QUARTERLY REPORT
AT MARCH 31, 2008

EDISON

CONTENTS

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SIMPLIFIED STRUCTURE OF THE GROUP AT MARCH 31, 2008

EDISON

Business Units

- Electric Power Operations
- Hydrocarbons Operations
- Energy Management/ Gas Supply & Logistics
- Marketing & Distribution

Corporate

EDISON Spa [1]

Electric Power Operations

- **Edison Energie Speciali** – Production of Electric Power
- **Edipower** [2] – Production of Electric Power

Hydrocarbons Operations

- **Edison International** – Hydrocarbon Expl. & Prod.
- **Edison Stoccaggio** – Natural Gas Storage
- **Edison DG** – Natural Gas Distribution

Energy Management/Gas Supply & Logistics

- **Edison Trading** – Energy Management

Marketing & Distribution

- **Edison Energia** – Sales of Energy & Gas

Corporate

- **IWH** [2] – Water

Legend:

- Electric Power Operations
- Hydrocarbons Operations

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

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

KEY EVENTS

Growing Our Business

Edison Signs a Hydrocarbon Exploration Contract in Iran

On January 9, 2008, after submitting the winning bid for an 8,600-km^2 offshore block in the Persian Gulf that was being offered by the National Iranian Oil Company (NIOC), Edison signed a hydrocarbon exploration contract. Iran's oil minister attended the event.

The contract calls for a four-year exploration period that will be used to carry out surveys, acquire and process seismic data and drill an exploratory well, at a cost of approximately 30 million euros. If reserves are discovered, Edison will proceed directly with the development phase.

Edison and Depa: Poseidon Co., a Company Established to Build the Italy-Greece Natural Gas Pipeline, Will Be Operational in March

On January 25, 2008, at a meeting held in Rome, which was attended by Italy's Minister of Economic Development and Greece's Minister of Development, Edison and Depa signed a declaration of intent pledging to establish by March 2008 Poseidon Co., a 50-50 joint venture that will develop a project for the construction of the natural gas pipeline linking Italy and Greece within the framework of the ITGI Project.

In 2008, Poseidon Co. will handle the launch of a procedure that will increase the pipeline's transmission capacity by allowing third-party access (Open Season Procedure), which should be completed during the first half of the year, and will develop the pipeline's executive design.

The Poseidon Italy-Greece pipeline, which will be built between the Greek coast in the Thesprotia Prefecture and the Italian city of Otranto, in the Apulia Region, will have a length of 206 kilometers and will reach a maximum depth of 1,380 meters. Its initial transmission capacity will be 8 billion cubic meters a year. The Italian government, acting on the strength of a positive ruling issued by the European Union on May 22, 2007, granted Edison and Depa the right to use the pipeline's entire transmission capacity for a period of 25 years. Under an agreement executed by the two companies, 80% of the transmission capacity will be reserved for Edison, with Depa taking up the remaining 20%.

Edison Increases Its Equity Interest in Galsi

Under an agreement signed on February 19, 2008, Wintershall Holding AG, a shareholder with a 13.5% interest in Galsi Spa (a company that is developing and will build and operate a new natural gas pipeline linking Algeria with Italy by way of Sardinia), left the consortium and sold its equity stake to the remaining shareholders.

Pursuant to the agreement, each of the remaining Galsi shareholders, exercising its preemptive right, purchased its pro rata percentage of the Wintershall equity stake. Specifically, Edison Spa bought 866,316 common shares, equal to 2.8% of the share capital, raising its interest in Galsi's share capital to 20.8%.

Edison and Confagricoltura: Agreement to Develop Biomass Power Plants

On March 29, 2008, Edison and Confagricoltura, an organization that represents and protects Italian farm businesses, signed a Memorandum of Understanding agreeing to support the development of biomass-fueled power plants, in accordance with a model of sustainable development and assurance of biomass supply availability.

The agreement calls for identifying agribusinesses, mainly domestic, that are large enough to support the development of power plants fueled with biomasses. Another objective of the agreement is to provide these agribusinesses with support in such areas as energy efficiency, distribution and marketing of electric power, innovative services and organizational models, with special emphasis on understanding Power Exchange trends and the methods and procedures that regulate the value of green certificates.

FINANCIAL HIGHLIGHTS – FOCUS ON RESULTS

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

Edison Group

(in millions of euros)

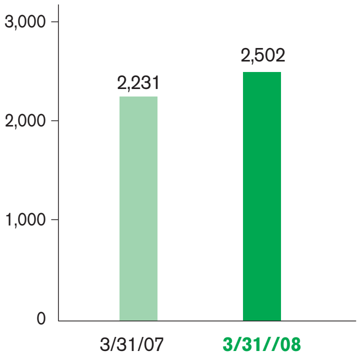
2007 full year		1st quarter 2008	1st quarter 2007	% change
8,276	Sales revenues	2,502	2,231	12.1%
1,605	EBITDA	307	397	(22.7%)
19.4%	*as a % of sales revenues*	*12.3%*	*17.8%*	
896	EBIT	127	228	(44.3%)
10.8%	*as a % of sales revenues*	*5.1%*	*10.2%*	
687	Profit before taxes	97	170	(42.9%)
497	Group interest in net profit	52	87	(40.2%)
431	Capital expenditures	75	128	(41.4%)
58	Investments in exploration	15	7	114.3%
10,838	Net invested capital (A + B)(1)	10,884	10,845	0.4%
2,687	Net borrowings (A)(1)(2)	2,708	3,368	0.8%
8,151	Shareholders' equity before minority interest (B)(1)	8,176	7,477	0.3%
8,004	Group interest in shareholders' equity(1)	8,039	7,347	0.4%
8.30%	ROI(3)	4.78%	8.43%	
6.74%	ROE(4)	2.59%	4.94%	
0.33	Debt / Equity ratio (A/B)	0.33	0.45	
25%	Gearing (A / A+B)	25%	31%	
3,277	Number of employees (1)(5)	3,267	2,921	(0.3%)
	- including:			
93	employees of discontinued operations	94	-	1.1%
	Stock market prices (in euros)(6)			
2.1932	- common shares	1.7490	2.1420	
2.0389	- savings shares	1.7100	2.3460	
1.1926	- warrants	-	1.2460	
	Profit (Loss) per share (in euros)			
0.1040	- basic earnings per common share	0.0093	0.0182	
0.1340	- basic earnings per savings share	0.0393	0.0482	
0.0976	- diluted earnings per common share	0.0093	0.0169	
0.1340	- diluted earnings per savings share	0.0393	0.0482	

(1) End-of-period amounts. The changes are computed against the data at December 31, 2007.
(2) A breakdown of this item is provided in the "Net Borrowings" section of the consolidated financial statements.
(3) Annualized EBIT/Average net invested capital. Net invested capital does not include the value of equity investments held as fixed assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net profit/Average Group interest in shareholders' equity. Average Group interest in shareholders' equity is the arithmetic average of the Group interest in shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line and Group interest in companies consolidated by the proportional method.
(6) Simple arithmetic average of the prices for the last calendar month of the year.

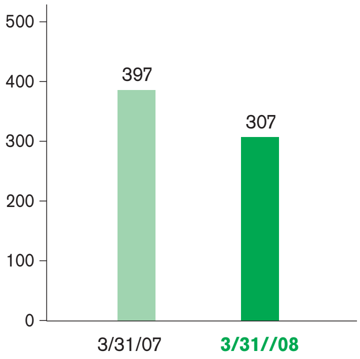
Key Group Data

(in millions of euros)

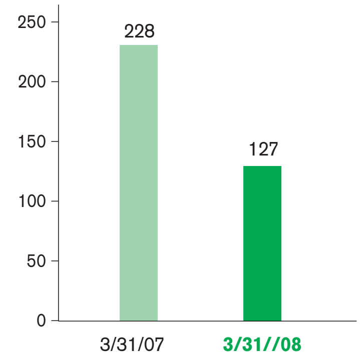
Sales revenues



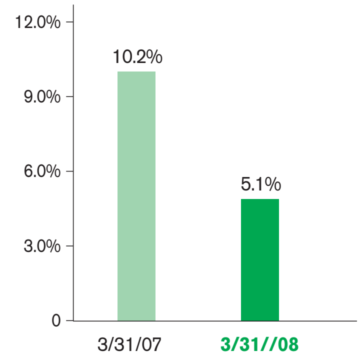
EBITDA



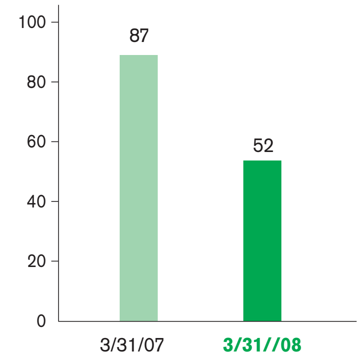
EBIT



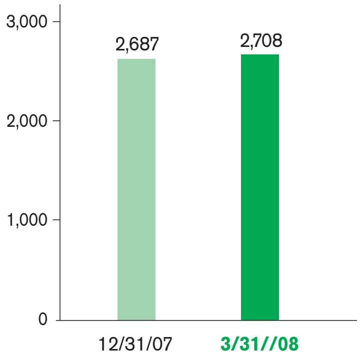
EBIT/Sales revenues



Group interest in net profit



Net borrowings



Sales Revenues and EBITDA by Type of Business

(in millions of euros)

2007 full year		1st quarter 2008	1st quarter 2007	% change
	Electric Power Operations (1)			
6,783	Sales revenues	1,858	1,737	*7.0%*
1,238	EBITDA	200	291	*(31.3%)*
18.3%	*as a % of sales revenues*	*10.8%*	*16.8%*	
	Hydrocarbons Operations (2)			
3,937	Sales revenues	1,410	1,201	*17.4%*
427	EBITDA	123	123	-
10.8%	*as a % of sales revenues*	*8.7%*	*10.2%*	
	Corporate Activities (3)			
73	Sales revenues	18	19	*(5.3%)*
(60)	EBITDA	(16)	(17)	*5.9%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
	Eliminations			
(2,517)	Sales revenues	(784)	(726)	*(8.0%)*
-	EBITDA	-	-	
	Edison Group			
8,276	**Sales revenues**	**2,502**	**2,231**	***12.1%***
1,605	**EBITDA**	**307**	**397**	***(22.7%)***
19.4%	***as a % of sales revenues***	***12.3%***	***17.8%***	

(1) Activities carried out by the following Business Units: Electric Power Operations, Energy Management and Marketing & Distribution.

(2) Activities carried out by the following Business Units: Hydrocarbons Operations, Gas Supply & Logistics and Marketing & Distribution.

(3) Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies, as well as the water distribution and treatment (IWH) operations.

PERFORMANCE AND RESULTS OF THE GROUP IN THE FIRST QUARTER 2008

Operating Performance

In the first quarter of 2008, sales revenues increased by 12.1% compared with the same period last year. More specifically, sales revenues were up 7% for electric power and 17.4% for natural gas.
In both businesses, the revenue gains reflect the combined effect of an increase in sales volume (+4.3% for the electric power operations and +9.9% for the hydrocarbons operations) and higher unit revenues, attributable for the most part to a sharp rise in the price of benchmark fuels.

Despite these gains, EBITDA declined to 307 million euros, or 90 million euros less (-22.7%) than in the first quarter of 2007.
The entire decrease is attributable to the electric power operations, which reported lower results due to a contraction of the profit margins earned in the CIP6/92 sales channel. This deterioration in profitability is due in part to unavoidable developments, such as the expiration of some existing contracts and the end of a period of subsidized rates, and in part to the costs incurred to meet the need for CO_2; these costs have sharply risen due to the reduction of emission rights acknowledged in the National Allocation Plan for the 2008-2012 period, in comparison with the previous 2005-2007 period. Moreover, the cost per ton rose from a virtually negligible cost per ton in the first quarter of 2007 to more than 20 euros per ton in the first three months of the current year. The Company has already filed with the Electric Power and Natural Gas Authority (abbreviated as AEEG in Italian) a special application seeking a reimbursement for these costs. In the consultation document published in November 2006, the AEEG proposed that these costs be included, at market value, in the rates that power plants that operate under CIP6/92 contracts are allowed to charge. However, no official resolutions specifying in detail the corresponding implementation procedures has been issued thus far. The contraction of the profit margins earned in the CIP6/92 sales channel has been affected also by the scenario cost increase not fully recovered by the avoided fuel costs component, as provided by Law 249/06 AEEG. More detailed information about this issue is provided in the section of this Report entitled "Legislative and Regulatory Framework."
In the deregulated market, the profit margins were slightly higher than in the first quarter of 2007 and unit sales were up about 10%.
The EBITDA reported by the hydrocarbons operations were identical to those earned in the first three months of 2007.

As a result of the developments reviewed above, EBIT were also down, falling to 127 million euros in the first quarter of 2008, or 44.3% less than the 228 million euros earned in the same period last year.

The consolidated profit before taxes amounted to 97 million euros, for a decrease of 42.9% compared with the 170 million euros reported at March 31, 2007. A reduction in financial expense, made possible by a lower level of indebtedness, accounts for the smaller negative difference shown at the pretax level compared with the first quarter of 2007.

The net profit totaled 52 million euros, or 35 million euros less (-40.2%) than the amount earned in the first three months of 2007 (87 million euros). A decrease in the tax burden made possible by the lower tax rates provided by the 2008 Budget Law accounts for the further narrowing of negative difference in the year-over-year comparison.

At March 31, 2008, net borrowings totaled 2,708 million euros (3,368 million euros at March 31, 2007), about the same as the 2,687 million euros owed at the end of 2007. More detailed information about the individual components of this item is provided in the "Net Borrowings" chapter found within the section of this Report entitled "Operating Performance, Financial Results and Financial Position of the Group."

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

(in millions of euros)

2007 full year		01.01.2008/ 03.31.2008	01.01.2007/ 03.31.2007
(4,256)	**A. Net borrowings at January 1**	**(2,687)**	**(4,256)**
1,605	EBITDA	307	397
244	Change in operating working capital	42	114
(220)	Income taxes paid (-)	-	-
34	Change in other assets (liabilities)	(82)	95
1,663	**B. Cash flow from operating activities**	**267**	**606**
(494)	Investments in property, plant and equipment and intangibles (-)	(91)	(135)
(337)	Investments in non-current financial assets (-)	(164)	(158)
175	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	1	113
3	Dividends received	-	-
1,010	**C. Free Cash flow**	**13**	**426**
(198)	Financial income (expense), net	(25)	(55)
1,019	Contributions of share capital and reserves	3	520
(248)	Dividends declared (-)	(12)	(3)
1,583	**D. Cash flow after financing activities**	**(21)**	**888**
(14)	Change in the scope of consolidation	-	-
1,569	**E. Net cash flow for the period**	**(21)**	**888**
(2,687)	**F. Net borrowings at end of period**	**(2,708)**	**(3,368)**

Outlook and Expected Year-end Results

The full availability of the new Simeri Crichi and Turbigo power plants, coupled with a continuation of the Group's efforts to optimize its energy portfolio and the beneficial impact of positive changes in the legislative and regulatory framework, should produce, stated on a comparable consolidation basis, 2008 year-end industrial results that will be in line with those reported in 2007.

THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

(in millions of euros)

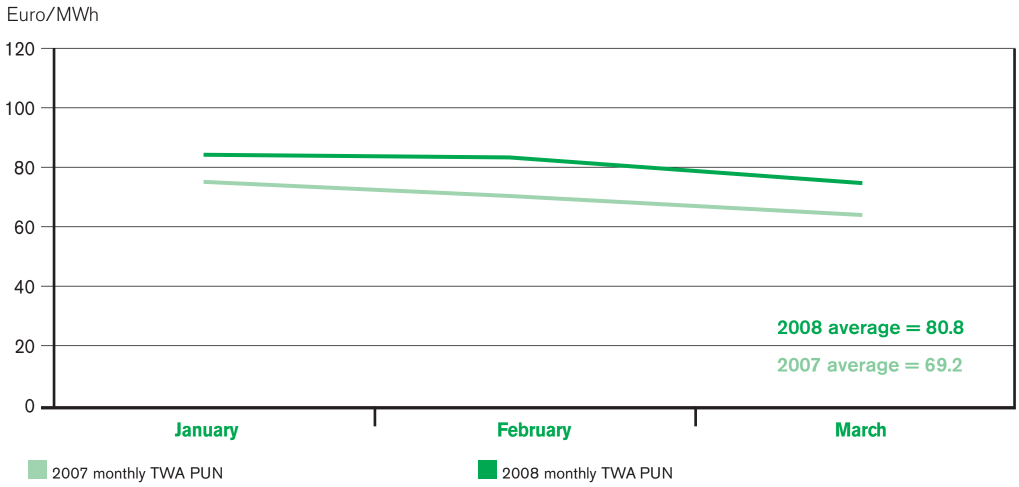
2007 full year	TWh	1ST quarter 2008	1ST quarter 2007	% change
301.5	Net production	77.6	74.3	*4.5%*
45.9	Imports	10.4	13.1	*(20.7%)*
(7.6)	Surges	(1.8)	(2.0)	*(9.3%)*
339.8	**Total demand**	**86.2**	**85.4**	**0.9%**

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

In the first quarter of 2008, gross total demand for electric power from the Italian grid totaled 86.2 TWh (1 TWh = 1 billion kWh), or 0.9% more than in the same period last year. On a seasonally adjusted basis (i.e., eliminating the impact of changes in average temperature and the number of business days), the gain is 0.4%.

The increase of 0.8 TWh in the demand for energy and the impact of a concurrent decrease of 2.7 TWh in net imports were offset by a rise of 3.5 TWh in domestic production. Net of surges, domestic production was sufficient to meet 88.0% of demand, compared with 84.7% in the first quarter of 2007, while net imports decreased from 15.3% to 12.0%.
The overall reduction of 2.7 TWh in net imports is the combined result of a decrease of 2.2 TWh in imports and a rise of 0.5 TWh in exports. These changing trends reflect temporary, but increasingly frequent, decreases and even reversals of the significant price differentials that usually exist between Italy and Continental Europe. More specifically, net imports from the Northwest (borders with France and Switzerland) were down by 2.6 TWh (-21.2%), net imports from the Northeast (borders with Austria and Slovenia) increased by 0.1 TWh (+6.5%) and net exports to Greece surged by 0.3 TWh (+75.7%).
Virtually all of the increase of 3.5 TWh in gross domestic production is the result of a rise of 3.2 TWh in gross thermoelectric output (+4.8%), with renewable source facilities increasing production by a modest 0.3 TWh (+2.8%).
Specifically with regard to the main renewable sources, hydroelectric production decreased slightly (-0.2 TWh), the output of geothermal power plans held relatively steady and the power generated by wind farms was up strongly, rising by 0.5 TWh (+37.8%).
As a result of the complete deregulation of the energy markets, demand continued to decrease steadily in the market served by the Single Buyer, falling to 26.5 TWh, a level equal to 30.8% of domestic demand (compared with 42.1% in the first quarter of 2007). On the other hand, the deregulated market continued to expand, reaching a level equal to 63.4% of total consumption. Internal consumption by producers accounts for the balance of domestic consumption (5.8%). It is important to keep in mind that until June 30, 2007, the market served by the Single Buyer was based on the demand from captive customers. Since July 1, 2007, following full deregulation of the electric power market pursuant to Directive No. 2003/54/CE, the customers served by the Single Buyer are those in the so-called non-switched market who have not yet chosen a supplier in the deregulated market.

With regard to price trends, the time-weighted average for the Single National Price (abbreviated PUN in Italian) increased to 80.80 euros per MWh at March 31, 2008, or about 16.7% more than in the first three months of 2007 (69.20 euros per MWh). Higher prices in the crude oil market compared with the same period in 2007 and the rise in energy demand, net of imports, described earlier in this Report account for this increase.
The chart below provides a monthly comparison of the PUN trend in the first quarter of 2007 and 2008:



In another development concerning the energy markets, the second phase of the system for trading CO_2 emissions rights began in January 2008, with average prices rising to more than 20 euros per ton, compared with 2 euros per ton last year.

Demand for Natural Gas in Italy and Market Environment

2007 full year	in billions of m³	1st quarter 2008	1st quarter 2007	% change
27.9	Services and residential customers	13.6	12.2	*11.2%*
21.2	Industrial users	5.6	5.5	*1.9%*
34.0	Thermoelectric power plants	9.2	8.1	*13.1%*
0.5	Transportation	0.1	0.1	-
83.6	**Total demand**	**28.5**	**25.9**	***9.8%***

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

In the first quarter of 2008, Italian demand for natural gas increased significantly, compared with the same period last year, totaling about 28.5 billion cubic meters (net of system usage and leaks), or about 2.6 billion cubic meters more (+9.8%) than in the first three months of 2007.

This increase is the net result of the following factors:
- A significant rise in demand from residential customers (+11.2%) caused by colder weather than in the first quarter of 2007;
- Higher demand from thermoelectric power plants (+13.1%), driven by the commissioning of new combined-cycle generating facilities and the reduction of electric power net import;
- A modest increase in the demand from industrial users (+1.9%) that occurred mainly during the first two months of the year.

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

- A steady reduction in domestic production (-13.1%), consistent with the downward trend of recent years, which is expected to continue in the future;
- A increase in imports (+9.3%) attributable in part to more stringent regulations introduced by the Ministry of Economic Development with regard to the requirement to maximize imports (this requirement, which went into effect on November 5, 2007, was lowered to 90% on February 18 and eliminated on March 12, based on reliable projections about the size of available inventories at the end of March);
- A reduction of natural gas inventories due to the colder weather mentioned above.

In the first quarter of 2008, the price of Brent crude rose sharply compared with the first three months of 2007, reaching an average of US$96.90 per barrel, or about US$39 per barrel more than in the first three months of 2007 (+67.8%).
During the same period, the euro continued to gain ground against the U.S. dollar, increasing in value by 14.4% compared with the first quarter of 2007 and reaching an average exchange rate of US$1.50 for one euro.
The appreciation of the euro during the first three months of 2008 offset only in part the substantial increase in the price of oil, which, when stated in euros, shows an increase of 46.6% compared with the first three months of 2007. As a result, the average price of Brent crude rose to 64.60 euros per barrel in the first quarter of 2008, up from 44.10 euros per barrel in the same period last year.

2007 full year		1ST quarter 2008	1ST quarter 2007	% change
72.5	Oil price US$/bbl (*)	96.9	57.8	*67.8%*
1.37	US$/euro exchange rate	1.50	1.31	*14.4%*
52.9	Oil price euro/bbl	64.6	44.1	*46.6%*

(*) Brent Dated

LEGISLATIVE AND REGULATORY FRAMEWORK

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

Electric Power

By a decision handed down on January 18, 2008, the Italian Constitutional Court ruled that the 10-year extension of concessions for large-scale diversions of water for hydroelectric power plants introduced into the Italian legal system by the 2006 Budget Law is unconstitutional. This decision created a legislative gap in the Italian legal system that will have to be filled with a specific action by the new Parliament in the second half of this year.

At a hearing held on January 22, 2008, the Council of State upheld the appeal filed by the AEEG against a decision handed down in 2007 by the Administrative Regional Court of Lombardy voiding Resolution No. 249/06, which concerned the computation and updating of the cost of natural gas used to determine the rate component that covers avoided fuel costs. In its decision, which was filed on March 28, 2008, the Council of State ruled that the power to update this component rests with AEEG, which has exercised it properly thus far. The Court found that the power held by the AEEG is a regulatory power that it already has and which was reaffirmed by the legislators in the 2008 Budget Law.

Environment

Emissions Trading - Quota Allocation: The CO_2 Quota Allocation Decision for the 2008-2012 Period, which had bee approved by the Italian Government on February 29, 2008 and subsequently notified to the European Commission, was published on March 4, 2008 together with an annex containing “Regulations for New Entrants and Closures,” which is an integral part of the Decision.
The Allocation Decision, as published, contains some minor numerical differences compared with the draft circulated for consultation purposes at the end of 2007.
Specifically, the Allocation Decision sets the total quota cap at 201.63 million tons of CO_2 a year (it was 201.57 million tons of CO_2 a year in the previous allocation), but maintains unchanged the quota reductions assigned to the different industries, which are as follows (in millions of tons of CO_2 a year): thermoelectric -9.5, Refining –1 and Steel Making -1.72 (attributable only to dedicated facilities in this industry).
The reduction in the overall cap translates, in the thermoelectric industry, into cuts of 8.46% for the oil and natural gas segments and 17.76% for the coal segments (cogenerating and CIP6/92 facilities are exempted). Edison’s quota allocation decreased compared with the Allocation Decision Outline, which set at 8.28% the reduction for the natural gas segment.
The reduction of 1.43 million tons of CO_2 a year for the New Entrants reserve remains unchanged, but the reserve (which is available without distinction for the thermoelectric or for any other industry) was increased slightly from 15.65 million tons of CO_2 a year to 16.93 million tons of CO_2 a year (about +8%).

Emissions Trading - CO_2 Costs: The Decree issued on August 4, 1994 to amend Resolution No. CIP6/92 provides that any additional costs incurred due to regulatory changes should be reflected in the price paid to CIP6/92 facilities.
The CO_2 costs are covered by this provision and, consequently, all affected CIP6/92 operators, including Edison, have filed refund applications with the AEEG.
In a consultation document published in November 2006, the AEEG agreed that these costs should be reflected in the price at market value. However, the publication of this document has not been followed by an official resolution, due to the complex bureaucratic process required for its approval.
Specifically, the AEEG asked for an opinion by the Council of State, which, in turn, involved the Council of Ministers, the MISE and the MATT. These entities have not yet issued a pronouncement.

Hydrocarbons

Rates

The AEEG published Resolution No. VIS 9/08 announcing that an investigation concerning Edison was under way in connection with an alleged violation of the provisions governing the financial terms under which the percentages owed to the government of the product extracted from natural gas deposits are sold. Subsequent to being notified of these proceedings, Edison Spa requested access to the relevant records and filed a petition for a final hearing.

Infrastructures

Storage: The AEEG issued Resolution No. 11/08 confirming the criteria for the allocation of storage capacity and daily peak for the modulation service for the 2008-2009 thermal year, based on those currently in effect. At the same time, in order to determine the maximum demand for storage capacity, the Resolution calls for the establishment of a work group (comprised of representatives of the main companies that operate storage facilities, users of storage services and transmission and distribution companies) to resolve the issues raised by users with regard to the regulations proposed by the AEEG in this area in the consultation document published on December 4, 2007.

LNG: The European Commission, on the occasion of the January 30, 2008 meeting of the College of Commissioners, closed the proceedings for violations resulting from decrees issued to authorize the Rovigo LNG Terminal of Adriatic LNG (10% Edison). The proceedings against the Italian government (started in April 2006) became no longer relevant after the supplemental impact mitigation and monitoring activities contained in the July 2007 environmental impact statements were incorporated into the Ministry Decree of November 30, 2007.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2007 full year	GWh (*)	1st quarter 2008	1st quarter 2007	% change
53,404	**Net production of the Edison Group:**	**14,134**	**13,682**	***3.3%***
37,985	*- Thermoelectric power plants*	*10,355*	*9,985*	*3.7%*
2,966	*- Hydroelectric power plants*	*432*	*535*	*(19.3%)*
510	*- Wind farms*	*167*	*167*	*-*
11,943	*- Edipower*	*3,180*	*2,995*	*6.2%*
1,174	**Imports**	**252**	**452**	***(44.1%)***
9,195	**Other domestic purchases and swaps** (1)	**2,333**	**1,888**	***23.5%***
63,773	**Total sources**	**16,719**	**16,022**	***4.3%***

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

Uses

2007 full year	GWh (*)	1st quarter 2008	1st quarter 2007	% change
18,092	CIP 6/92 dedicated	4,504	4,848	*(7.1%)*
4,324	Industrial, captive and other customers	1,081	1,116	*(3.1%)*
41,225	Deregulated market	11,042	10,058	*9.8%*
132	Exports	92	-	*n.m.*
63,773	**Total uses**	**16,719**	**16,022**	***4.3%***

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

Financial Highlights

(in millions of euros)

2007 full year		1st quarter 2008	1st quarter 2007	% change
6,783	**Sales revenues**	**1,858**	**1,737**	***7.0%***
1,238	EBITDA	200	291	*(31.3%)*
18.3%	*as a % of sales revenues*	*10.8%*	*16.8%*	
234	Capital expenditures	30	81	*(63.0%)*
1,944	Number of employees (1)	1,907	1,942	*(1.9%)*
93	employees of discontinued operations	94	-	*1.1%*

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

Sales revenues totaled 1,858 million euros in the first quarter of 2008, for a gain of 7% compared with the same period last year. As explained earlier in this Report, this increase is the result of higher unit sales, steady growth in revenues generated in the deregulated market and an increase in sales prices. EBITDA amounted to 200 million euros, or 31.3% less than the 291 million euros earned in the first three months of 2007.

As explained when reviewing the consolidated results, this decrease, compared with the first quarter of 2007, is attributable to the steadily contracting margins available in the CIP6/92 sales channel, which is due to the expiration of incentives and of some contracts, and to the substantial increase in the costs incurred to purchase the required CO_2 certificates, that were affected by a sharp unit cost increase and a reduction of allocations.

Sales and Marketing

In the first quarter of 2008, sales of electric power totaled 16,719 GWh, or 4.3% more than in the same period a year ago. An increase of 9.8% in sales to customers in the deregulated market was offset in part by a 7.1% reduction in CIP6/92 sales, attributable primarily to the expiration of some contracts.
Ongoing trading activity on foreign power exchanges was profitable on balance in the first three months of 2008. The volumes traded (about 1.5 TWh) are not included in the "Sources" and "Uses" tables shown on the previous page.

Production and Procurement

The Group's net production totaled 14,134 GWh, or 3.3% more than in the first quarter of 2007. This improvement is the result of an increase of 3.7% in thermoelectric production, made possible in part by the availability of the Simeri Crichi power plant. Higher output by the Edipower thermoelectric facilities, which increased production by 6.2%, was also a contributing factor.
In the first three months of 2008, the power generated by the Group's hydroelectric power plants decreased by about 19% and the output of the Group's wind farms was unchanged, compared with the same period last year.
Purchases and imports of electric power carried out as part of a strategy to optimize the sources and uses portfolio were up by 10.5% compared with the first quarter of 2007.

Capital Investments

Capital expenditures by the electric power operations, which totaled 30 million euros in the first three months of 2008 (including 8 million euros attributable to Edipower), were earmarked mainly for thermoelectric power plants that operate in the deregulated markets and for expansion in the renewable energy area. Edipower's capital expenditures, which are recognized by Edison at 50%, were used primarily for the repowering of the S. Filippo power plant.

Hydrocarbons Operations

Quantitative Data

Sources

2007 full year	in millions of m³ of natural gas	1ST quarter 2008	1ST quarter 2007	% change
928	**Total net production:**	**208**	**237**	***(12.4%)***
674	*- Production in Italy*	*150*	*174*	*(13.7%)*
254	*- Production outside Italy*	*58*	*63*	*(8.6%)*
6,093	**Pipeline imports**	**2,283**	**1,821**	***25.4%***
25	**LNG imports**	**-**	**-**	**-**
6,771	**Domestic and other purchases** (1)	**1,815**	**1,862**	***(2.5%)***
13,817	**Total sources**	**4,306**	**3,920**	***9.9%***

(1) Includes inventory changes and pipeline leaks.

Uses

2007 full year	in millions of m³ of natural gas	1ST quarter 2008	1ST quarter 2007	% change
2,638	Residential use	1,193	1,110	*7.4%*
1,098	Industrial use	386	303	*27.2%*
9,154	Thermoelectric fuel use	2,505	2,374	*5.6%*
254	Exports	58	63	*(8.6%)*
673	Other sales	164	70	*136.6%*
13,817	**Total uses**	**4,306**	**3,920**	***9.9%***

Financial Highlights

(in millions of euros)

2007 full year		1ST quarter 2008	1ST quarter 2007	% change
3,937	**Sales revenues**	**1,410**	**1,201**	***17.4%***
427	EBITDA	*123*	*123*	-
10.8%	*as a % of sales revenues*	*8.7%*	*10.2%*	
183	Capital expenditures	42	45	*(6.7%)*
58	Investments in exploration	15	7	*114.3%*
460	Number of employees (1)	466	448	*1.4%*

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

In the first quarter of 2008, sales revenues rose to 1,410 million euros, or 17.4% more than the 1,201 million euros reported in the same period last year. An increase in sales volumes and higher unit revenues made possible by a rise in the price of benchmark petroleum products account for this improvement.
At 123 million euros, EBITDA were unchanged compared with the amount earned in the first three months of 2007.

Sales and Marketing

Total unit sales of natural gas grew to 4,306 million cubic meters, for a gain of 9.9% compared with the first quarter of 2007.
Specifically, sales to residential users and to industrial users increased by 7.4% and 27.2%, respectively, and deliveries to thermoelectric users grew by 5.6% to 2,505 million cubic meters, reflecting a rise in thermoelectric output.

Wholesalers and volumes traded on the virtual exchange facility accounted for 164 million cubic meters of natural gas, compared with 70 million cubic meters in the first three months of 2007.

Production and Procurement

Net production of natural gas totaled 208 million cubic meters in the first quarter of 2008, or 12.4% less than in the same period last year. More specifically, domestic production contracted by 13.7% due to the natural depletion of natural gas deposits. Production outside Italy was also down slightly as a result of technical problems at some fields.

On the procurement side, purchases were up sharply to meet the Group's needs. Imports of natural gas rose to 2,283 million cubic meters, up from 1,821 million cubic meters in the first three months of 2007 (+25.4%), but domestic purchases were slightly lower (-2.5%) than in the first quarter of 2007.

Production of crude oil totaled 446,000 barrels, down from 718,000 barrels in the first three months of 2007.

Capital Investments

Capital investments totaled about 42 million euros in the first quarter of 2008. The main projects carried out in Italy included construction of the Cavarzere-Minerbio gas pipeline (4 million euros), drilling of new production wells in the Emma field (about 5 million euros) and the S. Giorgio field (about 4 million euros) in the Adriatic Sea. In Egypt, about 19 million euros were invested for the additional work needed to continue the third phase in the development of the Rosetta concession.

Exploration Activities

In the first three months of 2008, the Group invested about 15 million euros in hydrocarbon exploration. Most of this amount was invested outside Italy, with the main focus on Algeria, where four wells are being drilled and 3-D seismic mapping is being carried out in the Reggane block.

Corporate Activities

Financial Highlights

(in millions of euros)

2007 full year (*)		1st quarter 2008	1st quarter 2007(*)	% change
73	**Sales revenues**	**18**	**19**	*(5.3%)*
(60)	EBITDA	(16)	(17)	*5.9%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
14	Capital expenditures	3	2	*50%*
873	Number of employees [1]	894	531	*2.4%*

(*) Includes the data of Water Distribution and Treatment (IWH)
[1] End-of-period amounts. The changes are computed against the data at December 31, 2007.

The Water Distribution and Treatment operations (IWH), which are being divested, are now part of the Corporate Activities, which already included those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

Sales revenues of 18 million euros include 7 million euros contributed by the IWH operations carried out in Guayaquil (Ecuador) under license (8 million euros in the first quarter of 2007) and 11 million euros attributable to the Parent Company's operations mentioned above (11 million euros in the first three months of 2007).

EBITDA were negative by 16 million euros (about the same as in the same period last year) as the net result of a loss of 18 million euros incurred by the Parent Company's operations and positive EBITDA of 2 million earned by IWH.

OPERATING PERFORMANCE, FINANCIAL RESULTS AND FINANCIAL POSITION OF THE GROUP

at March 31, 2008

Balance Sheet

03.31.2007	(in millions of euros)	See Note	03.31.2008	12.31.2007
	ASSETS			
8,023	Property, plant and equipment	1	7,537	7,619
40	Investment property	2	11	11
3,518	Goodwill	3	3,518	3,518
317	Hydrocarbon concessions	4	293	299
42	Other intangible assets	5	34	36
45	Investments in associates	6	49	44
142	Available-for-sale investments	6	200	184
145	Other financial assets	7	137	139
109	Deferred-tax assets	8	73	78
49	Other assets	9	78	61
12,430	**Total non-current assets**		**11,930**	**11,989**
133	Inventories		147	250
1,579	Trade receivables		1,669	1,654
42	Current-tax assets		11	13
326	Other receivables		473	371
221	Current financial assets		21	25
439	Cash and cash equivalents		108	103
2,740	**Total current assets**	10	**2,429**	**2,416**
-	**Assets held for sale**	11	**354**	**318**
15,170	**Total assets**		**14,713**	**14,723**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
4,793	Share capital		5,292	5,292
606	Equity reserves		624	641
1,135	Other reserves		1,612	1,114
(4)	Reserve for currency translations		(6)	(5)
730	Retained earnings (Loss carryforward)		465	465
87	Profit (Loss) for the period		52	497
7,347	**Total Group interest in shareholders' equity**		**8,039**	**8,004**
130	Minority interest in shareholders' equity		137	147
7,477	**Total shareholders' equity**	12	**8,176**	**8,151**
73	Provision for employee severance indemnities and provision for pensions	13	67	68
757	Provision for deferred taxes	14	535	560
879	Provision for risks and charges	15	895	899
1,201	Bonds	16	1,198	1,201
1,323	Long-term borrowings and other financial liabilities	17	1,203	1,216
7	Other liabilities	18	9	2
4,240	**Total non-current liabilities**		**3,907**	**3,946**
1,477	Bonds		19	9
106	Short-term borrowings		511	485
1,072	Trade payables		1,348	1,394
45	Current taxes payable		18	9
753	Other liabilities		620	652
3,453	**Total current liabilities**	19	**2,516**	**2,549**
-	**Liabilities held for sale**	20	**114**	**77**
15,170	**Total liabilities and shareholders' equity**		**14,713**	**14,723**

As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties is discussed in a separate disclosure provided later in this Report.

Income Statement

(in millions of euros)	See Note	1st quarter 2008	1st quarter 2007
Sales revenues	21	2,502	2,231
Other revenues and income	22	114	94
Total net revenues		**2,616**	**2,325**
Raw materials and services used (-)	23	(2,254)	(1,876)
Labor costs (-)	24	(55)	(52)
EBITDA	25	**307**	**397**
Depreciation, amortization and writedowns (-)	26	(180)	(169)
EBIT		**127**	**228**
Net financial income (expense)	27	(25)	(55)
Income from (Expense on) equity investments	28	(3)	(4)
Other income (expense), net	29	(2)	1
Profit before taxes		**97**	**170**
Income taxes	30	(44)	(80)
Profit (Loss) from continuing operations		**53**	**90**
Profit (Loss) from discontinued operations	31	(2)	-
Profit (Loss)		**51**	**90**
Broken down as follows:			
Minority interest in profit (loss)		(1)	3
Group interest in profit (loss)		**52**	**87**
Earnings per share (in euros)	32		
Basic earnings per common share		0.0093	0.0182
Basic earnings per savings share		0.0393	0.0482
Diluted earnings per common share		0.0093	0.0169
Diluted earnings per savings share		0.0393	0.0482

As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties is discussed in a separate disclosure provided later in this Report.

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets at the end of the first quarter of 2008 and provides a comparison with the corresponding data for 2007.
In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in the Report on Operations, which shows the changes in net financial position.

Full year 2007	(in millions of euros)	1ST quarter 2008	1ST quarter 2007
497	Group interest in profit (Loss) from continuing operations	54	87
-	Group interest in profit (Loss) from discontinued operations	(2)	-
20	Minority interest in profit (loss)	(1)	3
517	**Profit (loss)**	**51**	**90**
706	Amortization and depreciation	180	167
1	Interest in the result of companies valued by the equity method (-)	-	-
3	Dividends received from companies valued by the equity method	-	-
(16)	(Gains) Losses on the sale of non-current assets	3	(3)
3	(Revaluations) Writedowns of intangibles and property, plant and equipment	-	2
(3)	Change in the provision for employee severance indemnities	(1)	1
178	Change in other operating assets and liabilities	11	246
1,389	**A. Cash flow from continuing operations**	**244**	**503**
(494)	Additions to intangibles and property, plant and equipment (-)	(91)	(135)
(337)	Additions to non-current financial assets (-)	(164)	(158)
72	Proceeds from the sale of intangibles and property, plant and equipment	1	15
103	Proceeds from the sale of non-current financial assets	-	98
-	Capital grants received during the year	-	-
-	Change in the scope of consolidation	-	-
17	Other current assets	4	(179)
(639)	**B. Cash used in investing activities**	**(250)**	**(359)**
1,271	Receipt of new medium-term and long-term loans	-	935
(3,080)	Redemption of new medium-term and long-term loans and reclassification of short-term installments (-)	(12)	(1,274)
1,019	Capital contributions provided by controlling companies or other shareholders	3	520
(248)	Dividends paid to controlling companies or minority shareholders (-)	(12)	(3)
93	Change in short-term debt	32	(181)
(945)	**C. Cash used in financing activities**	**11**	**(3)**
-	**D. Cash and cash equivalents of discontinued operations**	**-**	**-**
-	**E. Net currency translation differences**	-	-
-	**F. Net cash flow from operating assets of discontinued operations**	**-**	**-**
(195)	**G. Net decrease in cash and cash equivalents (A+B+C+D+E+F)**	**5**	**141**
298	**H. Cash and cash equivalents at the beginning of the year**	**103**	**298**
103	**I. Cash and cash equivalents at the end of the year (G+H)**	**108**	**439**
103	**L. Total cash and cash equivalents at end of period (I)**	**108**	**439**
-	**M. (-) Cash and cash equivalents of discontinued operations**	**-**	**-**
103	**N. Cash and cash equivalents of continuing operations (L-M)**	**108**	**439**

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital (a)	Reserve and ret. earnings (loss) carryforward (b)	Reserve for currency translations (c)	Profit for the period (d)	Group inter. in sharehold. equity (a+b+c+d)=(e)	Minority inter. in sharehold. equity (f)	Total shareholders' equity (e)+(f)
Balance at December 31, 2006	**4,273**	**1,819**	**(3)**	**654**	**6,743**	**147**	**6,890**
Share capital increase due to the conversion of warrants	520	-	-	-	520	-	520
Reclassification of prior period earnings	-	654	-	(654)	-	-	-
Dividend distribution	-	-	-	-	-	(10)	(10)
Restatements for adoption of IAS 32 and IAS 39	-	19	-	-	19	-	19
Difference from translation of financial statements in foreign currencies and sundry items	-	(21)	(1)	-	(22)	(10)	(32)
Profit for the first Quarter of 2007	-	-	-	87	87	3	90
Balance at March 31, 2007	**4,793**	**2,471**	**(4)**	**87**	**7,347**	**130**	**7,477**
Share capital increase due to the conversion of warrants	499	-	-	-	499	-	499
Dividend distribution	-	(233)	-	-	(233)	(5)	(238)
Restatements for adoption of IAS 32 and IAS 39	-	(21)	-	-	(21)	-	(21)
Change in the scope of consolidation	-	(3)	-	-	(3)	3	-
Difference from translation of financial statements in foreign currencies and sundry items	-	6	(1)	-	5	2	7
Profit from April to December 31, 2007	-	-	-	410	410	17	427
Balance at December 31, 2007	**5,292**	**2,220**	**(5)**	**497**	**8,004**	**147**	**8,151**
Share capital increase	-	-	-	-	-	3	3
Reclassification of prior period earnings	-	497	-	(497)	-	-	-
Dividend distribution	-	-	-	-	-	(12)	(12)
Restatements for adoption of IAS 32 and IAS 39	-	(19)	-	-	(19)	-	(19)
Difference from translation of financial statements in foreign currencies and sundry items	-	3	(1)	-	2	-	2
Profit at March 31, 2008	-	-	-	52	52	(1)	51
Balance at March 31, 2008	**5,292**	**2,701**	**(6)**	**52**	**8,039**	**137**	**8,176**

NOTES TO THE QUARTERLY REPORT AT MARCH 31, 2008

Content and Format of the Financial Statements

The Edison Group's quarterly report at March 31, 2008 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58/1998, as amended, and is consistent with the provisions of IAS 34 "Interim Financial Reporting," which provides guidelines for the preparation of interim financial statements. Moreover, it complies with the requirements of the International Financial Reporting Standards (IFRSs) published by the International Financial Reporting Standards Board, as published in the *Official Journal of the European Union.*

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

IFRIC 11 "Group and Treasury Share Transactions," applicable as of January 1, 2008, which sets forth the method that should be used to account for equity instruments or cash, when an entity's own equity instruments are awarded to employees, and for share-based payments for services received from employees. This interpretation had no material impact on the financial statements.

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

The Quarterly Report at March 31, 2008 has not been audited.

Presentation Formats of the Financial Statements Adopted by the Group

The presentation formats that the Group has chosen for its financial statements have the following characteristics:

- In the **Consolidated Balance Sheet** assets and liabilities are analyzed by maturity. Current and non-current items, which are due within or after 12 months from the balance sheet date, respectively, are shown separately.
- The **Consolidated Income Statement** is a step-by-step income statement, with the different components analyzed by type.
- The **Cash Flow Statement** shows the cash flows in accordance with the indirect method, as allowed by IAS 7.
- The **Statement of Changes in Consolidated Shareholders' Equity** was prepared in accordance with the provisions of IAS 1.

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

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

Electric Power Operations

- In January, establishment of Dolomiti Edison Energy Srl, a wholly owned subsidiary of Edison Spa consolidated line by line. Pursuant to an agreement with Dolomiti Energia, Edison conveyed to this new subsidiary the assets of three hydroelectric power plants in the province of Trent.
- Establishment of Edison Engineering Sa, which is consolidated line by line. This company will handle the construction of a combined-cycle power plant in Thisvi, Greece, which is being built under an agreement with Hellenic Petroleum.
- Liquidation of Bluefare Ltd, which was deconsolidated as of January 1, 2008.

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

Diversified Operations

- Starting in 2008, the Diversified Operations consisting of the activities of the IWH Group were no longer considered an independent business segment, as defined in IAS 14, and were no longer deemed to be material. Consequently, they were incorporated into the Corporate Activities segment.

Assets and Groups of Assets Held for Sale

- On February 1, 2008, Edison Spa conveyed the business operations comprised of the five thermoelectric power plants to a new incorporated company, CO Energy Power Srl, that are being sold to Cofatech Servizi. In the income statement this company was consolidated line by line among the electric power operations. On the balance sheet, it is listed under Assets held for sale since it is part of the "Disposal Group – CIP 6/92 thermoelectric power plants." More detailed information about the sale, which took place in April, is discussed in the section of this Report entitled "Information Provided Pursuant to IFRS 5".

RISK MANAGEMENT

The Edison Group has adopted a risk control model consistent with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) – Integrated Framework. This model is described in detail in the Notes to the Consolidated Financial Statements at December 31, 2007, which should be consulted for a comprehensive explanation.

An analysis of the Edison Group's risks management process, presented in accordance with the above-mentioned risk model, is provided below.

Market Risk

This category includes all of the risks that are linked directly or indirectly with price fluctuations in the markets for physical goods or in the financial markets in which the Group operates. These risks are: 1) Commodity price risk, 2) Foreign exchange risk and 3) Interest rate risk.

1. Commodity Price Risk and Exchange Rates Risk Related to Such Activity

Consistent with its Energy Risk Policies, the Group manages this risk within a predetermined Profit-at-Risk (PaR) ceiling approved by the Board of Directors for the industrial portfolio, which includes activities carried out to hedge contracts to buy and sell commodities and to hedge asset production. The PaR for the industrial portfolio shown in the table below, which was computed based on a 97.5% confidence index, shows the expected maximum loss on outstanding financial derivatives. In other words, the chance of losing more than 50 million euros by the end of 2008 is limited to 2.5% of the scenarios.

	1ST quarter 2008		1ST quarter 2007	
Profit at Risk (PaR) (in millions of euros)	Level of probability	Resulting expected loss	Level of probability	Resulting expected loss
Edison Group	97.5%	50.0	97.5%	95.9

For the trading portfolio, the risk ceiling is defined in terns of the daily Value at Risk (VaR). Based on a 95% confidence index, it is equal to 2.1 million euros.

2. Foreign Exchange Risk not Related to Commodity Risk

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

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates primarily because they affect its debt service costs.

(in millions of euros)

Borrowings	without derivatives	with derivatives	% with derivatives
- fixed rate portion	741	1,770	60%
- variable rate portion	2,190	1,161	40%
Total borrowings	**2,931**	**2,931**	**100%**

As shown by the breakdown in the preceding table, at March 31, 2008, the Group's exposure to the risk of changes in interest rates was equivalent to about 40% of its total gross exposure (38% at December 31, 2007). The remaining 60% at fixed rates (62% at December 31, 2007) is the combined result of borrowings originally structured with a fixed rate and derivatives executed to hedge bank borrowings of bonds payable that are contractually indexed to a variable rate.
The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first quarter of 2008.

Sensitivity analysis	1st quarter 2008			03.31.2008		
	Impact on financial expense (P&L)			Impact on the cash flow hedge reserve (S.E.)		
(in millions of euros)	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	60	57	51	9	(2)	(10)

Credit Risk

The credit risk represents Edison's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. The change shown at March 31, 2008, compared with the balance outstanding at December 31, 2007, is chiefly the result of a seasonal increase in gas consumption.

(in millions of euros)	03.31.2008	12.31.2007
Gross trade receivables	1,759	1,742
Allowance for doubtful accounts (-)	(90)	(88)
Trade receivables	**1,669**	**1,654**
Guarantees held	261	286
Receivables 9 to 12 months in arrears	19	13
Receivables more than 12 months in arrears	52	55

Trade receivables that are delinquent on the balance sheet date are offset by corresponding allowances. Of the receivables in arrears listed in the preceding table, 32% (9 to 12 months in arrears) and 13% (more than 12 months) is owed by agencies of the Italian public administration that are supplied by Edison Energia Spa under CONSIP contracts. Receivables owed by this group of customers account for the bulk of the increase in receivables more than 9 months in arrears.

Operational Risks

Operational risks are the risks that the Company or third parties could incur due to the inadequacy or dysfunction of procedures, human resources and systems. They include legal risks and risks posed by external events. These risks, which for management purposes were identified in the Risk Self Assessment process, did not have an impact on the quarterly financial statements at March 31, 2008, except as reflected in the provisions for risks and charges. Additional information is provided in the note to the provisions for risks and charges (Note 15).

Other Risks

Liquidity Risk

The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides an analysis of expected future nominal cash flows attributable to financial liabilities, including trade accounts payable and interest rate derivatives. Borrowings were included based on the first contractual due date when repayment can be demanded. Revocable lines of credit were treated as if repayable on demand.

(in millions of euros)

Expected future nominal cash flows	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	6	56	1,330
Borrowings and other financial liabilities	277	117	1,341
Trade accounts payable	1,276	72	-
Total	**1,559**	**245**	**2,671**

At March 31, 2008, the Edison Group has unused committed lines of credit amounting to 1,679 million euros with an average residual life of more than five years. The largest of these facilities is a syndicated standby credit line of 1,500 million euros that expires in 2013, which was unused at March 31, 2008. The amount of the Group's trade receivables and the corresponding payment terms help create a well balanced working capital and specifically provide adequate coverage for the accounts payable.

Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are parties may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above).
Two issues of debt securities (Euro Medium-term Notes), for a total face value of 1,200 million euros, are outstanding (see table below):

Description	Issuer	Market where traded	ISIN code	Term (years)	Maturirty	Face value (millions of euros)	Coupon	Curr. 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	7/19/2011	500	Variable, quarterly	5.046%

In addition, the Group is a party to non-syndicated loan agreements totaling 417 million euros and syndicated loan agreements with a total face value of 2,550 million euros, 1,679 million euros of which were unused at March 31, 2008.
Generally, consistent with international practice for financial transactions of this type, these agreements provide the lenders with the right to demand the payment of the indebtedness and terminate their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or another procedure with similar effects.
Since no change has occurred compared with the information provided in the Annual Report, the corresponding section of the Notes to the Consolidated Financial Statements at December 31, 2007 should be consulted for a detailed discussion of issues related to financial covenants. At present, to the Company's knowledge, none of the Group companies is in default or in violation of any financial covenants contained in its loan agreements.

Analysis of Forward Transactions and Derivatives

When disclosing hedging transaction in the financial statements, care is used to ensure compliance with the requirements of IAS 39 for hedge accounting purposes.

In 2008, the Group began trading for its own account in physical energy commodities and financial derivatives based on such commodities, in a manner consistent with its newly adopted Energy Risk Policies. Accordingly, it defined an appropriate risk control structure and the necessary guidelines and specific procedures. The Group views this activity as part of its regular operations and, consequently, the results derived from it are included in reported EBITDA and are recognized in the income statement. More specifically:

1) **Transactions that qualify as hedges in accordance with IAS 39.** They can be cash flow hedges or fair value hedges. In the case of cash flow hedges, which are the only ones used by the Group, realized gains and losses are included in EBITDA for commodity transactions or recognized as financial income or as expense for financial transactions. Their projected value is reflected in shareholders' equity.

2) **Transactions that do not qualify as hedges in accordance with IAS 39.** They can be:
   a. Margin hedges. For all hedging transactions that comply with internal risk policies and procedures, realized results and expected value are included in EBITDA, if they are attributable to the industrial portfolio, or recognized as financial income or expense, if they are attributable to financial transactions.
   b. Trading transactions. As explained above, starting in 2008, both the realized results and expected value of these transactions are included in EBITDA.

Operating and Financial Results Generated by Derivative Transactions in the First Quarter of 2008

The table below provides an analysis of the financial results generated by derivative transactions, included trading activity fair value, in the first quarter of 2008. The income statement line "Materials and services used" includes, as a direct adjustment to the purchases account, the impact of the effective portion of commodity related foreign exchange hedges, which amounted to 19 million euros.

(in millions of euros)	Realized in the 1st quarter of 2008 (A)	Fair Value recognized for contracts outstanding at 12.31.07 (B)	Portion of (B) contracts realized in 2008 (B1)	Fair Value recognized for contracts outstanding at 03.31.08 (C)	Change in Fair Value in 2008 (D=C-B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 to the income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	4	-	-	-	-	4
- not definable as hedges pursuant to IAS 39 (CFH)	20	6	3	14	8	28
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
Trading portfolio						
- not definable as hedges pursuant to IAS 39 (CFH)	4	28	1	30	2	6
Total (A)	**28**	**34**	**4**	**44**	**10**	**38**
Raw materials and services used (see Note 23 to the income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39 (CFH)	(10)	(5)	(2)	(12)	(7)	(17)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	(20)	(10)	(10)	(9)	1	(19)
- not definable as hedges pursuant to IAS 39 (CFH)	-	-	-	(1)	(1)	(1)
Trading portfolio						
- not definable as hedges pursuant to IAS 39 (CFH)	(3)	(32)	(13)	(30)	2	(1)
Total (B)	**(33)**	**(47)**	**(25)**	**(52)**	**(5)**	**(38)**
TOTAL INCLUDED IN EBITDA (A+B)	**(5)**	**(13)**	**(21)**	**(8)**	**5**	**-**
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	1	1	-	1	-	1
- not definable as hedges pursuant to IAS 39 (CFH)	11	7	4	9	2	13
Total financial income (D)	**12**	**8**	**4**	**10**	**2**	**14**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39 (CFH)	(11)	(20)	(3)	(16)	4	(7)
Total financial expense (E)	**(11)**	**(20)**	**(3)**	**(16)**	**4**	**(7)**
Margin on interest rate hedging transactions (D+E)=(F)	**1**	**(12)**	**1**	**(6)**	**6**	**7**
Foreign exchange rate hedges, broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
Total foreign exchange gains (G)	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39 (CFH)	(1)	-	-	(1)	(1)	(2)
Total foreign exchange losses (H)	**(1)**	**-**	**-**	**(1)**	**(1)**	**(2)**
Margin on foreign exchange hedging transactions (G+H)= (I)	**(1)**	**-**	**-**	**(1)**	**(1)**	**(2)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (F+I) (see Note 27 to the income statement)	**-**	**(12)**	**1**	**(7)**	**5**	**5**

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

(in millions of euros)	03.31.2008		12.31.2007	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	1	(40)	3	(21)
Interest rate transactions	9	(17)	12	(19)
Commodity transactions	68	(59)	59	(61)
Fair value recognized as current asset or current liability	**78**	**(116)**	**74**	**(101)**
Broken down as follows:				
- recognized as "Other receivables and payables"	69	(98)	62	(82)
- recognized as "Current financial assets" and "Short-term borrowings"	9	(18)	12	(19)

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 23 million euros, before the corresponding deferred-tax assets and liabilities.

Segment Information

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

INCOME STATEMENT	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjust.		Edison Group	
	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007
Sales Revenues	**1,858**	**1,737**	**1,410**	**1,201**	**18**	**19**	-	-	**(784)**	**(726)**	**2,502**	**2,231**
- intra-Group Revenue	1	1	774	716	9	9	-	-	(784)	(726)		
EBITDA	**200**	**291**	**123**	**123**	**(16)**	**(17)**	**-**	**-**	**-**	**-**	**307**	**397**
as a % of revenues	10.8%	16.8%	8.7%	10.2%	n.m.	n.m.	-	-	-	-	12.3%	17.8%
Depreciation, amortization and writedowns	(143)	(141)	(34)	(26)	(3)	(2)	-	-	-	-	(180)	(169)
EBIT	**57**	**150**	**89**	**97**	**(19)**	**(19)**	**-**	**-**	**-**	**-**	**127**	**228**
as a % of revenues	3.1%	8.6%	6.3%	8.1%	n.m.	n.m.	-	-	-	-	5.1%	10.2%
Net financial income (expense)											(25)	(55)
Interest in result of companies valued by equity method											(1)	(4)
Income taxes											(44)	(80)
Profit from continuing operations											**53**	**90**
Profit (Loss) from discontinued operations							**(2)**	**-**			**(2)**	**-**
Minority interest in profit (loss) for the period											**(1)**	**3**
Group interest in profit (loss) for the period											**52**	**87**

BALANCE SHEET	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjust.		Edison Group	
	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07
Total assets	**11,284**	**11,409**	**2,736**	**2,718**	**3,131**	**3,052**	**354**	**318**	**(2,792)**	**(2,774)**	**14,713**	**14,723**
Total liabilities	**3,439**	**3,489**	**1,457**	**1,396**	**2,386**	**2,588**	**114**	**77**	**(859)**	**(978)**	**6,537**	**6,572**
Net borrowings							**(16)**	**(15)**			**2,708**	**2,687**

OTHER INFORMATION	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjust.		Edison Group	
	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007	1st quart. 2008	1st quart. 2007
Capital expenditures	30	81	42	45	3	2	-	-	-	-	**75**	**128**
Investments in exploration	-	-	15	7	-	-	-	-	-	-	**15**	**7**
Investments in intangibles	-	-	-	-	1	-	-	-	-	-	**1**	**-**
Total capital investments	**30**	**81**	**57**	**52**	**4**	**2**	**-**	**-**	**-**	**-**	**91**	**135**

	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjust.		Edison Group	
	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07	03.31.08	12.31.07
Number of employees	**1,813**	**1,851**	**466**	**460**	**894**	**873**	**94**	**93**	**-**	**-**	**3,267**	**3,277**

NOTES TO THE BALANCE SHEET

Assets

Non-current Assets

1. Property, Plant and Equipment

Property, plant and equipment totaled 7,537 million euros, for a net decrease of 82 million euros compared with December 31, 2007, due mainly to depreciation expense of 157 million euros, net of additions totaling 75 million euros The table that follows shows a breakdown of the changes that occurred in the first quarter of 2008:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/07 (A)	**903**	**6,232**	**21**	**11**	**452**	**7,619**
Changes at March 31, 2008:						
- Additions	1	6	1	-	67	75
- Disposals (-)	-	(4)	-	-	-	(4)
- Depreciation (-)	(12)	(143)	(1)	(1)	-	(157)
- Currency translation difference	-	-	-	-	(1)	(1)
- Other changes	1	16	1	-	(13)	5
Total changes (B)	**(10)**	**(125)**	**1**	**(1)**	**53**	**(82)**
Balance at 3/31/08 (A+B)	**893**	**6,107**	**22**	**10**	**505**	**7,537**

The total value of the assets, virtually all of which are located in Italy, includes construction in progress and advances totaling 505 million euros, broken down as follows: 230 million euros for the electric power operations and 262 million euros for the hydrocarbons operations.

Additions of 75 million euros are the result of the following capital expenditures:

- The investments of the **electric power operations** totaled 30 million euros, including 20 million euros in the *thermoelectric area,* used mainly to build power plants in San Filippo del Mela (ME) (5 million euros), Marghera (VE) (4 million euros), Candela (FG) (3 million euros) and Simeri Crichi (CZ) (2 million euros); 7 million euros in the *hydroelectric area;* and 3 million euros for *wind power* facilities.
- The **hydrocarbons operations** invested 42 million euros. The main projects pursued in Italy included construction of the Caverzere-Minerbio natural gas pipeline (4 million euros) and development of gas fields in the Adriatic Sea (12 million euros). Investments outside Italy of 22 million euros were used mainly for projects in Egypt (19 million euros) and Algeria (3 million euros).
- Investments by the IWH Group account for the remaining 3 million euros.

Disposals of 4 million euros refer to the replacement of components of a thermoelectric power plant, which generated a loss of 4 million euros.

Depreciation of property, plant and equipment totaled 157 million euros. It included 142 million euros for the electric power operations (138 million euros at March 31, 2007) and 13 million euros for the hydrocarbons operations (12 million euros at March 31, 2007). Corporate activities account for the balance.
In addition:

- The net carrying amount of property, plant and equipment includes **assets transferable at no cost** with an aggregate value of 575 million euros (591 million euros at December 31, 2007) attributable to the hydroelectric operations, which hold 68 concessions, and to the gas and water distribution operations, which hold 62 concessions. The decrease reflects primarily the depreciation taken in the first quarter of 2008.
- Property, plant and equipment also includes **assets acquired under finance leases** totaling 112 million euros (117 million euros at December 31, 2007), which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounts to 17 million euros, is shown under “Long-term borrowings and other financial liabilities” (6 million euros) and “Short-term borrowings” (11 million euros).

2. Investment Property

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

3. Goodwill

Goodwill totaled 3,518 million euros, unchanged compared with December 31, 2007. The remaining balance is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.

Allocation of goodwill (in millions of euros)	**03.31.2008**	12.31.2007
- Electric power operations	2,836	2,836
- Hydrocarbons operations	682	682
Total	**3,518**	**3,518**

No impairment indicators were detected during the first quarter of 2008.

4. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 85 mineral leases in Italy and abroad (including 2 storage concessions) for the extraction of hydrocarbon deposits, were valued at 293 million euros. The amortization for the period accounts for the decrease of 6 million euros from the amount reported at December 31, 2007.

During the first quarter of 2008, the Company's international operations were awarded a new exploration license in Iran.

5. Other Intangible Assets

The amount of 34 million euros shown for patents, licenses and similar rights refers mainly to software licenses. Hydrocarbon research and exploration costs, which are charged in full to income in the period they are incurred, totaled 15 million euros in the first three months of 2008.

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

The total includes 49 million euros in investments in companies valued by the equity method and 200 million euros in investments in companies valued at fair value. The latter amount includes an investment in RCS Mediagroup (about 19 million euros) and an investment in Terminale GNL Adriatico (172 million euros). The table below shows the main changes that occurred in the first quarter of 2008:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12/31/07 (A)	**44**	**184**	**228**
Changes in the first quarter of 2008:			
- Changes in share capital	4	20	24
- Writedowns and valuations at equity (-)	-	(4)	(4)
- Currency translation differences	1	-	1
Total changes (B)	**5**	**16**	**21**
Balance at 3/31/08	**49**	**200**	**249**

An analysis of the changes is as follows:

- **Changes in share capital** of 24 million euros consist mainly of capital contributions provided to the associated companies Terminale GNL Adriatico (20 million euros), Galsi (2 million euros) and EL.IT.E. (2 million euros);
- **Writedowns and valuations at equity** totaling 4 million euros reflect exclusively the impact of valuing at fair value the investment in RCS, with the offsetting entry posted to shareholders' equity.

7. Other Financial Assets

Other financial assets totaled 137 million euros, about the same as at December 31, 2007. They consist of loans receivable due in more than one year. A breakdown is provided below:

- a 78-million-euro receivable under a finance lease for the Ibiritermo power plant recognized in accordance with IFRIC 4;
- 40 million euros for the IPSE 2000 escrow deposit, which is offset by a provision for risks of the same amount due to uncertainty about its repayment;
- 14 million euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa, the disbursement of which depends on changes in CIP 6/92 regulations;
- 5 million euros for other long-term financial receivables, which include 4 million euros in bank deposits that secure project financing facilities.

8. Deferred-tax Assets

Deferred-tax assets of 73 million euros reflect a tax-loss carryforward (28 million euros), differences in the valuation of property, plant and equipment (21 million euros) and taxed provisions for risks (13 million euros). Other differences stemming from the adoption of IAS 39 account for the balance.
Insofar as the recognition of these items is concerned, they were valued based on realistic assumptions that they will be realized and produce tax benefits within the limited time horizon covered by the industrial plans approved by the Company. Accordingly, only a portion of the amount of the theoretical prepaid taxes computed on the provisions for risks was used for valuation purposes.

9. Other Assets

Other assets totaled 78 million euros, or 17 million euros more than at December 31, 2007. The main components of this account are tax refunds receivable, including accrued interest through March 31, 2008, (48 million euros net of an allowance for writedowns of 4 million euros) and sundry receivables totaling 30 million euros ,consisting mainly of security deposits.

10. Current Assets

(in millions of euros)	03.31.2008	12.31.2007	Change
Inventories	147	250	(103)
Trade receivables	1,669	1,654	15
Current-tax assets	11	13	(2)
Other receivables	473	371	102
Current financial assets	21	25	(4)
Cash and cash equivalents	108	103	5
Total current assets	**2,429**	**2,416**	**13**

A review of the individual components is provided below:

Inventories

Inventories totaled 147 million euros . A breakdown by type of business is provided below:

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	Other materials	Total at 03.31.08	Total at 12.31.07	Change
Electric power operations	39	-	32	-	71	67	4
Hydrocarbons operations	8	56	8	-	72	179	(107)
Corporate activities	-	-	-	4	4	4	-
Total for the Group	**47**	**56**	**40**	**4**	**147**	**250**	**(103)**

The decrease of 103 million euros compared with December 31, 2007 refers mainly to the hydrocarbons operations and reflects the utilization of stored natural gas.
Inventories also include 9 million euros in strategic reserves of natural gas the use of which is restricted.

Trade Receivables

Trade receivables totaled 1,669 million euros. A breakdown by type of business is provided in the table that follows:

(in millions of euros)	03.31.2008	12.31.2007	Change
Electric power operations	1,173	1,190	(17)
Hydrocarbons operations	557	525	32
Corporate activities and eliminations	(61)	(61)	-
Total trade receivables	**1,669**	**1,654**	**15**
Allowance for doubtful accounts	(90)	(88)	(2)

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.

Current-tax Assets

The balance of 11 million euros includes amounts owed by the tax authorities for overpayments of corporate income taxes (IRES) and local income taxes (IRAP) by companies that are not included in the consolidated income tax return filed by the controlling company (Transalpina di Energia).

Other Receivables

Other receivables totaled 473 million euros. They include receivables arising from the valuation of commodity and foreign exchange derivatives (69 million euros), amounts owed by partners and associates in hydrocarbon exploration projects (56 million euros), receivables from public institutions and local entities (40 million euros), receivables from the tax administration (40 million euros, including 33 million euros for excise tax overpayments), advances paid to suppliers (79 million euros) and amounts owed by the controlling company (Transalpina di Energia) in connection with the filing of the consolidated income tax return (23 million euros). Sundry receivables consisting of hydroelectric concession fees, insurance refunds, security deposits, advances to employees and royalties, account for the balance.
During the first quarter of 2008, the Group chose to take advantage of price opportunities in the spot market, even though this decisions activated take-or-pay clauses requiring payments to contract counterparts amounting to 46 million euros. However, considering the natural gas delivery requirements projected for the coming years, these payments should be viewed as advances on future deliveries and not as penalties. Consequently, they were recognized as advances to suppliers.
The abovementioned receivables are net of an allowance for doubtful accounts of 25 million euros.

Current Financial Assets

A breakdown of current financial assets, which totaled 21 million euros, is as follows:

(in millions of euros)	03.31.2008	12.31.2007	Change
Equity investments held for trading	8	10	(2)
Loans receivable	4	3	1
Derivatives	9	12	(3)
Total current financial assets	**21**	**25**	**(4)**

A review of the financial assets listed above, all of which are included in the computation of the Group's net borrowings, is provided below:

- **Equity investments held for trading** of 8 million euro, which consist of trading investments in listed companies that include ACEGAS Spa (4 million euros), ACSM Spa (2 million euros) and American Superconductor Corporation (2 million euros). Marking these investments to market at March 31, 2008 produced a loss of about 2 million euros.
- **Loans receivable** of 4 million euros, which include the short-term portion of a receivable under a finance lease for the Ibiritermo power plant (1 million euros). Loans owed by affiliated companies account for the balance.
- **Derivatives,** which reflect exclusively the valuation at fair value of derivatives hedging interest rate risk that were outstanding at March 31, 2008. A comprehensive explanation of the impact of financial derivatives is provided in a separate disclosure included in this Report.

Cash and Cash Equivalents

Cash and cash equivalents of 108 million euros consists of short-term deposits in bank and postal accounts and other short-term investments.

11. Assets Held for Sale

The balance of 354 million euros represents the assets of a Disposal Group consisting of the business operations of seven thermoelectric power plants that operate under CIP 6/92 contracts.

Liabilities and Shareholders' Equity

12. Group Interest and Minority Interest in Shareholders' Equity

The Group's interest in shareholders' equity amounted to 8,039 million euros, or 35 million euros more than at December 31, 2007. This increase is the net result of the profit earned in the first quarter of 2008 (52 million euros), less a deduction of 19 million euros due to negative changes in the balance of the Reserve for cash flow hedge transactions and the valuation of the Reserve for available-for-sale investments.

Minority interest in shareholders' equity totaled 137 million euros, down 10 million euros compared with December 31, 2007, due mainly to the distribution of 12 million euros in dividends attributable to minority shareholders.

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	5,181,072,080	5,181
Savings shares	110,592,420	111
Total		**5,292**

The reserve for cash flow hedges, which was established upon the adoption of IAS 32 and IAS 39 to account for derivatives and is included in shareholders' equity, shows a net negative change of 15 million euros compared with December 31, 2007. A breakdown is provided below:

Reserve for Cash Flow Hedge Transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at January 1, 2008	(2)	1	(1)
- Changes in the first quarter of 2008	(21)	6	(15)
- Reserve at March 31, 2008	**(23)**	**7**	**(16)**

The changes that affected shareholders' equity also include the impact of the valuation of available-for-sale investments, which produced a net negative change of 4 million euros compared with December 31, 2007.

Reserve for Available-for-sale Investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at January 1, 2008	12	(1)	11
- Changes in the first quarter of 2008	(4)	-	(4)
- Reserve at March 31, 2008	**8**	**(1)**	**7**

Non-current Liabilities

13. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which amounted to 67 million euros, reflects the accrued severance indemnities and other benefits owed to employees, computed in accordance with the actuarial criteria of IAS 19. The table below shows the changes that occurred in the first quarter of 2008:

(in millions of euros)	Provision for sever. indemn.	Provision for pensions	Total
Balance at 12/31/07 (A)	**59**	**9**	**68**
Changes in the first quarter of 2008:			
- Financial expense	1	-	1
- Actuarial (gains) losses (+/-)	1	-	1
- Utilizations (-) / Other changes	(3)	-	(3)
Total changes (B)	**(1)**	**-**	**(1)**
Total at 3/31/08 (A+B)	**58**	**9**	**67**

At March 31, 2008, counting the employees of companies consolidated by the proportional method, the Edison Group had 3,267 employees (including 94 employees of discontinued operations), for a net decrease of 10 employees compared with the end of 2007, when 3,277 employees were on the payroll. The average payroll numbered 3,266 employees.

14. Provision for Deferred Taxes

The balance of 535 million euros reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as deemed cost to value property, plant and equipment.
The table that follows shows a breakdown of this reserve by type of underlying temporary difference, keeping in mind that certain Group companies that met the requirements of IAS 12 offset their deferred-tax liability against deferred-tax assets:

(in millions of euros)	03.31.2008	12.31.2007	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	565	579	(14)
- Adoption of standard on finance leases (IAS 17)	40	40	-
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	1	1	-
- shareholders' equity	1	2	(1)
- Other deferred taxes	7	14	(7)
Total deferred-tax liabilities (A)	**614**	**636**	**(22)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	64	67	(3)
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	7	7	-
- shareholders' equity	8	2	6
Total deferred-tax assets (B)	**79**	**76**	**3**
Total provision for deferred taxes (A-B)	**535**	**560**	**(25)**

15. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 895 million euros, a decrease of 4 million euros compared with December 31, 2007.
The table below shows the changes that occurred in the first quarter of 2008:

(in millions of euros)	12.31.2007	Additions	Utilizations	Other changes and reclassifications	03.31.2008
- Disputed tax items	25	-	-	7	32
- Risks for disputes, litigation and contracts	178	2	(1)	(14)	165
- Charges for contractual guarantees on the sale of equity investments	124	-	-	-	124
- Provisions for decommissioning and remediation of industrial sites	313	3	-	-	316
- Environmental risks	82	-	(70)	3	15
- Risks on the sale of equity investments	29	-	-	(1)	28
- Provision for CO_2 emissions quotas	-	65	-	(6)	59
- Other risks and charges	148	5	(1)	4	156
Total for the Group	**899**	**75**	**(72)**	**(7)**	**895**

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

- **Additions** of 75 million euros include 65 million euros added to reflect "emissions rights" costs, 5 million euros for legal and contractual risks and 5 million euros for interest expense on new decommissioning provisions and accrued statutory interest on existing provisions.
- **Utilizations** of 72 million euros, which reflect primarily the full utilization of a 69-million-euro provision upon the settlement of the Porto Marghera dispute with the Ministry of the Environment.

More detailed information about changes in the provisions for risks and charges is provided in the section of this Report entitled "Status of the Main Legal and Tax Disputes Pending at March 31, 2008."

16. Bonds

The balance of 1,198 million euros represents the non-current portion of outstanding bond issues valued at amortized cost.
The table below provides a breakdown of the bond liability at March 31, 2008 and shows the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Long-term amortized cost	Short-term amortized cost	Fair value
Euro Medium Term Notes:									
Edison Spa	Luxembourg Secur. Exch.	EUR	700	Annual in arrears	5.125%	12-10-10	699	11	718
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Quarterly in arrears	5.046%	7-19-11	499	8	505
Total for the Group			**1,200**				**1,198**	**19**	**1,223**

17. Long-term Borrowings and Other Financial Liabilities

This account, which totaled 1,203 million euros at March 31, 2008 (1,216 million euros at the end of 2007), includes bank borrowings of 1,179 million euros.
A breakdown is as follows:

(in millions of euros)	03.31.2008	12.31.2007	Change
Due to banks	1,179	1,188	(9)
Due to leasing companies	6	9	(3)
Due to other lenders	18	19	(1)
Total for the Group	**1,203**	**1,216**	**(13)**

The amount owed to other lenders includes 15 million euros payable to minority shareholders of consolidated companies.

18. Other Liabilities

The balance of 9 million euros includes liabilities that arise from different types of obligations.

19. Current Liabilities

(in millions of euros)	03.31.2008	12.31.2007	Change
Bonds	19	9	10
Short-term borrowings	511	485	26
Trade payables	1,348	1,394	(46)
Current taxes payable	18	9	9
Other liabilities	620	652	(32)
Total current liabilities	**2,516**	**2,549**	**(33)**

The main current liability accounts are reviewed below:

- **Bonds** payable show a balance of 19 million euros, consisting mainly of the amount payable accrued at March 31, 2008.
- **Short-term borrowings** totaled 511 million euros (485 million euros at December 31, 2007). This amount includes bank indebtedness and reflects the impact of measuring at fair value interest rate and foreign exchange derivatives.
- **Trade payables** amounted to 1,348 million euros. A breakdown of this item by type of business is provided below:

(in millions of euros)	03.31.2008	12.31.2007	Change
Electric power operations	862	883	(21)
Hydrocarbons operations	540	586	(46)
Corporate activities and eliminations	(54)	(75)	21
Total trade payables	**1,348**	**1,394**	**(46)**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to scheduled and extraordinary plant maintenance.
- **Current taxes payable** of 18 million euros represent the liability for income taxes owed by Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia).
- The main components of **other liabilities** of 620 million euros (652 million euros at December 31, 2007) include the following: the amount owed to the controlling company (Transalpina di Energia) in connection with the filing of a consolidated tax return (173 million euros), liabilities stemming from the measurement of commodity and foreign exchange derivatives at fair value (98 million euros), amounts owed to joint holders of permits and concessions for the production of hydrocarbons (97 million euros), payables owed for miscellaneous services (72 million euros), amounts owed to shareholders (27 million euros), VAT payable (25 million euros), amounts payable to employees (24 million euros) and to pension and social security institutions (21 million euros), with sundry liabilities accounting for the balance.

20. Liabilities Held for Sale

The balance of 114 million euros represents the liabilities of a Disposal Group consisting of the business operations of seven thermoelectric power plants that operate under CIP 6/92 contracts.

Net Borrowings

At March 31, 2008, net borrowings totaled 2,708 million euros, little changed compared with the 2,687 million euros owed at December 31, 2007.

The change that occurred in the first quarter of 2008 reflects the positive contribution provided by the operating cash flow, which partially offset outlays for capital investments (91 million euros), net borrowing costs (25 million euros) and investments in affiliated companies (139 million euros for the purchase of an additional 5% interest in Edipower and 20 million euros invested in Terminale GNL Adriatico). In addition, 69 million euros were paid out in closing settlement of a dispute with the Ministry of the Environment concerning a facility in Porto Marghera.

The table below provides an overview of net borrowings. Consistent with the presentation provided at December 31, 2007, the amounts shown include the indebtedness attributable to the operations treated as a "Disposal Group".

(in millions of euros)	Balance sheet Note No.	03.31.2008	12.31.2007	Change
Net long-term debt				
Bonds - non-current portion	16	1,198	1,201	(3)
Non-current bank loans	17	1,179	1,188	(9)
Amounts due to other lenders - non current portion	17	24	28	(4)
Other non-current financial assets (*)	7	(78)	(81)	3
Net long-term debt		**2,323**	**2,336**	**(13)**
Net short-term debt				
Bonds - current portion	19	19	9	10
Current loans payable	19	511	485	26
Current financial assets	10	(21)	(25)	4
Cash and cash equivalents	10	(108)	(103)	(5)
Loans payable of divested operations	20	14	13	1
Loans receivable of divested operations	11	(30)	(28)	(2)
Net short-term debt		**385**	**351**	**34**
Net borrowings		**2,708**	**2,687**	**21**

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

Net borrowings include 235 million euros stemming from transactions with related parties (212 million euros owed to Mediobanca and 23 million euros owed to Banca Popolare di Milano).

In addition, "Short-term borrowings" includes 28 million euros owed to unconsolidated subsidiaries and affiliated companies.

NOTES TO THE INCOME STATEMENT

In the first quarter of 2008, EBITDA totaled 307 million euros. Virtually the entire decrease of 22.7%, compared with the 397 million euros earned in the same period last year, is attributable to the electric power operations.
More specifically:

- The **electric power operations** reported a reduction in EBITDA (-31.3%) due mainly to a contraction of the profit margins earned in the CIP6/92 sale channel that reflected the end of the incentive period and the expiration of some contracts and by a sharp rise in the costs incurred to meet the need for CO_2 emission rights following an increase in their price per ton.
- The EBITDA earned by the **hydrocarbons operations** were in line with those reported at March 31, 2007, due to increased sales to industrials users and to residential users.

The consolidated net profit totaled 52 million euros in the first three months of 2008, down from 87 million euros in the same period last year.
A reduction of 30 million euros in financial expense, made possible by the steady decline of the Group's average indebtedness, and the smaller tax burden that resulted from the lower tax rates applicable as of 2008 account for the smaller negative difference shown at the bottom-line level compared with the first quarter of 2007.

21. Sales Revenues

Sales revenues totaled 2,502 million euros, for an increase of 271 million euros (+12.1%) compared with the first quarter of 2007. Both areas of business contributed to this improvement:

- The revenues generated by the **electric power operations** were up 7% compared with the same period last year, due to the higher sales volume made possible by growth in the deregulated market and to an increase in unit sales prices.
- The same was true for the **hydrocarbons operations**, which reported a 17.4% gain compared with the first three months of 2007 thanks to a higher sales volume and an increase in unit revenues made possible by higher prices for benchmark petroleum products.

Sales revenues include about 60 million euros generated by activities involving the Group's trading portfolio.

The table that follows provides a breakdown of sales and service revenues, which were booked for the most part in Italy:

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Revenues from the sales of:				
- Electric power	1,682	1,441	241	16.7%
- Natural gas	592	499	93	18.6%
- Steam	46	43	3	7.0%
- Oil	32	21	11	52.4%
- Green certificates	1	74	(73)	(98.6%)
- Water and other utilities	9	8	1	12.5%
- Other revenues	1	6	(5)	(83.3%)
Total sales revenues	**2,363**	**2,092**	**271**	**13.0%**
Revenues from services provided	3	4	(1)	(25.0%)
Storage services	7	5	2	40.0%
Transmission revenues	124	128	(4)	(3.1%)
Other revenues from sundry services	5	2	3	n.m.
Service revenues	**139**	**139**	**-**	**n.m.**
Total Group sales and service revenues	**2,502**	**2,231**	**271**	**12.1%**

Sales and Service Revenues by Type of Business

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Electric power operations	1,858	1,737	121	7.0%
Hydrocarbons operations	1,410	1,201	209	17.4%
Corporate activities	18	19	(1)	(5.3%)
Eliminations	(784)	(726)	(58)	8.0%
Total for the Group	**2,502**	**2,231**	**271**	**12.1%**

22. Other Revenues and Income

Other revenues and income totaled 114 million euros. A breakdown is as follows:

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Commodity derivatives	38	18	20	n.m.
Recovery of fuel costs from Edipower's Tollers	32	30	2	6.7%
Recovery of costs from partners in hydrocarbon exploration projects	6	6	-	-
Out of period income	5	11	(6)	(54.5%)
Utilizations of provisions for risks on receiv. and other	5	8	(3)	n.m.
Sundry items	28	21	7	33.3%
Total for the Group	**114**	**94**	**20**	**21.3%**

A comprehensive review of the impact of commodity derivatives, which amounted to 38 million euros, is provided in a separate disclosure earlier in this Report. The above amount includes about 6 million euros attributable to activities involving the trading portfolio.

The main utilizations of provisions for risks refer to trade receivables and represent the amount that exceeded the charge recognized in the income statement.

Sundry items includes insurance settlements for accidents that occurred at some thermoelectric power plants in previous years (14 million euros), recoveries of miscellaneous expenses (5 million euros) and recovery of the cost of seconded personnel (2 million euros), with miscellaneous revenues accounting for the balance.

23. Raw Materials and Services Used

The cost of raw materials and services used totaled 2,254 million euros, or 20.1% more than in the first three months of 2007 (1,876 million euros). The overall gain, which reflects increases reported by both the electric power operations (+15.9%) and the hydrocarbons operation (18.4%), should be viewed keeping in mind a corresponding gain in sales revenues.
A breakdown is as follows:

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Purchases of:				
- Natural gas	1,078	775	303	39.1%
- Electric power	325	167	158	94.6%
- Dispatching and balancing market	26	34	(8)	(23.5%)
- Blast furnace, recycled and coke furnace gas	107	90	17	18.9%
- Oil and fuel	79	67	12	17.9%
- Demineralized industrial water	9	9	-	-
- Green certificates	32	36	(4)	(11.1%)
- CO_2 emissions rights	-	1	(1)	n.m.
- Coal, utilities and other materials	43	42	1	2.4%
Total purchases	**1,699**	**1,221**	**478**	**39.1%**
- Facilities maintenance	32	45	(13)	(28.9%)
- Transmission of electric power and natural gas	238	244	(6)	(2.5%)
- Professional services	19	15	4	26.7%
- Insurance services	8	7	1	14.3%
- Writedowns of trade and other receivables	8	7	1	14.3%
- Commodity derivatives	19	22	(3)	(13.6%)
- Addition to the provision for CO_2 risks	65	-	65	n.m.
- Additions to provisions for miscellaneous risks	5	3	2	66.7%
- Change in inventories	103	251	(148)	(59.0%)
- Sundry charges	58	61	(3)	(4.9%)
Total for the Group	**2,254**	**1,876**	**378**	**20.1%**

The cost of raw materials and services used includes about 57 million euros related to trading activities.
The main components of other costs are 238 million euros in electric power and natural gas transmission costs (162 million euros and 76 million euros, respectively), which were down 2.5% overall, and 32 million euros in facilities maintenance costs (-28.9%) incurred by electric power operations (24 million euros) and the hydrocarbons operations (8 million euros).
The cost incurred in the first quarter of 2008 to meet the Group's green certificate requirements amounted to 30 million euros.
The additions to the provision for CO_2 risks (65 million euros) reflect costs incurred in connection with emission rights. The sharp increase compared with the first three months of 2007 is the combined result of a reduction in the emissions rights awarded to the Group under the National Allocation Plan and a sizable increase in the cost per ton of the certificates.
The main components of sundry charges of 58 million euros are miscellaneous operating costs of 19 million euros (including 4 million euros in losses on the sale of property, plant and equipment incurred upon the replacement of some components at a thermoelectric power plant and 4 million euros in out-of-period charges) and 19 million euros paid for the use of property not owned, which include concession fees for hydroelectric power plants.

Breakdown of Raw Material and Services Used by Type of Business

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Electric power operations	1,723	1,487	236	15.9%
Hydrocarbons operations	1,293	1,092	201	18.4%
Corporate activities	23	24	(1)	(4.2%)
Eliminations	(785)	(727)	(58)	8.0%
Total for the Group	**2,254**	**1,876**	**378**	**20.1%**

24. Labor Costs

Labor costs totaled 55 million euros. The increase of 6% over the 52 million euros reported at March 31, 2007 reflects regular wage increases and the addition on one employee.

25. EBITDA

The decrease in EBITDA, which amounted to 307 million euros, or 22.7% less than the amount earned in the first three months of 2007 (397 million euros), is attributable in its entirety to the electric power operations. A breakdown by type of business is as follows:

(in millions of euros)	1st quarter 2008	as a % of sales revenues	1st quarter 2007	as a % of sales revenues	EBITDA % change
Electric power operations	200	10.8%	291	16.8%	(31.3%)
Hydrocarbons operations	123	8.7%	123	10.2%	n.m.
Corporate activities	(16)	n.m.	(17)	n.m.	n.m.
Total for the Group	**307**	**12.3%**	**397**	**17.8%**	**(22.7%)**

More specifically

- The 31.3% decrease in EBITDA reported by the **electric power operations** is due mainly to the contraction of the profit margins earned in the CIP6/92 sales channel, caused by the scheduled end of the incentive period and the expiration of some contracts, and by a sharp rise in the costs incurred to meet the need for CO_2 emission rights, mentioned above. On the other hand, unit sales in the deregulated market were up about 10% and the margins earned were slightly higher than in the first quarter of 2007.
- The EBITDA earned by the **hydrocarbons operations** were perfectly in line with those reported at March 31, 2007, due to increased sales to industrials users and to residential users.

26. Depreciation, Amortization and Writedowns

Depreciation, amortization and writedowns totaled 180 million euros. A breakdown is provided below:

(in millions of euros)	1st quarter 2008	1st quarter 2007	Change	% change
Depreciation of property, plant and equipment	157	152	5	3.3%
Amortization of hydrocarbon concessions	6	6	-	-
Amortization of other intangible assets	17	9	8	88.9%
Writedowns of intangibles	-	2	(2)	n.m.
Totall for the Group	**180**	**169**	**11**	**6.5%**

Breakdown by Type of Business

(in millions of euros)	1ST quarter 2008	1ST quarter 2007	Change	% change
Electric power operations	143	141	2	1,4%
Hydrocarbons operations	34	26	8	30,8%
Corporate activities	3	2	1	50,0%
Total for the Group	**180**	**169**	**11**	**6,5%**

The main reason for the increase in depreciation of property, plant and equipment reported by the **electric power operations** is the availability for the full period of the Simeri Crichi power plant, which was commissioned in the fourth quarter of 2007.
As for the **hydrocarbons operations,** the increase in amortization is due mainly to a rise in exploration costs (15 million euros, compared with 7 million euros in the first three months of 2007), which are amortized in full in the period they are incurred.

27. Net Financial Income (Expense)

Net financial expense was down sharply, falling to 25 million euros, or 30 million euros less than the amount reported at March 31, 2007 (55 million euros). A substantial reduction in the Group's indebtedness accounts for this improvement. A breakdown of net financial expense is as follows:

(in millions of euros)	1ST quarter 2008	1ST quarter 2007	Change
Financial income			
Financial income from commodity derivatives (*)	-	-	-
Financial income from financial derivatives	14	23	(9)
Interest earned on finance leases	2	5	(3)
Interest earned on bank and postal accounts	2	4	(2)
Interest earned on amounts due from the tax administration	-	-	-
Other financial income	6	7	(1)
Total financial income	**24**	**39**	**(15)**
Financial expense			
Interest paid on bond issues	(15)	(37)	22
Financial expense from commodity derivatives (*)	-	(1)	1
Financial expense from financial derivatives	(7)	(24)	17
Interest paid to banks	(22)	(19)	(3)
Bank fees	(1)	(3)	2
Financial expense on decommissioning projects	(3)	(3)	-
Interest paid on finance leases	-	-	-
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest paid to other lenders	(1)	-	(1)
Other financial expense	(4)	(5)	1
Total financial expense	**(54)**	**(93)**	**39**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	13	2	11
Foreign exchange translation losses	(8)	(3)	(5)
Net foreign exchange translation gain (loss)	**5**	**(1)**	**6**
Net financial income (expense) for the Group	**(25)**	**(55)**	**30**

(*) As of January 1, 2008, this amount is included in EBITDA.

Specifically:

- **Interest paid on bonds** was down sharply reflecting redemptions of bond issues in the second half of 2007;
- **Interest earned on finance leases** of 2 million euros reflects the adoption of IFRIC 4;
- The main component of **other financial income** of 6 million euros is interest earned on trade receivables, which totaled 5 million euros;
- **Financial expense on decomissioning projects,** which amounted to 3 million euros, is offset by a provision for decommissioning and remediation of industrial sites attributable mainly to the hydrocarbons operations.

28. Income from (Expense on) Equity Investments

The negative balance of 3 million euros (negative balance of 4 million euros in the first quarter of 2007) reflects mainly the impact of writedowns of equity investments. A breakdown is provided in the table that follows:

(in millions of euros)	1ST quarter 2008	1ST quarter 2007	Change
Income from equity investments			
Revaluations of trading securities	-	1	(1)
Total income from equity investments	**-**	**1**	**(1)**
Expenses on equity investments			
Writedowns and valuations by the equity method of investments	(1)	(5)	4
Writedowns of trading securities	(2)	-	(2)
Total expenses on equity investments	**(3)**	**(5)**	**2**
Total income from (expenses on) equity investments	**(3)**	**(4)**	**1**

Expenses include 2 million euros for mark-to-market writedowns of trading securities and 1 million euros recognized upon the valuation of investments in associates by the equity method.

29. Other Income (Expense), Net

The net negative balance of 2 million euros refers mainly to statutory interest and interest on income tax liabilities accrued on existing provisions for risks not related to the industrial operations.

30. Income Taxes

The income tax liability recognized in the first quarter of 2008 was 44 million euros, compared with 80 million euros the same period last year.
A lower profit before taxes and the positive impact of the 2008 Budget Law, which lowered the national tax rate to 31.4% (27.5% for IRES and 3.9% for IRAP) effective January 1, 2008 are the main reasons for this decrease. A breakdown of income taxes is as follows:

(in millions of euros)	1ST quarter 2008	1ST quarter 2007	Change
Current taxes	53	96	(43)
Prepaid and deferred taxes	(9)	(16)	7
Total for the Group	**44**	**80**	**(36)**

The amount of **current taxes** is the net result of 42 million euros for corporate income taxes (IRES), 11 million euros for local taxes (IRAP), a tax benefit of 5 million euros generated by filing a national consolidated tax return, 4 million euros for taxes attributable to previous years and 1 million euros for foreign taxes.
Prepaid and deferred taxes show a net positive balance of 9 million euros, compared with a positive balance of 16 million euros in the same period last year.

31. Profit (Loss) from Discontinued Operations

The loss of 2 million euros was generated by the sale of seven thermoelectric power plants in April 2008.

32. Profit per Share

Edison Spa completed its share capital increase in December 2007. Consequently, only the shares reserved for the implementation of stock option plans were taken into account for the purpose of computing diluted earnings per share.

2007 full year			1st quarter 2008		1st quarter 2007	
Common shares	Savings shares[1]	(in millions of euros)	Common shares	Savings shares[1]	Common shares	Savings shares[1]
497	497	Group interest in profit	52	52	87	87
482	15	Profit attributable to the different classes of shares	48	4	82	5
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing profit per share:				
4,638,069,829	110,592,420	- basic (B)	5,181,072,080	110,592,420	4,503,147,520	110,592,420
4,939,211,526	110,592,420	- diluted (C)[2]	5,181,085,922	110,592,420	4,864,651,562	110,592,420
		Profit per share (in euros)				
0.1040	0.1340	- basic (A/B)	0.0093	0.0393	0.0182	0.0482
0.0976	0.1340	- diluted (A/C) [2]	0.0093	0.0393	0.0169	0.0482

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

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

OTHER INFORMATION

Information Provided Pursuant to IFRS 5

"CIP 6/92 Thermoelectric Power Plants" Disposal Group

In April 2008, Edison executed an agreement selling to Cofathec Servizi, a company of the Gaz de France Group, six thermoelectric power plants with a total installed capacity of about 370 megawatts that operate under CIP 6/92 agreements. In addition, it sold its 70% interest in the company that controls a 170-MW power plant in Celano (Aq) to Seci Energia, a company of the Maccaferri Group, that already owned the remaining 30% in the power plant company. This transaction was executed subsequent to Seci Energia exercising its contractual preemptive right.
Based on the price paid by the buyer, which is subject to adjustment based on the net financial position of the company subject of the sale, Edison incurred a loss of 2 million euros, which is recognized as a loss from discontinuing operations.

Even though the assets and liabilities subject of the transaction do not constitute a business operation, they were treated as a "Disposal Group", as required by IFRS 5, and are shown on the balance sheet under "Assets and Liabilities held for sale," without any reclassification in the income statement.

The assets and liabilities included in the "Disposal Group" are listed below:

(in millions of euros)

BALANCE SHEET	03.31.2008	12.31.2007
Non-current assets	264	264
Current assets	90	54
Total assets	**354**	**318**
Shareholders' equity	**240**	**241**
Non-current liabilities	48	50
Current liabilities	66	27
Total liabilities and shareholders' equity	**354**	**318**

Commitments and Contingent Risks

(in millions of euros)	03.31.2008	12.31.2007	Change
Guarantees provided	1,187	1,237	(50)
Collateral provided	1,711	1,596	115
Other commitments and risks	458	410	48
Total for the Group	**3,356**	**3,243**	**113**

Guarantees Provided

Guarantees provided totaled 1,187 million euros. This figure, which is equal to the undiscounted amount of potential commitments on the balance sheet date, has not changed significantly compared with December 31, 2007.

The main guarantees provided include the following:

- 482 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits and those provided to subsidiaries in connection with the intra-Group assignment of tax credits.
- Guarantees provided by the Group's Parent Company to secure the performance of contractual obligations by its subsidiaries account for most of the balance.

Collateral Provided

Collateral provided, which amounted to 1,711 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 (1,017 million euros) pledged to a pool of banks to secure financing facilities. The latter amount increased compared with the end of 2007 due to the exercise of a call option on Edipower shares.

Collateral provided includes additional collateral for liabilities listed on the balance sheet, which generally consist of mortgages and encumbrances granted on facilities of the electric power operations to secure financing for a total of 612 million euros. Out of this amount, 84 million euros refers to mortgages that secured loans used to build wind farms. Since these loans have been repaid, the mortgages are in the process of being deleted and will cease to be effective on June 30, 2008 and 58 million euros refers to mortgages on facilities that are being divested and are included in a "Disposal Group".

Other Commitments and Risks

Other commitments and risks of 458 million euros reflect mainly commitments undertaken to complete investment projects that are being carried out by Edison Spa and by the Group's operations in the wind power area and for natural gas storage facilities and pipelines.

In the first quarter of 2008, Edison Energie Speciali Spa executed a binding offer to buy 100% of a company that operates in the area of renewable energy sources for 5 million euros. It further agreed to assume any existing shareholder financing, in an amount smaller than the offered price, and, if certain conditions precedent are satisfied, to pay additional consideration of up to 3 million euros.

An update of the main commitments and risks that are not included in the amounts discussed above beyond the information provided in the financial statements at December 31, 2007, which should be consulted for additional details, is provided below.

With regard to the **electric power** operations, in the first quarter of 2008, Edison Spa signed four Emission Reductions Purchase Agreements (ERPAs) in China for the purchase of Certified Emission Reductions (CERs), which are CO_2 emission reduction certificates. These contracts refer to credits that are generated in connection with hydroelectric power plants for a total of about 0.7 million CERs during the 2008-2012 period. Under the agreements, payment will be due upon the delivery of the CERs, which will take place on dates that will be set each year in March. These projects are at different stages of the registration process required by the United Nations Framework Convention on Climate Change (UNFCC).

Edison Spa and Akarport Sa entered into a Preliminary Agreement that sets forth the obligations of both parties with regard to the handling of coal and coal-based products at a new power plant in Greece. Under the terms of the Preliminary Agreement, if Edison cancels the agreement before June 30, 2009 after obtaining the Power Generation License and the Installation License, Edison will be required to pay Akarport compensation in the amount of 50,000 euros. If by June 30, 2009 Edison communicates in a Confirmation Letter its firm decision to build the facility and subsequently decides to abandon this project, the Agreement will be cancelled and Edison will incur penalties of up to 20 million euros.

Status of the Main Legal and Tax Disputes Pending at March 31, 2008

A review, based on information currently available, of any changes that occurred during the first quarter of 2008 with regard to the main legal and tax disputes currently outstanding is provided below. In addition, actions involving Edison Spa and actions involving other Group companies are listed separately. More detailed information is provided in the 2007 Annual Report.

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

A) Edison Spa

Actions for Damages Arising from the Operation of Chemical Facilities Transferred to Enimont

With regard to the proceedings pending before the courts for damages caused by the operation of certain facilities prior to their transfer to Enimont, the lower court handed down its decision in the suit filed in the Court of Milan by the Region of Lombardy against EniChem, BASF Italia, Dibra and Montecatini (now Edison) for environmental damages caused by the operation of a factory in Cesano Maderno. In its decision, the court ordered Edison to reimburse the Region of Lombardy and the City of Limbiate for the costs they incurred and pay compensation for damages, for a total of 7 million euros, plus statutory interest from the date payment is requested, litigation costs and technical consultant fees. The Company is reviewing its available options. In any case, the provisions recognized in its financial statements are adequate.

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The current status of the principal **legal disputes**, involving a probable liability for which no provision for risks was recognized in the balance sheet, are reviewed below.

A) Edison Spa

Facility Owned by Industria Chimica Saronio Spa – Municipal Administrations of Melegnano and Cerro al Lambro

The Regional Administrative Court of Lombardy denied a motion filed by Edison asking the court to suspend the enforcement of two separate implementable and urgent ordinances by which the municipal administrations of Cerro al Lambro and Melegnano ordered the Company to carry out the work required to prevent contaminants from a facility decommissioned in the 1960s and formerly owned by Industria Chimica Saronio Spa (of which Edison is the universal successor) from migrating from the higher to the deeper levels of the aquifer. Edison has challenged these two ordinances claiming, among other grounds, the absence of the requirements of implementability and urgency and its inability to take any action in this matter since it had not owned and did not have access to the location in question for a very long time. The court's decision was upheld by the Council of State, which, in a protective order of March 2008, urged the parties to reach an agreement with regard to the work strictly necessary to ensure the safety of the aquifer used for human consumption.

B) Altre società del Gruppo

Montedison Srl – Property in Bussi sul Tirino (Pe)

The Commissioner empowered to carry out on an urgent basis characterization, safety and remediation projects in the Aterno River basin, near Bussi sul Tirino, where for over a century a factory has been in operation, most recently by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, ordered Montedison Srl, which owns a plot of land adjoining the abovementioned factory, to prepare a characterization plan for the area, to begin on an emergency basis the required safety project and submit to the Commissioner's Office a soil and aquifer remediation plan. The Company is currently assessing what actions it should take in response to the abovementioned order to best protect its position.

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The following developments affecting the main **tax disputes** occurred in the first quarter of 2008:

Old Edison Spa – Income Taxes for the 1994 to 1999 Fiscal Years

In March 2007, the Regional Tax Commission upheld the decision of the Provincial Tax Commission, voiding the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995 and 1996 fiscal years.

The Regional Tax Commission has not yet filed its decision on the appeal filed by the Revenue Office against the favorable decision handed down by the Provincial Tax Commission regarding the IRPEG and ILOR assessments for the 1997 fiscal year, oral arguments for which were heard in April 2008.

A special provision for risks has been set aside to cover this dispute.

Assessment for the 2002 Fiscal Year Following a Tax Audit of Edison Spa

The appeal filed against the assessments issued following a tax audit for the 2002 fiscal year, which was discussed in November 2006 before the Milan Provincial Tax Commission, was substantively upheld and the full amount of the assessment was voided, except for an addition of 26,000 euros to taxable income.

At the beginning of May, the Company was served notice that the Revenue Office was appealing this decision.

In view of the nature of this dispute, the Company did not deem it necessary to recognize a separate provision for risks.

EDF Energia Italia Srl — Customs VAT Audit for 2001, 2002 and 2003

The Company filed a motion before the Milan Provincial Tax Commission contesting a notice of assessment it received this past December for customs VAT due for 2001, 2002 and 2003, asking that the entire amount of the assessment be voided. The Provincial Commission heard oral arguments at the end of October 2007 but it has not yet handed down a decision.

A similar motion has been filed against a notice of penalty assessment received in May 2007 in connection with the same issue. The Provincial Tax Commission upheld the motion filed by the Company.

In any case, any charges that may be incurred as a result of the abovementioned audits are covered by special guarantees provided by the seller (EDF International Sa) in connection with the sale of its interest in EDF Energia Italia for the purpose of holding the Company totally harmless in such cases.

Intercompany and related party transactions

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

(in millions of euros)	With unconsolidated Group companies	With the controlling company	Other related parties: EdF Group	A2A Group	SEL Group	Banca Popolare Milano	Mediobanca	**Total related parties**	**Total for financial statem. line item**	**% of financial statem. line item**
Balance sheet transactions										
Trade receivables	41	-	9	19	-	-	-	69	1,669	4.1%
Other receivables	-	23	8	-	-	-	-	31	473	6.6%
Trade payables	-	-	13	16	-	-	-	29	1,348	2.2%
Other payables	-	173	2	-	-	-	-	175	620	28.2%
Short-term borrowings	28	-	-	-	-	2	16	46	511	9.0%
Long-term borrowings and other financial liabilities	-	-	-	-	-	21	196	217	1,203	18.0%
Income statement transactions										
Sales revenues	57	-	7	21	1	-	-	86	2,502	3.4%
Other revenues and income	-	-	2	13	-	-	-	15	114	13.2%
Raw materials and services used	3	-	13	19	-	-	-	35	2,254	1.6%
Financial income	-	-	-	-	-	-	-	-	24	n.m
Financial expense	-	-	-	-	-	-	3	3	54	5.6%
Commitments and contingent risks										
Guarantees provided	-	-	-	-	-	5	-	5	1,187	0.4%
Collateral provided	-	-	-	-	-	-	73	73	1,711	4.3%

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 and natural gas.
- 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, 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 Group VAT return for March 2008 shows that the Group's tax liability was about 23 million euros.

Consolidated IRES Return – In 2006, Edison Spa and its wholly-owned subsidiaries agreed to be included in the consolidated income tax return filed by Transalpina di Energia, their controlling company, as allowed by Article 117 and following of Presidential Decree No. 917/86 (Uniform Income Tax Code, abbreviated as TUIR in Italian), for three years from 2006 to 2008.

B) Transactions with Related Parties

An analysis of these transactions is provided below.

1) Commercial Transactions

Electric Power Operations

EDF Group:

- The parties executed contracts for the supply of electric power, which resulted in the purchase of electric power worth about 11 million euros, mainly from ENBW and EDF Trading, and the sale of electric power valued at about 1 million euros.
- The provision of technical, engineering and management services at power plants in Taranto and Piombino, and at the Milan headquarters resulted in the recognition of other revenues totaling about 2 million euros from Fenice Spa for recovery of maintenance costs.

A2A Group:

- During the period, Edison Spa supplied A2A Spa with steam valued at about 3 million euros from its Sesto San Giovanni power plant.
- Acting within the framework of the Tolling Agreement with Edipower Spa, Edison Trading Spa agreed to work on behalf of other Tollers in supplying fuel to certain production facilities. As a result, it generated revenues of about 13 million euros from Aem Trading Srl.
- Edipower booked revenues of 18 million euros (Edison's pro rata share) from the sale of electric power to Aem Trading (17 million euros in tolling revenues and 1 million euros in revenues related to the dispatching services market) and costs totaling 14 million euros, mainly for purchases related to the dispatching services market.
- Other transactions included purchases of electric power for 3 million euros and miscellaneous services for 2 million euros.
- Transactions with companies of the A2A Group that involve balance sheet items include trade receivables totaling about 19 million euros and trade payables amounting to about 16 million euros.

SEL Group:

- Sel Edison sold to Sel Trade (SEL Group) electric power valued at about 1 million euros.

Hydrocarbons Operations

EDF Group:

- Sales of natural gas to the EDF Group totaled 6 million euros.

2) Financial Transactions

The main financial transactions are the same as those discussed in the 2007 Annual Report, which should be consulted for more complete information. They were executed by Edison Spa and Edipower with their shareholder bank "Banca Popolare di Milano", and by Edison Spa, Edipower, Gever and Termica Celano (included in a "Disposal Group") with their shareholder bank "Mediobanca".

3) Other Transactions

The 2007 Annual Report should be consulted for information about other transactions and specifically with regard to the settlement reached concerning the shareholder agreement and for the temporary management of Blumet Spa reached by the contracting parties Edison Spa, Enia Spa e SAT Finanziaria Spa, and the agreement executed by Edison Spa and Dolomiti Energia, a company in the province of Trent, to establish a joint venture that will operate hydroelectric facilities in the province of Trent.

Significant Nonrecurring Events and Transactions

As required by the CONSOB Communication No. DEM/6064293 of July 28, 2006, the Group declares that it did not execute any signficant nonrecurring transactions in the first quarter of 2008.

Changes Resulting from Atypical and/or Unusual Transactions

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

SIGNIFICANT EVENTS OCCURRING SINCE MARCH 31, 2008

Edison and SEL: a Joint Venture in the Province of Bolzano

On April 11, 2008, Edison and SEL (Società Elettrica Altoatesina) signed an agreement to establish a joint venture that will operate hydroelectric facilities in the province of Bolzano. Under the agreement, Edison will convey to a newly established corporation the business operations consisting of seven hydroelectric power plants, while SEL will contribute shares of stock equal to interests of 30% in the share capitals of Goege Energia Srl and Centrale Elettrica Winnebach Società Consortile Arl (which hold concessions to operate the power plants currently under construction on the Rio Malga Ghega and Rio Vena), as well as a 30% interest in a project for a concession to divert water flows for hydroelectric production in the Rio Vizze, the application for which has already been filed and is owned by SEL together with an application for the award of the Lasa concession. Under the agreement, 60% of the new company's share capital will then be sold to SEL, with Edison owning the remaining 40%. The sales price of 177 million euros for a 60% interest in the new company was fixed on a total value of 295 million euros for all of the conveyed business operations. Pursuant to certain contract conditions, the price could change, but not by a material amount.

Milan, May 13, 2008

The Board of Directors
by Giuliano Zuccoli
Chairman

SCOPE OF CONSOLIDATION

at March 31, 2008

SCOPE OF CONSOLIDATION AT MARCH 31, 2008

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a)	
				03.31.2008	12.31.2007
A) Investments in Companies Included in the Scope of Consolidation					
A.1) Companies Consolidated Line by Line					
Parent Company					
Edison Spa	Milan (IT)	EUR	5,291,664,500		
Electric Power Operations					
Electric Power Business Unit					
Dolomiti Edison Energy Srl (Sole Shareholder)	Trento (IT)	EUR	10,000	100.000	-
Ecofuture Srl (Sole Shareholder)	Milan (IT)	EUR	10,200	100.000	100.000
Edison Engineering Sa	Athens (GR)	EUR	60,000	100.000	-
Gever Spa	Milan (IT)	EUR	10,500,000	51.000	51.000
Hydro Power Energy Srl - Hpe Srl (Sole Shareholder)	Bolzano (IT)	EUR	50,000	100.000	100.000
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.000	70.000
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.000	55.000
Sondel Dakar Bv	Rotterdam (NL)	EUR	18,200	100.000	100.000
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.000	65.000
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.000	60.000
Thisvi Power Generation Plant Sa	Athens (GR)	EUR	8,448,000	65.000	65.000
Renewable Sources					
Edison Energie Speciali Spa (Sole Shareholder)	Milan (IT)	EUR	4,200,000	100.000	100.000
Hydrocarbons Operations					
Hydrocarbons Business Unit					
Edison D.G. Spa (Sole Shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.000	100.000
Edison International Spa	Milan (IT)	EUR	17,850,000	100.000	100.000
Edison Stoccaggio Spa (Sole Shareholder)	Milan (IT)	EUR	81,497,301	100.000	100.000
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.000	100.000
Energy Management					
Energy Management Business Unit					
Edison Trading Spa (Sole Shareholder)	Milan (IT)	EUR	30,000,000	100.000	100.000
Volta Spa	Milan (IT)	EUR	130,000	51.000	51.000

Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
100.000	Edison Spa	-	-	SUB
100.000	Edison Spa	-	(g)	SUB
100.000	Edison Spa	-	-	SUB
51.000	Edison Spa	-	-	SUB
100.000	Edison Spa	-	(g)	SUB
70.000	Edison Spa	-	-	SUB
55.000	Edison Spa	-	-	SUB
100.000	Edison International Holding Nv	-	-	SUB
65.000	Edison Spa	-	(g)	SUB
60.000	Edison Spa	-	(g)	SUB
65.000	Edison International Holding Nv	-	-	SUB
100.000	Edison Spa	-	(g)	SUB
100.000	Edison Spa	-	(g)	SUB
70.000	Edison Spa	-	(g)	SUB
30.000	Selm Holding International Sa			
100.000	Edison Spa	-	(g)	SUB
0.000	Edison Spa	-	-	SUB
100.000	Selm Holding International Sa			
100.000	Edison Spa	-	(g)	SUB
51.000	Edison Spa	-	-	SUB

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 03.31.2008	12.31.2007
Marketing and Sales					
Marketing and Sales Business Unit					
Edison Energia Spa (Sole Shareholder)	Milan (IT)	EUR	22,000,000	100.000	100.000
Eneco Energia Spa	Bolzano (IT)	EUR	222,000	100.000	100.000
Corporate Activities					
Italian and Foreign Holding Companies					
Atema Limited	Dublino 2 (IE)	EUR	1,500,000	100.000	100.000
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.000	100.000
Edison International Holding Nv	Amsterdam (NL)	EUR	4,582,803	100.000	100.000
Edison Nederland Bv	Amsterdam (NL)	EUR	18,000	60.000	60.000
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.000	100.000
Real Estate					
Montedison Srl (Sole Shareholder)	Milan (IT)	EUR	2,583,000	100.000	100.000
Nuova Alba Srl (Sole Shareholder)	Milan (IT)	EUR	2,016,457	100.000	100.000
Disposal Group					
Electric Power Business Unit					
Co Energy Power Srl (Sole Shareholder)	Milan (IT)	EUR	5,000,000	100.000	-
Termica Boffalora Srl	Milan (IT)	EUR	14,220,000	70.000	70.000
Termica Celano Srl	Milan (IT)	EUR	259,000	70.000	70.000

A.2) Companies Consolidated by the Proportional Method

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 03.31.2008	12.31.2007
Electric Power Operations					
Electric Power Business Unit					
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.000	50.000
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.000	42.000
Seledison Net Srl (Sole Shareholder)	Castelbello Ciardes (BZ) (IT)	EUR	200,000	42.000	42.000
Renewable Sources					
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.000	50.000
Other Electric Power Assets					
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.000	50.000

Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
100.000	Edison Spa	-	(g)	SUB
90.000	Edison Spa	-	(g)	SUB
100.000	Edison Spa	-	-	SUB
100.000	Edison Spa	-	-	SUB
100.000	Edison Spa	-	-	SUB
60.000	Edison International Holding Nv	-	-	SUB
99.950 0.050	Edison Spa Montedison Srl (Sole Shareholder)	-	-	SUB
100.000	Edison Spa	-	(g)	SUB
100.000	Edison Spa	-	(g)	SUB
100.000	Edison Spa	-	-	SUB
70.000	Edison Spa	-	(g)	SUB
70.000	Edison Spa	-	(g)	SUB
50.000	Edison Spa	-	-	JV
42.000	Edison Spa	-	-	JV
100.000	Sel Edison Spa	-	-	JV
50.000	Edison Energie Speciali Spa (Sole Shareholder)	-	-	JV
50.000	Edison Spa	-	-	JV

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 03.31.2008	12.31.2007
Hydrocarbons Operations					
Hydrocarbons Business Unit					
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.000	50.000
Marketing and Distribution					
Marketing and Distribution Business Unit					
Ascot Srl	Bressanone (BZ) (IT)	EUR	10,330	50.000	50.000
Corporate Activities					
Water					
Internat. Water Serv. (Guayaquil) Interagua C. Ltda	Guayaquil (EC)	USD	32,180,000	45.000	45.000
International Water (Uk) Limited	London (GB)	GBP	1,001	50.000	50.000
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.000	50.000
International Water Services (Guayaquil) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Services Ltd	Zug (CH)	CHF	100,000	50.000	50.000

Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
50.000	Edison International Spa	-	-	JV
50.000	Eneco Energia Spa	-	-	JV
90.000	International Water Services (Guayaquil) Bv	-	-	JV
100.000	International Water Holdings Bv	-	-	JV
50.000	Edison Spa	-	-	JV
59.000	International Water Holdings Bv	-	-	JV
100.000	International Water Holdings Bv	-	-	JV

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % 12.31.2007 (a)
B) Investments in Companies Valued by the Equity Method				
Electric Power Operations				
Electric Power Business Unit				
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000	
EL.IT.E Spa	Milan (IT)	EUR	3,700,000	
GTI Dakar Ltd	George Town Gran Caiman (GBC)	EUR	14,686,479	
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000	
Roma Energia Srl	Rome (IT)	EUR	50,000	
Renewable Sources				
Sistemi di Energia Spa	Milan (IT)	EUR	10,475,000	
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Soc. Svil. Rea. Gest. Gasdot. Alg-Ita.V. Sardeg. Galsi Spa	Milan (IT)	EUR	30,838,000	
Marketing and Distribution				
Marketing and Distribution Business Unit				
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000	
Gasco Spa	Bressanone (BZ) (IT)	EUR	350,000	
Utilità Spa	Milan (IT)	EUR	2,307,692	
Corporate Activities				
Real Estate Companies				
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000	
Disposal Group				
Electric Power Business Unit				
Consorzio Montoro	Narni (IT)	EUR	4,000	
Consorzio Vicenne	Celano (IT)	EUR	1,000	
Total Equity Investments Valued with the Equity Method				

Interest held in share capital % (b)	By	Voting security held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
50.000	Jesi Energia Spa	-	-		ASS
50.920	Edison Spa	-	-	1,9	ASS
30.000	Sondel Dakar Bv	-	-	5,7	ASS
20.000	Edison Spa	-	-	15,1	ASS
35.000	Edison Spa	-	-	-	ASS
40.570	Edison Spa	-	-	5,1	ASS
20.809	Edison Spa			5,2	ASS
33.010	Edison Spa	-	-	1,2	ASS
40.000	Edison Spa	-	-	0,1	ASS
35.000	Edison Spa	-	-	0,9	ASS
32.260	Montedison Srl (Sole Shareholder)	-	-	4,7	ASS
25.000	Co Energy Power Spa (Sole Shareholder)	-	-		ASS
50.000	Termica Celano Srl	-	-		ASS
				39,9	

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007
C) Investments in Companies in Liquidation or Subject to Long-Term Restrictions				
Electric Power Operations				
Electric Power Business Unit				
Bluefare Ltd	London (GB)	GBP	1,000	50.000
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Auto Gas Company S.A.E. (In liquid.)	Cairo (EG)	EGP	1,700,000	
Corporate Activities				
Dormant Companies and other Companies				
Codest Srl	Pavia di Udine (UD) (IT)	EUR	15,600	
Finsavi Srl	Palermo (IT)	EUR	18,698	
Poggio Mondello Srl (Sole Shareh.)	Palermo (IT)	EUR	364,000	
In Liquidation and Subject to Restrictions				
C.F.C. Consorzio Friulano Costruttori (In liquid.)	Udine (IT)	LIT	100,000,000	
Cempes Scrl (In liquid.)	Roma (IT)	EUR	15,492	
CI.FAR. Scarl (In bankruptcy)	Udine (IT)	LIT	20,000,000	
Compo Chemical Company (In liquid.)	Wilmington - Delaware (US)	USD	1,000	
Coniel Spa (In liquid.)	Rome (IT)	EUR	1,020	
Consorzio Carnia Scrl (In liquid.)	Rome (IT)	EUR	45,900	
Convolci Scnc (In liquid.)	Sesto San Giovanni (MI) (IT)	EUR	5,165	
Ferruzzi Trading France Sa (In liquid.)	Paris (FR)	EUR	7,622,451	
Frigotecnica Srl (Sole Shareh.) (In liquid.)	Palermo (IT)	EUR	76,500	
Groupement Gambogi-Cisa (In liquid.)	Dakar (SN)	XAF	1,000,000	
Inica Sarl (In liquid.)	Lisbon (PT)	PTE	1,000,000	
Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	Milan (IT)	EUR	1,549,350	
Nuova I.S.I. Impianti Selez. Inerti Srl (In bankruptcy)	Vazia (RI) (IT)	LIT	150,000,000	
Sistema Permanente di Servizi Spa (In bankruptcy)	Rome (IT)	EUR	154,950	
Soc. Gen. per Progr. Cons. e Part. Spa (Under Extraordinary Administration)	Rome (IT)	LIT	300,000,000	
Sorrentina Scarl (In liquid.)	Rome (IT)	EUR	46,480	
Total Equity Investments in Liquidation or Under Permanent Restrictions				

Interest held in share capital % (b)	By	Voting security held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
50.000	Edison Spa	-	-		ASS
30,000	Edison International Spa	-	-	0,1	ASS
33.330	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
50.000	Edison Spa	-	-		ASS
100.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		SUB
20.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
33.330	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
60.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	(h)		SUB
100.000	Nuova Alba Srl (Sole Shareholder)	-	-		SUB
35.250	Edison Spa	-	-	0,3	ASS
17.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		OC
27.370	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
100.000	Edison Spa	-	-	5,9	SUB
100.000	Edison Spa	-	-		SUB
50.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
20.000	Edison Spa	-	-		ASS
100.000	Edison Spa	-	(g)	2,4	SUB
33.330	Montedison Srl (Sole Shareholder)	-	-		ASS
12.600	Edison Spa	-	-		OC
59.330	Edison Spa	-	-		SUB
25.000	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-		ASS
				8,7	

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2006
D) Investments in Other Companies Valued at Fair Value				
D.1) Trading Investments				
Corporate Activities				
Publicly Traded Securities				
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763	
Acsm Spa	Como (IT)	EUR	46,870,625	
Amsc-American Superconductor	N/A (US)	USD	19,128,000	
D.2) Available-for-sale Investments				
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000	
Marketing and Distribution				
Marketing and Distribution Business Unit				
Enia Energia Spa	Reggio Emilia (IT)	EUR	2,240,000	
Global Power Spa	Verona (IT)	EUR	500,000	
Prometeo Spa	Osimo (AN) (IT)	EUR	2,164,498	
Corporate Activities				
Publicly Traded Securities				
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050	
Not Publicly Traded				
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000	
European Energy Exchange Ag - Eex	Leipzig (DE)	EUR	40,050,000	
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	79,071,770	
MB Venture Capital Fund I Partecipating Comp. E Nv	PP Amsterdam (NL)	EUR	50,000	
Syremont Spa	Messina (IT)	EUR	750,000	
Others minor				
Total Investments in Other Companies Valued at Fair Value				
Total				

Interest held in share capital % (b)	By	Voting security held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
1.300	Edison Spa	-	-	3,9	OC
3.170	Edison Spa	-	-	2,0	OC
0.840	Edison Spa	-	-	2,3	OC
10.000	Edison Spa	-	-	171,9	OC
9.130	Edison Spa	-	-	1,1	OC
12.250	Eneco Energia Spa	-	-	0,3	OC
18.810	Edison Spa	-	-	0,5	ASS
1.024	Edison Spa	1.065	1.065	19,0	OC
3.890	Edison Spa	-	-	0,2	OC
0.750	Edison Spa	-	-	0,7	OC
4.370	Edison Spa	-	-	3,5	OC
7.000	Edison International Holding Nv	-	-	2,8	OC
40.000	Edison Spa	-	(i)		ASS
				0,7	
				208,9	
				257,5	

Notes

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

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

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

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

(e) SUB = subsidiary JV = joint venture ASS = associate OC = other company.

(f) The carrying value is shown only for companies valued by the equity method or at cost, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, and only if it is equal to or greater than 1 million euros.

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

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

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

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

BRL Brazilian real	HRK Croatian Kuna
CHF Swiss franc	LIT Italian lira
EGP Egyptian pound	PTE Portuguese escudo
EUR Euro	USD U.S. dollar
GBP British pound	XAF Central African franc

DECLARATION PROVIDED BY THE "DIRIGENTE PREPOSTO ALLA REDAZIONE DEI DOCUMENTI CONTABILI SOCIETARI" 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 S.p.A., attests that the accounting information contained in this consolidated quarterly report is consistent with the data in the Company's documents, accounting records and other records.

Milan, May 13, 2008

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

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