	1,186	*(89.0%)*	35	47	*(24.9%)*
66	Investments in exploration	45	63	*(28.6%)*	24	8	*n.m.*
1,357	Number of employees (2)	1,359	1,348	*0.2%*			

(1) See note on page 9

(2) End-of-period data. The changes are computed against the data at December 31, 2009

Production and Procurement

Production of natural gas, counting the output both of Italian and international operations, totaled 511 million cubic meters in the third quarter of 2010, for an increase 2.1% compared with the same period in 2009. A gain in production outside Italy (+9.8%), which reflected the contribution of the Rosetta and Abu Qir concessions in Egypt and the inclusion of production from the West Wadi El Rayan concession, which was absent in 2009, more than offset the impact of the natural depletion of existing fields in Italy. The Group's crude oil production was also up sharply (+27%), rising to 883,000 barrels, up from 695,000 barrels in the first nine months of 2009.

These trends are the same as those described in the Semiannual Report. As a result, cumulative production of natural gas (Italy + international) for the first nine months of the year rose from 1,374 million cubic meters to 1,503 million cubic meters. The gain of 9.4% is the net result of a decrease in output in Italy, which reflects the natural depletion of the gas fields, and an increase in production outside Italy. As for crude oil production, the gains reported in the first nine months of 2010 reflect the resumption of production from the Vega field in Italy and, outside Italy, the contribution provided by the Abu Qir concession and the new West Wadi el Rayan field in Egypt.

Total imports of natural gas were up both in the third quarter (+33%) and for the first nine months of 2010 (+44%), thanks to full availability of the supply of liquefied natural gas from Qatar, which is regasified at the Rovigo LNG Terminal. In 2009, this supply source provided only a minimal contribution in the third quarter, which was when this infrastructure was put into service.

On the other hand, pipeline imports of natural gas under long-term contracts decreased (-27.4% for the third quarter; -16.5% for the first nine months) reflecting the impact of the abundant supply of spot gas traded on the major European markets at prices much lower than those resulting from traditional long-term gas import contracts.

In addition to this trend, a new development that occurred towards the end of the third quarter was the interruption of supplies from the North Sea through the pipeline Transitgas due to landslides in Switzerland.

Sales and Marketing

Reflecting the increased supply available thanks to the LNG regasified at the Rovigo Terminal, unit sales of natural gas to customers in Italy (11,602 million cubic meters at September 30, 2010) were up 31.6% compared with the first nine months of 2009, as the trend that emerged during the course of the year appears to be continuing (+35.4% in the third quarter).

More specifically, sales to residential and industrial users were up 10.9% and 12.1%, respectively, while deliveries to thermoelectric users rose by 37.9%.

Sales to wholesalers and volumes traded on the virtual exchange facility totaled 837 million cubic meters (446 million cubic meters in the same period last year).

Operating Performance

In the third quarter of 2010, sales revenues increased to 1,137 million euros, for a gain of 72.3% compared with the third quarter of 2009, thanks to a significant increase in unit sales and to the higher average sales price that resulted from favorable changes in the benchmark scenario.

Cumulative sales revenues for the first nine months of 2010 rose to 3,689 million euros, or 22.9% more than in the same period last year, as a substantial increase in unit sales, which more than offset the impact of a reduction in average sales prices.

Adjusted EBITDA for the third quarter of 2010, for 88 million euros, were in line with the 84 million euros in the same period last year, as the E&P activities benefited from a positive pricing scenario and from an increase in sales volumes, which more than offset the impact of a reduction in unit sales margins in the natural gas trading segment caused by the strong competitive pressure that characterizes this business.

The impact of this situation in the natural gas trading area is even more evident when the data for the first nine months are compared with those for the same period last year. The sharp decrease in the adjusted EBITDA of the Hydrocarbons Operations (280 million euros at September 30, 2010 compared with 403 million euros at September 30, 2009) is due in its entirety to the natural gas trading activity. The Group's activities in this area, while taking advantage of the substantial independence achieved in the supply of natural gas to fuel its power plants, has suffered a significant contraction of unit sales margins as a result of competitive pressure on prices due to excess supply coupled with high availability volume of gas at spot prices significantly lower than those resulting from traditional long-term natural gas contracts and amplified by the collapse in demand for natural gas in the country compared to pre-crisis levels.
For these reasons, as explained in the section of this report entitled "Outlook and Expected Year-end Results," Edison announced that it had activated the renegotiation clauses provided in its long-term natural gas importation contracts in order to reestablish economically sound terms for its portfolio of multi-year import contracts.

The sharp reduction in adjusted EBITDA commented above was offset only in part by an increase in the adjusted EBITDA earned by the E&P operations, which benefited from a favorable oil market scenario, an increase in unit sales compared with the first nine months of 2009 and a rising contribution provided by the international operations.

Capital Investments

In the third quarter of 2010, capital investments totaled 35 million euros, or about 12 million euros less than in the same period in 2009, bringing to about 131 million euros the cumulative amount for the first nine months of the year.
The main investments in Italy included: 12 million euros to expand the Cellino and Collalto fields and 3 million euros for the San Potito and Cotignola fields, 3 million euros for the preparatory activities required to develop the Panda and Cassiopea deposits, 4 million euros to develop the Tresauro field and 4 million euros to develop the new Capparuccia (AP) field.
Investment projects in Egypt focused on the Abu Qir concession (53 million euros), where work included a continuation of drilling activities and design activities for the construction of the new NAQ PII platform and the renovation and expansion of the existing NAQ PI and WAQ PI platforms.
In Croatia, the commissioning and startup activities for the Izabela South and Izabela North offshore platforms have been completed, at a cost of 35 million euros.

Exploration Activities

In the third quarter of 2010, the Group invested 24 million euros in exploration, or about 16 million euros more than in the third quarter of 2009.

The amount invested in the first nine months of 2010 totaled about 45 million euros. Virtually the entire amount was allocated to projects outside Italy, with Egypt taking the lion's share (15 million euros) for drilling projects in the Abu Qir concession and in the West Wadi el Rayan block and Sidi Abd el Rahaman. In Norway, the 6507/7-14s well was drilled in the 435 Zidane production license and is operating at a recently discovered deposit (19 million euros).

Corporate Activities and Other Segments

Financial Highlights

2009 full year	(in millions of euros)	9 months 2010	9 months 2009	% change	Third quarter 2010	Third quarter 2009	% change
53	**Sales revenues**	**38**	**38**	-	**13**	**12**	*8.3%*
(103)	EBITDA	(72)	(76)	*5.3%*	(23)	(29)	*20.7%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*		*n.m.*	*n.m.*	
11	Capital expenditures	65	7	*n.m.*	1	3	*(66.7%)*
620	Number of employees (1)	631	614	*1.8%*			

(1) End-of-period data. The changes are computed against the data at December 31, 2009.

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

Sales revenues for the third quarter and the first nine months of 2010 were about the same as in the corresponding periods of 2009. EBITDA were negative by 23 million euros in the third quarter and negative by 72 million euros in the first nine months of the year, showing an improvement compared with the same period last year.

Investments in property, plant and equipment include 62 million euros for a building at 35 Foro Buonaparte, in Milan, purchased in January 2010.

Risks and Uncertainties

Please consult the *"Group financial risk management"* section of the Operating Performance, Financial Results and Financial Position of the Group, which explains the risk management activities of the Edison Group.

Related Party Transactions

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

OPERATING PERFORMANCE, FINANCIAL RESULTS AND FINANCIAL POSITION OF THE GROUP

at September 30, 2010

EDISON

Balance Sheet

(in millions of euros)

09.30.2009 (*)				09.30.2010		12.31.2009 (*)	
	of which related parties		See Note		of which related parties		of which related parties
		ASSETS					
7,437	-	Property, plant and equipment	*1*	7,407	-	7,445	-
14	-	Investment property	*2*	11	-	12	-
3,538	-	Goodwill	*3*	3,538	-	3,538	-
1,241	-	Hydrocarbon concessions	*4*	1,215	-	1,259	-
113	-	Other intangible assets	*5*	98	-	108	-
48	-	Investments in associates	*6*	49	-	43	-
306	-	Available-for-sale investments	*6*	297	-	304	-
97	-	Other financial assets	*7*	88	-	98	-
83	-	Deferred-tax assets	*8*	121	-	103	-
33	-	Other assets	*9*	106	-	21	-
12,910	**-**	**Total non-current assets**		**12,930**	**-**	**12,931**	**-**
342	-	Inventories		316	-	308	-
1,994	59	Trade receivables		2,015	53	1,862	83
7	-	Current-tax assets		29	-	33	-
468	22	Other receivables		506	40	545	84
44	-	Current financial assets		67	-	30	-
316	-	Cash and cash equivalents		333	-	748	-
3,171	**-**	**Total current assets**	*10*	**3,266**	**-**	**3,526**	**-**
-	**-**	**Assets held for sale**		**-**	**-**	**-**	**-**
16,081	**-**	**Total assets**		**16,196**	**-**	**16,457**	**-**
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292	-	Share capital		5,292	-	5,292	-
1,771	-	Other reserves		1,641	-	1,830	-
3	-	Reserve for currency translations		7	-	4	-
711	-	Retained earnings (Loss carryforward)		884	-	711	-
203	-	Profit (Loss)		179	-	240	-
7,980	**-**	**Group interest in shareholders' equity**		**8,003**	**-**	**8,077**	**-**
179	-	Minority interest in shareholders' equity		181	-	177	-
8,159	**-**	**Total shareholders' equity**	*11*	**8,184**	**-**	**8,254**	**-**
65	-	Provision for employee severance indemnities and provisions for pensions	*12*	64	-	64	-
581	-	Provision for deferred taxes	*13*	541	-	584	-
773	-	Provisions for risks and charges	*14*	818	-	837	-
1,899	-	Bonds	*15*	1,195	-	1,199	-
2,242	-	Long-term financial debt and other financial liabilities	*16*	1,510	-	2,184	-
34	-	Other liabilities	*17*	35	-	30	-
5,594	**-**	**Total non-current liabilities**		**4,163**	**-**	**4,898**	**-**
37	-	Bonds		1,273	-	721	-
482	16	Short-term financial debt		500	15	611	15
1,242	32	Trade payables		1,602	71	1,469	41
55	-	Current taxes payable		34	-	38	-
512	77	Other liabilities		440	33	466	71
2,328	**-**	**Total current liabilities**	*18*	**3,849**	**-**	**3,305**	**-**
-	**-**	**Liabilities held for sale**		**-**	**-**	**-**	**-**
16,081	**-**	**Total liabilities and shareholders' equity**		**16,196**	**-**	**16,457**	**-**

(*) The data for “Property, plant and equipment” and “Other intangible assets” are being presented merely for comparative purposes to reflect the adoption of IFRIC 12.

Income Statement

2009 full year (*)			See Note	9 months 2010		9 months 2009 (*)		3rd quarter 2010	3rd quarter 2009 (*)
	of which related parties				of which related parties		of which related parties		
8,867	301	Sales revenues	*19*	7,593	263	6,501	225	2,506	1,912
517	77	Other revenues and income	*20*	333	40	348	60	65	122
9,384	**378**	**Total net revenues**		**7,926**	**303**	**6,849**	**285**	**2,571**	**2,034**
(7,673)	(72)	Raw materials and services used (-)	*21*	(6,811)	(127)	(5,543)	(51)	(2,209)	(1,576)
(240)	-	Labor costs (-)	*22*	(185)	-	(178)	-	(58)	(62)
1,471		**EBITDA**	*23*	**930**		**1,128**		**304**	**396**
(772)	-	Depreciation, amortization and writedowns (-)	*24*	(562)	-	(566)	-	(200)	(188)
699		**EBIT**		**368**		**562**		**104**	**208**
(156)	-	Net financial income (expense)	*25*	(93)	-	(117)	-	(42)	(37)
(3)	-	Income from (Expense on) equity investments	*26*	-	-	2	-	1	1
(11)	3	Other income (expense), net	*27*	34	-	1	3	4	(1)
529		**Profit before taxes**		**309**		**448**		**67**	**171**
(278)	-	Income taxes	*28*	(119)	-	(233)	-	(23)	(83)
251		**Profit (Loss) from continuing operations**		**190**		**215**		**44**	**88**
-	-	Profit (Loss) from discontinued operations		-	-	-	-	-	-
251		**Profit (Loss)**		**190**		**215**		**44**	**88**
		Broken down as follows:							
11		Minority interest in profit (loss)		11		12		7	7
240		**Group interest in profit (loss)**		**179**		**203**		**37**	**81**
		Earnings per share (in euros)	*29*						
0.0448		Basic earnings per common share		0.0333		0.0378			
0.0748		Basic earnings per savings share		0.0633		0.0678			
0.0448		Diluted earnings per common share		0.0333		0.0378			
0.0748		Diluted earnings per savings share		0.0633		0.0678			

(*) The data are being presented merely for comparative purposes to reflect the adoption of IFRIC 12.

(in millions of euros)

Other Components of the Comprehensive Income Statement

(in millions of euros)

2009 full year		See Note	9 months 2010	9 months 2009	3rd quarter 2010	3rd quarter 2009
251	**Profit (Loss) (Minority and Group interest)**		**190**	**215**	**44**	**88**
	Other components of comprehensive income:					
298	- Change in the cash flow hedge reserve	*11, 30*	(45)	206	(60)	(13)
2	- Profit (Loss) from available-for-sale financial assets	*11, 30*	(1)	3	1	4
7	- Differences on the translation of assets in foreign currencies	30	3	6	(1)	1
-	- Pro rata interest in other components of comprehensive income of investee companies	30	-	-	-	-
(110)	Income taxes attributable to other components of comprehensive income (-)	*11, 30*	17	(76)	23	5
197	**Total other components of comprehensive income net of taxes**		**(26)**	**139**	**(37)**	**(3)**
448	**Total comprehensive profit (loss)**		**164**	**354**	**7**	**85**
	Broken down as follows:					
11	Minority interest in comprehensive profit (loss)		11	12	7	7
437	**Group interest in comprehensive profit (loss)**		**153**	**342**	**-**	**78**

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 2010. 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.

2009 full year	of which related parties	*(in millions of euros)*	*See Note*	**9 months 2010**	of which related parties	9 months 2009	of which related parties
240	-	Group interest in profit (loss) from continuing operations		179	-	203	-
-	-	Group interest in profit (loss) from discontinued operations		-	-	-	-
11	-	Minority interest in profit (loss) from continuing operations		11	-	12	-
251		**Profit (Loss)**		**190**		**215**	
772	-	Amortization, depreciation and writedowns	24	562	-	566	-
5	-	Interest in the result of companies valued by the equity method (-)		(1)	-	-	-
1	-	Dividends received from companies valued by the equity method		1	-	1	-
(9)	-	(Gains) Losses on the sale of non-current assets		6	-	(2)	-
(1)	-	Change in the provision for employee severance indemnities	12	-	-	-	-
142	-	Change in other operating assets and liabilities		(209)	-	(174)	-
1,161		**A. Cash flow from continuing operations**		**549**		**606**	
(1,745)	-	Additions to intangibles and property, plant and equipment (-)	1-5	(426)	-	(1,527)	-
(56)	-	Additions to non-current financial assets (-)		(7)	-	(48)	-
(80)	-	Price paid on Business Combinations (-)		(41)	-	(80)	-
43	-	Proceeds from the sale of intangibles and property, plant and equipment		7	-	24	-
15	-	Proceeds from the sale of non-current financial assets		-	-	-	-
-	-	Repayment of capital contribution by non-current financial assets		5	-	-	-
(4)	-	Other current assets		(37)	-	(18)	-
(1,827)		**B. Cash used in investing activities**		**(499)**		**(1,649)**	
2,074	-	Receipt of new medium-term and long-term loans	15,16	535	-	2,074	-
(540)	-	Redemption of medium-term and long-term loans (-)	15,16	(626)	-	(478)	-
-	-	Capital contributions provided by controlling companies or minority shareholders		10	-	-	-
(278)	(208)	Dividends paid to controlling companies or minority shareholders (-)		(238)	(178)	(278)	(208)
(26)	-	Change in short-term financial debt		(146)	-	(143)	-
1,230		**C. Cash used in financing activities**		**(465)**		**1,175**	
(4)		**D. Liquid assets from changes in the scope of consolidation**		**-**		**(4)**	
-		**E. Net currency translation differences**		-		-	
-		**F. Net cash flow from operating assets of discontinued operations**		**-**		**-**	
560		**G. Net cash flow for the period (A+B+C+D+E+F)**		**(415)**		**128**	
188		**H. Cash and cash equivalents at the beginning of the period**		**748**		**188**	
748		**I. Cash and cash equivalents at the end of the period (G + H)**		**333**		**316**	
748		**L. Total cash and cash equivalents at end of period (I)**		**333**		**316**	
-		**M. (-) Cash and cash equivalents of discontinued operations**		**-**		**-**	
748		**N. Cash and cash equivalents of continuing operations (L-M)**		**333**		**316**	

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income				Profit (Loss)	Group interest in sharehold. Equity	Minority interest in sharehold. Equity	Total sharehold. Equity
				Differences on the translation of assets in foreign currencies	Cash flow hedge reserve	Reserve for available-for-sale investments	Interest in other com-ponents of comprehen-sive income of investee companies				
Balance at December 31, 2008	**5,292**	**72**	**2,377**	**(3)**	**(171)**	**(4)**	**-**	**346**	**7,909**	**164**	**8,073**
Appropriation of the previous year's profit	-	19	327	-	-	-	-	(346)	-	-	-
Dividends distributed	-	-	(268)	-	-	-	-	-	*(268)*	(12)	*(280)*
Change in the scope of consolidation	-	-	(2)	-	-	-	-	-	*(2)*	15	*13*
Other changes	-	-	(1)	-	-	-	-	-	*(1)*	-	*(1)*
Total comprehensive profit (loss)	-	-	-	6	130	3	-	203	342	12	354
of which:											
- Change in comprehensive income for the period	-	-	-	6	130	3	-	-	*139*	-	*139*
- Profit from 01.01.2009 to 09.30.2009	-	-	-	-	-	-	-	203	*203*	12	*215*
Balance at September 30, 2009	**5,292**	**91**	**2,433**	**3**	**(41)**	**(1)**	**-**	**203**	**7,980**	**179**	**8,159**
Other changes	-	(1)	3	-	-	-	-	-	*2*	(1)	*1*
Total comprehensive profit (loss)	-	-	-	1	58	(1)	-	37	95	(1)	94
of which:											
- Change in comprehensive income for the period	-	-	-	1	58	(1)	-	-	*58*	-	*58*
- Profit from 10.01.2009 to 12.31.2009	-	-	-	-	-	-	-	37	*37*	(1)	*36*
Balance at December 31, 2009	**5,292**	**90**	**2,436**	**4**	**17**	**(2)**	**-**	**240**	**8,077**	**177**	**8,254**
Appropriation of the previous year's profit	-	35	205	-	-	-	-	(240)	-	-	-
Dividends distributed	-	-	(228)	-	-	-	-	-	*(228)*	(16)	*(244)*
Share capital increase	-	-	-	-	-	-	-	-	-	10	*10*
Other changes	-	-	1	-	-	-	-	-	*1*	(1)	-
Total comprehensive profit (loss)	-	-	-	3	(28)	(1)	-	179	153	11	164
of which:											
- Change in comprehensive income for the period	-	-	-	3	(28)	(1)	-	-	*(26)*	-	*(26)*
- Profit from 01.01.2010 to 09.30.2010	-	-	-	-	-	-	-	179	*179*	11	*190*
Balance at September 30, 2010	**5,292**	**125**	**2,414**	**7**	**(11)**	**(3)**	**-**	**179**	**8,003**	**181**	**8,184**

NOTES TO THE QUARTERLY REPORT AT SEPTEMBER 30, 2010

Content and Presentation

The Edison Group's Quarterly Report at September 30, 2010 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 "Interim Financial Reporting."

The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).* The accounting principles and consolidation criteria, the presentation formats of financial statements, the consolidation of foreign companies, the criteria used to translate financial statements denominated in foreign currencies and the valuation criteria used to prepare this Quarterly Report are consistent with those applied in the preparation of the Consolidated Financial Statements at December 31, 2009, which should be consulted for more detailed information.

Amendments to the international accounting principles and interpretations applicable as of January 1, 2010 are reviewed below:

- IFRIC 12 "Service Concession Arrangements" is an interpretation applicable to the financial statements of private companies that operate activities of public interest on a concession basis, when the grantor (i) controls/regulates, by determining their price, which public utility services must be provided by the operator through infrastructures that the operator manages under concession or builds; and (ii) controls, through ownership or otherwise, the concession itself and any other residual interest in the infrastructures when the concession expires. Within the Edison Group, this interpretation applies exclusively to the low-pressure natural gas distribution operations. Uncertainty about the historical regulatory framework, coupled with the fact that the Group acquired control of most of the concessions through acquisitions, made a retrospective adoption impractical. For this reason, the Group opted for a prospective adoption. On the date of first-time adoption, the affected infrastructures, which were carried as part of "Property, plant and equipment" at a value of 72 million euros, were reclassified under "Other intangible assets." The manner in which the rate charged for the services provided on a concession basis is structured makes it impossible to separate the margin attributable to the construction activity from the margin attributable to the operating activity. Therefore, given the fact that a significant portion of the construction work is performed by contractors, the corresponding investments are recognized as "Other intangible assets" based on the cost incurred, net of any compensation the grantor of the concession or private parties. Consistent with IAS 11 "Construction Contracts", these costs are capitalized indirectly through the income statement. At September 30, 2010 Edison Group recorded revenues and costs for about 2 million euros, with no impact on profit. The amount booked as an "Other intangible assets", net of the estimated realizable value at the concession's end, is amortized based on technical and financial rates (for assets transferable at payment) or at the lower between the remaining life of the concession and the technical and financial rates (for assets transferable at no cost).

- IFRS 1 revised, pursuant to which parties who adopt the IFRS principles for the first time must prepare a "First-time Adoption" document.
- Amendments to IFRS 2 concerning the accounting for Group Cash-settled Share-based Payment Transactions and concurrent withdrawal of IFRIC 8 and IFRIC 11.
- IFRS 3 revised, which introduces changes on how business combinations should be recognized, including the following: in case when the acquisition of control is achieved in multiple phases, the fair value of the equity interest held must be remeasured; transactions executed with third parties subsequent to the acquisition of control, and assuming that control will be maintained, must be recognized in equity; acquisition costs must be charged immediately to income; changes in contingent consideration are recognized in profit or loss.
- IAS 27 revised, concerning the valuation of investments in associates in case of increases or decreases of equity interests. If there is a change in the interest held but no loss of control, the effects must be recognized in equity. If there is loss of control, the remaining interest held in the former subsidiary must be measured at its fair value on the date of the loss of control.
- IFRIC 15 "Agreements for the Construction of Real Estate" does not apply to the Group at this point.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". This interpretation applies to those cases in which a company wants to hedge the foreign exchange risk entailed by an investment in a foreign entity and qualify this transaction as a hedge pursuant to IAS 39.
- IFRIC 17 "Distribution of Non-cash Assets to Owners". This interpretation clarifies when a dividend should be recognized, how it should be valued and, when the dividend is distributed, how to recognize any difference between the book value of the distributed assets and the book value of the distributable dividend.
- IFRIC 18 "Transfers of Assets from Customers." This interpretation deals with how the assets or cash payments received from customers for connecting them to a distribution network should be recognized. IFRIC 18 is applicable only by parties who are not required to adopt IFRIC 12.
- Other marginal amendments to other accounting principles and interpretations.

For the sake of full disclosure, it is important to point out that certain marginal amendments to the international accounting principles and interpretations published in the *Official Journal of the European Union (O.J.E.U)* during the first nine months of 2010 will be applicable starting in 2011. They include the following:

- IAS 24 revised, which requires additional disclosures concerning related-party commitments;

- IFRIC 14 "Prepayments of a Minimum Funding Requirement;"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments."

Please note that the comparative data at September 30, 2009 and December 31, 2009 shown in the balance sheet ("Property, plant and equipment" and "Other intangible assets") and income statement are being presented exclusively for comparison purposes to reflect the adoption of IFRIC 12.

The publication of the Quarterly Report at September was authorized by the Board of Directors on October 26, 2010 and has not been audited.

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

Changes in the Scope of Consolidation Compared with December 31, 2009

The changes in the Group's scope of consolidation that occurred in the first nine months of 2010 affected exclusively the **Electric Power Operations**:

- deconsolidation as of January 1, 2010 of Ascot Srl, in liquidation;
- establishment of Edison Energie Speciali Calabria Spa as a wholly owned subsidiary of Edison Spa;
- disposal to third parties of a 10% interest in Presenzano Energia Srl;
- acquisition, in July, of 100% control by Edison Energie Speciali Spa of Parco Eolico San Francesco Srl from Gamesa Energia Sa Unipersonal. The acquired company, which operates a wind farm with a capacity of 26 MW in the municipality of Melissa (KR), is now being consolidated line by line.

The table below provides a preliminary overview of the impact on the Group's balance sheet of the business combination completed in the first nine months of 2010:

(in millions of euros)	**Parco Eolico San Francesco Srl**
Fair value of net acquired assets	**42**
% acquired	*100%*
Total acquisition cost	**42**
Effects of the acquisition:	
- recognition of goodwill	-
- recognition of gain	-
Effects on net financial debt:	
Cash outlay	*41*
Change in scope of consolidation	-
Total effects on net financial debt	**41**

These transactions are reflected in the financial statements in accordance with IFRS 3 revised "Business Combinations," recognizing the acquired assets and liabilities at fair value. The resulting allocation should be viewed as temporary because, as allowed under IFRS 3, the valuation amounts will be finalized within 12 months from the date of purchase.

SEGMENT INFORMATION

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

INCOME STATEMENT (in millions of euros)	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*adjustments*		*EDISON GROUP*	
	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009
Sales Revenues	**5,297**	**4,824**	**3,689**	**3,002**	**38**	**38**	**(1,431)**	**(1,363)**	**7,593**	**6,501**
- third parties revenues	5,294	4,819	2,290	1,673	9	9	-	-	7,593	6,501
- Intra-Group revenues	3	5	1,399	1,329	29	29	(1,431)	(1,363)	-	-
EBITDA	**653**	**930**	**349**	**274**	**(72)**	**(76)**	**-**	**-**	**930**	**1,128**
as a % of sales revenues	*12.3%*	*19.3%*	*9.5%*	*9.1%*	*n.m.*	*n.m.*			*12.2%*	*17.4%*
Depreciation, amortization and writedowns	(397)	(391)	(157)	(168)	(8)	(7)	-	-	**(562)**	**(566)**
EBIT	**256**	**539**	**192**	**106**	**(80)**	**(83)**	**-**	**-**	**368**	**562**
as a % of sales revenues	*4.8%*	*11.2%*	*5.2%*	*3.5%*	*n.m.*	*n.m.*			*4.8%*	*8.6%*
Net financial income (expense)									**(93)**	**(117)**
Interest in result of companies valued by equity method									**1**	**-**
Income taxes									**(119)**	**(233)**
Profit (Loss) from continuing operations									**190**	**215**
Profit (Loss) from discontinued operations									**-**	**-**
Minority interest in profit (loss)									**11**	**12**
Group interest in profit (loss)									**179**	**203**

BALANCE SHEET (in millions of euros)	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*adjustments*		*EDISON GROUP*	
	09.30.2010	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*
Total assets	**11,980**	**11,743**	**4,375**	**4,194**	**5,471**	**5,445**	**(5,630)**	**(4,925)**	**16,196**	**16,457**
Total liabilities	**4,334**	**4,031**	**2,503**	**2,826**	**4,318**	**4,327**	**(3,143)**	**(2,981)**	**8,012**	**8,203**
Net Financial Debt									**3,995**	**3,858**

OTHER INFORMATION (in millions of euros)	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*adjustments*		*EDISON GROUP*	
	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009
Capital expenditures	183	267	128	175	64	2	-	-	**375**	**444**
Investments in exploration	-	-	45	63	-	-	-	-	**45**	**63**
Investments in intangibles	2	4	3	1,011	1	5	-	-	**6**	**1,020**
Total capital investments	**185**	**271**	**176**	**1,249**	**65**	**7**	**-**	**-**	**426**	**1,527**

	Electric Power Operations		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*adjustments*		*EDISON GROUP*	
	09.30.2010	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*	*09.30.2010*	*12.31.2009*
Number of employees	**1,946**	**1,946**	**1,359**	**1,357**	**631**	**620**	**-**	**-**	**3,936**	**3,923**

Thus far, the Group has not viewed **geographic area** information as meaningful, since it is essentially located and active in Italy. However, beginning in 2009, the Group started to expand its international operations and, at the end of the period, non-current assets held outside Italy totaled 1,670 million euros, including 247 million euros for assets of the Electric Power Operations, mainly in Greece, and 1,422 million euros for assets of the Hydrocarbons Operations, the largest component of which was 1,071 million euros for the Abu Qir concession in Egypt. At September 30, 2010, the contribution of foreign operations accounted for 9% of EBITDA and 13% of net invested capital.

As for the disclosure about the so-called “**major customers**,” the Group’s sales are generally not concentrated, except for the Electric Power Operations, where one major customers, as defined by IFRS 8, generated sales revenues totaling 940 million euros in the first nine months of 2010, equal to about 11% of the total sales revenues of Electric Power Operations.

NOTES TO THE BALANCE SHEET

Assets

1. Property, Plant and Equipment

The table that follows shows a breakdown of the changes that occurred in the first nine months of 2010:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2009, as published	**820**	**6,139**	**10**	**5**	**543**	**7,517**
Adoption of IFRIC 12	-	(69)	(3)	-	-	(72)
Balance at 12.31.2009, comparative (A)	**820**	**6,070**	**7**	**5**	**543**	**7,445**
Changes in the first nine months of 2010:						
- Additions	64	115	1	1	194	375
- Disposals (-)	-	(11)	-	-	(1)	(12)
- Depreciation (-)	(34)	(411)	(1)	(1)	-	(447)
- Writedowns (-)	-	(4)	-	-	(8)	(12)
- Changes in scope of consolidation	-	48	-	-	-	48
- Decommissioning costs	-	7	-	-	-	7
- Other changes	3	177	-	-	(177)	3
Total changes (B)	**33**	**(79)**	**-**	**-**	**8**	**(38)**
Balance at 09.30.2010 (A+B)	**853**	**5,991**	**7**	**5**	**551**	**7,407**

The Group adopted IFRIC 12 prospectively. Consequently, the opening balances for “Property, plant and equipment” and “Other intangible assets” attributable to the natural gas distribution infrastructures reflect reclassifications totaling 72 million euros.

A breakdown by business segment of **additions** totaling 375 million euros is as follows:

(in millions of euros)	9 months 2010	9 months 2009
Electric Power Operations	**183**	**267**
broken down as follows:		
- Thermoelectric area	*118*	*140*
- Hydroelectric area	*37*	*44*
- Renewable sources area (wind power, photovoltaic, etc.)	*28*	*83*
Hydrocarbons Operations	**128**	**175**
broken down as follows:		
- Hydrocarbon fields in Italy	*14*	*24*
- Hydrocarbon fields outside Italy	*95*	*123*
- Transmission and storage infrastructures	*19*	*28*
Corporate Activities and Other Segments	**64**	**2**
Total for the Group	**375**	**444**

A significant addition in the first nine months of 2010 was the purchase by Corporate Activities and Other Segments of a building at 35, Foro Buonaparte, in Milan, for a total amount of 62 million euros. The building is used for office space.

Changes in scope of consolidation (48 million euros) refers to the acquisition of the company Parco Eolico San Francesco Srl effective as of July 2010.

Decommissioning costs reflects the recognition of decommissioning and site remediation costs for new hydrocarbon production facilities in Croatia that were put into service in the third quarter of 2010.

Capitalized borrowing costs recognized as part of property, plant and equipment, as required by IAS 23 revised, amounted to about 3 million euros.

The net carrying value of property, plant and equipment also includes the following items:

- **Assets transferable at no cost** with an aggregate value of 435 million euros (487 million euros at December 31, 2009), which are attributable primarily to the concessions held by the Edison Group (71 in the hydroelectric area). A 9-million-euro reduction is due to the reclassification to Other intangible assets provided for IFRIC 12.
- **Assets acquired under finance leases** recognized in accordance with the IAS 17 revised method totaled 39 million euros (34 million euros at December 31, 2009), including 6 million euros for leases for the renewable sources segment executed in the period. The remaining balance of the financial liability, which amounts to 35 million euros, is shown part under "Long-term financial debt and other financial liabilities" (32 million euros) and part under "Short-term financial debt" (3 million euros).

2. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, is valued at 11 million euros. The sale of some lands and buildings and the depreciation expense for the period account for the decrease of 1 million euros compared with December 31, 2009.

3. Goodwill

Goodwill totaled 3,538 million euros, unchanged compared with December 31, 2009.

Allocation of goodwill (in millions of euros)	**09.30.2010**	12.31.2009
Electric Power Operations	2,838	2,838
Hydrocarbons Operations	700	700
Total	**3,538**	**3,538**

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.

No impairment indicators affecting the value of goodwill were detected in the first nine months of 2010.

4. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 81 mineral leases in Italy and abroad (including 3 storage concessions) for the extraction of hydrocarbon deposits, were valued at 1,215 million euros. The net decrease of 44 million euros, compared with December 31, 2009, reflects the amortization for the period.

5. Other Intangible Assets

The table below shows the main changes that occurred in the first nine months of 2010:

(in millions of euros)	Patents, licenses and similar rights	CO_2 emissions rights	Green Certificates	Hydrocarbon exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2009, as published	**20**	**5**	**-**	**-**	**6**	**5**	**36**
Adoption of IFRIC 12	72	-	-	-	-	-	72
Balance at 12.31.2009, comparative (A)	**92**	**5**	**-**	**-**	**6**	**5**	**108**
Changes in the first nine months of 2010:							
- Additions	4	-	-	45	-	2	51
- Disposals (-)	(1)	-	-	-	-	-	(1)
- Amortization (-)	(14)	-	-	(45)	-	-	(59)
- Other changes	5	(4)	2	-	-	(4)	(1)
Total changes (B)	**(6)**	**(4)**	**2**	**-**	**-**	**(2)**	**(10)**
Balance at 09.30.2010 (A+B)	**86**	**1**	**2**	**-**	**6**	**3**	**98**

As of January 1, 2010, as required by IFRIC 12, **Patents, licenses and similar rights** include the infrastructures used by the Group to distribute natural gas under the 62 concessions it holds in this area of business.

The **exploration costs** incurred in the third quarter of 2010 totaled 45 million euros. The entire amount was amortized during the period and no exploration costs were capitalized in connection with successful exploration project subsequently leading to production.

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

The total includes 49 million euros in investments in associates and in unconsolidated subsidiaries and affiliated companies and 297 million euros in available-for-sale investments. The latter amount includes an investment in RCS Mediagroup Spa (9 million euros) and in Terminale GNL Adriatico Srl (281 million euros), which owns the offshore regasification terminal near Porto Viro (RO).

The table below shows the main changes that occurred in the first nine months of 2010:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2009 (A)	**43**	**304**	**347**
Changes in the first nine months of 2010:			
- Changes in share capital	5	(5)	-
- Valuations at fair value	-	(1)	(1)
- Other changes	1	(1)	-
Total changes (B)	**6**	**(7)**	**(1)**
Balance at 09.30.2010 (A+B)	**49**	**297**	**346**

The **changes in share capital** is as follows:

- a repayment of capital contributions by Terminale GNL Adriatico Srl (5 million euros);
- a capital increase carried out by Galsi Spa (5 million euros).

7. Other Financial Assets

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

(in millions of euros)	09.30.2010	12.31.2009	Change
Loan receivables from Ibiritermo (IFRIC 4)	83	79	4
Interest-bearing escrow deposit (*)	-	14	(14)
Bank deposits that secure project financing facilities	4	4	-
Sundry items	1	1	-
Total other financial assets	**88**	**98**	**(10)**

(*) Provided in connection with the sale of equity investments.

The interest-bearing escrow deposit provided in connection with the sale of equity investments was released and became available in the period.

8. Deferred-tax Assets

Deferred-tax assets, which were valued based on realistic assumptions that they would be realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies, amounted to 121 million euros (103 million euros at December 31, 2009).

They reflect differences in the valuation of:

- taxed provisions for risks of 51 million euros;
- differences in the valuation of property, plant and equipment of 46 million euros;
- a tax-loss carryforward of 8 million euros;

with other differences stemming from the adoption of IAS 39 accounting for the balance.

9. Other Assets

Other assets totaled 106 million euros, or 85 million euros more than at December 31, 2009. This account includes:

- 87 million euros representing the value of take or pay rewarded related to natural gas volumes for which Edison Spa incurred into the obligation to withdraw pursuant to the relevant procurement contracts. The Company expects to take delivery in the future of sufficient quantities of natural gas to make up this shortfall;
- 7 million euros (net of an allowance for doubtful accounts of 1 million euros) in tax refunds receivable, including accrued interest through September 30, 2010;
- 12 million euros in sundry receivables, consisting mainly of security deposits.

10. Current Assets

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

(in millions of euros)	09.30.2010	12.31.2009	Change
Inventories	316	308	8
Trade receivables	2,015	1,862	153
Current-tax assets	29	33	(4)
Other receivables	506	545	(39)
Current financial assets	67	30	37
Cash and cash equivalents	333	748	(415)
Total current assets	**3,266**	**3,526**	**(260)**

A review of the individual components is provided below:

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

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	Other	**Total at 09.30.2010**	Total at 12.31.2009	Change
Electric Power Operations	41	-	36	21	98	80	18
Hydrocarbons Operations	27	181	10	-	218	228	(10)
Total for the Group	**68**	**181**	**46**	**21**	**316**	**308**	**8**

The decrease that occurred in the first nine months of 2010 is due mainly to the utilization of the inventory of stored natural gas (about 20 million euros).

Inventories also include about 24 million euros in strategic reserves of natural gas, the use of which is restricted.

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

(in millions of euros)	**09.30.2010**	12.31.2009	Change
Electric Power Operations	1,679	1,527	152
Hydrocarbons Operations	548	475	73
Corporate Activities and Other Segments and eliminations	(212)	(140)	(72)
Total trade receivables	**2,015**	**1,862**	**153**
of which Allowance for doubtful accounts	**(133)**	**(129)**	**(4)**

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 and, for 125 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolio, of which 117 million euros attributable to the Electric Power Operations and 8 million euros attributable to the Hydrocarbons Operations.

The overall increase in trade receivables, amounting to 153 million euros, reflects primarily higher unit sales of electric power by the Group. In the hydrocarbon area, the rise in trade receivables was due to growing consumption of natural gas by thermoelectric power plants and, to a lesser extent, an expansion of the international production operations. Past due receivable also increased during the period.

Lastly transactions involving the assignment of receivables without recourse on a revolving and spot basis executed in the first nine months of 2010, consistent with the previous year's practice, totaled 2,956 million euros (2,828 million euros at December 31, 2009), of which 749 million euros on spot basis. As required by its credit policies, the Group use also these transactions to control and minimized credit risks. The residual risk of recourse associated with these transactions is virtually nil.

- **Current-tax assets** of 29 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company.

- A breakdown of **other receivables**, which totaled 506 million euros, is provided in the table below:

(in millions of euros)	09.30.2010	12.31.2009	Change
Receivables arising from the valutation of derivatives	98	117	(19)
Amounts owed by partners and associates in hydrocarbon exploration projects	68	33	35
Advances to suppliers	60	67	(7)
Advances paid for the acquisition of equity investments	-	30	(30)
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	23	70	(47)
VAT credit	20	19	1
Sundry items	237	209	28
Total other receivables	**506**	**545**	**(39)**

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

(in millions of euros)	09.30.2010	12.31.2009	Change
Loans receivable	10	3	7
Derivatives	49	18	31
Equity investments held for trading	8	9	(1)
Total current financial assets	**67**	**30**	**37**

A comprehensive presentation of the overall effects of financial derivatives is provided in a separate section of these Notes.

- **Cash and cash equivalents** of 333 million euros consist of short-term deposits in bank and postal accounts and other short-term investments.

Liabilities and Shareholders' Equity

11. Group Interest and Minority Interest in Shareholders' Equity

Group interest in shareholders' equity amounted to 8,003 million euros, for a decrease of 74 million euros compared with December 31, 2009 (8,077 million euros). This reduction is the net result of a dividend distribution totaling 228 million euros (equal to a dividend of 0.0425 euros on each common share and 0.0725 euros on each savings share) and the change in the reserve for cash flow hedge transactions (decrease of 28 million euros), offset in part by the profit for the period amounting to 179 million euros.

Minority interest in shareholders' equity totaled 181 million euros, or 4 million euros more than at December 31, 2009 (177 million euros), due mainly to the share capital increase carried out by a joint ventures (10 million euros) and the profit for the period (11 million euros) offset in part by the impact of the distribution of dividends attributable to minority shareholders (16 million euros).

A breakdown of Group and minority interest in shareholders' equity is provided in the schedule entitled "Changes in Consolidated Shareholders' Equity."

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

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

The table below provides a breakdown of the changes that occurred in the reserve for cash flow hedge transactions, established upon the adoption of IAS 32 and IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of changes in the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rates.

Reserve for cash flow hedge transactions (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2009	28	(11)	17
Changes in the first nine months of 2010	(45)	17	(28)
Reserve at September 30, 2010	**(17)**	**6**	**(11)**

The table below shows the changes that occurred in the reserve for available-for-sale investments:

Reserve for available-for-sale investments (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2009	(2)	-	(2)
Changes in the first nine months of 2010	(1)	-	(1)
Reserve at September 30, 2010	**(3)**	**-**	**(3)**

12. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which amounted to 64 million euros, reflects the accrued severance indemnities and other benefits owed to employees. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held by the Company.

The table below shows the changes that occurred in the first nine months of 2010:

(in millions of euros)	Provision for sever. indemn.	Provisions for pensions	Total
Balance at 12.31.2009 (A)	**54**	**10**	**64**
Changes in the first nine months of 2010:			
- Financial expense	2	-	2
- Actuarial (gains) losses (+/-)	2	-	2
- Utilizations (-) / Other changes	(4)	-	(4)
Total changes (B)	**-**	**-**	**-**
Total at 09.30.2010 (A+B)	**54**	**10**	**64**

13. Provision for Deferred Taxes

The balance of 541 million euros (584 million euros at December 31, 2009) reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as the deemed cost of property, plant and equipment.

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

(in millions of euros)	**09.30.2010**	12.31.2009	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	551	614	(63)
- Adoption of standard on finance leases (IAS 17)	20	18	2
- Adoption of standard on financial instruments (IAS 39) with impact on shareholders' equity	7	18	(11)
- Other deferred taxes	24	7	17
Total deferred-tax liabilities (A)	**602**	**657**	**(55)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	53	68	(15)
- Tax loss carryforward	2	2	-
- Adoption of standard on financial instruments (IAS 39) with impact on shareholders' equity	1	-	1
- Other deferred-tax assets	5	3	2
Total deferred-tax assets (B)	**61**	**73**	**(12)**
Total provision for deferred taxes (A-B)	**541**	**584**	**(43)**

14. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 818 million euros, a decrease of 19 million euros compared with December 31, 2009.

The table below shows the changes that occurred in the first nine months of 2010:

(in millions of euros)	12.31.2009	Additions	Utili-zations	Other changes and reclassifications	09.30.2010
- Disputed tax items	71	1	(2)	-	70
- Risks for disputes, litigation and contracts	159	6	(13)	3	155
- Charges for contractual guarantees on sale of equity investments	79	-	(16)	-	63
- Provisions for decommissioning and remediation of industrial sites	354	12	(1)	6	371
- Environmental risks	27	3	(6)	27	51
- Other risks and charges	147	19	(10)	(48)	108
Total for the Group	**837**	**41**	**(48)**	**(12)**	**818**

The changes that occurred in the first nine months of 2010 are reviewed below:

- The main components of **additions** of 41 million euros are financial expense on decommissioning provisions (12 million euros), statutory and tax interest accrued on existing provisions (6 million euros), additions to provisions for environmental risks (3 million euros) and legal and tax related risks for the balance.
- **Utilizations** of 48 million euros refer primarily to the cancellation of some guarantees provided in connection with the sale of equity investments and charges for legal disputes (31 million euros), charges for the decommissioning and remediation of some industrial sites and other environmental cleanup costs (6 million euros) and reversals of the portions of provisions for risks that exceeded the actual charge (3 million euros).
- **Other changes**, negative for 12 million euros, refer mainly to utilizations for purchases of environmental securities to cover the Group's requirements for 2009, offset in part by the recognition of a provisions for decommissioning costs of 7 million euros, established in connection with new hydrocarbon production facilities put into service in Croatia, and by reclassifications made to provide a more effective presentation of certain provisions for risks.

15. Bonds

The balance of 1,195 million euros (1,199 million euros at December 31, 2009) represents the non-current portion of the bonds issued by the Group, valued at amortized cost. In March, 500 million euros in new five-year bonds were issued within the framework of a Euro Medium-term Loan Program.

The table below shows the balance outstanding at September 30, 2010 and indicates the fair value of each bond issue:

(in millions of euros)	Market where traded	Cur-rency	Par value outstand-ing	Coupon	Rate	Maturity	Carrying value Non-current portion	Current portion	Total	Fair value
Edison Spa	Luxembourg Secur. Exch	EUR	700	Annual in arrears	5.125%	12.10.2010	-	728	728	737
Edison Spa	Luxembourg Secur. Exch	EUR	500	Quarterly in arrears	1.446%	07.19.2011	-	504	504	501
Edison Spa	Luxembourg Secur. Exch	EUR	700	Annual in arrears	4.250%	07.22.2014	697	27	724	737
Edison Spa	Luxembourg Secur. Exch	EUR	500	Annual in arrears	3.250%	03.17.2015	498	14	512	518
Total for the Group			**2,400**				**1,195**	**1,273**	**2,468**	**2,493**

The valuation at amortized cost of the March 2010 and July 2009 bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuation, was carried out in accordance with hedge accounting for taking into account the variation in the risk hedged.

16. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account is as follows:

(in millions of euros)	09.30.2010	12.31.2009	Change
Due to banks	1,459	2,138	(679)
Due to other lenders	51	46	5
Total for the Group	**1,510**	**2,184**	**(674)**

The main changes, compared with December 31, 2009, include the following:

- Early repayment of a 600-million-euro facility provided to the Edison Spa on a club deal basis in May 2009.
- Inclusion in the amount due to other lenders of the long-term portion (5 million euros) of the liability under a lease for equipment used in the renewable sources business segment.

17. Other Liabilities

Other liabilities of 35 million euros represent sundry liabilities, including the suspension of the gain on the sale of a 51% interest in Dolomiti Edison Energy Srl (the company continues to be consolidated line by line) in 2008, while agreements providing both parties with put and call options are in effect.

18. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	09.30.2010	12.31.2009	Change
Bonds	1,273	721	552
Short-term financial debt	500	611	(111)
Trade payables	1,602	1,469	133
Current taxes payable	34	38	(4)
Other liabilities	440	466	(26)
Total current liabilities	**3,849**	**3,305**	**544**

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 1,273 million euros, represent the value of bonds maturing within one year (including 700 million euros, face value, due on December 10, 2010 and 500 million euros, face value, due on July 19, 2011), and the total accrued interest at September 30, 2010.

- **Short-term financial debt**, which totaled 500 million euros, essentially includes:
  - 349 million euros due to banks, 27 million euros of which represent the effect of measuring interest rate derivatives at fair value;
  - 36 million euros owed to minority shareholders of consolidated companies;
  - 115 million euros due to other lenders.

- **Trade payables** totaled 1,602 million euros. A breakdown by business segment is provided below:

(in millions of euros)	**09.30.2010**	12.31.2009	Change
Electric Power Operations	1,296	1,098	198
Hydrocarbons Operations	478	492	(14)
Corporate Activities and Other Segments and eliminations	(172)	(121)	(51)
Total trade payables	**1,602**	**1,469**	**133**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.

  The higher level of trade payables compared with December 31, 2009, essentially in Electric Power Operations, is consistent with increase in the Group's sales volumes during the period.

  This item also includes 92 million euros for the fair value of the physical energy commodity contracts held in the Trading Portfolios.

- **Current taxes payable** of 34 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 440 million euros, is as follows:

(n millions of euros)	**09.30.2010**	12.31.2009	Change
Amounts owed to joint holders of permits and concessions for the production of hydrocarbons	135	60	75
Liabilities stemming from the measurement at fair value of derivatives	88	60	28
Payables for consulting and other services	33	77	(44)
Amount owed to the controlling company in connection with the filing of a consolidated tax return	31	68	(37)
Amount owed to employees	31	29	2
Amounts owed to shareholders for dividends declared	24	18	6
Payables owed to social security institutions	23	27	(4)
Payables owed to Tax Administration (other than current tax payables)	18	36	(18)
Sundry items	57	91	(34)
Total other liabilities	**440**	**466**	**(26)**

NET FINANCIAL DEBT

At September 30, 2010, net financial debt totaled 3,995 million euros, or 137 million euros more than the 3,858 million euros owed at the end of 2009.

The change reflects the positive effect of the cash flow from operations, which offset in part the period's outlays for capital expenditures (426 million euros), dividend (238 million euros) and income taxes payments (228 million euros) and net financial expense (93 million euros).

Consistent with the practice followed at the end of 2009, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	*Balance sheet note ref.*	**09.30.2010**	12.31.2009	Change
Bonds - non-current portion	*15*	1,195	1,199	(4)
Non-current bank loans	*16*	1,459	2,138	(679)
Amounts due to other lenders - non-current portion	*16*	51	46	5
Other non-current financial assets (*)	*7*	(83)	(79)	(4)
Total net long-term financial debt		**2,622**	**3,304**	**(682)**
Bonds - current portion	*18*	1,273	721	552
Short-term financial debt	*18*	500	611	(111)
Current financial assets	*10*	(67)	(30)	(37)
Cash and cash equivalents	*10*	(333)	(748)	415
Total net short-term financial debt		**1,373**	**554**	**819**
Net financial debt		**3,995**	**3,858**	**137**

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

The following changes occurred in the first nine months of 2010:

- A decrease in medium/long-term financial debt, due mainly to the early repayment of a 600-million-euro bank facility provided to Edison Spa on a club deal basis in 2009 and the reclassification as a short-term obligation of the bond issue maturing on July 19, 2011. Furthermore, a new 500-million-euro bond was issued.
- An increase in short-term financial debt, attributable for the most part to the abovementioned reclassification of a bond issue and the utilization of cash and cash equivalent assets.

Net financial debt includes 216 million euros stemming from transactions with "significant parties" (162 million euros owed to Mediobanca, 18 million euros owed to Banca Popolare di Milano and 36 million euros owed to SEL Spa).

In addition, "Short-term financial debt" includes 15 million euros owed to unconsolidated Group subsidiaries.

NOTES TO THE INCOME STATEMENT

The first nine months of 2010 were characterized by a modest upturn in domestic consumption, compared with the same period a year ago, and a concurrent reduction in electric power and natural gas sales margins.

Against this background, EBITDA decreased to 930 million euros, or 198 million euros less than the 1,128 million euros earned in 2009 (-17,6%). As for the performance of the individual business operations, it is worth noting that the data for the Hydrocarbons Operations include the result of transactions that hedge natural gas import costs, which, from an operating standpoint, are executed in part to benefit electric power sales margins. Given the exceptional magnitude of fluctuations in commodity prices and foreign exchange rates during the reporting period and in order to provide an appropriate basis of comparison, it seems appropriate to show the adjusted EBITDA amount, restated to reflect the applicable portion of the result from hedging transactions attributable to the Electric Power Operations.

(in millions of euros)	9 months 2010	9 months 2009	Change	Change %
Reported EBITDA				
Electric Power Operations	653	930	(277)	(29.8%)
Hydrocarbons Operations	349	274	75	27.4%
Corporate Activities and Other Segments	(72)	(76)	4	(5.3%)
Total for the Group	**930**	**1,128**	**(198)**	**(17.6%)**
Adjusted EBITDA				
Electric Power Operations	722	801	(79)	(9.9%)
Hydrocarbons Operations	280	403	(123)	(30.5%)
Corporate Activities and Other Segments	(72)	(76)	4	(5.3%)
Total for the Group	**930**	**1,128**	**(198)**	**(17.6%)**

The comments that follow review the Group's performance in terms of adjusted EBITDA, which provide a clearer presentation of the industrial results of its operations:

- In the first nine months of 2010, the adjusted EBITDA of the **Electric Power Operations** totaled 722 million euros, or 9.9% less than in the same period last year (801 million euros). This decrease reflects the impact of the lower margins earned on sales of electric power, of a reduction in hydroelectric production and of the expiration of some incentivized periods and contracts in CIP 6/92 segment, offset only in part by the effect of a significant rise in sales volumes.
- At 280 million euros, the adjusted EBITDA of the **Hydrocarbons Operations** were 30.5% lower than in the first nine months of 2009, when they totaled 403 million euros. A significant development that characterize the reporting period was a sharp decrease in natural gas distribution margins that reflected both the heightened competitive pressure resulting from massive volumes of spot natural gas marketed in the main European markets and the time lag with which changes in commodity prices are reflected in sales prices. The impact of these negative developments was offset only in part by an increase in sales volumes and a positive performance by the international oil and gas production activities.

The Group's interest in profit totaled 179 million euros, or 24 million euros less than the 203 million euros reported at September 30, 2009. In addition to the trends affecting industrial margins mentioned above, this decrease is the result of the following factors:

- a decrease of 18 million euros in exploration costs;
- a reduction of 24 million euros in financial expense, due mainly to net foreign exchange gains;
- a positive impact from the reversal in earnings of provisions for risks and charges established in previous years;
- a lower tax burden resulting from the positive impact of the so-called *Tremonti-ter* tax provision and the nonrecurring benefit arising from the reduction in the rate of the Robin Hood Tax for the 2009 reporting year.

In order to provide a better understanding of the cumulative results at September 30, 2010, the table below shows the progression of the data quarter by quarter and provides a comparison with the corresponding periods in 2009:

	1st quarter			**2nd quarter**			**3rd quarter**			**Total**		
(in millions of euros)	**2010**	2009	% change	**2010**	2009	% change	**2010**	2009	% change	**2010**	2009	% change
Sales revenues	2,742	2,710	1.2%	2,345	1,879	24.8%	2,506	1,912	31.1%	7,593	6,501	16.8%
EBITDA	321	295	8.8%	305	437	(30.2%)	304	396	(23.2%)	930	1,128	(17.6%)
as a % of sales revenues	*11.7%*	*10.9%*		*13.0%*	*23.3%*		*12.1%*	*20.7%*		*12.2%*	*17.4%*	

19. Sales Revenues

Sales revenues totaled 7,593 million euros, or 16.8% more than in the first nine months of 2009.

The table below provides a breakdown of sales revenues, which were booked for the most part in Italy:

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Revenues from the sales of:				
- Electric power	4,507	4,175	332	8.0%
- Natural gas	2,095	1,541	554	36.0%
- Steam	93	78	15	19.2%
- Oil	116	60	56	93.3%
- Green certificates	79	65	14	21.5%
- Other sales revenues	20	37	(17)	(45.9%)
Total sales revenues	**6,910**	**5,956**	**954**	**16.0%**
Revenues from services provided	13	13	-	-
Storage services	36	27	9	33.3%
Margin on trading activities	37	13	24	n.m.
Transmission revenues	573	472	101	21.4%
Other revenues from sundry services	24	20	4	20.0%
Total for the Group	**7,593**	**6,501**	**1,092**	**16.8%**

Breakdown by Business Segment

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Electric Power Operations	5,297	4,824	473	9.8%
Hydrocarbons Operations	3,689	3,002	687	22.9%
Corporate Activities and Other Segments	38	38	-	-
Eliminations	(1,431)	(1,363)	(68)	5.0%
Total for the Group	**7,593**	**6,501**	**1,092**	**16.8%**

An analysis of sales revenues is provided below:

- The gain in sales revenues reported by the **Electric Power Operations** compared with 2009 (+9.8%) reflects the positive effect of higher sales volumes (gains of 91% for wholesalers and 12% for end customers), driven in part by a modest upturn in domestic demand for electric power, which more than offset the impact of a decrease in unit sale prices. Other factors boosting sales revenues included the results from trading activities, a gain in transmission revenues that reflects the increase in sales volumes, and the consolidation of the Greek operations.
- The sales revenues of the **Hydrocarbons Operations** increased by 22.9% compared with the same period last year, thanks to a rise in sales volumes (gains of 38% for thermoelectric users, 12% for industrial users and 11% residential users) that reflects a recovery in domestic demand for natural gas. This positive development was offset in part by a reduction in unit sales prices. Another beneficial factor was the growing contribution provided by exploration and production activities, due to increases in production (+35% for crude oil and +9% for natural gas) and a rise in crude oil prices compared with the first nine months of 2009.

20. Other Revenues and Income

Other revenues and income totaled 333 million euros. A breakdown is as follows:

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Commodity derivatives	154	97	57	58.8%
Margin on trading activities	4	5	(1)	(20.0%)
Recovery of fuel costs from Edipower's Tollers	76	119	(43)	(36.1%)
Out-of-period income	30	66	(36)	(54.5%)
Recovery of costs from partners in hydrocarbon exploration projects	14	10	4	40.0%
Utilizations of provisions for risks	10	3	7	n.m.
Sundry items	45	48	(3)	(6.3%)
Total for the Group	**333**	**348**	**(15)**	**(4.3%)**

The increase in **income from commodity derivatives,** which should be analyzed together with **raw materials and services used** (which decreased from 203 million euros to 52 million euros), reflects primarily the results of Brent and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used for the production and sale of electric power and of the gas earmarked for outright sale.

This positive performance is due to a different scenario effect on the hedged physical commodity: in 2009, a loss on hedging derivatives caused by a decrease in oil prices below the level in the contracts was offset by a matching gain on the physical commodity due primarily to a drop in the cost of natural gas. In 2010, on the other and, a spike in the prices of petroleum products drove natural gas costs higher, with a negative scenario effect on the hedged physical commodity, offset by the positive results shown as income from commodity derivatives.

Out-of-period income, which amounted to 30 million euros, includes 5 million euros for refunds of costs incurred in 2008 for CO_2 emissions rights attributable to some CIP 6/92 power plants. In 2009, this item reflected the positive impact of AEEG Resolution No. 30/09, concerning the criteria for reimbursement of the costs incurred to purchase green certificates, and of contractual penalty payments received for late deliveries of some components of a thermoelectric power plant.

Sundry items include insurance settlements of 17 million euros for accidents that occurred at thermoelectric power plants and a gain of 2 million euros generated by the sale of some lands and building held as investment property and some equipment parts.

Margin on trading activities

The table below, which is provided for the sake of greater clarity, shows the results from trading activities in physical and financial energy commodity contracts held in Trading Portfolios included in sales revenues and in other revenues and income:

(in million of euros)	*See Note*	**9 months 2010**	9 months 2009	Change	% change
Margin on physical contracts included in Trading Portfolios					
Sales revenues		1,768	735	1,033	n.m
Raw materials and services used		(1,731)	(722)	(1,009)	n.m
Total included in sales revenues	*19*	**37**	**13**	**24**	**n.m.**
Margin on financial contracts included in Trading Portfolios					
Other revenues and income		35	24	11	45.8%
Raw materials and services used		(31)	(19)	(12)	63.2%
Total included in other revenues and income	*20*	**4**	**5**	**(1)**	**(20.0%)**
Total margin on trading activities		**41**	**18**	**23**	**n.m.**

21. Raw Materials and Services Used

Raw materials and services used totaled 6,811 million euros, or 22.9% more than in the same period in 2009 (5,543 million euros).

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

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Purchases of:				
- Natural gas	2,922	2,228	694	31.1%
- Electric power	1,390	999	391	39.1%
- Dispatching and balancing market	283	134	149	n.m.
- Blast furnace, recycled and coke furnace gas	246	167	79	47.3%
- Oil and fuel	152	241	(89)	(36.9%)
- Demineralized industrial water	27	24	3	12.5%
- Green certificates	104	135	(31)	(23.0%)
- CO_2 emissions rights	40	14	26	n.m.
- Coal, utilities and other materials	78	80	(2)	(2.5%)
Total	**5,242**	**4,022**	**1,220**	**30.3%**
- Facilities maintenance	122	137	(15)	(10.9%)
- Transmission of electric power and natural gas	913	866	47	5.4%
- Regasification fee	74	-	74	n.a.
- Professional services	85	79	6	7.6%
- Insurance services	22	20	2	10.0%
- Writedowns of trade and other receivables	23	38	(15)	(39.5%)
- Commodity derivatives	52	203	(151)	(74.4%)
- Additions to provisions for miscellaneous risks	20	17	3	17.6%
- Change in inventories	12	(34)	46	n.m.
- Use of property not owned	72	60	12	20.0%
- Sundry items	174	135	39	28.9%
Total for the Group	**6,811**	**5,543**	**1,268**	**22.9%**

Breakdown by Business Segment

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Electric Power Operations	4,750	4,063	687	16.9%
Hydrocarbons Operations	3,421	2,769	652	23.5%
Corporate Activites and Other Segments	77	78	(1)	(1.3%)
Eliminations	(1,437)	(1,367)	(70)	5.1%
Total for the Group	**6,811**	**5,543**	**1,268**	**22.9%**

The increase in the amount shown for **natural gas**, compared with 2009, is due mainly to higher consumption by thermoelectric uses (+38%) and industrial uses (+12%), only in part generated by the rise in demand for electric power and natural gas mentioned earlier in these Notes. The purchases include the full availability of the facilities operated by Terminale GNL Adriatico Srl. It is also reflects the positive impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (26 million euros).

The higher amount paid to purchase **electric power**, compared with 2009, reflects an increase in Power Exchange purchases, execute to take advantage of low purchase prices and boost industrial margins.

Most of the reduction (31 million euros) in **green certificate** costs is due to the newly acquired cogenerating status of a thermoelectric power plant.

The increase incurred in costs for **CO_2 emissions rights** (26 million euros) is chiefly the result of the rise in emissions caused by higher production of electric power.

Regasification fee (74 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services, which it began to provide in the last quarter of 2009.

Most of the increase in the costs incurred for the **use of property not owned,** amounting to 12 million euros, is due to Law No. 122 of July 30, 2010, which introduced, starting in 2010, an annual concession fee surcharge for holders of large-scale water diversion concessions.

Change in inventories refers mainly to a decrease in natural gas held in storage.

Sundry charges include:

- sundry services (43 million euros);
- out-of-period charges (21 million euros);
- advertising expense incurred mainly for corporate communication campaigns (13 million euros);
- losses on disposals of property, plant and equipment (8 million euros);
- indirect taxes and fees (9 million euros);
- corporate services costs (7 million euros).

22. Labor Costs

Labor costs totaled 185 million euros, or about 3.9% more than in the first nine months of 2009, when they amounted to 178 million euros.

This increase is mainly the combined result of a larger average payroll compared with the same period of 2009, and salary increases.

At September 30, 2010, counting the staff of companies consolidated on a proportional basis, the Edison Group had 3,936 employees on its payroll, compared with 3,923 employees at December 31, 2009.

23. EBITDA

EBITDA totaled 930 million euros, or 198 million euros less (-17.6%) than the 1,128 million euros earned in the first nine months of 2009.

The table below provides a breakdown by business segment of the Group's reported and adjusted EBITDA, which include the reclassification of a portion of the result from transactions executed to hedge natural gas importation contracts, since, from an operational standpoint, the margins earned on sales of electric power also benefit from these hedges.

(in millions of euros)	9 months 2010	as a % of sales revenues	9 months 2009	as a % of sales revenues	EBITDA % change
Reported EBITDA					
Electric Power Operations	653	12.3%	930	19.3%	(29.8%)
Hydrocarbons Operations	349	9.5%	274	9.1%	27.4%
Corporate Activities and Other Segments	(72)	n.m.	(76)	n.m.	n.m.
Total for the Group	**930**	**12.2%**	**1,128**	**17.4%**	**(17.6%)**
Adjusted EBITDA					
Electric Power Operations	722	13.6%	801	16.6%	(9.9%)
Hydrocarbons Operations	280	7.6%	403	13.4%	(30.5%)
Corporate Activities and Other Segments	(72)	n.m.	(76)	n.m.	n.m.
Total for the Group	**930**	**12.2%**	**1,128**	**17.4%**	**(17.6%)**

More specifically:

- The adjusted EBITDA of the **Electric Power Operations** totaled 722 million euros, down slightly from the same period last year (-9.9%). This decrease reflects the impact of the lower unit margins on sales of electric power, offset only in part by a significant rise in unit sales and improved results from trading activities. Other negative factors include a decrease in hydroelectric production (-7%) caused by a reduction in the availability of water resources compared with the same period last year, a contraction in dispatching service margins and, in the CIP 6/92 segment, the end of some incentivized periods and the expiration of some contracts.
- The **Hydrocarbons Operations** were faced with a significant decrease in unit sales margins, particularly in the natural gas distribution business, that reflected lower sales prices in the residential and industrial markets resulting mainly from the heightened competitive pressure generated by massive volumes of spot natural gas marketed in Europe at prices below those charged under conventional long-term procurement contracts. The negative impact of this development was offset only in part by a substantial increase in the Group's sales volumes and by the positive effects of the optimization of natural gas supply sources, which could be deployed thanks to the full availability of the gas imported through the facility operated by Terminale GNL Adriatico Srl. The results of the Hydrocarbons Operations were also aided by a positive contribution from the domestic and international exploration and production activities, which reported increases in natural gas and crude oil production of 9% and 35%, respectively, and benefited from an upturn in crude oil prices. As the net result of these contrasting factors, the adjusted EBITDA of the Hydrocarbons Operations totaled 280 million euros, down sharply (-30.5%) compared with the same period last year.

24. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 562 million euros, is provided below:

(in millions of euros)	**9 months 2010**	9 months 2009 (*)	Change	% change
Depreciation of property, plant and equipment	447	438	9	2.1%
Amortization of hydrocarbon concessions	44	43	1	2.3%
Amortization of other intangible assets	59	79	(20)	(25.3%)
Writedowns of property, plant and equipment	12	6	6	100.0%
Total for the Group	**562**	**566**	**(4)**	**(0.7%)**

(*) The data for "Depreciation of property, plant and equipment" and "Amortization of other intangible assets" is being presented merely for comparative purpose to reflects the adoption of IFRIC 12.

Breakdown by Business Segment

(in millions of euros)	**9 months 2010**	9 months 2009	Change	% change
Electric Power Operations	397	391	6	1.5%
Hydrocarbons Operations	157	168	(11)	(6.5%)
Corporate Activities and Other Segments	8	7	1	14.3%
Total for the Group	**562**	**566**	**(4)**	**(0.7%)**

More specifically:

- The net increase of 6 million euros reported by the **Electric Power Operations** is attributable primarily to writedowns of the carrying value of some equipment parts (4 million euros) and to the additional depreciation resulting from a change in the scope of consolidation, mainly for the activities in Greece, for 4 million euros, offset by a reduction in depreciation expense in the hydroelectric area that resulted from the restatement of some residual values.
- The amount reported by the **Hydrocarbons Operations** (157 million euros) was lower by 11 million euros compared with the first nine months of 2009. A decrease of 18 million euros in exploration costs, offset only in part by an increase in the amortization of concessions resulting from changes in the extraction profiles of hydrocarbon deposits, is the primary reason for this decrease. A writedown of 8 million euros was recognized in the reporting period in connection with a well unsuccessfully drilled in Egypt.

25. Net Financial Income (Expense)

Net financial expense decreased to 93 million euros, or 24 million euros less than in the first nine months of 2009.
A breakdown of net financial expense is as follows:

(in millions of euros)	**9 months 2010**	9 months 2009	Change
Financial income			
Financial income from financial derivatives	49	31	18
Interest earned on finance leases	10	10	-
Interest earned on bank and postal accounts	2	2	-
Interest earned on trade receivables	11	13	(2)
Other financial income	9	2	7
Total financial income	**81**	**58**	**23**
Financial expense			
Interest paid on bond issues	(87)	(46)	(41)
Financial expense from financial derivatives	(36)	(28)	(8)
Interest paid to banks	(30)	(54)	24
Bank fees	(11)	(8)	(3)
Financial expense on decommissioning projects	(12)	(11)	(1)
Financial expense in connection with employee severance benefits	(2)	(2)	-
Interest paid to other lenders	(8)	(4)	(4)
Other financial expense	(7)	(4)	(3)
Total financial expense	**(193)**	**(157)**	**(36)**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	87	54	33
Foreign exchange translation losses	(68)	(72)	4
Net foreign exchange translation gain (loss)	**19**	**(18)**	**37**
Net financial income (expense) for the Group	**(93)**	**(117)**	**24**

The improvement achieved during the period is the combined result of several factors. More specifically:

- with regard to net expense on financial debt, the positive effect of the strategies implemented to optimize financing sources, coupled with a favorable trend in interest rates, offset in part the impact of an increase in average indebtedness and of an adverse trend in the fair value of interest rate derivatives;

- as for the net foreign exchange gains, they reflect primarily the positive results generated by derivative transactions executed to hedge purchases of natural gas in foreign currencies.

26. Income from (Expense on) Equity Investments

A breakdown the net results from equity investments, which netted out at zero, is provided below:

(in millions of euros)	**9 months 2010**	9 months 2009	Change
Income from equity investments			
Dividends	-	1	(1)
Revaluations and valuations of investments by the equity method	1	-	1
Revaluations of trading securities	-	2	(2)
Total income from equity investments	**1**	**3**	**(2)**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	-	(1)	1
Writedowns of trading securities	(1)	-	(1)
Total expenses on equity investments	**(1)**	**(1)**	**-**
Total Group income from (expense on) equity investments	**-**	**2**	**(2)**

27. Other Income (Expense), Net

Net other income of 34 million euros reported at September 30, 2010 is the result of nonrecurring items that are not directly related to the Group's industrial or financial operations. The main items included in this account are:

- **Income** of 57 million euros, mainly from the reversal into earnings of some provisions for risks and charges recognized in previous years (30 million euros) and the favorable conclusion of arbitration proceedings (23 million euros).
- **Expense** of 23 million euros arising mainly from settlements concluded during the period, additions to provisions for legal and tax risks and costs mainly for extraordinary transactions executed in previous years.

28. Income Taxes

The tax burden recognized in the financial statements decreased to 119 million euros in 2010, or 114 million euros less than in the previous year (233 million euros). The tax liability for the first nine months of 2009 and 2010 was affected by the following nonrecurring events:

- in the first nine months of 2009, the enactment of Decree Law No. 1441 (later converted into Law No. 99/2009, the so-called Robin Hood Tax Law) raised by one percentage point the corporate income tax rate, which had a negative impact of 17 million euros, including 11 million euros for deferred taxes;
- in the first nine months of 2010:
  - Circular No. 35/E issued by the Revenue Agency on June 18, 2010, clarified that the abovementioned surcharge was applicable only starting in 2010, which produced a positive effect of 8 million euros, of which 7 million euros due to a reduction of the current tax liability for previous years;

- the tax benefit (16 million euros) provided by Law No. 10 of August 23, 2009 (the so-called *Tremonti-ter* Law), which was enacted to encourage investments in capital goods.

A breakdown of income taxes is provided below:

(in millions of euros)	9 months 2010	9 months 2009	Change
Current taxes	174	256	(82)
Net deferred-tax liabilities (assets)	(43)	(21)	(22)
Income taxes attributable to previous years	(12)	(2)	(10)
Total for the Group	**119**	**233**	**(114)**

Current taxes include 144 million euros for corporate income taxes (IRES), 28 million euros for regional taxes (IRAP) and 11 million euros for foreign taxes, offset only in part by a tax benefit of 9 million euros generated by filing a consolidated income tax return.

In relative terms, when the data are restated to eliminate the impact of the nonrecurring effects, the tax rate for both periods is substantially the same.

29. Earnings per Share

A breakdown of earnings per share is as follows:

2009 full year			9 months 2010		9 months 2009	
Common shares	Savings shares (1)	(in millions of euros)	Common shares	Savings shares (1)	Common shares	Savings shares (1)
240	240	Group interest in profit	179	179	203	203
232	8	Profit attributable to the different classes of shares (A)	172	7	196	7
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C) (2)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings per share (in euros)				
0.0448	0.0748	- basic (A/B)	0.0333	0.0633	0.0378	0.0678
0.0448	0.0748	- diluted (A/C) (2)	0.0333	0.0633	0.0378	0.0678

(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.

30. Analysis of Changes in Other Components of the Comprehensive Income Statement

In accordance with IAS 1, the table below analyzes the changes in other components of the statement of comprehensive income, provisionally recognized in equity.

Other Components of the Comprehensive Income Statement		
(in millions of euros)	**9 months 2010**	9 months 2009
Cash flow hedge reserve:		
- Gains (Losses) arising during the period	(45)	214
- Adjustments for amounts transferred to initial carrying amount of hedged items (-)	-	(8)
- Income taxes (-)	17	(76)
Sub-total	**(28)**	**130**
Available for sale financial assets:		
- Gains (Losses) arising during the period	(1)	3
- Income taxes (-)	-	-
Sub-total	**(1)**	**3**
Differences on the translation of assets in foreign currencies	3	6
- Income taxes (-)	-	-
Sub-total	**3**	**6**
Pro rata interest in other components of comprehensive income of investee companies	-	-
- Income taxes (-)	-	-
Sub-total	**-**	**-**
Total comprehensive profit (loss) net of taxes	**(26)**	**139**
of which:		
- Minority interest in comprehensive profit (loss)	**-**	-
- Group interest in comprehensive profit (loss)	**(26)**	**139**

COMMITMENTS AND CONTINGENT RISKS

(in millions of euros)	09.30.2010	12.31.2009	Change
Guarantees provided	1,307	1,527	(220)
Collateral provided	1,416	1,391	25
Other commitments and risks	547	530	17
Total for the Group	**3,270**	**3,448**	**(178)**

Guarantees provided totaled 1,307 million euros at September 30, 2010. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet, includes 150 million euros in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax credits. Guarantees provided by the Group's Parent Company to secure the performance of contractual obligations by its subsidiaries account for most of the balance.
As a result of the renegotiation of its financing facility by the investee company Elpedison Power Sa, guarantees totaling 136 million euros were cancelled and new guarantees amounting to 40 million euros were provided.

Collateral provided, which amounted to 1,416 million euros reflects the carrying amounts of the assets or rights pledged as collateral on the balance sheet date. This account includes collateral provided for liabilities listed on the balance sheet, including the value of Edipower shares (1,065 million euros) pledged to a pool of banks to secure a financing facility.
Collateral provided includes additional collateral for liabilities listed on the balance sheet (351 million euros), which generally consist of mortgages and encumbrances granted on facilities of the Electric Power Operations to secure financing. Compared with December 31, 2009, the increase is mainly due to a new collateral provided on a hydroelectric plant for a new financing facility.

Other commitments and risks, which totaled 547 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad and also contracts for the procurement of CO_2 certificates (55 million euros).
The main commitments are reviewed below:

- The Group entered into contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay for any shortages between the stipulated maximum quantities and the quantity actually used (unless the shortage is due to causes not provided for in the contract), with the option for the buyer to make up, at certain conditions, the paid but unused volume over the life of the contract. In the accounting records of Edison Spa, the Group's Parent Company, advances to suppliers included 87 million euros and commitments 53 million euro, for accrued amounts owed to but not yet paid to counterparties. In any case, gas delivery profiles and the economic recoverability are periodically updated during the year.
- For 16 million euros a commitment by Edison Spa related to a company sold in previous years.

Unrecognized Commitments and Risks

In the third quarter of 2010, material commitments and risks faced by the Group that are not included among those listed above did not change significantly compared with the disclosure provided in the Semiannual Report at June 30, 2010, which should be consulted for more detailed and exhaustive information.

In the **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Norway, Algeria and Qatar (this supply contract went into effect in 2009).

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

		within 1 year	2 to 5 years	over 5 years	**Total**
Natural gas	bncm	14.7	54.8	204.2	**273.7**

Update of the Status of the Main Pending Legal and Tax Disputes Compared with the Semiannual Report at June 30, 2010

A review, based on information currently available, of the **developments that occurred in the third quarter of 2010** concerning the main legal and tax disputes currently outstanding is provided below, listing separately actions involving Edison Spa and actions involving other Group companies. A comprehensive disclosure is provided in the Semiannual Report at June 30, 2010. Legal disputes were subdivided further between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the Notes to the financial statements.

Legal disputes that could give rise to a probable liability for which a provision for risks was recognized in the balance sheet are reviewed below.

A) Edison Spa

Industria Chimica Saronio Spa Factory – Municipal Administrations of Melegnano and Cerro al Lambro

The Company filed appeals before the Council of State against the decisions handed down on July 16, 2009, by which the Regional Administrative Court of Lombardy dismissed the appeals filed by Edison challenging two feasible and urgent orders issued by the municipal administrations of Cerro and Melegnano, ordering the Company to implement the activities needed to prevent the contamination deriving from a facility decommissioned in the 1960s and formerly owned by Industria Chimica Saronio Spa (of which Edison is the assign) from migrating from the higher aquifer to the lower aquifer. Edison and the municipal administrations continue to be engaged in negotiations to implement the abovementioned emergency activities.

Spinetta Marengo Industrial Site

Edison filed an application for voluntary remediation action, subsequently granted, in the environmental remediation proceedings that Ausimont Spa, a company sold in 2002 to Sovay Solexis Spa, a company of the Solvay Group, started pursuant to Ministry Decree No. 471/1999, in connection with the contaminated state of the Spinetta Marengo industrial site, in order to better protect its rights. Edison's application was filed after Solvay Solexis (current operator of the facility after its merger through absorption with Ausimont) petitioned the Regional Administrative Court of Piedmont asking that the administrative decisions requiring it to ensure the safety and environmental remediation of the abovementioned site be held in abeyance and voided, insofar as they fail to identify Edison as an obligor (or co-obligor) in the abovementioned proceedings. Further to understandings reached earlier, Edison participates in the Service Conferences, as they are convened from time to time.

* * * * *

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 non probable, or are probable but their impact cannot be quantified reliably and that are likely to result in a cash outlay of an amount that cannot reasonably be estimated as a result of obligations that existed on the balance sheet date, based on available information, is reviewed below:

A) Edison Spa

Montedison (now Edison) – Finanziaria Agroindustriale Merger

The action filed before the Court of Appeals seeking to overturn the decision handed down by the Court of Genoa in December 2000 in the suit filed by Mittel Investimenti Finanziari and other shareholders of Finanziaria Agroindustriale against Edison ended with a decision that granted only in part the requests put forth by the plaintiffs, who had refused to join the settlement reached by Edison and Mittel Investimenti Finanziari. In view of the inconsequential financial impact of the abovementioned decision, the Company chose not to further pursue the matter and paid the amounts owed to the eligible parties.

B) Other Group Companies

Edison Energie Speciali Spa (Edens) – VSV Srl Arbitration

The arbitration proceedings activated by the sellers of an equity interest in VSV Srl, a company that owned wind farm projects in Calabria, which Edison Energie Speciali Spa (Edens) purchased in November 2008, in which the sellers were complaining that Edens failed to pay the second installment of the equity interest's purchase price, amounting to 1.5 million euros, the payment of which, pursuant to the terms of the sales contract, was subject to the condition precedent of ascertaining that the VSV wind farm projects would not suffer any harmful consequences as a result of the implementation of Calabrian Regional Law No. 15/2008, by which the Regional Administration of Calabria established a moratorium on the construction of new wind farms, and Edens claimed that certain contractual guarantees have been violated, was settled out of court at the beginning of October, with the Company incurring a charge of 750,000 euros.

Edison Trading Spa – Investigative Proceedings Concerning Prices in Sicily

On February 2, 2010, the Italian Antitrust Authority served notice on Edison Spa, Edison Trading Spa and Edipower Spa, as well as on A2A Spa, A2A Trading Srl, Iride Mercato Spa, Alpiq Energia Italia Spa and Alpiq Holding Sa, informing them that they were the targets of investigative proceedings launched to determined whether there existed an alleged agreement restricting competition executed by the abovementioned parties in their capacity as Tollers under a Tolling Contract with Edipower Spa and/or as shareholders of Edipower Spa. In the course of the proceedings, the Tollers agreed to offer a series of commitments aimed at eliminating the alleged anticompetitive conduct cited by the Authority in the notice of the investigation. In August, the Authority made these commitments public, inviting any interested third parties to submit their remarks to the Authority. The Company is currently waiting to receive copies of these remarks, before engaging in negotiations with the Authority with the goal of obtaining the Authority's acceptance of the abovementioned commitments and settle the matter before the end of the year.

* * * * *

An update of the developments that affect the main **tax disputes** during the third quarter is provide below:

EDF Energia Italia Srl – Customs VAT Assessment for 2001, 2002 and 2003

The appeal filed by Edison Energia Spa against the unfavorable decision handed down by the Milan Provincial Tax Commission with regard to the notice of assessment for VAT owed for 2001, 2002 and 2003 is pending before the Milan Regional Tax Commission. A hearing in this dispute has been schedule for October 2010.

In any case, any charges that may be incurred as a result of the abovementioned audits are covered by special guarantees provided by EDF International Sa.

Edison Spa – Assessment of Registration Fees for 2008

A challenge of the payment notice issued by the Revenue Agency in connection with the conveyance of certain business operations to Co Energy Power and the subsequent sale of the equity investment to Cofatech Spa has been filed with the Milan Provincial Tax Commission. A hearing in this dispute is expected to take place before the end of the year.

Edipower Spa – Assessment for VAT Due on Green Certificates for 2004

In February 2010, Edipower filed an appeal challenging the notice of assessment for VAT penalties for 2004, asking the Tax Commission of venue to void in full the assessment. The Revenue Agency has joined these proceedings. No notice setting date for a hearing has been issued thus far.

Edipower Spa – Assessment for VAT for 2004 – 2007

In February 2010, Edipower files an application asking that the assessment be automatically voided by virtue of its lack of merit and, subsequently, applied for a negotiation settlement. The Revenue Agency schedule a meeting with Edipower for April 2, 2010 to being the process of seeking a negotiated settlement and hear Edipower's defense. Subsequently, the Revenue Agency reaffirmed its interpretation, refusing, for the time being, to void the assessment. In May 2010, Edipower filed an appeal challenging and asking the Tax Commission of venue to void in full the assessment. The Revenue Agency has joined these proceedings. No notice setting date for a hearing has been issued thus far.

GROUP FINANCIAL RISK MANAGEMENT

This chapter describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions credits, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). A more detailed description of these issues is provided in the Semiannual Report at June 30, 2010.

In accordance with IFRS 7, the paragraphs that follow provide information about the nature of the risks related to financial instruments, based on accounting and management sensitivity considerations.

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

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

A simulation is carried out for the financial derivatives that hedge the Industrial Portfolio to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives.

The Italian forward market for electric power does not yet meet IFRS requirements to qualify as an active market. Specifically, both the OTC markets operated by brokerage firm (e.g., TFS) and those operated by Borsa Italiana (DEX) and the GME (MTE) lack sufficient liquidity for peak and off-peak products and for maturities longer that one year.

Consequently, market price data obtained from those market should be viewed as input for the internal valuation model used at fair value the abovementioned products.

The table below shows the maximum negative variance in the fair value of outstanding financial derivatives expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at September 30, 2010, which is 74.8 million euros (102.3 million euros at September 30, 2009). In other words, compared with the fair value determined for financial derivatives outstanding at September 30, 2010, the probability of a negative variance greater than 74.8 million euros by the end of 2010 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	**9 months 2010**		9 months 2009	
	Level of probability	Expected negative variance in fair value (in millions of euros)	Level of probability	Expected negative variance in fair value (in millions of euros)
Edison Group	**97.5%**	**74.8**	97.5%	102.3

The corresponding value at December 31, 2009 was 87.4 million euros.

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

The decrease, compared with the level measured at September 30, 2009, is due to a lower volume of outstanding financial contracts.

The hedging strategy deployed in the first nine months of 2010 enabled the Group to comply with its risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital. Without hedging, the amount of Economic Capital absorbed at September 30, 2010 was equal to 48% of the approved limit, the average amount of Economic Capital absorbed in the first nine months of 2010 would have been equal to 93% of the approved limit, with a peak of 120% in January 2010. With hedging, at September 30, 2010, the amount of Economic Capital absorbed was equal to 42% of the approved limit. The average amount of Economic Capital absorbed in the first nine months of 2010 by the Industrial Portfolio was 58%.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from Group's Industrial Portfolio. Trading Portfolios are monitored based on strict risk ceiling. As is the case for the Industrial Portfolio, compliance with these ceiling is monitored by an organizational unit independent of the trading unit. The daily Value at Risk (VaR[2]) limit with a 95% probability on the Trading Portfolios is 3.1 million euros, with a stop-loss limit of 16.5 million euros. At September 30, 2010, this limit was 69% utilized, with an average utilization of 43% for the first nine months of 2010.

As is the case for Industrial Portfolio, an Economic Capital that represent the total risk capital available to support the market risks entitled by trading activities is allocated to the entire set of Trading Portfolios. In this case, the Economic Capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for possible structured or illiquid positions. The Economic Capital ceiling for the entire set of Trading Portfolios is 48 million euros. At September 30, 2010, this limit was 68% utilized, with an average utilization of 44% for the first nine months of 2010.

2. Foreign Exchange Risk Not Related to the Commodity Risk

In addition to the issues mentioned above in connection with the commodity risk, the Group is exposed to foreign exchange risk on some cash flows in foreign currencies (usually U.S. dollars) in connection with investments in international development and exploration projects by the Hydrocarbons Operations and, for limited amounts, purchases of equipment. Another type of foreign exchange risk to which the Group has a marginal exposure arises from the translation of the financial statements of certain foreign subsidiaries. As a rule, foreign subsidiaries use the same currencies in the invoices they issue and the invoices they pay.

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

3. Interest Rate Risk

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

Gross Financial Debt	09.30.2010			12.31.2009		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with deriv.	without derivatives	with derivatives	% with deriv.
- fixed rate portion (included structures with CAP)	1,952	1,881	42%	1,419	1,109	24%
- variable rate portion	2,526	2,597	58%	3,296	3,606	76%
Total gross financial debt	**4,478**	**4,478**	**100%**	**4,715**	**4,715**	**100%**

Considering that, at September 30, 2010, the Group held 333 million euros in liquid assets earning interest at market rates, when the abovementioned percentages are computed based on net financial debt, they become about 55% (variable rate) and about 45% (fixed rate), respectively.

The increase, for 772 million euros, in gross financial debt at fixed rates, compared with December 31, 2009, is explained in part by the new bond issue and in part by the hedging strategies implemented during the first nine months of 2010.
More specifically:

- with regard to the new bond issued floated in March 2010, a portion amounting to 275 million euros was left at its contractual rate of 3.25%, while the balance of 225 million euros was converted to a variable rate with *Interest Rate Swaps*;
- a derivatives structure for 500 million euros had been negotiated; such structured at present allows to stay floating within a cap and a floor contractually established.

With this strategy, the Group benefits from the lower costs provided by the variable rate compared with the fixed rate, thereby lowering its borrowing costs, while being protected from possible future increases in interest rates.
The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in 2010 and provides a comparison with the same period in 2009.

Sensitivity analysis (in millions of euros)	9 months 2010 Impact on the income statement (P&L)			09.30.2010 Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	117	99	96	(12)	(14)	(16)

Sensitivity analysis (in millions of euros)	9 months 2009 Impact on the income statement (P&L)			12.31.2009 Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	118	106	93	(18)	(22)	(25)

4. Credit Risk

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

To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Corporate Finance Department), 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.

Edison is currently a party to contracts assigning receivables without recourse on a revolving monthly basis.

The receivables assigned without recourse during the first nine months of 2010 totaled 2,956 million euros. At September 30, 2010, the amount of receivables assigned under the program that were exposed to the risk of recourse was not material.

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. At September 30, 2010, there was no significant exposure to risks related to a possible further deterioration of the overall financial environment.

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 higher amount of receivables outstanding at September 30, 2010, compared with the balance at December 31, 2009, is largely due to the increase in revenues booked in the first nine months of 2010.

(in millions of euros)	**09.30.2010**	12.31.2009
Gross trade receivables	2,148	1,991
Allowance for doubtful accounts (-)	(133)	(129)
Trade receivables	**2,015**	**1,862**
Guarantees held	610	556
Receivables 9 to 12 months in arrears	42	34
Receivables more than 12 months in arrears	119	73

5. Liquidity Risk

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

Worst case (in millions of euros)	09.30.2010			12.31.2009		
	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	738	554	1,354	2	772	1,329
Financial debt and other financial liabilities	122	318	1,528	170	178	2,282
Trade payables	1,522	80	-	1,413	56	-
Total	**2,382**	**952**	**2,882**	**1,585**	**1,006**	**3,611**
Guarantees provided to third parties (*)	**437**	**381**	**489**	763	198	566

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

The Group's strategic objective is to minimize the impact of financial debt maturities by maintaining access to existing credit lines and adequate liquidity and implementing on a timely basis negotiations for the funding of maturing financing facilities, as well as through the placement of bond issues, floated within the framework of an existing Euro Medium-term Notes Program for up to 3 billion euros. Edison Spa is currently planning the placement of a new bond issue for up to 1 billion euros.

In any case, at September 30, 2010, in addition to liquid assets totaling 333 million euros, the Edison Group had access to unused committed lines of credit amounting to 958 million euros, provided primarily by a syndicated standby credit line of 1,500 million euros that expires in 2013. At September 30, 2010, a total of 650 million euros has been drawn against this credit line, which is shown under financial debt due after one year.

The main components of short-term debt, which is carried at the gross amount of 1,732 million euros due within one year, are:

- 736 million euros for the bonds floated by Edison Spa in 2003, which mature on December 10, 2010 (700 million euros in face value).
- 509 million euros for bond issued by Edison Spa in 2004, maturing on July 19, 2011 (500 million euros in face value).
- 160 million euros for the principal and interest due on the maturing installments of the loan owed by Edipower Spa.

In addition, the Elpedison Power Sa investee company renegotiated its financing facilities, changing their due date to September 30, 2011.

The decrease in loans payable and other financial liabilities due after one year also reflects the repayment, during the reporting period, of the bank facility provided on a club deal basis (600 million euros).

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above).

Four issues of debt securities (Euro Medium-term Notes), for a total face value of 2,400 million euros, are outstanding. As mentioned earlier in these Notes, the last issue, which was placed with investors with a settlement value date of March 17, 2010, has a face value of 500 million euros and is due in five years.

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
EMTN 12/2003	Edison Spa	Luxembourg Stock Exch.	XS0181582056	7	12.10.2010	700	Fixed annual	5.125%
EMTN 12/2003	Edison Spa	Luxembourg Stock Exch.	XS0196762263	7	07.19.2011	500	Variable quarterly	1.446%
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07.22.2014	700	Fixed annual	4.250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03.17.2015	500	Fixed annual	3.250%

In addition, considering the pro rata consolidation of Edipower's debt, the Group is a party to non-syndicated loan agreements totaling 301 million euros and syndicated loan agreements with a total face value of 2,405 million euros (958 million euros unused at September 30, 2010).

A comprehensive presentation of outstanding transactions and of the corresponding loan agreements and covenants is provided in the Consolidated Financial Statements at December 31, 2009. The only significant change occurring in the first nine months of 2010 concerns the 600-million-euro facility provided to Edison Spa on a club deal basis in May 2009. Thanks to its strong financial position and the resulting availability of more attractive funding alternatives, the Group repaid in advance 300 million euros in March 2010 and the balance in April 2010, discharging in full the corresponding obligation.

At present, none of the Group companies has been declared in default by any of the lender banks.

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

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

Forward transactions and derivatives can be classified as follows:

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

Fair Value Hierarchy According to IFRS 7

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

The IFRS 7 ranking is based on the following hierarchy:

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

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

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the First Nine Months of 2010

The table below provides an analysis of the financial results generated by derivative hedging and trading transactions at September 30, 2010, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair value recognized for contracts outstanding at 12.31.2009 (B)	*Portion of (B) contracts realized during the period (B1)*	Fair value recognized for contracts outstanding at 09.30.2010 (C)	Change in fair value during the period (D)=(C-B)	Amounts recognized in earnings (A+D)
Sales revenues and Other revenues and income (see Notes 19 and 20 in the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	116	2	2	2	-	116
- not definable as hedges pursuant to IAS 39	28	12	3	12	-	28
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	8	-	-	2	2	10
Margin on trading activities						
- Sales revenues from physical contracts included in the Trading Portfolios (***)	1,748	105	81	125	20	1,768
- Other revenues and income from derivatives included in the Trading Portfolios (****)	10	11	1	36	25	35
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(1,731)	(90)	(68)	(90)	-	(1,731)
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(10)	(9)	(2)	(30)	(21)	(31)
Total margin on trading activities	*17*	*17*	*12*	*41*	*24*	*41*
Total (A)	**169**	**31**	**17**	**57**	**26**	**195**
Raw materials and services used (see Note 21 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	(31)	-	-	-	-	(31)
- not definable as hedges pursuant to IAS 39	(26)	(12)	(10)	(6)	6	(20)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	26	-	-	-	-	26
- not definable as hedges pursuant to IAS 39	(1)	-	-	-	-	(1)
Total (B)	**(32)**	**(12)**	**(10)**	**(6)**	**6**	**(26)**
TOTAL INCLUDED IN EBITDA (A+B)	**137**	**19**	**7**	**51**	**32**	**169**
Interest rate hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	15	7	3	31	24	39
- not definable as hedges pursuant to IAS 39	3	12	4	19	7	10
Total financial income (C)	**18**	**19**	**7**	**50**	**31**	**49**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	(13)	-	-	-	-	(13)
- definable as hedges pursuant to IAS 39 (FVH)	(9)	-	-	-	-	(9)
- not definable as hedges pursuant to IAS 39	(8)	(6)	-	(12)	(6)	(14)
Total financial expense (D)	**(30)**	**(6)**	**-**	**(12)**	**(6)**	**(36)**
Margin on interest rate hedging transactions (C+D)=(E)	**(12)**	**13**	**7**	**38**	**25**	**13**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	12	-	-	-	-	12
- not definable as hedges pursuant to IAS 39	44	3	3	-	(3)	41
Total foreign exchange gains (F)	**56**	**3**	**3**	**-**	**(3)**	**53**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(19)	-	-	(3)	(3)	(22)
Total foreign exchange losses (G)	**(19)**	**-**	**-**	**(3)**	**(3)**	**(22)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**37**	**3**	**3**	**(3)**	**(6)**	**31**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 25 to the Income Statement)	**25**	**16**	**10**	**35**	**19**	**44**

(*) Includes the effective portion included in Raw materials and services used (Note 21 to the Income Statement) for purchases of natural gas.

(**) Includes the ineffective portion.

(***) Amounts included in Sales revenues (Note 19 to the Income Statement) under margin on trading activities.

(****) Amounts included in Other revenues and income (Note 20 to the Income Statement) under margin on trading activites.

(&) Includes also the fair value adjustment of trading inventories (positive for 2 million euros).

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

(in millions of euros)	09.30.2010		12.31.2009	
	Receivables	**Payables**	Receivables	Payables
Foreign exchange transactions	10	(41)	12	(30)
Interes rate transactions	49	(27)	18	(27)
Commodity transactions	213	(139)	210	(120)
Fair value recognized as current assets or current liability	**272**	**(207)**	**240**	**(177)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	125	(92)	105	(90)
- recognized as "Other receivables and payables"	98	(88)	117	(60)
- recognized as "Current financial assets" and "Short-term financial debt"	49	(27)	18	(27)
Broken down on fair value hierarchy:				
- Level 1	19	(17)	6	(6)
- Level 2	237	(184)	234	(171)
- Level 3 (*)	16	(6)	-	-

(*) The fair value classified at Level 3 is recognized, in the amount of 2 million euros, as part of the physical trading margin (8 million euros in sales revenues and 6 million euros in materials and services used) and, in the amount of 8 million euros, as part of "Other revenues and income."

With regard to the items listed above, please note that the receivables and payables shown are offset by a negative cash flow hedge reserve amounting to 17 million euros, before the corresponding deferred-tax assets and liabilities.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

As required by Consob Resolution No. 15519 of July 27, 2006 and consistent with the policies adopted by the Group, an overview of transactions with related parties with an impact on the income statement, balance sheet and financial position is provided below. The disclosure moreover complies with IAS 24. These transactions 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. The disclosure includes also the transactions with significant parties. A breakdown is as follows at September 30, 2010:

(in milions of euros)	Related Parties					Significant Parties						Total for related and significant parties	Total for financial statem.line item	Impact
	With unconsolidated Group companies	*With the Controlling company*	*EDF Group*	*A2A Group*	***Sub total***	*IREN Group*	*SEL Group*	*Dolomiti Energia Group*	*Banca Popolare di Milano*	*Mediobanca*	***Sub total***			%
Balance sheet transactions														
Trade receivables	5	-	33	15	53	9	3	2	-	-	14	67	2,015	3.3%
Other receivables	5	23	12	-	40	-	-	-	-	-	-	40	506	7.9%
Trade payables	1	-	41	29	71	4	10	-	-	-	14	85	1,602	5.3%
Other payables	-	31	-	2	33	-	-	-	-	-	-	33	440	7.5%
Short-term financial debt	15	-	-	-	15	-	36	-	4	26	66	81	500	16.2%
Long-term financial debt and other financial liabilities	-	-	-	-	-	-	-	-	14	136	150	150	1,510	9.9%
Income statement transactions														
Sales revenues	30	-	179	54	263	4	12	5	-	-	21	284	7,593	3.7%
Other revenues and income	-	-	9	31	40	15	-	-	-	-	15	55	333	16.5%
Raw material and services used	7	-	51	69	127	5	34	-	-	-	39	166	6,811	2.4%
Financial expense	-	-	-	-	-	-	-	-	-	3	3	3	193	1.6%
Transactions with impact on cash flow														
Dividends paid	-	135	43	-	178	-	-	7	-	-	7	185	238	77.7%
Commitments and contingent risks														
Guarantees provided	-	-	-	-	-	-	-	-	37	-	37	37	1,307	2.8%
Collateral provided	-	-	-	-	-	-	-	-	-	42	42	42	1,416	3.0%
Other commitments and risks	-	-	29	-	29	-	-	-	-	-	-	29	547	5.3%

A) Intercompany Transactions

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

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

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

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT Group return for September 30, 2010 showed an overpayment of about 14 million euros.

Consolidated IRES Return

Following the renewal by Transalpina di Energia Srl, the Group's controlling company, of the option to file a consolidated income tax return for three years from 2009 to 2011, Edison Spa and its principal subsidiaries expect to determine their corporate income tax (IRES) liability in coordination with Transalpina di Energia Srl, the Group's controlling company, within the framework of the existing arrangements for a consolidated IRES return. The relationships between the filers of the consolidated tax return are governed by special agreements.

Group companies that engage in the exploration for and production of hydrocarbons and in the production and distribution of electric power are subject to the 6.5% corporate income tax (IRES) surcharge and are required to pay this surcharge directly, even if they are included in the consolidated IRES return.

B) Transactions with Other Related Parties

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

1) Commercial Transactions

EDF Group

Transactions executed with the EDF Group included the following:

- Sales revenues from the sale of electric power totaling about 3 million euros and electric power purchases and transmission costs for 5 million euros with ENBW.
- With Fenice Spa, sales revenues of about 35 million euros, mainly from sales of natural gas, and recovery of maintenance costs for about 9 million euros.
- With EDF Trading Ltd, sales revenues of 80 million euros and costs of 46 million euros stemming from sales and purchases of commodities.
- With EDF Trading Ltd revenues of 252 million euros and costs of 180 million euros and with ENBW revenues of 39 million euros and costs of 50 million euros from transactions executed during the first nine months of 2010 as part of the trading activity; these amounts are included in sales revenues on a net basis.
- The preceding table shows the impact on the balance sheet of the various transactions reviewed above; in addition, dividend payments totaled 43 million euros in the first nine months of 2010.
- With EDF Trading Ltd, commitments of up to 29 million euros within the EDF Carbon Fund to purchase CER/ERU.

A2A Group

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

- Sales revenues of 65 million euros from contracts to supply electric power and steam to A2A Trading Srl and A2A Spa.
- Other revenues and income of 31 million euros from A2A Trading Srl for managing fuel procurement for some production sites, pursuant to the Tolling Agreement.
- Materials and services used totaling 69 million euros, broken down as follows: 19 million euros for purchases of electric power, 9 million euros for dispatching services by A2A Trading Srl, 16 million euros for purchases of natural gas by Plurigas Srl and 25 million euros for electric power and natural gas transmission services by A2A Spa.
- With A2A Trading Srl, revenues of 23 million euros and costs of 34 million euros from transactions executed during the first nine months of 2010 as part of the trading activity; these amounts are included in sales revenues on a net basis.
- The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

IREN Group

The transactions carried out with the IREN Group, created by the merger of Enìa and Iride, resulted in the following:

- Sales revenues of 4 million euros from contracts to supply electric power to Iren Mercato and Enìa Energia.
- Other revenues and income of 15 million euros from Iren Mercato for managing fuel procurement for some production sites, pursuant to the Tolling Agreement.
- Raw material and services used of 5 million euros from the purchase of green certificates.
- The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

SEL Group

Transactions with the SEL Group resulted in sales revenues of about 12 million euros from the sale of electric power and costs of about 34 million euros for purchases of electric power.

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

Dolomiti Energia Group

Transactions executed pursuant to contracts for the supply of electric power resulted in sales revenues of 5 million euros.

The preceding table shows the impact on the balance sheet of the transaction reviewed above; in addition, dividend payments totaled 7 million euros in the first nine months of 2010.

2) Financial Transactions

No material changes occurred in the third quarter of 2010. For a comprehensive presentation of the outstanding transactions, please see the comments provided in the Semiannual Report at June 30, 2010.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

As required by CONSOB Communication No. DEM/6064293 of July 28, 2006, Edison Spa discloses that during the first nine months of 2010 it favorably settled the arbitration proceedings with Falck, which regarded the sales of Tecnimont. As a result of this settlement, Edison Spa reported a net gain of about 25 million euros in its income statement and a positive cash flow of 7 million euros. In addition, in the third quarter of 2010, the Edison Energie Speciali Spa subsidiary acquired 100% control of Parco Eolico San Francesco Srl at a cost of 42 million euros (subject to adjustments).

Transactions Resulting from Atypical and/or Unusual Activities

As required by the CONSOB Communication No. DEM/6064293 of July 28, 2006, Edison Group declares that it did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, in the first nine months of 2010.

SIGNIFICANT EVENTS OCCURRING AFTER SEPTEMBER 30, 2010

Edison: Moody's Revises Edison's Rating to Baa3

On October 14, 2010, following its annual review, Moody's Investor Service downgraded the long-term senior unsecured ratings of Edison Spa to Baa3, stable out look, from Baa2 negative out look. The downgrade reflects the impact on Edison's financial position of the persistent weakness projected for the Italian electric power and natural gas markets.

Milan, October 26, 2010

The Board of Directors
by Giuliano Zuccoli
Chairman

SCOPE OF CONSOLIDATION

at September 30, 2010

SCOPE OF CONSOLIDATION AT SEPTEMBER 30, 2010
LIST OF EQUITY INVESTMENTS

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09/30/10	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
A) Investments in companies included in the scope of consolidation											
A.1) Companies consolidated line by line											
Group Parent Company											
Edison Spa	Milan	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese Ceb Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	S	-
Ecofuture Srl (single shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single sharehold.) - Attività Energia Elettrica	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Calabria Spa (single shareholder)	Crotone (I)	EUR	120,000	100.00	-	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Sicilia Srl (single shareholder)	Palermo (IT)	EUR	20,000	100.00	100,00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Energie Speciali Spa (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Power Energy Srl (single shareholder)	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Eneco Energia Spa	Bolzano (IT)	EUR	222,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	S	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Parco Eolico San Francesco Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	-	100,00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	100.00	90.00	Edison Spa			S	(i)
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.00	55.00	55.00	Edison Spa	-	-	S	-
Sistemi di Energia Spa	Milan (IT)	EUR	10,082,205	86.12	86,12	86.12	Edison Spa	-	-	S	(i)
Sondel Dakar Bv	Breda (NL)	EUR	18,200	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	(i)
Termica Milazzo Srl	Milan (IT)	EUR	22,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	(i)
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80,00	80.00	Edison Spa	-	-	S	(i)
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) - Attività Idrocarburi	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison International Spa	Milan (IT)	EUR	75,000,000	100.00	100.00	92.86 7.14	Edison Spa Selm Holding International Sa	- -	- -	S	(i)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	0.00 100.00	Edison Spa Selm Holding International Sa	- -	- -	S	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09/30/10	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Corporate Activities and Other Operations											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	262,700	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison International Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Finance Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	4,582,803	100.00	100.00	100.00	Edison Spa	-	-	S	-
Montedison Srl (single shareholder)	Milan (IT)	EUR	2,582,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.00	100.00	99.95	Edison Spa	-	-	S	-
						0.05	Montedison Srl (single shareholder)	-	-		

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 09/30/10	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	37.50	75.78	Elpedison Bv	-	-	JV	-
Elpedison Trading Sa	Marousi Athens (GR)	EUR	500,000	50.00	50.00	100.00	Elpedison Bv	-	-	JV	-
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	JV	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV	-
Hydrocarbons Operations											
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50.00	50.00	Edison International Spa	-	-	JV	-
Ed-Ina D.o.o.	Zagabria (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	22,100,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Corporate Activities and Other Operations											
Elpedison Bv	Amsterdam (NL)	EUR	20,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.00	50.00	50.00	Edison Spa	-	-	JV	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
B) Investments in companies valued by the equity method											
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-	-	AC	-
EL.IT.E Spa	Milan (IT)	EUR	2,888,500		48.45	Edison Spa	-	-	2.6	AC	-
Energia Senales Srl - Es Srl	Senales (BZ) (IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	1.2	AC	-
GTI Dakar Ltd	George Town Gran Caiman (KY)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	-	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (single shareholder)	-	-	4.4	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	18.7	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-Itav. Sardeg. Galsi Spa	Milan (IT)	EUR	35,838,000		20.81	Edison Spa	-	-	18.2	AC	-
Utilità Spa	Milan (IT)	EUR	2,307,692		35.00	Edison Spa	-	-	1.2	AC	-
Total investments in companies valued by the equity method									**46.3**		

List of Equity Investments (continued)

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

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Ascot Srl	Bressanone (BZ) (IT)	EUR	10,330	50.00	50.00	Eneco Energia Spa	-	-		JV	-
Auto Gas Company S.A.E. (in liquid.)	Il Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa	-	-	0.2	AC	-
Cempes Scrl (in liquidation)	Rome (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	-	-	AC	-
Compagnia Elettrica Lombarda Spa (in liquidation)	Milan (IT)	EUR	408,000		60.00	Sistemi di Energia Spa	-	-	-	S	-
Coniel Spa (in liquidation)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	AC	-
Finsavi Srl	Palermo (IT)	EUR	18,698		50.00	Edison Spa	-	-	-	AC	-
Groupement Gambogi-Cisa (in liquid.)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	-	-	AC	-
Inica Sarl (in liquidation)	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	AC	-
International Water (UK) Limited (in liquidation)	London (GB)	GBP	2,601,001		100.00	International Water Holdings Bv	-	-	-	JV	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT	150,000,000		33.33	Montedison Srl (single shareholder)	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT	300,000,000		59.33	Edison Spa	-	-	-	S	-
Sorrentina Scarl (in liquidation)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	-	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.6**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12/31/09	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
D) Investments in other companies valued at fair value											
D.1) Investments held for trading											
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	3.0	NG	-
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	1.7	NG	-
Amsc-American Superconductor	Devens (US)	USD	447,893.59		0.36	Edison Spa	-	-	3.6	NG	-
D.2) Available-for-sale investments											
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.890	Edison Spa	-	-	0.2	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.760	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.280	Edison Spa	-	-	3.5	NG	-
MB Venture Capital Fund I Participating Comp. e Nv	Amsterdam (NL)	EUR	50,000		7.000	Edison Spa	-	-	1.5	NG	-
Prometeo Spa	Osimo (AN) (IT)	EUR	2,292,436		17.760	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Il Cairo (ET)	EGP	20,000		10.00	Edison International Spa	-	-	-	TZ	-
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.020	Edison Spa	1.060	1.060	8.6	NG	-
Syremont Spa	Messina (IT)	EUR	750,000		40.000	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		10.000	Edison Spa	-	-	281.4	NG	-
Other investments									1.1		
Total investments in other companies valued at fair value									**305.8**		
Total equity investments									**354.7**		

Notes

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

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

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

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

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

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

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

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

(iii) This company is a contractual joint venture.

The currency codes used in this report are those of the ISO 4217 International 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 Quarterly Report at September 30, 2010 is consistent with the data in documents, accounting records and other records.

Milan, October 26, 2010

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