QUARTERLY REPORT

AT MARCH 31, 2011

EDISON

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AT MARCH 31, 2011

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Electric Power Business Unit — Hydrocarbons Business Unit — Main consolidated companies

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

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

(*) Companies subject to functional unbundling requirements.

KEY EVENTS

Growing Our Business

Edison is Awarded Three New Hydrocarbon Exploration Licenses in Norway: in the Barents Sea, the Norway Sea and the Southern North Sea

On January 19, 2011, Edison, through its Edison International Spa subsidiary, was awarded three new hydrocarbon exploration licenses in the Norwegian Continental Shelf which had been put out for bids by the Norwegian Oil and Energy Ministry. These new contracts officially sanction Edison's operator status in Norway, particularly under the challenging conditions of the Barents Sea.

The licenses include: blocks 7124/1 and 2 in the Barents Sea with Edison as operator with a 60% stake, through a joint venture with North Energy ASA (40%); block 6407/8 in the Norway Sea with Edison as operator with a 60% stake, through a joint venture with North Energy ASA (40%); blocks 7/1 and 2 and 16/10 in the southern North Sea with Edison having a 10% stake, through a joint venture with Talisman Energy (40%, operator), Det Norske ASA (20%), Skagen (10%) and Petoro AS (20%). The three contracts call for an exploration period of three years, with the obligation of 3D seismic acquisition and the drilling of one well in the southern North Sea.

Edison Completes Price Renegotiations with ENI for the Supply of Natural Gas from Norway

On February 11, 2011, Edison successfully completed price renegotiation with ENI for the long-term contract to supply natural gas from Norway that expires at the end of this year. The agreement reached by Edison and ENI settles a dispute on the supply price, thereby obviating further litigation between the parties. Overall, this settlement agreement generates significant cost savings compared with the price previously in effect.

Significant Events Occurring Since March 31, 2011

Information about events occurring after the end of the three-month period covered by this Report is provided in the section of the Operating Performance, Financial Results and Financial Position of the Group entitled "Significant Events Occurring Since March 31, 2011."

FINANCIAL HIGHLIGHTS - FOCUS ON RESULTS

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

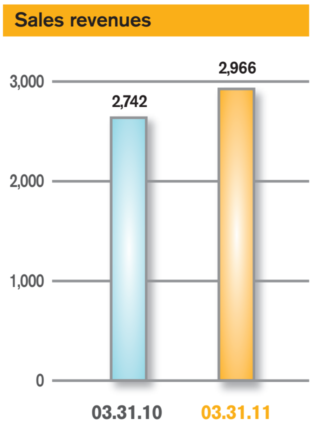
Edison Group

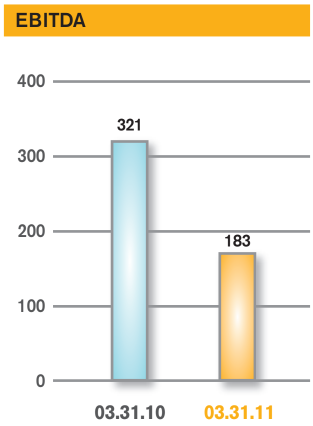
2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010	% change
10,446	Sales revenues	2,966	2,742	8.2%
1,369	EBITDA	183	321	(43.0%)
13.1%	*as a % of sales revenues*	*6.2%*	*11.7%*	
273	EBIT	26	149	(82.6%)
2.6%	*as a % of sales revenues*	*0.9%*	*5.4%*	
172	Profit before taxes	(13)	131	(109.9%)
21	Group interest in net profit	(20)	67	(129.9%)
505	Capital expenditures	101	158	(36.1%)
52	Investments in exploration	3	3	-
11,845	Net invested capital (A+B) (1)	12,152	12,086	2.6%
3,708	Net financial debt (A) (1) (2)	4,054	3,970	9.3%
8,137	Shareholders' equity before minority interest (B) (1)	8,098	8,116	(0.5%)
7,939	Shareholders' equity attributable to Parent Company shareholders (1)	7,932	7,944	(0.1%)
2.35%	ROI (3)	0.89%	5.07%	
0.26%	ROE (4)	n.m.	3.35%	
0.46	Debt/Equity ratio (A/B)	0.50	0.49	
31%	Gearing (A/A+B)	33%	33%	
3,939	Number of employees (1) (5)	3,922	3,928	(0.4%)
119	- employees of discontinued operations	119	-	-
	Stock market prices (in euros) (6)			
0.8660	- common shares	0.8300	1.0812	
1.2365	- savings shares	1.2317	1.4253	
	Earnings (Loss) per share (in euros)			
0.0034	- basic earnings (loss) per common share	(0.0041)	0.0121	
0.0334	- basic earnings per savings share	0.0125	0.0421	
0.0034	- diluted earnings (loss) per common share	(0.0041)	0.0121	
0.0334	- diluted earnings per savings share	0.0125	0.0421	

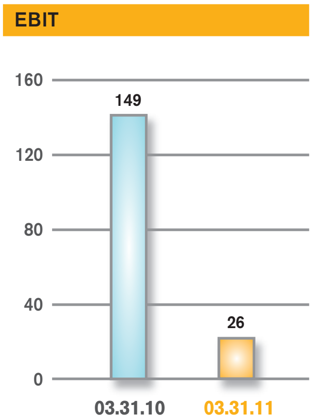
(1) End-of-period data. The changes are computed against the data at December 31, 2010.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Operating Performance, Financial Results and Financial Position of the Group.
(3) Annualized EBIT/Average net invested capital. Net invested capital does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net profit/Average Shareholders' equity attributable to Parent Company shareholders. Average Shareholders' equity is the arithmetic average of the 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 period.

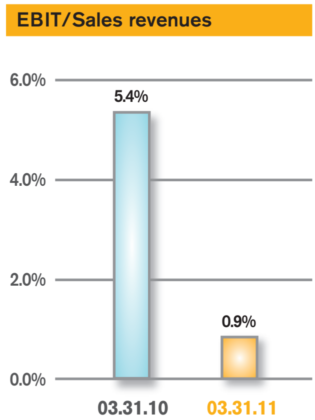
Key Group Data

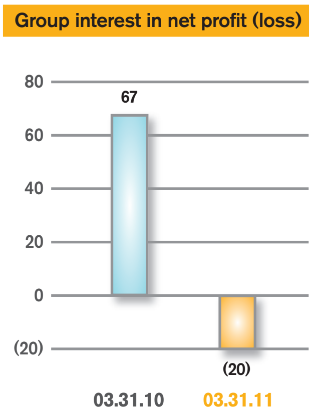
(in millions of euros)

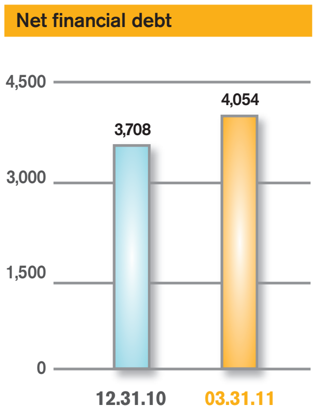












Sales Revenues and EBITDA by Business Segment

2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010	% change
	Electric Power Operations (1)			
7,289	Sales revenues	1,882	1,746	7.8%
1,055	EBITDA	147	211	(30.3%)
1,130	Adjusted EBITDA*	180	221	(18.6%)
14.5%	*as a % of sales revenues*	*7.8%*	*12.1%*	
	Hydrocarbons Operations (2)			
5,040	Sales revenues	1,511	1,503	0.5%
413	EBITDA	60	135	(55.6%)
338	Adjusted EBITDA (*)	27	125	(78.4%)
8.2%	*as a % of sales revenues*	*4.0%*	*9.0%*	
	Corporate Activities and Other Segments (3)			
51	Sales revenues	12	12	-
(99)	EBITDA	(24)	(25)	4.0%
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
	Eliminations			
(1,934)	Sales revenues	(439)	(519)	15.4%
	EBITDA	-	-	
	Edison Group			
10,446	**Sales revenues**	**2,966**	**2,742**	**8.2%**
1,369	**EBITDA**	**183**	**321**	**(43.0%)**
13.1%	***as a % of sales revenues***	***6.2%***	***11.7%***	

(1) Activities carried out by the following Business Units: Electric Power Operations, Power International, Renewable Sources, Energy Efficiency and Sustainable Development, Energy Management and Marketing & Distribution.

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

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

(*) Adjusted EBITDA reflects the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. Consistent with the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas earmarked for the production and sale of electric power and for direct gas sales. The gains or losses generated by these transactions, which are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations. This reclassification is being made, in view of the impact in fluctuations in commodity prices and foreign exchange parties during the period, to provide an operational presentation of the industrial results.

PERFORMANCE AND RESULTS OF THE GROUP

Operating Performance

In the first quarter of 2011, sales revenues grew to 2,966 million euros, up 8.2% compared with the same period last year.
This gain is due almost exclusively to the contribution of the electric power operations (+7.8%), which benefited from an increase in average sale prices that reflected conditions in the benchmark scenario.

EBITDA totaled 183 million euros, or 138 million euros less (-43%) than the 321 million euros earned in the first quarter of 2010, due to decreases in adjusted EBITDA(1) reported both by the electric power operations (-41 million euros) and the hydrocarbons operations (-98 million euros).
More specifically, the reduction in the adjusted EBITDA(1) of the electric power operations is due to a decrease in the contribution provided by the CIP 6/92 operations, while the decrease in the adjusted EBITDA(1) of the hydrocarbons operations is attributable to the natural gas trading activities, which generated a loss in the first quarter of 2011 that could be offset only in part by a positive performance in the E&P segment.
A more detailed analysis of the results for the period is provided in the section of this Report that reviews the performance of the Group's businesses.

EBIT decreased to 26 million euros, or 82.6% less than in the first quarter of 2010 (149 million euros), reflecting the impact of the factors discussed above and a decrease of 15 million euros in depreciation of property, plant and equipment caused mainly by the expiration of some CIP 6/92 contracts and the writedowns recognized in 2010.

The result before taxes, which is after financial expense of 42 million euros, was negative by 13 million euros (+131 million euros at March 31, 2010).

The Group's interest in net profit was a loss of 20 million euros, for a negative change of 87 million euros compared with a net profit of 67 million euros earned in the first three months of 2010.

At March 31, 2011, net financial debt amounted to 4,054 million euros (3,970 million euros at March 31, 2010), up compared with the 3,708 million euros owed at December 31, 2010. More detailed information about the individual components of this item is provided in the "Net Financial Debt" chapter found within the section of this Report entitled "Operating Performance, Financial Results and Financial Position of the Group."

(1) See note (*) on page 6.

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

2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010
(3,858)	**A. Net financial (debt) at beginning of the period**	**(3,708)**	**(3,858)**
1,369	EBITDA	183	321
148	Change in operating working capital	(398)	(75)
(304)	Income taxes paid (-)	(10)	(8)
(81)	Change in other assets (liabilities)	14	(166)
1,132	**B. Cash Flow from operating activities**	**(211)**	**72**
(557)	Investments in property, plant and equipment and intangibles (-)	(104)	(161)
(7)	Investments in non-current financial assets (-)	-	(2)
(42)	Acquisition price of business combinations (-)	-	-
8	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	6	-
8	Capital distributions from equity investments	8	-
1	Dividends received	1	-
543	**C. Free Cash Flow**	**(300)**	**(91)**
(144)	Financial income (expense), net	(42)	(25)
10	Contributions of share capital and reserves	-	6
(259)	Dividends paid (-)	(4)	(2)
150	**D. Cash Flow after financing activities**	**(346)**	**(112)**
-	Change in the scope of consolidation	-	-
150	**E. Net Cash Flow for the period**	**(346)**	**(112)**
(3,708)	**F. Net financial (debt) at end of the period**	**(4,054)**	**(3,970)**

Outlook and Expected Year-end Results

The review of the Group's industrial results in the first quarter of 2011 provided in the section of this Report entitled "Operating Performance" highlighted the challenges posed by the activities that engage in buying and selling natural gas, which, at the EBITDA level, generated negative unit margins. This reduction in profitability will continue until the negotiations and arbitration proceedings currently carried out in connection with the long-term gas contracts come to a positive conclusion.

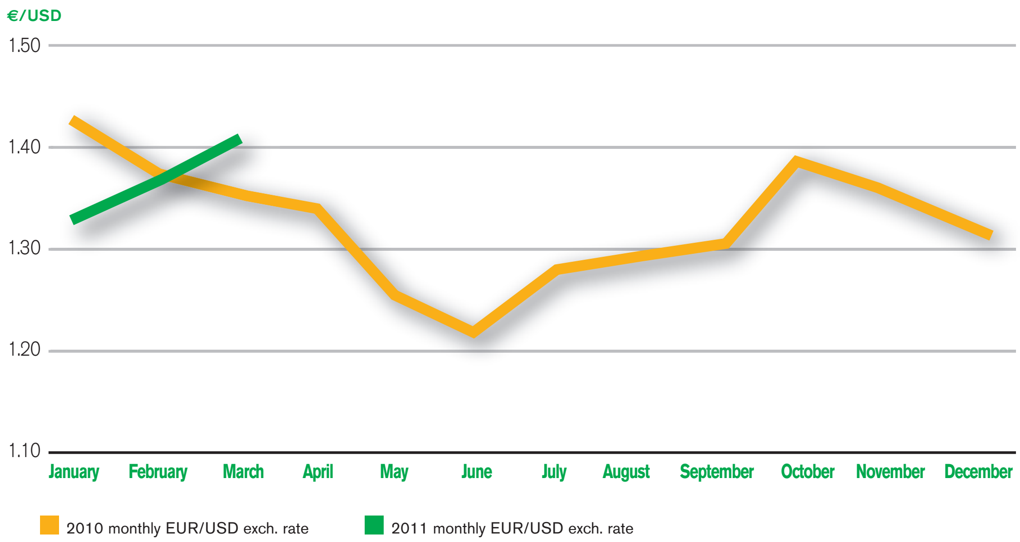
For this reasons, as announced in the 2010 Report on Operations, Group EBITDA for 2011 are exposed to a negative impact, currently estimated at about 200 million euros, which would reduce projected EBITDA to about 900 million euros.

The Company's objective continues to be to secure this year and in the years immediately following both reasonable margins on its gas contracts and lump-sum compensation payments for the previous years.

ECONOMIC FRAMEWORK

The start of the recovery of the global economy in 2010 was followed, in the first quarter of 2011, by a consolidation of the growth rate, driven mainly by the renewed vigor of international trade, which increased by 13.7% in 2010 and is expected to expand by 8% in 2011. The protagonists of the global recovery were, once again, the United States, Germany and the emerging countries, with robust expansion rates for the BRICs (projected 2011 growth rates of +9.4% for China, +8.2% for India and +4.4% for Russia and Brazil) and Germany (+2.6%), and improving projections for the U.S. economy (+3.1%). The upturn in the euro zone appears to be less dynamic, despite the support provided by Germany and, to a lesser extent, by France (+1.6%).
However, the international economic expansion is hindered by major negative developments, chief among them the crisis in North Africa, but also the recent catastrophe in Japan, which will affect primarily international trade. As for social and political instability in North Africa, the resulting repercussions on the supply of crude oil are considerably increasing the risk of inflation at the global level and, consequently, the risk of hindering the economic recovery. The effect of the spike in oil prices caused by the crisis in North Africa (in the first quarter of 2011, oil was 21% more expensive than in the last three months of 2010) is being magnified by increases in commodity prices, driven mainly by rising demand from the emerging economies. To address the risk of inflation, the European Central Bank announced that, in April, it would raise interest rates (unchanged at 1% for almost two years). However, this could also have the negative consequence of reducing growth rates, at least within the euro zone. As a result of these concomitant factors, projected global GDP growth for 2011 has been trimmed by a few tenths of a percentage point to about 4%.
Inflation is expected to be up in all of the planet's main economic areas in 2011 (consensus forecasts call for retail prices to rise by 2.5% in the United States and the euro zone and by just 0.2% in Japan). These projections appear to be justified in light of the data for January and February, which show higher consumer prices in all of the main industrialized countries (in February, +0.6% in Germany, +0.5% in France, +0.5% in the United States). In 2011, inflation is expected to be up significantly in the emerging countries as well (+4.6% in China; +7.2% in India; +8.5% in Russia and +5.5% in Brazil).
In Italy, the economic recovery is still unable to gain momentum and continues to be driven by foreign demand, while consumer spending and investments remain anemic. The growth rate projected for 2011 is again quite low, in line with the 1% rate of 2010, due in part to higher energy prices and unsettled conditions in North Africa, which is a region that accounts for 3.5% of Italy's international trade. Inflation is expected to increase to an annual rate of about 2.5%, in line with the projection for the E.U. as a whole (in February, the increase was 0.3%), with the unemployment rate holding steady (8.4% in February 2011).

In the first quarter of 2011, the euro/U.S. dollar exchange rate averaged 1.37 USD for one euro, for a decrease of 1.2% compared with the same period last year, when the average was 1.38 USD for one euro.

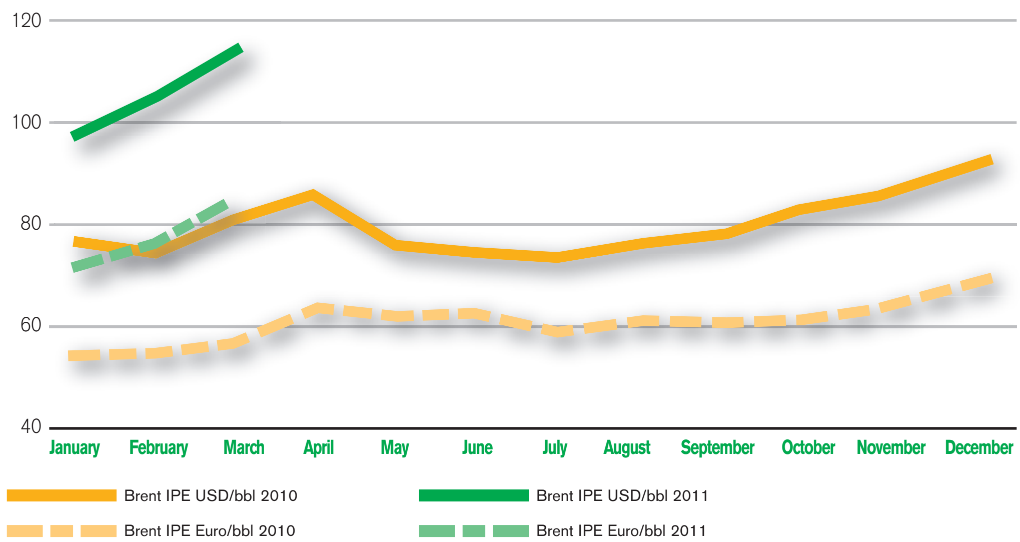


As mentioned above, Brent crude prices were up sharply in the first quarter of 2011 compared with the last three months of 2010 (+21%). The increase is even higher when the comparison is made with the first quarter of last year (+36%), with the average price rising from USD 77.30 per barrel in the first quarter of 2010 to USD 105.20 per barrel in the first three months of 2011. In addition, the uncertainty created by the situation in North Africa makes it extremely difficult to develop predictions about future oil prices.
Even though the euro weakened slightly against the U.S. dollar, the enduring strength of the European currency versus the greenback helped mitigate to some extent the effects of the oil shock caused by the impact of the crisis in North Africa on oil prices.

The table and chart provided below show the average quarterly data and the monthly trends for 2011 and 2010:

2010 full year		1st quarter 2011	1st quarter 2010	% change
80.3	Oil price in USD/bbl [(1)]	105.2	77.3	36.1%
1.33	USD/EUR exchange rate	1.37	1.38	(1.2%)
60.5	Oil price in EUR/bbl	77.0	55.8	37.8%

(1) Brent IPE



THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

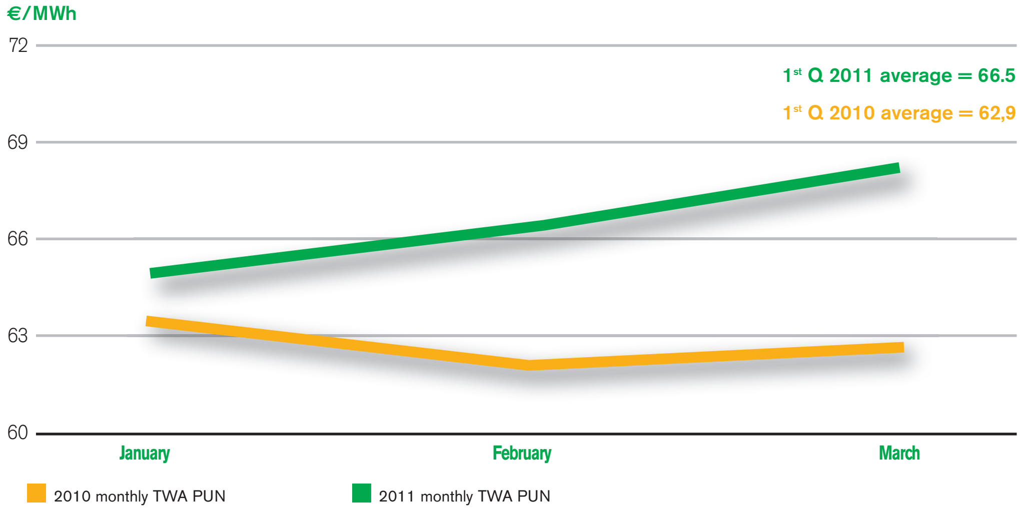
2010 full year	TWh	1st quarter 2011	1st quarter 2010	% change
286.5	Net production:	71.9	72.1	(0.3%)
218.3	*- Thermoelectric*	*58.1*	*57.7*	*0.7%*
53.2	*- Hydroelectric*	*9.8*	*10.5*	*(6.9%)*
15.0	*- Other renewables* [1]	*4.0*	*3.9*	*2.7%*
44.0	Net imports	12.0	11.7	2.5%
(4.3)	Pumping consumption	(0.6)	(1.4)	(52.7%)
326.2	**Total demand**	**83.3**	**82.4**	**1.1%**

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

In the first quarter of 2011, gross total demand for electric power from the Italian grid totaled 83.3 TWh (1 TWh = 1 billion kWh), or 1.1% 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), demand was unchanged.
Net production of electric power decreased by 0.2 TWh in the first three months of 2011 as the combined result of an increase of 0.3 TWh in net imports and a decrease of 0.8 TWh in pumping consumption. Net of pumping consumption, domestic production covered 86% of demand in 2011, roughly the same as in the first quarter of 2010, with net imports covering the remaining 14%.
Net imports of electric power totaled 12 TWh, up 2.5% compared with the first quarter of 2010. This increase is the combined result of higher imports (+0.3 TWh) and slightly lower exports.
The main reasons for the increase of 0.4 TWh in thermoelectric production recorded in the first quarter of 2011 (+0.7%) are a decrease of 0.7 TWh in hydroelectric output (-6.9%) and an increase of 0.1 TWh in production from other renewable energy sources (+2.7%).
Specifically with regard to the main renewable energy sources, while, as mentioned above, hydroelectric production decreased by 0.7 TWh (-6.9%) due to a reduce availability of water resources compared with the first quarter of 2010, the output of photovoltaic facilities was up sharply (+0.2 TWh), thanks to the substantial expansion of installed capacity carried out in 2010. Production from geothermal power plants held relatively steady (+0.07 TWh), but the output of wind farms was lower than in the first quarter of 2010 (-8.8%), due mainly to less windy weather conditions in the first quarter of 2011.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) increased to 66.5 euros per MWh at March 31, 2011, up about 5.6% compared with the first three months of 2010 (62.9 euros per MWh). The rise in prices of benchmark fuels is the main reason for this increase.

The chart below provides a comparison of the monthly TWA PUN in 2011 and 2010



Demand for Natural Gas in Italy and Market Environment

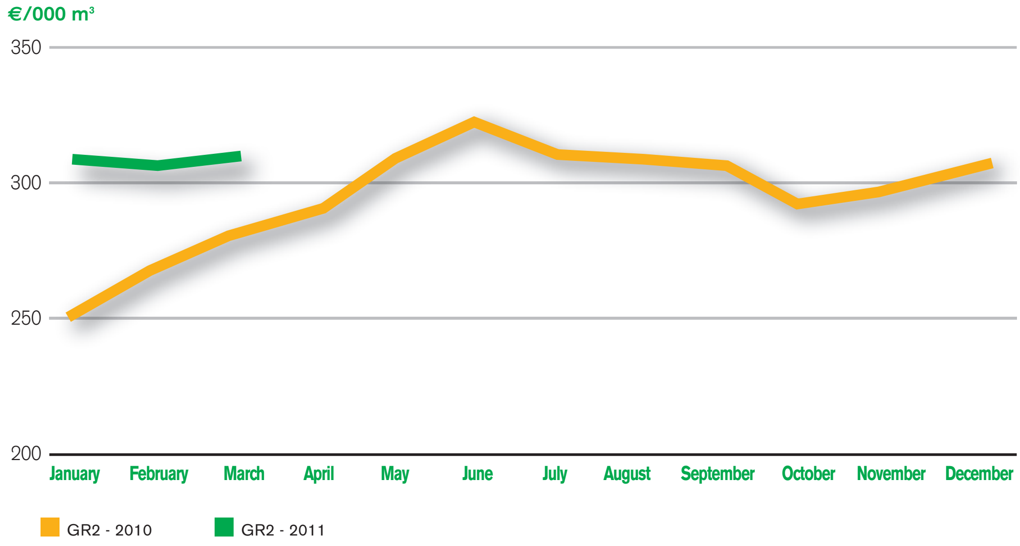
2010 full year	in billions of m³	1st quarter 2011	1st quarter 2010	% change
33.8	Services and residential customers	15.2	16.1	(5.6%)
17.6	Industrial users	4.8	4.6	3.8%
29.8	Thermoelectric power plants	7.7	7.7	(0.1%)
1.5	System usage and leaks	0.4	0.4	(2.7%)
82.7	**Total demand**	**28.1**	**28.8**	**(2.6%)**

Source: Edison analysis of Snam Rete Gas and Ministry of Economic Development data.

In the first quarter of 2011, Italian demand for natural gas contracted by 2.6% compared with the same period last year to a total of about 28.1 billion cubic meters, for an overall reduction of about 0.7 billion cubic meters. This shortfall reflects lower demand in all consumption segments, except for a modest gain in the industrial segment (+3.8%).
The reduction in consumption by residential customers (down about 0.9 billion cubic meters, or 5.6%, less than in the first quarter of 2010) was due for the most part to warmer weather during the winter months, with average temperatures higher by about 0.6°C compared with the first quarter of 2010. Consumption by thermoelectric users was substantially in line with the same period last year (-0.1%).

The following developments characterized supply sources in the first quarter of 2011:
- lower domestic production than in the same period of 2010 (-4.2%);
- a decrease in imports of natural gas (-0.3 billion cubic meters compared with the first quarter of 2010), in line with the reduction in national consumption;
- net inventory deliveries of 4.5 billion cubic meters, for a decrease of 0.4 billion cubic meters compared with net deliveries in the first three months of 2010.

As for the monthly trend of the prices for indexed gas, the chart provided below, which uses the Gas Release 2 formula as a benchmark, shows an increase of 16.4% for the Gas Release 2 formula compared with the first quarter of the previous year, attributable to the higher price of Brent crude.



The rate component that corresponds to the Wholesale Distribution Charge (abbreviated as CCI in Italian), which is indicative of the prices charged in the residential market, as set in Resolution ARG/gas No. 89/10, averaged 292.50 euros per thousand cubic meters in the first quarter of 2011, for a year-over-year increase of 19.7% compared with 244.30 euros per thousand cubic meters in the first quarter of 2010, set in accordance with Resolution ARG/gas No. 134/06, as amended.

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

2010 full year		1st quarter 2011	1st quarter 2010	% change
295.4	Gas Release 2 - euros/000 cubic meters (1)	309.5	265.8	16.4%
270.0	CCI – euro/000 cubic meters (2)	292.5	244.3	19.7%

(1) Gas Release 2: Gas sold by ENI to competitors pursuant to a 2007 resolution by the Antitrust Authority. It reflects the trend of natural gas prices under long-term supply contracts. The price is the one quoted on the Virtual Exchange Facility.
(2) Wholesale distribution charge set pursuant to Resolution No. 134/06, as amended. The price is the one quoted at the border.

LEGISLATIVE AND REGULATORY FRAMEWORK

The main legislative and regulatory measures enacted in the first quarter of 2011 that had an impact on the energy industry in Italy and the European Union are reviewed below.

Electric Power

Production

Early termination of CIP 6/92 contracts: In 2010, Edison chose to file for early termination of CIP 6/92 contracts for power plants that use fossil fuels (Jesi, Milazzo, Porto Viro and Porcari), opting for payment of the consideration in installments. The termination is effective as of January 1, 2011.
The Ministry of Economic Development (MSE) is currently defining a decree setting forth the parameters and methods for early termination of contracts for power plants that use process fuels (Taranto and Piombino, for Edison). The decree is currently being finalized by the Ministry.

Hydroelectric concessions: There were some significant legislative developments concerning this issue in 2010: first Article 15, Section 6, and following of Law No. 122/2010, followed by Lombardy Regional Law No. 19 of December 23, 2010.
As mentioned in the 2010 Report on Operations, the national provisions of Law No. 122/2010 are being challenged before the Constitutional Court by the Regional Administration of Liguria and the Regional Administration of Emilia Romagna for alleged violation of Article 117, Section 3, of the Constitution.
On the other hand, Italy's government challenged the abovementioned Lombardy Regional Law for alleged inconsistencies with the reference national and E.U. legislation. According to the central government, the regional legislators exceeded their jurisdiction and violated Article 117, Section 1, of the Constitution, as it applies to restrictions arising from E.U. legislation; Article 117, Section 2, Letter e), of the Constitution, as it applies to the protection of competition; and Article 117, Section 3, of the Constitution, as it applies to the production, transmission and national distribution of electric power.
Thus far, a date of June 8, 2011 has been set to hear the challenges of the regional administrations to Law No. 122/2010, but we are still waiting for the Court to set a date for the first hearing in the challenge of the Lombardy Regional Law.
Moreover, the European Commission began new proceedings for violation No. 2011/2026 with regard to Article 15, Section 6-*ter,* of Law No. 122/2010 (the "Budget Adjustment Law") because it found the measures adopted with regard to extensions of existing concessions to be in violation of the right of establishment provided under Article 49 of the Treaty on the Functioning of the European Union (TFEU).
The Italian government has two months to submit its arguments, after which the Commission may decide to deliver the reasoned opinion referred to in Article 258 of the TFEU.

Environment

Renewable Sources Decree: Legislative Decree No. 28 of March 3, 2011, concerning the "Implementation of Directive No. 2009/28/EC promoting the use of renewable energy sources, amending and subsequently repealing Directives No. 2001/77/EC and No. 2003/30/EC," was published on March 28, 2011 in issue No. 71 of the *Official Gazette of the Italian Republic.*
The new incentive system, which will go into effect on January 1, 2013, will be applied to new facilities, facilities that have been completely rebuilt or repowered (added production capacity), hybrid power plants and facilities that have been partly of completely overhauled. The Decree calls for a constant incentive (feed-in incentive) over the entire length of the average standard useful life of each type of facility, starting from the date the facility is commissioned, sufficient to provide a fair return on capital investments and operating costs. The incentive will be provided by means of contracts under private law between the Electrical Services Manager (abbreviated as GSE in Italian) and the party in charge of the facility (the contract will be defined by the Electric Power and Gas Authority - AEEG). Specifically:

- for facilities with a capacity yet to be defined (in any case, not less than 5 MW), the incentive will

be diversified based on the energy source and capacity level and will be awarded when the facility is commissioned;
- for facilities with a capacity greater than the minimum specified threshold, the incentive will be awarded through a system of low bid auctions managed by the GSE.

Future decrees will specify the methods for implementing the incentive system and the auction process. The implementation decrees will be enacted within six months from the effective date of the legislative decree.

As for incentives for photovoltaic systems, facilities connected to the national grid by May 31, 2011 will retain the right to the incentives provided by the Decree of August 6, 2010 (former Third Energy Account). Facilities connected to the national grid after May 31, 2011 will receive incentives, to be defined with special decrees that must be issued by April 30, 2011 (New Energy Account), that reflect the decrease in the cost of this technology and determined taking into account an annual cumulative ceiling of electric power eligible for incentives.

The Decree also provides incentives for partial or total renovation projects, based on capacity contingents, of amounts equal to 25% and 50%, respectively, of the power generating incentive available for new facilities. For biomass facilities, the incentives for partial or total renovation projects are equal to 80% and 90%, respectively, of the power generating incentive available for new facilities (incentive not available for scheduled maintenance activities and for projects to comply with regulatory requirements). Consequently, Section 10 of Article 23 (renovations by facilities qualified as generators from renewable energy sources) was deleted.

Specific rules are also provided for a transitional period. Facilities commissioned by December 31, 2012 will continue to receive incentives under the current system (Green Certificates and all-inclusive tariff system) until 2015. While the Green Certificate system is in effect, the mandatory allocation will stay at the level set forth in the 2008 Budget Law (7.55%) until 2012 and then gradually decrease to zero in 2015.

For the period from 2011 to 2015, the GSE will buy back annually surplus Green Certificates until 2015 at a price equal to 78% of (180 - PUN). All-inclusive tariffs and multipliers will remain constant until 2015, frozen at the current level. The reference amount of 180 euros per MWh will also remain frozen for facilities commissioned before December 31, 2012. Lastly, the GSE will buy back Green Certificates generated with cogenerating facilities combined with a district heating system at a price equal to the average market price in 2010.

For the period after 2015, the Decree provides coverage during the transition from the old to the new incentive mechanism (also for facilities that are not based on renewable energy sources) through the transformation of the right to Green Certificate into the right to the incentive provided under the Decree (feed in), so as to provide an adequate return on the investments.

The cumulative amount invested in plant and equipment for facilities commissioned after January 1, 2013 will be deductible from the amount subject to corporate income tax.

Wholesale Market

Units that are essential for the electrical system’s safety (must run facilities): the AEEG implemented the regulations enacted in 2010. Specifically, pursuant to Resolution ARG/elt No. 247/10 (of December 28, 2010), the San Filippo del Mela was declared eligible for cost reimbursement limited to 2011 for units connected at 220 kV and until 2013 for units connected at 150 kV. Also on this subject, the AEEG issued Resolution ARG/elt No. 8/11 by which it further clarified offer procedures on the Day Ahead Market by must run facilities eligible for cost reimbursement and, at the same time, updated the method used to compute reimbursable variable costs.

As for developments involving disputes in administrative courts are concerned, the Company, acting within the framework of the dispute concerning Resolution ARG/elt No. 97/08, filed a claim for damages based on the criteria defined by the Council of State for a similar claim filed by Enel. In another matter, the European Court of Justice has still not rendered the opinion requested by the Regional Administrative Court of Lombardy with regard to the complaint filed against Resolution ARG/elt No. 52/09.

Reform of the electric power market: No noteworthy developments occurred in this area during the first quarter of 2011, except for a freeze on the payment of additional consideration provided under the transitional capacity payment rules (Resolution No. 48/04, as amended by Resolution ARG/elt No. 166/10), following a decision by the Regional Administrative Court of Lombardy granting the stay requested by Enel and other industry operators.

Internal User Networks: The concept of Internal User Network (IUN) has been defined in Law No. 99/09, by which the AEEG was tasked with identifying IUN locations in Italy and preparing the applicable regulations concerning the delivery of connection, sale, dispatching, transmission, distribution and metering services for electric power. Insofar as the Edison Group is concerned, the Terni, Torviscosa and Taranto locations were included in the IUN list (Resolution ARG/elt No. 66/11). Detailed regulations are yet to be issued. However, during the first quarter of 2011, the AEEG issued Resolution VIS No. 5/11, by which it launched a fact-finding investigation about the current situation at the Terni location, focusing in particular on the management of the power plant and Edison's proprietary network and on the contractual relationships in effect with the network's users.

Retail Market

Integrated Information System: As for the Integrated Information System (IIS), in January 2011, the Single Buyer established the following three work groups to implement Resolution ARG/com No. 201/10: "Infrastructures," "Compensation" and "Switching." The first two are currently active.
Lastly, in March 2011, the AEEG began a consultation process regarding the completion of the rules governing the switching process. Specifically, the consultation document (DCO No. 4/11) sets forth proposals concerning contextual transfer for switching transactions.

Delinquencies - Indemnification system: By Resolution ARG/elt No. 191/09, the AEEG defined the criteria for the establishment of an indemnification system that provides the exiting seller with an indemnity, called Delinquency Indemnity (C^{MOR}), equal to two months of supply for the loss of a low-voltage delinquent customer. This system completes the rules governing disconnection for delinquency (Resolution ARG/elt No. 4/08), which provides the option of cancelling the switching of sellers by the new seller if a delivery point has been disconnected. A critical issue is the C^{MOR} payment flow in which the new seller plays an active role and could be in a position of having to pay a fee, charged by the distributor as part of the transmission tariff, before collecting it from its customer, thereby incurring exposure to a credit risk.
On February 7, 2011, Edison filed a complaint with the Regional Administrative Court of Lombardy challenging Resolution ARG/elt No. 219/10. At the first hearing, held on March 16, 2011, Edison waived its right to file a motion to stay the enforcement of the resolution, asking instead that the merit hearing be held in the immediate future, which was then scheduled for late September 2011.

Hydrocarbons

Infrastructures

Natural gas distribution: A Decree issued by the Ministry of Economic Development on January 19, 2011 entitled "Determination of territorial districts for the distribution of natural gas," concerning the award of concessions for distribution services, was published on March 31, 2011 in Issue No. 74 of the *Official Gazette of the Italian Republic."*
A total of 177 districts were identified, ranging in size from 50,000 to 300,000 end customers, excluding major metropolitan areas. The Ministry of Economic Development must now issue another decree listing the municipalities included in each district. Pursuant to the abovementioned decree, pending calls for tenders that have not yet been decided or for which the bidding regulations have not yet been published have been suspended.

Issues Affecting Multiple Business Segments

Nuclear: On January 12, 2011, the Constitutional Court ruled that the question posed in the referendum about the repeal of laws that allow resumption of production of electric power from nuclear energy in Italy, including Article 7, Section 1 Letter d), of Law No. 133/2008, the provisions of Law No. 99/2009, and most of the provisions of Legislative Decree No. 31/2010 that set forth the rule for the siting of facilities and compensatory measures, was admissible. The only provisions not affected by the referendum question are those governing the systems to store irradiated material and radioactive waste and a national depository. The referendum will be held on June 12 and 13, 2011.

In addition, on February 2, 2011, the Constitutional Court handed down decision No. 33 ruling that the provisions of Article 4 of Legislative Decree No. 31 of February 15, 2010, pursuant to which the affected regional administration is not required to render an opinion about the issuance of a unified permit to build and operate a nuclear facility before a consensus is reached at the Unified Conference are unconstitutional.

On February 18, 2011, the Council of Ministers approved a new legislative decree concerning the siting of nuclear facilities that complies with Constitutional Court Decision No. 33/2011. In the new version, the affected regional administration is required to render a non-binding opinion concerning the siting decision. Other changes included a simplification of the assessment and permit issuing processes; the validity of the environmental permit, extended from 5 to 15 years; a clarification of the parties receiving economic benefits; etc.

In addition, Omnibus Decree Law No. 34 of March 31, 2011, Article 5 of which sets for a "nuclear moratorium," consisting of suspending for one year the effectiveness of the portions of the siting Legislative Decree No. 31/2010 that concern the procedure for the siting and construction of power plants and their facilities, except for the Technology Park and the national repository, was published on March 31, 2011 in issue 74 of the *Official Gazette of the Italian Republic.* The process of converting the Omnibus Decree into law (legislative bill A.S. 2665) began in April.

European Energy Policies

E.U. ETS and CO_2 market. The main developments concerning the CO_2 market and the Emissions Trading System (ETS) are reviewed below:

- **CO_2 ETS auctions for 2013 - 2020:** Starting in 2013, the emissions rights for Phase III of the E.U. Emissions Trading System will no longer be allocated with the National Allocation Plans and will have to be acquired for consideration through an auction system. The auctions and the market will be organized in accordance with criteria harmonized at the E.U. level that will be set forth in Regulations governing the implementation of the new ETS Directive. The Commission announced an earlier start (in 2012) for auction sales of EUA permits for 120 million tons of CO_2. The auction's regulations are being amended accordingly.
- **ETS Registers:** On March 24, 2011, the Italian ETS Register was back online, following a shutdown of all E.U. registers ordered by the European Commission on January 19, 2011, due to cyber-attacks directed at some ETS registers (CZ, EE, EL, PL, AT) for the purpose of stealing European Union Allowances (EUAs). The U.K. government, for example, introduced, as part of the 2011 Budget Reform legislation, a CO_2 floor for electric power generation in the amount of GBP16/ton, starting on April 1, 2003 and increasing on a straight line to GBP30/ton in 2020, to support low-carbon generation and Carbon sequestration (CCS).
- **Clean Development Mechanism (CDM) market:** The governments of the E.U. countries, acting upon a proposal by the Commission, adopted a European Decision that bans the use of credits (CERs) generated by CDM projects involving industrial gases (HFC23 and N2O) starting on May 1, 2013. In addition, Denmark is engaged in a political activity within the Council aimed at banning the use of CERs from HFC also for Effort Sharing compliance purposes.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2010 full year	GWh (*)	1st quarter 2011	1st quarter 2010	% change
41,824	**Production in Italy:**	**9,257**	**10,890**	**(15.0%)**
35,361	- Thermoelectric power plants	8,073	9,804	(17.6%)
5,734	- Hydroelectric power plants	986	901	9.4%
729	- Wind farms and other renewables	198	185	6.8%
30,070	**Other purchases** (1)	**9,038**	**7,410**	**22.0%**
71,894	**Total sources in Italy**	**18,295**	**18,300**	**-**
943	**Production outside Italy**	**458**	**216**	**111.9%**

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

Uses

2010 full year	GWh (*)	1st quarter 2011	1st quarter 2010	% change
10,733	**CIP 6/92 dedicated**	**1,532**	**2,835**	**(46.0%)**
3,641	**Captive and other customers**	**931**	**768**	**21.2%**
57,520	**Deregulated market:**	**15,832**	**14,697**	**7.7%**
27,276	End customers (1)	5,699	6,903	(17.4%)
1,327	IPEX and mandates	545	402	35.6%
15,422	Wholesalers and industrial portfolio	7,036	4,043	74.0%
13,495	Other sales (2)	2,552	3,349	(23.8%)
71,894	**Total uses in Italy**	**18,295**	**18,300**	**-**
943	**Sales of production outside Italy**	**458**	**216**	**111.9%**

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

Financial Highlights

2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010	% change
7,289	**Sales revenues**	**1,882**	**1,746**	**7.8%**
1,055	EBITDA	147	211	(30.3%)
1,130	Adjusted EBITDA (1)	180	221	(18.6%)
242	Capital expenditures	38	37	2.7%
1,949	Number of employees (2)	1,943	1,947	(0.3%)
119	- employees of discontinued operations	119	-	-

(1) See note on page 6.
(2) End-of-period data. The changes are computed against the data at December 31, 2010.

Production and Procurement

Edison's portfolio, while characterized by a different mix, was substantially unchanged compared with the first quarter of 2010.

In the first three months of 2011, the Group's production in Italy totaled 9,257 GWh, or 15% less than in the first quarter of 2010, as the net result of a 17.6% decrease in thermoelectric production, a 9.4% increase in hydroelectric output and a gain of 6.8% in output of wind power and other renewable source facilities, thanks to the contribution of the San Francesco wind farm, acquired in July 2010, and full-capacity utilization of the Mistretta wind farm, which more than offset a decrease in production by other wind farms caused by a reduced availability of wind power.

Other purchases carried out to round out the sources portfolio increased by 22% compared with the first quarter of 2010, reflecting the impact of a strategy of optimizing the average cost of source energy,

which enables the Group to benefit from outside purchases whenever a margin advantage over production costs justifies it.
However, it is important to keep in mind that this category includes purchases that occur when facilities operate in bidding mode and other transactions with relatively low unit margins.
Production outside Italy more than doubled, thanks to the contribution provided by the new power plant in Thisvi, in Greece, operated by Elpedison Power, which is being consolidated as of December 2010.

Sales and Marketing

In the first quarter of 2011, sales of electric power totaled 18,295 GWh, little changed compared with the same period the previous year.
Sales in the CIP 6/92 segment were down sharply (-46%), due to the early termination and contractually scheduled expiration of some contracts.
In the deregulated market, volumes sold to end customers decreased by 1,204 GWh (-17.4%), offset by a strong gain in unit sales to wholesalers, which were up by 2,992 GWh (+74%). These trends are also explained by a change in the way power is being supplied to some business customers (high energy users who are no longer served directly) who, in the first quarter of 2011, availed themselves of the "Interconnector" option, introduced at the end of 2009 by the Electric Power and Gas Authority with Resolution No. 179/09, as amended, to implement Law No. 99/2009.
This option enabled customers in this market segment to purchase power on the wholesale market, with a virtual importation mechanism, thereby benefiting from energy prices typically available on European markets, provided they agreed to participate in investment projects for new importation infrastructures. Also in connection with the "Interconnector" option, Edison offered a service for the physical delivery of power to customers in Italy through some subsidiaries who, as wholesalers, were bidders at auctions for shipping energy to customers who used the "Interconnector" option.
Lastly, given the scenario volatility and the deteriorating profitability of the spot market, the Group continued to pursue in 2011 a strategy of virtually eliminating its exposure to the risk of fluctuations in commodity prices, limiting the volumes it offered on the Power Exchange to a negligible amount (545 GWh).
As mentioned above in the section on procurement, other sales in the deregulated market include volumes generated as a result of specific operating modes of the production facilities.

Operating Performance

In the first quarter of 2011, sales revenues grew to 1,882 million euros, or 7.8% more than in the same period in 2010, thanks to higher sales prices, driven by conditions in the benchmark scenario.
Adjusted EBITDA totaled 180 million euros at March 31, 2011 (221 million euros in the first three months of 2010). The decrease of 18.6% compared with the same period last year is attributable exclusively to the early termination and contractually scheduled expiration of some CIP 6/92 contracts. The result from sales to customers in the deregulated market was in line with the same period the previous year, as the positive effect of higher sales volumes was offset by continued pressure on sales margins.

Capital Investments

Capital expenditures by the electric power operations, which totaled 38 million euros in the first three months of 2011, were allocated as follows: about 16 million euros for thermoelectric power plants; about 7 million euros to develop wind power operations in Italy, primarily repowering the San Giorgio (BN) wind farm and expanding the Foiano (BN) wind farm; about 7 million euros to streamline and modernize hydroelectric power plants; and about 8 million euros for the construction of new photovoltaic facilities including those of Oviglio and Cascine Bianche (AL).

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2010 full year	in millions of m³ natural gas	1st quarter 2011	1st quarter 2010	% change
509	Production in Italy	101	133	(23.8%)
7,671	Pipeline imports	2,050	2,552	(19.7%)
5,813	LNG imports	1,597	1,560	2.4%
1,873	Domestic purchases	524	255	105.8%
(27)	Change in stored gas inventory [1]	376	555	(32.3%)
15,839	**Total sources (Italy)**	**4,648**	**5,055**	**(8.1%)**
1,458	**Production outside Italy [2]**	**380**	**351**	**8.3%**

(1) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(2) Counting volumes withheld as production tax.

Uses of Natural Gas

2010 full year	in millions of m³ natural gas	1st quarter 2011	1st quarter 2010	% change
2,975	Residential use	1,054	1,559	(32.4%)
1,460	Industrial use	457	458	(0.3%)
10,294	Thermoelectric fuel use	2,568	2,709	(5.2%)
1,110	Other sales	569	329	72.7%
15,839	**Total uses in Italy**	**4,648**	**5,055**	**(8.1%)**
1,458	**Sales of production outside Italy [1]**	**380**	**351**	**8.3%**

(1) Counting volumes withheld as production tax.

Crude Oil Production

2010 full year	in thousands of barrels	1st quarter 2011	1st quarter 2010	% change
2,331	Production in Italy	539	582	(7.4%)
1,159	Production outside Italy [1]	271	271	0.2%
3,490	**Total production**	**810**	**853**	**(5.0%)**

(1) Counting volumes withheld as production tax.

Financial Highlights

2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010	% change
5,040	**Sales revenues**	**1,511**	**1,503**	**0.5%**
413	EBITDA	60	135	(55.6%)
338	Adjusted EBITDA [1]	27	125	(78.4%)
193	Capital expenditures	62	58	6.9%
52	Investments in exploration	3	3	-
1,357	Number of employees [2]	1,346	1,358	(0.8%)

(1) See note on page 6.
(2) End-of-period data. The changes are computed against the data at December 31, 2010.

Production and Procurement

Production of natural gas, counting the output both of Italian and international operations, totaled 481 million cubic meters, substantially in line with the first quarter of 2010. A gain in production outside Italy (+8.3%) more than offset the impact of the natural depletion of existing fields in Italy.

Production of crude oil totaled 810,000 barrels, compared with 853,000 barrels in the first three months of 2010. Production was down in Italy, reflecting the natural depletion of existing deposits, but the output of fields outside Italy was the same as in the first quarter of 2010.

Pipeline imports of natural gas under long-term contracts decreased by almost 20%, due to a reduction in consumption, mainly by residential and thermoelectric users.

A significant development in this area was the interruption of the supply of gas from Libya through the Green Stream pipeline since February 22, 2011. The resulting shortfall was made up by stepping up imports under other contracts in the procurement portfolio, consistent with contractual flexibility options. Import of LNG from Qatar through the Rovigo LNG terminal were little changed compared with the same period last year.

Sales and Marketing

Unit sales of natural gas to customers in Italy totaled 4,648 million cubic meters, for a decrease of 8.1% compared with the first quarter of 2010.
Specifically, sales to residential users decreased by 32.4%, reflecting a loss of market share caused by falling gas prices, depressed to the point of being lower than procurement costs, while deliveries to thermoelectric users were down 5.2%, due mainly to lower gas consumption by the Group's thermoelectric power plants, offset only in part by sales to thermoelectric facilities of external customers. Sales to industrial users were substantially the same as in the corresponding period last year.
Sales to wholesalers and volumes traded on the virtual exchange facility totaled 569 million cubic meters (329 million cubic meters in the first quarter of 2010).

Operating Performance

In the first quarter of 2011, sales revenues amounted to 1,511 million euros, little changed compared with the same period last year, as the effect of rising benchmark prices helped offset the impact of lower unit sales.
Adjusted EBITDA totaled 27 million euros in the first quarter of 2011, down sharply (-78.4%) compared with the same period last year. This dramatic reduction is attributable exclusively to the natural gas trading activities, which generated a loss in the first three months of 2011. It is worth mentioning that sales margins have remained negative in this business segment due to several factors. Specifically, market prices have fallen below procurement costs under long-term importation contracts due to the strong competitive pressure caused by the combined impact of excess supply and the availability of large quantities of spot gas, offered at prices sharply lower than those paid under conventional long-term gas procurement contracts, which was magnified by a slump in Italian demand for natural gas compared with pre-crisis levels.
For this reason, as mentioned earlier in this Report, Edison began the process of renegotiating long-term contracts for the importation of natural gas, consistent with its commitment to restore reasonable levels of profitability to its portfolio of long-term contracts.
The sharp reduction in profitability described above was offset in part by a gain in the EBITDA of the E&P activities, which benefited from rising oil prices.

Capital Investments

Capital investments totaled about 62 million euros in the first quarter of 2011.
The main investments in Italy included: 14 million euros for sidetrack drilling activities at the Daria field, 4 million euros to increase the capacity of the San Potito and Cotignola fields, 3 million euros to increase the capacity of the Collalto field, 1.5 million euros to develop the Argo and Panda offshore fields, and 1 million euros to develop the new Capparuccia (AP) field.
Investment projects in Egypt focused on the Abu Qir concession (34 million euros), where work continued on the construction of the new NAQ PII platform and the renovation and expansion of the existing NAQ PI platforms.

Exploration Activities

In the first three months of 2011, the Group invested about 3 million euros in exploration. Virtually the entire amount was allocated to projects outside Italy.

Corporate Activities and Other Segments

Financial Highlights

2010 full year	(in millions of euros)	1st quarter 2011	1st quarter 2010	% change
51	**Sales revenues**	**12**	**12**	**-**
(99)	EBITDA	(24)	(25)	(4.0%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
70	Capital expenditures	1	63	(98.4%)
633	Number of employees (1)	633	623	-

(1) End-of-period data. The changes are computed against the data at December 31, 2010.

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

Sales revenues were unchanged compared with the first three months of 2010. EBITDA were also in line with the amount reported at March 31, 2010.

RISKS AND UNCERTAINTIES

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

RELATED PARTY TRANSACTIONS

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

OPERATING PERFORMANCE, FINANCIAL RESULTS AND FINANCIAL POSITION OF THE GROUP

AT MARCH 31, 2011

Income Statement

2010 full year	of which related parties	(in millions of euros)	See note	1st quarter 2011	of which related parties	1st quarter 2010	of which related parties
10,446	368	Sales revenues	1	2,966	131	2,742	129
638	51	Other revenues and income	2	142	5	133	14
11,084	**419**	**Total net revenues**		**3,108**	**136**	**2,875**	**143**
(9,462)	(177)	Raw materials and services used (-)	3	(2,858)	(41)	(2,493)	(58)
(253)	-	Labor costs (-)	4	(67)	-	(61)	-
1,369		**EBITDA**	5	**183**		**321**	
(1,096)	-	Depreciation, amortization and writedowns (-)	6	(157)	-	(172)	-
273		**EBIT**		**26**		**149**	
(144)	-	Net financial income (expense)	7	(42)	-	(25)	-
(1)	1	Income from (Expense on) equity investments	8	4	-	(1)	-
44	-	Other income (expense), net	9	(1)	-	8	-
172		**Profit (Loss) before taxes**		**(13)**		**131**	
(83)	-	Income taxes	10	(8)	-	(63)	-
89		**Profit (Loss) from continuing operations**		**(21)**		**68**	
(40)	-	Profit (Loss) from discontinued operations		-	-	-	-
49		**Profit (Loss)**		**(21)**		**68**	
		Broken down as follows:					
28	-	Minority interest in profit (loss)		(1)	-	1	-
21		**Group interest in profit (loss)**		**(20)**		**67**	
		Earnings (Loss) per share (in euros)	11				
0.0034		Basic earnings (loss) per common share		(0.0041)		0.0121	
0.0334		Basic earnings per savings share		0.0125		0.0421	
0.0034		Diluted earnings (loss) per common share		(0.0041)		0.0121	
0.0334		Diluted earnings per savings share		0.0125		0.0421	

Other Components of the Comprehensive Income Statement

2010 full year	(in millions of euros)	See note	1st quarter 2011	1st quarter 2010
49	**Profit (Loss)**		**(21)**	**68**
	Other components of comprehensive income:			
58	**A) Change in the Cash Flow Hedge reserve**	23	**17**	**24**
93	- Gains (Losses) arising during the period		27	39
(35)	- Income taxes (-)		(10)	(15)
(2)	**B) Change in reserve for available-for-sale investments**	23	**2**	**1**
(2)	- Gains (Losses) arising during the period		2	1
-	- Income taxes (-)		-	-
3	**C) Differences on the translation of assets in foreign currencies**		**-**	**1**
-	**D) Pro rata interest in other components of comprehensive income of investee companies**		**-**	**-**
59	**Total other components of comprehensive income net of taxes (A+B+C+D)**		**19**	**26**
108	**Total comprehensive profit (loss)**		**(2)**	**94**
	Broken down as follows:			
28	Minority interest in comprehensive profit (loss)		(1)	1
80	**Group interest in comprehensive profit (loss)**		**(1)**	**93**

Balance Sheet

03.312010		(in millions of euros)		03.31.2011		12.31.2010	
	of which related parties		See note		of which related parties		of which related parties
		ASSETS					
7,455	-	Property, plant and equipment	12	6,976	-	7,002	-
12	-	Investment property	13	11	-	11	-
3,538	-	Goodwill	14	3,534	-	3,534	-
1,245	-	Hydrocarbon concessions	15	969	-	985	-
121	-	Other intangible assets	16	124	-	109	-
46	46	Investments in associates	17	48	48	48	48
303	-	Available-for-sale investments	17	286	-	293	-
106	-	Other financial assets	18	88	-	91	-
106	-	Deferred-tax assets	19	193	-	182	-
20	-	Other assets	20	172	-	112	-
12,952		**Total non-current assets**		**12,401**		**12,367**	
193	-	Inventories		227	-	331	-
2,263	98	Trade receivables		2,947	107	2,375	100
26	-	Current-tax assets		31	-	35	-
635	59	Other receivables		775	92	655	83
50	-	Current financial assets		60	6	69	6
797	-	Cash and cash equivalents		248	-	472	-
3,964		**Total current assets**	21	**4,288**		**3,937**	
-	**-**	**Assets held for sale**	22	**197**	**-**	**209**	**-**
16,916		**Total assets**		**16,886**		**16,513**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292	-	Share capital		5,292	-	5,292	-
2,540	-	Reserves and retained earnings (loss carryforward)		2,563	-	2,548	-
45	-	Reserve for other components of comprehensive income		97	-	78	-
67	-	Group interest in profit (loss)		(20)	-	21	-
7,944		**Total shareholders' equity attributable to Parent Company shareholders**		**7,932**		**7,939**	
172	-	Shareholders' equity attributable to minority shareholders		166	-	198	-
8,116		**Total shareholders' equity**	23	**8,098**		**8,137**	
63	-	Provision for employee severance indemnities and provisions for pensions	24	61	-	62	-
592	-	Provision for deferred taxes	25	499	-	504	-
813	-	Provisions for risks and charges	26	855	-	823	-
1,696	-	Bonds	27	1,792	-	1,791	-
1,611	-	Long-term financial debt and other financial liabilities	28	932	-	942	-
30	-	Other liabilities	29	34	-	34	-
4,805		**Total non-current liabilities**		**4,173**		**4,156**	
748	-	Bonds		499	-	528	-
843	15	Short-term financial debt		1,221	15	1,073	15
1,680	65	Trade payables		2,223	70	2,153	80
58	-	Current taxes payable		96	-	82	-
666	263	Other liabilities		573	38	380	19
3,995		**Total current liabilities**	30	**4,612**		**4,216**	
-	**-**	**Liabilities held for sale**	31	**3**	**-**	**4**	**-**
16,916		**Total liabilities and shareholders' equity**		**16,886**		**16,513**	

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first quarter of 2011. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in the Group's net financial debt.

2010 full year		(in millions of euros)		1st quarter 2011		1st quarter 2010	
	of which related parties		See note		of which related parties		of which related parties
61	-	Group interest in profit (loss) from continuing operations		(20)	-	67	-
(40)	-	Group interest in profit (loss) from discontinued operations		-	-	-	-
28	-	Minority interest in profit (loss) from continuing operations		(1)	-	1	-
49		**Profit (loss)**		**(21)**		**68**	
1,096	-	Amortization, depreciation and writedowns	6	157	-	172	-
(1)	(1)	Interest in the result of companies valued by the equity method (-)		-	-	-	-
1	1	Dividends received from companies valued by the equity method		1	1	-	-
6	-	(Gains) Losses on the sale of non-current assets		(4)	-	1	-
(2)	-	Change in the provision for employee severance indemnities and provisions for pensions	24	(1)	-	(1)	-
148	22	Change in operating working capital		(398)	(17)	(75)	9
(315)	(51)	Change in other operating assets and liabilities		17	10	(120)	39
982	**-**	**A. Cash flow from continuing operations**		**(249)**		**45**	
(557)	-	Additions to intangibles and property, plant and equipment (-)	12-16	(104)	-	(161)	-
(7)	(5)	Additions to non-current financial assets (-)		-	-	(2)	(2)
(42)	-	Price paid on business combinations (-)		-	-	-	-
8	-	Proceeds from the sale of intangibles and property, plant and equipment		-	-	-	-
-	-	Proceeds from the sale of non-current financial assets		6	-	-	-
8	-	Repayment of capital contribution by non-current financial assets		8	-	-	-
(39)	(6)	Change in other current assets		9	-	(20)	-
(629)		**B. Cash used in investing activities**		**(81)**		**(183)**	
1,124	-	Receipt of new medium-term and long-term loans	27, 28	-	-	527	-
(1,420)	-	Redemption of medium-term and long-term loans (-)	27, 28	(8)	-	(304)	-
(84)	-	Change in short-term net financial debt		118	-	(40)	-
10	-	Capital contributions provided by controlling companies or minority shareholders		-	-	6	-
(259)	(178)	Dividends paid to controlling companies or minority shareholders (-)		(4)	-	(2)	-
(629)		**C. Cash used in financing activities**		**106**		**187**	
-		**D. Liquid assets from changes in the scope of consolidation**		**-**		**-**	
-		**E. Net currency translation differences**		**-**		**-**	
-		**F. Net cash flow from operating assets of discontinued operations**		**-**		**-**	
(276)		**G. Net cash flow for the period (A+B+C+D+E+F)**		**(224)**		**49**	
748		**H. Cash and cash equivalents at the beginning of the year**		**472**		**748**	
472		**I. Cash and cash equivalents at the end of the period (G+H)**		**248**		**797**	
472		**L. Total cash and cash equivalents at end of the period (I)**		**248**		**797**	
-		**M. (-) Cash and cash equivalents of discontinued operations**		**-**		**-**	
472		**N. Cash and cash equivalents of continuing operations (L-M)**		**248**		**797**	

Changes in Consolidated Shareholders' Equity

(in millions of euros)			Reserve for other components of comprehensive income							
	Share capital	Reserves and retained earnings (loss carry-forward)	Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Group interest in Profit (Loss)	**Total shareholders' equity attributable to Parent company shareholders**	Shareholders' equity attributable to minority shareholders	**Total shareholders' Equity**
Balance at December 31, 2009	**5,292**	**2,526**	**17**	**(2)**	**4**	**-**	**240**	**8,077**	**177**	**8,254**
Appropriation of the previous year's profit	-	240	-	-	-	-	(240)	-	-	-
Dividends distributed	-	(228)	-	-	-	-	-	(228)	(15)	(243)
Share capital increase	-	-	-	-	-	-	-	-	10	10
Other changes	-	2	-	-	-	-	-	2	(1)	1
Total comprehensive profit (loss)	**-**	**-**	**24**	**1**	**1**	**-**	**67**	**93**	**1**	**94**
of which:										
- Change in comprehensive income for the period	-	-	24	1	1	-	-	26	-	26
- Profit for 1st quarter 2010	-	-	-	-	-	-	67	67	1	68
Balance at March 31, 2010	**5,292**	**2,540**	**41**	**(1)**	**5**	**-**	**67**	**7,944**	**172**	**8,116**
Dividends distributed	-	-	-	-	-	-	-	-	(1)	(1)
Other changes	-	8	-	-	-	-	-	8	-	8
Total comprehensive profit (loss)	**-**	**-**	**34**	**(3)**	**2**	**-**	**(46)**	**(13)**	**27**	**14**
of which:										
- Change in comprehensive income for the period	-	-	34	(3)	2	-	-	33	-	33
- Profit (Loss) from 04.01.2010 to 12.31.2010	-	-	-	-	-	-	(46)	(46)	27	(19)
Balance at December 31, 2010	**5,292**	**2,548**	**75**	**(4)**	**7**	**-**	**21**	**7,939**	**198**	**8,137**
Appropriation of the previous year's profit	-	21	-	-	-	-	(21)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(31)	(31)
Other changes	-	(6)	-	-	-	-	-	(6)	-	(6)
Total comprehensive profit (loss)	**-**	**-**	**17**	**2**	**-**	**-**	**(20)**	**(1)**	**(1)**	**(2)**
of which:										
- Change in comprehensive income for the period	-	-	17	2	-	-	-	19	-	19
- (Loss) for 1st quarter 2011	-	-	-	-	-	-	(20)	(20)	(1)	(21)
Balance at March 31, 2011	**5,292**	**2,563**	**92**	**(2)**	**7**	**-**	**(20)**	**7,932**	**166**	**8,098**

NOTES TO THE QUARTERLY REPORT AT MARCH 31, 2011

Content and Presentation

The Edison Group's Quarterly Report at March 31, 2011 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 "Interim Financial Reporting".
The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).* The presentation formats of financial statements, the accounting principles and consolidation criteria, the consolidation of foreign companies and the criteria used to translate financial statements denominated in foreign currencies and the valuation criteria used to prepare this Quarterly Report are consistent with those applied in the preparation of the Consolidated Financial Statements at December 31, 2010, which should be consulted for more detailed information.
Amendments to the international accounting principles and interpretations applicable as of January 1, 2011, which did not have a significant impact on the Consolidated Financial Statements, are reviewed below:

- **IFRS 1**, pursuant to which parties who adopt the IFRS principles for the first time must prepare a First-time Adoption document.
- **IFRS 3**, which concerns the measurement of non-controlling interests in the acquired entity in a business combination.
- **IFRS 7**, which amends the disclosures concerning financial risks.
- **IAS 1**, which requires an analysis of the other components of the comprehensive income statement for each component of shareholders' equity.
- **IAS 24**, which requires additional disclosures concerning related-party commitments.
- **IAS 34,** which deals with the minimum content of interim financial reports.
- **IFRIC 14** "Prepayments of a Minimum Funding Requirement".
- **IFRIC 19** "Extinguishing Financial Liabilities with Equity Instruments."
- Other marginal amendments to other accounting principles and interpretations.

The publication of the Quarterly Report at March 31, 2011, which has not been audited, was authorized by the Board of Directors on May 9, 2011.
The Shareholders' Meeting of April 26, 2011 awarded the assignment to audit the consolidated financial statements to Deloitte & Touche Spa. The audit assignment, in accordance with the Legislative Decree No. 39 of January 27, 2010, is for a period of nine years (2011-2019).
Unless otherwise stated, all amounts in these accompanying notes are in millions of euros.

Changes in the Scope of Consolidation Compared with December 31, 2010

The changes in the Group's scope of consolidation that occurred in the first quarter of 2011 are reviewed below:

Electric Power Operations:

- deconsolidation as of January 1, 2011 of Edison Power Energy Srl, previously consolidated line by line, in liquidation;
- Eneco Energia Spa was merged by absorption into Edison Energia Spa effective vis-à-vis third parties as of January 1, 2011.

Hydrocarbon Operations:

- ICGB Ad (Interconnector Greece Bulgaria Ad), a joint venture of IGI Poseidon Sa and Bulgarian Energy Holding Ead, a newly established company, is being consolidated by the proportional method. This new company will be responsible for developing and building the new IGB gas pipeline linking Greece and Bulgaria.

SEGMENT INFORMATION

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

INCOME STATEMENT	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010
Sales Revenues	**1,882**	**1,746**	**1,511**	**1,503**	**12**	**12**	**-**	**-**	**(439)**	**(519)**	**2,966**	**2,742**
- third parties sales revenues	1,881	1,745	1,083	994	2	3	-	-	-	-	2,966	2,742
- intra-Group sales revenues	1	1	428	509	10	9	-	-	(439)	(519)	-	-
EBITDA	**147**	**211**	**60**	**135**	**(24)**	**(25)**	**-**	**-**	**-**	**-**	**183**	**321**
as a % of sales revenues	*7.8%*	*12.1%*	*4.0%*	*9.0%*	*n.m.*	*n.m.*	-	-	-	-	*6.2%*	*11.7%*
Depreciation, amortization and writedowns	(118)	(129)	(36)	(40)	(3)	(3)	-	-	-	-	(157)	(172)
EBIT	**29**	**82**	**24**	**95**	**(27)**	**(28)**	**-**	**-**	**-**	**-**	**26**	**149**
as a % of sales revenues	*1.5%*	*4.7%*	*1.6%*	*6.3%*	*n.m.*	*n.m.*	-	-	-	-	*0.9%*	*5.4%*
Net financial income (expense)											(42)	(25)
Interest in result of companies valued by equity method											-	-
Income taxes											(8)	(63)
Profit (Loss) from continuing operations											**(21)**	**68**
Profit (Loss) from discontinued operations											**-**	**-**
Minority interest in profit (loss)											**(1)**	**1**
Group interest in profit (loss)											**(20)**	**67**

BALANCE SHEET	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010
Total assets	**11,934**	**11,704**	**4,822**	**4,582**	**5,190**	**5,330**	**197**	**209**	**(5,257)**	**(5,312)**	**16,886**	**16,513**
Total liabilities	**4,722**	**4,447**	**3,019**	**2,873**	**4,152**	**4,184**	**3**	**4**	**(3,108)**	**(3,132)**	**8,788**	**8,376**
Net Financial Debt							**1**	**1**			**4,054**	**3,708**

OTHER INFORMATION	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Disposal Group		Adjustments		Edison Group	
(in millions of euros)	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010	**1st quarter 2011**	1st quarter 2010
Capital expenditures	38	37	61	57	1	63	-	-	-	-	100	157
Investments in exploration	-	-	3	3	-	-	-	-	-	-	3	3
Investments in intangibles	-	-	1	1	-	-	-	-	-	-	1	1
Total capital investments	**38**	**37**	**65**	**61**	**1**	**63**	**-**	**-**	**-**	**-**	**104**	**161**

	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Disposal Group		Adjustments		Edison Group	
	03.31.2011	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010
Number of employees	**1,824**	**1,830**	**1,346**	**1,357**	**633**	**633**	**119**	**119**	**-**	**-**	**3,922**	**3,939**

Thus far, the Group has not viewed **geographic area** segment information as meaningful, since it is essentially located and active in Italy. However, beginning in 2009, the Group began to expand its international operations and, at the end of the period, net non-current assets held outside Italy totaled 1,502 million euros, including 250 million euros for assets of the Electric Power Operations, mainly in Greece, and 1,252 million euros for assets of the Hydrocarbons Operations, the largest component of which was located in Egypt. At March 31, 2011, the contribution of foreign operations accounted for 22% of EBITDA and about 12% of net invested capital.

As for the disclosure about the so-called "**major customers**," the Group's sales are generally not concentrated, except for the Electric Power Operations, where one major customer, as defined by IFRS 8, generated sales revenues totaling 336 million euros in the period, equal to about 18% of the total sales revenues of the Electric Power Operations and to about 11% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

The first quarter of 2011 was characterized by a modest upturn in domestic consumption of electric power (+1.1% compared with the same period last year), with demand still well below the pre-crisis levels of 2008, and a concurrent reduction in natural gas consumption (-2.6%).
In the electric power market the production capacity overhang caused by the commissioning of new power plants continued in 2011. In the natural gas market, persisting "gas bubble" conditions continued to squeeze sales margins, also influenced by the recent international events.
In this scenario, Group **EBITDA** totaled 183 million euros, or 138 million euros less than the 321 million euros earned in the same period last year (-43%), with the largest shortfall reported by the hydrocarbons operations. Specifically, the adjusted EBITDA[1] of the **Hydrocarbons Operations** totaled 27 million euros, down sharply (-78.4%) compared with the same period last year (125 million euros). The performance of the Edison Group in this business segment was heavily penalized by the temporary burden of its long-term contracts to import natural gas, which is partially offset by the positive performance of the exploration and production activities. However, Edison has begun the process of renegotiating its contracts to import natural gas with the aim of restoring adequate operating margins.
The adjusted EBITDA[1] of the **Electric Power Operations** amounted to 180 million euros in the first quarter of 2011, down 18.6% compared with the same period the previous year (221 million euros). This decrease reflects the impact of a reduction in the EBITDA contributed by the CIP 6/92 activities, caused by the early termination of some contracts in December 2010. An additional factor was the effect of a contraction in the margins earned by the Edison Group on sales of electric power in the deregulated market.

The **Group's interest in the net result** was a loss of 20 million euros, for a negative change of 87 million euros compared with a net profit of 67 million euros earned in the first three months of 2010. In addition to the negative effect of the industrial margins mentioned above, the loss for the period reflects the impact of the following contrasting factors:

- a reduction, for 15 million euros, in depreciation caused mainly by the early termination of some CIP 6/92 contracts and asset writedowns recognized in the 2010;
- an increase of 17 million euros in financial expense, attributable mainly to net foreign exchange losses on fuel procurement transactions;
- a decrease in the tax burden due to the negative change in the result for the period.

1 Adjusted EBITDA reflects the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. Consistent with the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas earmarked for the production and sale of electric power and for direct gas sales. The gains and losses generated by these transactions, which are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations for the portion of gains and losses attributable to them (+33 million euros in 2011, +10 million euros in 2010). This reclassification is being made, in view of the impact of fluctuations in commodity prices and foreign exchange parities during the period, to provide an operational presentation of the industrial results.

1. Sales Revenues

Sales revenues totaled 2,966 million euros, or 8.2% more than the 2,742 million euros reported at March 31, 2010.

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

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Revenues from the sales of:				
- Electric power	1,595	1,511	84	5.6%
- Natural gas	1,004	949	55	5.8%
- Steam	33	35	(2)	(5.7%)
- Oil	56	27	29	n.m.
- Green certificates	4	6	(2)	(33.3%)
- CO_2 emission rights	16	-	16	n.a.
- Other sales revenues	25	5	20	n.m.
Total sales revenues	**2,733**	**2,533**	**200**	**7.9%**
Revenues from services provided	4	4	-	-
Storage services	15	12	3	25.0%
Margin on trading activities	12	6	6	100.0%
Transmission revenues	196	180	16	8.9%
Other revenues from sundry services	6	7	(1)	(14.3%)
Total for the Group	**2,966**	**2,742**	**224**	**8.2%**

Breakdown by Business Segment

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Electric Power Operations	1,882	1,746	136	7.8%
Hydrocarbons Operations	1,511	1,503	8	0.5%
Corporate Activities and Other Segments	12	12	-	-
Eliminations	(439)	(519)	80	(15.4%)
Total for the Group	**2,966**	**2,742**	**224**	**8.2%**

An analysis of sales revenues is provided below:

- The **Electric Power Operations** reported a 7.8% increase in sales revenues, compared with the first quarter of 2010. The gain in revenues is the combined result of the steady unit sales, despite a different sale mix which favored the wholesale market, and higher average sales prices driven by conditions in the benchmark scenario. The contribution of the international operations increased, thanks to the commissioning, in December 2010, of the new Thisvi power plant in Greece.
- On the other hand, the revenues of the **Hydrocarbons Operations** were little changed compared with the first three months of 2010 (+0.5%) as the combined result of two factors: a decrease in unit sales, but an uptick in average sales prices due to a significant increase in the price of Brent crude. Moreover, the exploration and production activities had a positive performance.

2. Other Revenues and Income

Other revenues and income totaled 142 million euros. A breakdown is as follows:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Commodity derivatives	95	71	24	33.8%
Recovery of fuel costs from Edipower's Tollers	-	28	(28)	(100.0%)
Out-of-period income	6	12	(6)	(50.0%)
Recovery of costs from partners in hydrocarbon exploration projects	6	5	1	20.0%
Reversals in earnings of provisions for risks on receivables and other risks	3	4	(1)	(25.0%)
Sundry items	32	13	19	n.m.
Total for the Group	**142**	**133**	**9**	**6.8%**

The income from **commodity derivatives**, which should be analyzed together with **raw materials and services used** (which increased from 20 million euros to 62 million euros), reflects primarily the results of Brent and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used for the production and sale of electric power and of the gas earmarked for direct sales.
This performance is due to the scenario effect on the hedged physical commodity: in 2011, a spike in the prices of petroleum products drove natural gas costs higher, with a negative scenario effect on the hedged physical commodity, offset by the positive results shown as net income from commodity derivatives.
Please note that during the first quarter of 2011, due to the interruption of natural gas imports from Libya, a portion of the fair value of the derivatives that hedged purchases of Libyan gas, which until December 2010 was suspended in a shareholders' equity account, as required by the adoption of hedge accounting, was discontinued by the recognition in the income statement, with a positive effect of about 60 million euros. This benefit was offset by a negative fair value of 30 million euros (classified under "Raw materials and services used") incurred upon the activation of the make-or-buy strategy to optimize the procurement costs of the Electric Power Operations (see also the abovementioned notes in the paragraph "Performance of the Group's Businesses - Electric Power Operations"). This strategy entailed negotiating sell-side derivatives (swaps) that partially reduced the exposure of the buy-side derivatives executed as part of the regular activities carried out to hedge sales of electric power at a fixed price.

The decrease in **recovery of fuel costs from Edipower's Tollers**, which should be analyzed in conjunction with **purchases of oil and fuel**, reflects the removal from the Tolling Agreement of an Edipower facility that currently operates with "must run" status.

Sundry items include insurance settlements totaling 11 million euros, the most part referred to past accidents that occurred at Italian extraction wells (6 million euros in 2010).

3. Raw Materials and Services Used

Raw materials and services used totaled 2,858 million euros, or 14.6% more than in the same period in 2010 (2,493 million euros) affected by the price and volume trends already mentioned in the note "Sales revenues".
The table that follows provides a breakdown of raw materials and services used:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Purchases of:				
- Natural gas	1,210	1,096	114	10.4%
- Electric power	483	462	21	4.5%
- Dispatching and balancing market	198	58	140	n.m.
- Blast furnace gas, recycled and coke	92	75	17	22.7%
- Oil and fuel	39	56	(17)	(30.4%)
- Demineralized industrial water	9	8	1	12.5%
- Green certificates	3	25	(22)	(88.0%)
- CO_2 emissions rights	24	21	3	14.3%
- Coal, utilities and other materials	27	31	(4)	(12.9%)
Total	**2,085**	**1,832**	**253**	**13.8%**
- Facilities maintenance	39	37	2	5.4%
- Transmission of electric power and natural gas	370	352	18	5.1%
- Regasification fee	24	24	-	-
- Professional services	27	23	4	17.4%
- Writedowns of trade and other receivables	7	6	1	16.7%
- Commodity derivatives	62	20	42	n.m.
- Margin on trading activities	8	-	8	n.a.
- Additions to provisions for miscellaneous risks	12	5	7	n.m.
- Change in inventories	114	116	(2)	(1.7%)
- Use of property not owned	25	21	4	19.0%
- Sundry items	85	57	28	49.1%
Total for the Group	**2,858**	**2,493**	**365**	**14.6%**

Breakdown by Business Segment

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Electric Power Operations	1,728	1,596	132	8.3%
Hydrocarbons Operations	1,549	1,392	157	11.3%
Corporate Activities and Other Segments	22	26	(4)	(15.4%)
Eliminations	(441)	(521)	80	(15.4%)
Total for the Group	**2,858**	**2,493**	**365**	**14.6%**

The increase in the amount shown for **natural gas** (114 million euros), compared with the same period in 2010, is due to the higher prices paid for natural gas (both in the spot market and under long-term procurement contracts), offset only in part by a decrease in consumption together with the positive impact of a successful renegotiation of the contract for the supply of natural gas from Norway (about 11 million euros). The amount of natural gas purchases reflects the negative impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (7 million euros).

The higher amount paid to purchase **electric power** (21 million euros) and on the **dispatching and balancing market** (140 million euros), compared with the first quarter of 2010, is due to an increase in volumes bought on the Power Exchange, based on the strategies deployed by the Group to optimize its supply sources.

The decrease (22 million euros) in **green certificate** costs is due to a reduction in the mandatory compliance level, which declined as the combined result of the award of cogenerating status to a thermoelectric power plant (in the second quarter of 2010) and to an increase in the production from renewable energy sources (+7%).

The **regasification fee** (24 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (7 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific utilizations. In addition, allowances for doubtful accounts totaling 2 million euros were reversed in earnings in the first quarter of 2011. This item is included in Reversals in earnings of provisions for risks on receivables and other risks listed in Note 2 **Other Revenues and Income**.

A breakdown of **additions to provisions for miscellaneous risks** (12 million euros) is provided in the note to provisions for risks and charges (note 26).

The **change in inventories** refers mainly to a decrease in natural gas held in storage.

Margin on Trading Activities

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

(in millions of euros)	See note	1st quarter 2011	1st quarter 2010	Change	% change
Margin on physical contracts included in trading portfolios					
Sales revenues		1,009	630	379	60.2%
Raw materials and services used		(997)	(624)	(373)	59.8%
Total included in sales revenues	1	**12**	**6**	**6**	**100.0%**
Margin on financial contracts included in trading portfolios					
Other revenues and income		43	5	38	n.m.
Raw materials and services used		(51)	(5)	(46)	n.m.
Total included in raw materials and services used	3	**(8)**	**-**	**(8)**	**n.m.**
Total margin on trading activities		**4**	**6**	**(2)**	**(33.3%)**

A comprehensive review of the effects of derivatives is provided in a special disclosure.

4. Labor Costs

Labor costs totaled 67 million euros, or about 9.8% more than in the same period in 2010, when they amounted to 61 million euros.

This increase is mainly the combined result of a larger average payroll and salary increases.

5. EBITDA

EBITDA totaled 183 million euros, or 138 million euros less (-43%) than the 321 million euros earned in the first quarter of 2010.

The table below provides a breakdown by business segment of the Group's reported and adjusted EBITDA, which include the reclassification of a portion of the result from transactions executed to hedge natural gas importation contracts, since, from an operational standpoint, the margins earned on sales of electric power also benefit from these hedges. Given the magnitude of fluctuations in commodity prices and foreign exchange rates during the period and in order to provide an adequate basis of comparison, it seems appropriate to show the adjusted EBITDA amount, restated to reflect the applicable portion of the result from hedging transactions attributable to the Electric Power Operations.

(in millions of euros)	1st quarter 2011	as a % of sales revenues	1st quarter 2010	as a % of sales revenues	EBITDA % change
Reported EBITDA					
Electric Power Operations	147	7.8%	211	12.1%	(30.3%)
Hydrocarbons Operations	60	4.0%	135	9.0%	(55.6%)
Corporate Activities and Other Segments	(24)	n.m.	(25)	n.m.	n.m.
Total for the Group	**183**	**6.2%**	**321**	**11.7%**	**(43.0%)**
Adjusted EBITDA					
Electric Power Operations	180	9.6%	221	12.7%	(18.6%)
Hydrocarbons Operations	27	1.8%	125	8.3%	(78.4%)
Corporate Activities and Other Segments	(24)	n.m.	(25)	n.m.	n.m.
Total for the Group	**183**	**6.2%**	**321**	**11.7%**	**(43.0%)**

Regarding the performance:

- The **Hydrocarbons Operations** adjusted EBITDA 27 million euros, down sharply (-78.4%) compared with the same period of the previous year (125 million euros). The Group's unit sales margins continued to contract in the first quarter of 2011, for the above-mentioned issue related to long-term contracts to import natural gas. The exploration and production activities performed particularly well, thanks to a significant rise on oil prices and an increase in international production, offset in part by the effect of the natural depletion of fields in Italy.
- The adjusted EBITDA of the **Electric Power Operations** amounted to 180 million euros, down 18.6% compared with the first quarter of 2010 essentially due to the deteriorating profitability of the CIP 6/92 activities caused by the early termination of some contracts at the end of 2010 and the scheduled expiration of other contracts during the period. Another negative factor was a contraction in the Group's unit sales margins, offset only in part by the effects of the steady sales volumes and higher hydroelectric production (+9%). Also worth mentioning are positive performances in the area of renewable energy sources, thanks to the increase in production resulting from the startup of new wind farms, and by international activities, due to the commissioning of a new thermoelectric power plant in Thisvi, Greece, in December 2010.

6. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 157 million euros, is provided below:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Depreciation of property, plant and equipment	134	150	(16)	(10.7%)
Amortization of hydrocarbon concessions	16	14	2	14.3%
Amortization of other intangible assets	7	8	(1)	(12.5%)
Total for the Group	**157**	**172**	**(15)**	**(8.7%)**

Breakdown by Business Segment

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change	% change
Electric Power Operations	118	129	(11)	(8,5%)
Hydrocarbons Operations	36	40	(4)	(10,0%)
Corporate Activities and Other Segments	3	3	-	-
Total for the Group	**157**	**172**	**(15)**	**(8,7%)**

More specifically:

- The depreciation and amortization expense of the **Electric Power Operations** totaled 118 million euros, or 11 million euros less than in the same period last year. Most of the decrease, attributable to the thermoelectric operations, reflects the expiration of some CIP 6/92 contracts and the effect of asset writedowns recognized in the previous year. In addition, a change in the scope of consolidation boosted depreciation by 2 million euros.
- The year-over-year decrease of 4 million euro in the depreciation and amortization amount of the **Hydrocarbons Operations** (36 million euros) is due to the combined effect of writedowns recognized in 2010 and to changes in the production profiles of hydrocarbon fields.

7. Net Financial Income (Expense)

Net financial expense totaled 42 million euros, or 17 million euros more than in the same period in 2010 (25 million euros).
A breakdown of net financial expense is as follows:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change
Financial income			
Financial income from financial derivatives	9	21	(12)
Interest earned on finance leases	4	3	1
Interest earned on bank and postal accounts	1	1	-
Other financial income	3	3	-
Total financial income	**17**	**28**	**(11)**
Financial expense			
Interest paid on bond issues	(20)	(19)	(1)
Fair Value Hedge adjustment on bonds	29	(10)	39
Financial expense on financial derivatives	(35)	(14)	(21)
Interest paid to banks	(8)	(11)	3
Bank fees	(4)	(3)	(1)
Financial expense on decommissioning projects	(4)	(4)	-
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest paid to other lenders	(3)	(1)	(2)
Other financial expense	(4)	-	(4)
Total financial expense	**(50)**	**(63)**	**13**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	38	28	10
Foreign exchange translation losses	(47)	(18)	(29)
Net foreign exchange translation gains (losses)	**(9)**	**10**	**(19)**
Net financial income (expense) for the Group	**(42)**	**(25)**	**(17)**

The net increase in financial expense in the first quarter of 2011 is due mainly to higher net translation losses caused by negative results from derivative transactions executed to hedge natural gas purchases in foreign currencies that exceeded net transactional gains.

8. Income from (Expense on) Equity Investments

A breakdown of the positive balance of 4 million euros is shown below:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change
Income from equity investments			
Gains on the sale of equity investments	5	-	5
Total income from equity investments	**5**	**-**	**5**
Expenses on equity investments			
Writedowns of trading securities	(1)	(1)	-
Total expenses on equity investments	**(1)**	**(1)**	**-**
Total Group income from (expense on) equity investments	**4**	**(1)**	**5**

Gains on the sale of equity investments refer to the sale of the equity investment held by the Edison Group (4.55%) in CESI Spa.

9. Other Income (Expense), Net

Net other expense of 1 million euros (net other income of 8 million euros at March 31, 2010), which reflects nonrecurring items that are not directly related to the Group's core industrial operations, consists mainly of charges for settlements of disputes and additions to some provisions for legal and tax risks.

10. Income Taxes

The income tax expense decreased to 8 million euros, or 55 million euros less than the amount owed in the first quarter of 2010 (63 million euros), due to the deterioration of the result for the period.
A breakdown of income taxes is provided below:

(in millions of euros)	1st quarter 2011	1st quarter 2010	Change
Current taxes	31	71	(40)
Net deferred-tax liabilities (assets)	(23)	(9)	(14)
Income taxes attributable to previous years	-	1	(1)
Total for the Group	**8**	**63**	**(55)**

Current taxes include 35 million euros for corporate income taxes (IRES), 6 million euros for regional taxes (IRAP) and 9 million euros for foreign taxes, offset only in part by a tax benefit of 19 million euros generated by filing a consolidated income tax return.
The tax liability for the period reflects the impact of the IRAP payable and non-deductible expenses, offset only in part by the effect non-taxable gains on the sale of equity investments.

11. Earnings (Loss) per Share

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

2010 full year		(in millions of euros)	1st quarter 2011		1st quarter 2010	
Common shares	Savings shares (1)		Common shares	Savings shares (1)	Common shares	Savings shares (1)
21	21	Group interest in profit (loss)	(20)	(20)	67	67
17	4	Profit (Loss) attributable to the different classes of shares (A)	(21)	1	62	5
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108.251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108.251	110,592,420	- diluted (C) (2)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings (Loss) per share (in euros)				
0.0034	0.0334	- basic (A/B)	(0.0041)	0.0125	0.0121	0.0421
0.0034	0.0334	- diluted (A/C) (2)	(0.0041)	0.0125	0.0121	0.0421

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

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

NOTES TO THE BALANCE SHEET

Assets

12. Property, Plant and Equipment

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

(in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets acquired under finance leases	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2010 (A)	**813**	**5,279**	**429**	**38**	**8**	**7**	**428**	**7,002**
Changes in the first quarter of 2011:								
- Additions	-	10	-	-	-	-	90	100
- Disposals (-)	-	(1)	-	-	-	-	-	(1)
- Depreciation (-)	(10)	(110)	(12)	-	(1)	(1)	-	(134)
- Reclassification of "Assets held for sale"	1	11	-	-	-	-	-	12
- Other changes	-	(5)	8	-	-	-	(6)	(3)
Total changes (B)	**(9)**	**(95)**	**(4)**	**-**	**(1)**	**(1)**	**84**	**(26)**
Balance at 03.31.2011 (A+B)	**804**	**5,184**	**425**	**38**	**7**	**6**	**512**	**6,976**

A breakdown by business segment of **additions** totaling 100 million euros is as follows:

(in millions of euros)	1st quarter 2011	1st quarter 2010
Electric Power Operations	**38**	**37**
broken down as follows:		
- Thermoelectric area	16	27
- Hydroelectric area	7	5
- Renewable sources area (wind power, photovoltaic, etc.)	15	5
Hydrocarbons Operations	**61**	**57**
broken down as follows:		
- Hydrocarbon fields in Italy	18	9
- Hydrocarbon fields outside Italy	36	41
- Transmission and storage infrastructures	7	7
Corporate Activities and Other Segments	**1**	**63**
Total for the Group	**100**	**157**

The Piedimonte photovoltaic facility (1MW) was commissioned in the first quarter of 2011.

Capitalized borrowing costs recognized as part of property, plant and equipment, as required by IAS 23 Revised, amounted to less than 1 million euros.

For the **assets acquired under finance leases**, recognized in accordance with the IAS 17 Revised method, the balance of the remaining financial liability, which amounts to 34 million euros, is shown part under "Long-term financial debt and other financial liabilities" (31 million euros) and part under "Short-term financial debt" (3 million euros).

13. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, is valued at 11 million euros, unchanged compared with December 31, 2010.

14. Goodwill

Goodwill totaled 3,534 million euros, unchanged compared with December 31, 2010.

(in millions of euros)	03.31.2011	12.31.2010
Electric Power Operations	2,835	2,835
Hydrocarbons Operations	699	699
Total for the Group	**3,534**	**3,534**

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.
No impairment indicators affecting the value of goodwill were detected in the first quarter of 2011.

15. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 85 mineral leases in Italy and abroad (including 3 storage concessions) for the extraction of hydrocarbon deposits, were valued at 969 million euros. The net decrease of 16 million euros, compared with December 31, 2010, reflects the amortization for the period. In the first quarter of 2011, the Group was awarded three new hydrocarbon exploration concessions in Norway but an exploration permit in Egypt expired.

16. Other Intangible Assets

The table below shows the main changes that occurred in the period:

(in millions of euros)	Concessions, licenses, patents and similar rights	CO_2 emissions rights	Green Certificates	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2010 (A)	**86**	**6**	**5**	**-**	**6**	**6**	**109**
Changes in the first quarter of 2011:							
- Additions	1	-	-	3	-	-	4
- Amortization (-)	(4)	-	-	(3)	-	-	(7)
- Other changes	1	(3)	20	-	-	-	18
Total changes (B)	**(2)**	**(3)**	**20**	**-**	**-**	**-**	**15**
Balance at 03.31.2011 (A+B)	**84**	**3**	**25**	**-**	**6**	**6**	**124**

As required by IFRIC 12, **Concessions, licenses, patents and similar rights** include the infrastructures used by the Group to distribute natural gas under the 62 concessions it holds in this area of business.
CO_2 emissions rights (3 million euros) and **green certificates** (25 million euros) include the rights exceeding the Group's requirements.
The **exploration costs** incurred in the first quarter of 2011 totaled 3 million euros, about the same amount as in the first three months of 2010. The entire amount was amortized during the period and no exploration costs were capitalized in connection with successful exploration project subsequently leading to production.

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

The total includes 48 million euros in investments in associates and unconsolidated subsidiaries and affiliated companies and 286 million euros in available-for-sale investments. The latter amount includes an investment in RCS Mediagroup Spa (10 million euros) and in Terminale GNL Adriatico Srl (270 million euros), which owns the offshore regasification terminal near Porto Viro (RO).
The table below shows the main changes that occurred in the period:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2010 (A)	**48**	**293**	**341**
Changes in the first quarter of 2011:			
- Changes in share capital	-	(8)	(8)
- Valuations at equity	(1)	-	(1)
- Valuations at fair value	-	2	2
- Disposals (-)	-	(1)	(1)
- Other changes	1	-	1
Total changes (B)	**-**	**(7)**	**(7)**
Balance at 03.31.2011 (A+B)	**48**	**286**	**334**

The **changes in share capital**, negative for 8 million euros, is due to a repayment of capital contributions by Terminale GNL Adriatico Srl.

18. Other Financial Assets

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

(in millions of euros)	03.31.2011	12.31.2010	Change
Loan receivables from Ibiritermo (IFRIC 4)	83	86	(3)
Bank deposits that secure project financing facilities	4	4	-
Sundry items	1	1	-
Total other financial assets	**88**	**91**	**(3)**

19. Deferred-tax Assets

Deferred-tax assets, which were valued based on realistic assumptions that they would be realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies, amounted to 193 million euros (182 million euros at December 31, 2010).
They reflect differences in the valuation of:

- property, plant and equipment and intangibles of 108 million euros;
- taxed provisions for risks of 63 million euros;
- a tax-loss carryforward of 6 million euros;

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

20. Other Assets

Other assets totaled 172 million euros, or 60 million euros more than December 31, 2010. This account includes:

- 153 million euros for advances paid under long-term natural gas procurement contracts, corresponding to natural gas volumes that Edison Spa was required to pay for, even though it was unable to take delivery (take-or-pay clause). The Company expects to make up the undelivered volumes over the remaining lives of the contracts;
- 5 million euros (net of an allowance for doubtful accounts of 1 million euros) in tax refunds receivable, including accrued interest through March 31, 2011;
- 14 million euros in sundry receivables, consisting mainly of security deposits.

21. Current Assets

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

(in millions of euros)	03.31.2011	12.31.2010	Change
Inventories	227	331	(104)
Trade receivables	2,947	2,375	572
Current-tax assets	31	35	(4)
Other receivables	775	655	120
Current financial assets	60	69	(9)
Cash and cash equivalents	248	472	(224)
Total current assets	**4,288**	**3,937**	**351**

A review of the individual components is provided below:

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

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	CO_2 emission rights	Other	Total at 03.31.2011	Total at 12.31.2010	Change
Electric Power Operations	26	-	36	21	12	95	74	21
Hydrocarbons Operations	36	84	12	-	-	132	257	(125)
Total for the Gruop	**62**	**84**	**48**	**21**	**12**	**227**	**331**	**(104)**

The decrease that occurred in the first quarter of 2011 refers mainly to stored natural gas (128 million euros), offset in part by the increase in CO_2 emission rights (21 million euros) part of the Trading Portfolio. Inventories also include about 24 million euros in strategic reserves of natural gas, the use of which is restricted.

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

(in millions of euros)	03.31.2011	12.31.2010	Change
Electric Power Operations	2,350	1,910	440
Hydrocarbons Operations	920	760	160
Corporate Activities and Other Segments and Eliminations	(323)	(295)	(28)
Total trade receivables	**2,947**	**2,375**	**572**
of which allowance for doubtful accounts	**(136)**	**(133)**	**(3)**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, Power Exchange transactions and, for 269 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolios, essentially attributable to the Electric Power Operations.

The overall increase of 572 million euros in trade receivables is primarily a consequence of significantly higher fair value in the Trading Portfolios (152 million euros), a rise in the sales volumes of the Electric Power Operations and an increase in past due receivables.

Lastly, transactions involving the assignment of receivables without recourse on a revolving (monthly and quarterly) and spot basis executed during the period, consistent with the previous year's practice, totaled 1,280 million euros (946 million euros at March 31, 2010). As required by its credit policies, the Group uses these transactions to control and minimize credit risks. The residual risk of recourse associated with these transactions is not material.

- **Current-tax assets** of 31 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company.

- A breakdown of **other receivables**, which totaled 775 million euros, is provided in the table below:

(in millions of euros)	03.31.2011	12.31.2010	Change
Receivables arising from the valuation of derivatives	390	218	172
Amounts owed by partners and associates in hydrocarbon exploration projects	62	77	(15)
Advances to suppliers	25	63	(38)
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	78	59	19
VAT credit	6	13	(7)
Sundry items	214	225	(11)
Total other receivables	**775**	**655**	**120**

The higher amount shown for **receivables arising from the valuation of derivatives**, which should be analyzed in conjunction with the corresponding liability included in **Current liabilities** (up from 73 million euros to 197 million euros), reflects primarily an increase in the derivatives executed. A comprehensive review of the effects of derivatives is provided in a special disclosure later in this Report.

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

(in millions of euros)	03.31.2011	12.31.2010	Change
Loans receivable	36	35	1
Derivatives	17	26	(9)
Equity investments held for trading	7	8	(1)
Total current financial assets	**60**	**69**	**(9)**

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

- **Cash and cash equivalents** of 248 million euros (472 million euros at December 31, 2010) consist of short-term deposits in bank and postal accounts and other short-term investments.

22. Assets held for sale

Assets held for sale, which amounted to 197 million euros, include the assets earmarked for disposal pursuant to agreements signed in December 2010 concerning the business operations comprised of two thermoelectric power plants located in Taranto.

For further information, see the section entitled "Disclosure about the Disposal Group (IFRS 5)", provided later in these Notes.

Liabilities and Shareholders' Equity

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

Shareholders' equity attributable to Parent Company shareholders amounted to 7,932 million euros, for a decrease of 7 million euros compared with December 31, 2010 (7,939 million euros). This reduction is the net result of the loss for the period, for 20 million euros, partially offset by the change in the reserve for Cash Flow Hedge transactions (increase of 17 million euros).

Shareholders' equity attributable to minority shareholders totaled 166 million euros, or 32 million euros less than at December 31, 2010 (198 million euros) due to the impact of the distribution of dividends attributable to minority shareholders (31 million euros) and the loss for the period (1 million euros).

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

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

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

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

Cash Flow Hedge reserve

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2010	121	(46)	75
Changes in the first quarter of 2011	27	(10)	17
Reserve at March 31, 2011	**148**	**(56)**	**92**

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

Reserve for available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2010	(4)	-	(4)
Changes in the first quarter of 2011	2	-	2
Reserve at March 31, 2011	**(2)**	**-**	**(2)**

24. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 61 million euros, reflect the accrued severance indemnities and other benefits owed to employees. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held at the Company.

The table below shows the changes that occurred in the period:

(in millions of euros)	Provision for employee severance indemnities	Provisions for pensions	Total
Balance at 12.31.2010 (A)	**51**	**11**	**62**
Changes in the first quarter of 2011:			
- Financial expense	1	-	1
- Utilizations (-)/Other changes	(2)	-	(2)
Total changes (B)	**(1)**	**-**	**(1)**
Total at 03.31.2011 (A+B)	**50**	**11**	**61**

25. Provision for Deferred Taxes

The balance of 499 million euros (504 million euros at December 31, 2010) reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as the deemed cost of property, plant and equipment.

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

(in millions of euros)	03.31.2011	12.31.2010	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment and intangibles	475	487	(12)
- Adoption of standard on finance leases (IAS 17)	23	23	-
- Adoption of standard on financial instruments (IAS 39) with impact on shareholders' equity	59	49	10
- Other deferred taxes	10	10	-
Total deferred-tax liabilities (A)	**567**	**569**	**(2)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	54	52	2
- Tax loss carryforward	9	2	7
- Adoption of standard on financial instruments (IAS 39) with impact on income statement	1	-	1
- Differences in the valuation of property, plant and equipment and intangibles	1	5	(4)
- Other prepaid taxes	3	6	(3)
Total deferred-tax assets (B)	**68**	**65**	**3**
Total provision for deferred taxes (A-B)	**499**	**504**	**(5)**

26. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 855 million euros, for an increase of 32 million euros compared with December 31, 2010.
The table below shows the changes that occurred in the period:

(in millions of euros)	12.31.2010	Additions	Utilizations	Other changes and reclassification	03.31.2011
Disputed tax items	72	-	-	-	72
Risks for disputes, litigation and contracts	155	2	-	-	157
Charges for contractual guarantees on sale of equity investments	59	-	-	-	59
Provisions for decommissioning and remediation of industrial sites	369	4	-	-	373
Environmental risks	49	-	(1)	-	48
Other risks and charges	119	12	(2)	17	146
Total for the Group	**823**	**18**	**(3)**	**17**	**855**

The changes that occurred in first quarter of 2011 are reviewed below:

- The main components of **additions** of 18 million euros reflect the risk that a thermoelectric power plant may be denied cogenerating status for previous years (6 million euros), financial expense on decommissioning provisions (4 million euros) and legal and tax related risks for the balance.
- **Utilizations** of 3 million euros refer to the coverage of costs incurred for the remediation and decommissioning of some industrial sites (1 million euros) and reversals of the portions of provisions for risks that exceeded the actual charge (1 million euros).
- **Other changes and reclassifications** of 17 million euros, refer mainly to cover the Group's requirements of environmental rights for the period (16 million euros).

27. Bonds

The balance of 1,792 million euros (1,791 million euros at December 31, 2010) represents the non-current portion of the bonds issued by Edison Spa, valued at amortized cost.
The table below shows the balance outstanding at March 31, 2011 and indicates the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value: Non-current portion	Carrying value: Current portion	Carrying value: Total	Fair value
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Quarterly in arrears	1.609%	07.19.2011	-	503	503	501
Edison Spa	Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	07.22.2014	698	23	721	709
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	03.17.2015	498	(3)	495	487
Edison Spa	Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	596	(24)	572	575
Total for the Group			**2,300**				**1,792**	**499**	**2,291**	**2,272**

The valuation at amortized cost of the November 2010, March 2010 and July 2009 bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuation, is adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

28. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account, which did not change significantly compared with December 31, 2010, is as follows:

(in millions of euros)	03.31.2011	12.31.2010	Change
Due to banks	882	891	(9)
Due to other lenders	50	51	(1)
Total for the Group	**932**	**942**	**(10)**

29. Other Liabilities

Other liabilities of 34 million euros represent sundry liabilities, including the suspension of a gain on the 2008 sale of a 51% interest in Dolomiti Edison Energy Srl (which continues to be consolidated line by line) while agreements providing both parties with put and call options are in effect.

30. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	03.31.2011	12.31.2010	Change
Bonds	499	528	(29)
Short-term financial debt	1,221	1,073	148
Trade payables	2,223	2,153	70
Current taxes payable	96	82	14
Other liabilities	573	380	193
Total current liabilities	**4,612**	**4,216**	**396**

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 499 million euros, represent the carrying amount of the bond issue maturing on July 19, 2011 (500 million euros face value) including the total accrued interest at March 31, 2011.

- **Short-term financial debt**, which totaled 1,221 million euros, essentially includes:
  - 1,062 million euros due to banks, 46 million euros of which represent the effect of measuring interest rate derivatives at fair value;
  - 126 million euros due to other lenders;
  - 30 million euros owed to minority shareholders of consolidated companies;
  - 3 million euros due to leasing companies.

- **Trade payables** totaled 2,223 million euros. A breakdown by business segment is provided below:

(in millions of euros)	03.31.2011	12.31.2010	Change
Electric Power Operations	1,715	1,583	132
Hydrocarbons Operations	801	839	(38)
Corporate Activities and Other Segments and Eliminations	(293)	(269)	(24)
Total trade payables	**2,223**	**2,153**	**70**

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. This item also includes 251 million euros for the fair value of the physical energy commodity contracts held in the Trading Portfolios, essentially attributable to Electric Power Operations.

The slight increase of trade payables compared with December 31, 2010 is due essentially to a rise in fair value in the Trading Portfolio (155 million euros), offset in part by a decrease in the volumes of the Hydrocarbons Operations.

- **Current taxes payable** of 96 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 573 million euros, is as follows:

(in millions of euros)	03.31.2011	12.31.2010	Change
Amounts owed to joint holders of permits and concessions for the production of hydrocarbons	144	126	18
Liabilities stemming from the measurement at fair value of derivatives	197	73	124
Payables for consulting and other services	32	32	-
Payables owed to Tax Administration (other than current tax payables)	18	24	(6)
Amount owed to employees	32	32	-
Payables owed to social security institutions	25	26	(1)
Amounts owed to shareholders	30	3	27
Amount owed to the controlling company in connection with the filing of a consolidated tax return	38	17	21
Sundry items	57	47	10
Total other liabilities	**573**	**380**	**193**

31. Liabilities Held for Sale

Liabilities held for sale, which amounted to 3 million euros, include the liabilities earmarked for disposal pursuant to agreements signed in December 2010 concerning the business operations comprised of two thermoelectric power plants located in Taranto.

For further information, see the section entitled "Disclosure about the Disposal Group (IFRS 5)", provided later in these Notes.

NET FINANCIAL DEBT

At March 31, 2011, net financial debt totaled 4,054 million euros, or 346 million euros more than the 3,708 million euros owed at the end of 2010.
Consistent with the practice followed at the end of 2010, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	See note	03.31.2011	12.31.2010	Change
Bonds - non-current portion	27	1,792	1,791	1
Non-current bank loans	28	882	891	(9)
Amounts due to other lenders - non-current portion	28	50	51	(1)
Other non-current financial assets (*)	18	(83)	(86)	3
Medium/long-term net financial debt		**2,641**	**2,647**	**(6)**
Bonds - current portion	30	499	528	(29)
Short-term financial debt	30	1,221	1,073	148
Current financial assets	21	(60)	(69)	9
Cash and cash equivalents	21	(248)	(472)	224
Financial debt held for sale	31	1	1	-
Short-term net financial debt		**1,413**	**1,061**	**352**
Net financial debt		**4,054**	**3,708**	**346**

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

The main reasons for the increase of 352 million euros in short-term financial debt are disbursements for the period's capital investments (104 million euros), advances paid due to the activation of take-or-pay clauses in natural gas procurement contracts (63 million euros) and an increase in operating working capital (398 million euros). All of these charges could be covered only in part with the period's cash flow from operating activities, which was lower than in the first quarter of 2010.

Net financial debt includes 195 million euros stemming from transactions with significant parties (149 million euros owed to Mediobanca, 30 million euros owed to SEL Spa and 16 million euros owed to Banca Popolare di Milano).
In addition, "Short-term financial debt" includes 15 million euros owed to unconsolidated Group subsidiaries.

DISCLOSURE ABOUT THE DISPOSAL GROUP (IFRS 5)

The disposal group consists of business operations comprised of two thermoelectric power plants located in Taranto earmarked for disposal pursuant to agreements signed at the end of December 2010. A comprehensive disclosure is provided in the Consolidated Financial Statements at December 31, 2010.

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 "Asset 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	03.31.2011	12.31.2010
Non-current assets (*)	183	195
Current assets	14	14
Total assets	**197**	**209**
Shareholders' equity	**194**	**205**
Non-current liabilities	1	2
Current liabilities	2	2
Total liabilities	**3**	**4**
Total liabilities and shareholders' equity	**197**	**209**

(*) Net of a writedown for 40 million euros recorded in 2010.

The decrease in non-current assets reflects the depreciation and amortization expense for the period.

COMMITMENTS AND CONTINGENT RISKS

(in millions of euros)	03.31.2011	12.31.2010	Change
Guarantees provided	1,215	1,379	(164)
Collateral provided	1,393	1,390	3
Other commitments and risks	516	580	(64)
Total for the Group	**3,124**	**3,349**	**(225)**

Guarantees provided totaled 1,215 million euros at March 31, 2011. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet date, includes 53 million euros, or 67 million euros less than December 31, 2010, in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax credits. Guarantees provided by the Group's Parent Company to secure the performance of contractual obligations by its subsidiaries account for most of the balance. The decrease for the period is due in part to the cancellation of some guarantees provided on behalf of the Greek subsidiary, following the startup of the Thisvi power plant.

Collateral provided, which amounted to 1,393 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 Spa shares (1,091 million euros) pledged to a pool of banks to secure a financing facility.
Collateral provided includes additional collateral for liabilities listed on the balance sheet (302 million euros), which generally consist of mortgages and encumbrances granted on facilities of the Electric Power Operations to secure financing.

Other commitments and risks, which totaled 516 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad. At March 31, 2011, "Other assets" (Note 20) included 153 million euros for advances to suppliers and commitments included 74 million euros (down 66 million euros compared with December 31, 2010) for accrued amounts owed to but not yet paid to counterparties, in connection with long-term contracts for the importation of natural gas that contain take-or-pay clauses obligating the buyer to pay for any shortage between the stipulated minimum quantities and the quantity actually used (when the shortage is due to causes that are not specified in the contract). Updated risk profiles and economic recoverability are periodically reviewed during the year.

Unrecognized Commitments and Risks

In the first quarter of 2011, material commitments and risks faced by Group that are not included among those listed above did not change significantly compared with the disclosure provided in the Consolidated Financial Statements at December 31, 2010, which should be consulted for more exhaustive information.
The **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Norway, Algeria and Qatar.
The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		Within 1 year	From 2 to 5 years	Over 5 years	**Total**
Natural gas	Billions of m^3	14.2	67.5	163.7	**245.4**

Update of the Status of the Main Pending Legal and Tax Disputes Compared with December 31, 2010

A review, based on information currently available, of the **developments that occurred in the first quarter of 2011** concerning the main legal and tax disputes currently outstanding is provided below, listing separately actions involving Edison Spa and actions involving other Group companies. A comprehensive disclosure is provided in the Consolidated Financial Statements at December 31, 2010. Legal disputes were subdivided further between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks on the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the notes to the financial statements.

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

A) Edison Spa

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

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

In the criminal proceedings pending before the Court of Mantua against certain former Directors and executives of Montedison Spa (now Edison) for the alleged harm caused to the health of plant workers (former Montedison employees), who were exposed to benzene and asbestos at the local petrochemical complex through 1989, the preliminary hearing judge dismissed the charges against three defendants and issued indictment against the other defendants. Oral arguments began on March 30.

Savings Shareholders/UBS: Challenge of the Resolution Approving the Merger of Edison into Italenergia and Claim of Compensation for Damages

In the lawsuit filed by UBS AG and the Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of Edison and Italenergia Spa, in which the Court of Milan handed down a decision on July 16, 2008 that led to a settlement with UBS AG in June 2009, the Company offered an out-of-court settlement of the dispute, as it relates to the position of some savings shareholders who, even though they failed to take legal action or take any other action that may have legal consequences, are nevertheless claiming compensation. The deadline for accepting the proposed settlement is May 9, 2011.

Industrial Site in Bussi sul Tirino

Within the framework of the site remediation process that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, is implementing in accordance with Ministry Decree No. 471/1999 in connection with the contamination of the Bussi sul Tirino industrial property, Solvay Solexis and Solvay Chimica Bussi, the former in its capacity as the owner of the property, following Ausimont's merger by absorption, and the latter in its capacity as the current operator of the property, served notice on Edison that they filed a series of administrative complaints with the Regional Administrative Court of Latium - Rome seeking, among other remedies, the suspension of the enforcement and the subsequent voiding of the administrative decisions pursuant to which they are responsible for implementing activities to ensure the safety and remediation of the abovementioned property, insofar as these decisions fail to list Edison as a liable (or jointly liable) party in the abovementioned proceedings. Edison filed defense briefs contesting in fact and law the complainant's conclusions. In March, the Regional Administrative Court of Latium handed down a decision ruling that part of the complaints filed Solvay Chimica Bussi e Solvay Solexis were inadmissible and dismissed other complaints. On the other hand, in the criminal proceedings filed by the Public Prosecutor before the Court of Pescara in connection with the environmental conditions at the abovementioned industrial site and the consequences on the aquifer used also as a supply of drinking water, the preliminary hearing concerning the motion for indictment on the charges of water poisoning and disaster, for which several parties, including former directors and executives of Ausimont and Montedison Spa (now Edison), are being investigated, is continuing.

* * * * *

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

A) Edison Spa

Verbania Factory/1 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
In the trial for injuries caused by exposure to asbestos dust at a Verbania plant formerly owned by Montefibre Spa, the Court of Cassation upheld the complaint filed by the defendants, former Directors and executives of Montefibre Spa, some of whom were also Directors and executives of Montedison Spa (now Edison), setting aside a decision by the Court of Appeals of Turin that found all defendants guilty of involuntary manslaughter and returning the proceedings to the lower court. The first hearing before the Court of Appeals has been scheduled for May 17, 2011.

Verbania Factory/2 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
Oral arguments have begun in the criminal proceedings that followed the filing of a motion by the Public Prosecutor of the Court of Verbania seeking an indictment against the same defendants as in the proceedings discussed in the preceding paragraph in connection with the death or illness of other employees allegedly caused by exposure to asbestos in different forms at the Verbania factory.

Crotone Factory - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
Preliminary hearings are currently under way in the trial for injuries caused by exposure to asbestos dust at a plant in Crotone, formerly owned by Montedison Spa, in connection with which some former Directors and managers of Montedison Spa are being investigated.

Pagnan vs Edison
By a decision handed down on February 4, 2010, the Court of Venice denied the claim filed against Edison, by means of a third-party summons, by Pagnan Spa, a defendant in an action filed by the Ministry of the Environment and for the Protection of the Land and the Sea and the Ministry of Infrastructures for alleged environmental damages caused in the area of the South Channel Dockyard in the Malcontenta section of the Porto Marghera Industrial Park. An appeal, filed on September 21, 2010, is currently pending before the Venice Court of Appeals.

Meraklon/Edison - Edison Energia Spa Dispute
The lawsuit filed by Meraklon against Edison Energia Spa and Edison Spa in relation to a contract to supply electric power to Meraklon's plant in Terni, following Meraklon's challenge of an injunction issued by the Court of Milan in favor of Edison Energia Spa for the purpose of collecting receivables owed pursuant to the abovementioned contract, is continuing in the discovery phase. In the course of the abovementioned proceedings, Meraklon sued Edison Energia Spa and Edison Spa (the original counterpart in the abovementioned supply contract), putting forth a series of counterclaims against both companies in connection with disputes concerning the supply of electric power, heat and other utilities to the Terni factory. A hearing for closing arguments has been scheduled for May 12, 2011.

Angelo Rizzoli/Edison et al.
The lawsuit filed by Angelo Rizzoli, on September 25, 2009, before the Court of Milan against Edison (as assign for Iniziativa Meta Spa), RCS Media Group, Mittel and Giovanni Arvedi in connection with the

purchase in 1984 by the abovementioned parties of a controlling interest in Rizzoli Editore (owner of the *Corriere della Sera* newspaper) continued in the discovery phase. Intesa San Paolo is also being sued. The plaintiff, alleging that the prohibition against covenants of forfeiture had been violated with regard to a highly complex series of instruments spanning a considerable length of time, demands that the contracts that resulted in the abovementioned purchase be found to be and declared null and void and that the defendants be ordered to make restitution by paying the financial equivalent of the rights and equity interests subject of the abovementioned contracts, quantified in an amount between 650 and 724 million euros, or the amount that will be determined in the proceedings, based on expert appraisals, if required. In addition, the plaintiff is demanding compensation for damages or compensation for unjustified enrichment. The next hearing, leading to the lawsuit entering the decision phase, has been scheduled for May 2011.

Torviscosa Power Plant - Cooperativa Fabbri Meccanici a r.l vs Edison

The arbitration proceedings activated by Cooperativa Fabbri Meccanici a r.l., in composition with creditors proceedings, against Edison are continuing. The complainant is asking that Edison be ordered to pay about 950,000 euros for alleged receivables arising from the performance of a contract for the construction of a building at the Torviscosa power plant. Edison countersued asking that the cooperative be ordered to pay it about 560,000 euros. The Board of Arbitrators requested a technical report by a Board appointed consultant, which is currently being prepared.

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An update of the developments that affected the status of the main tax disputes in the first quarter of 2011 is reviewed below:

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

By a decision handed down in November 2010, the Milan Regional Tax Commission denied the appeal filed by Edison Energia Spa, as the assign for EDF Energia Italia Srl, against an unfavorable decision handed down by the Milan Provincial Tax Commission in connection with an assessment for VAT owed for 2001, 2002 and 2003. A hearing has been scheduled for April 2011 to correct a formal error in the text of the decision. The correction of this error will have no bearing on the subsequent development of these proceedings.

The Company intends to appeal this decision to the Court of Cassation, seeking a ruling upholding the lawfulness of the actions taken by EDF Energia Italia Srl, which it later absorbed.

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

Edison Spa - Assessment of Registration Fees for 2008

The Milan Provincial Tax Commission has not yet handed down a decision with regard to the challenge of the payment notice for proportional registration, mortgage and cadastral fees totaling about 11 million euros, following the oral arguments hearing held in December 2010.

The Company believes that this reclassification is totally illegitimate and devoid of merit and looks forward to a successful outcome of this dispute, with full acknowledgment of the legality of its actions. Recently, in some merit decisions, the courts found in favor of the taxpayer in similar cases.

Edison Spa and Edison Trading Spa - General Audit by the Revenue Police

The general audit of Edison Spa concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2005 to 2010 (up to the starting date of the audit) launched in September 2010 by the Milan Tax Police Unit is still in progress. No specific issues have been raised thus far and no notices of assessment have been notified.

The tax audit of Edison Trading Spa concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2006 to 2010 (up to the starting date of the audit) launched concurrently with the Edison Spa audit by the same Tax Police Unit remains on hold.

Edison Trading Spa - IRES, IRAP and VAT Assessments for the 2005 Tax Year

An appeal of the VAT notice of assessment issued against Edison Trading Spa for 2005 in connection with disallowed green certificate items was filed within the statutory deadline.
Subsequently, the Company filed an application for a negotiated settlement, the terms of which are still pending, of the assessments it received for 2005 IRES and IRAP.

Edipower Spa - Assessment for VAT Due on Green Certificates for 2005

In December 2010, the Revenue Agency served Edipower with a new assessment for VAT penalties for 2005 amounting to 4.5 million euros on the same grounds as the penalties levied for 2004. In February 2011, Edipower filed an appeal against this assessment, asking the Tax Commission of venue to void the full amount of the assessment. No decisions setting a hearing date has been received thus far.

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

In December 2010, the Revenue Agency served Edipower with a notice of assessment for VAT due on excise taxes for 2005 (an issue with regard to which a notice of assessment was already issued for 2004) and for the recovery of corporate income taxes (IRES) and regional taxes (IRAP) for 2005. The amount demanded for taxes and penalties totals 3.5 million euros. In response to this assessment, Edipower filed an application for a negotiated settlement. The parties met in March 2011 for an initial assessment and agreed to meet again at a future date.

GROUP FINANCIAL RISK MANAGEMENT

This chapter describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions credits, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). A more detailed description of these issues is provided in the Consolidated Financial Statements at December 31, 2010.

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

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

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

A simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedge) while others qualify as Economic Hedge, to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives.

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

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

The table below shows the maximum negative variance in the fair value of outstanding financial derivatives expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at March 31, 2011, which is 74.4 million euros (56.5 million euros at March 31, 2010). In other words, compared with the fair value determined for financial derivatives outstanding at March 31, 2011, the probability of a negative variance greater than 74.4 million euros by the end of 2011 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	**1st quarter 2011**		1st quarter 2010	
	Level of probability	Expected negative variance in fair value (in millions of euros)	Level of probability	Expected negative variance in fair value (in millions of euros)
Edison Group	**97.5%**	**74.4**	**97.5%**	**56.5**

The corresponding value at December 31, 2010 was 178.5 million euros.

The higher amount, compared with the level measured at March 31, 2010, is due primarily to an increase in the derivative hedges executed in the financial markets.

On the other hand, compared with the value at December 31, 2010 (178.5 million euros), the PaR level was down sharply, due to the activation, in the first quarter of 2011, of the make-or-buy strategy for the Electric Power Operations. This strategy entailed executing sell-side derivatives (swaps) that reduced the exposure to buy-side derivative executed as part of regular activities carried out to hedge fixed-price sales of electric power.

The hedging strategy deployed in the period enabled the Group to comply with its risk management

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

objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital. Without hedging, the average amount of Economic Capital absorbed in the period by the Industrial Portfolio would have been equal to 167% of the approved limit, with a peak of 198% in January 2011. With hedging, the average amount of Economic Capital absorbed in the period by the Industrial Portfolio was 59%, with a peak of 69% in February 2011.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from the Group's Industrial Portfolio. Trading Portfolios are monitored based on strict risk ceilings. Compliance with these ceilings is monitored by an organizational unit independent of the trading unit. The daily Value-at-Risk (VaR[2]) limit with a 95% probability on the Trading Portfolios is 3.2 million euros, with a stop loss limit of 17 million euros. The VaR limit was 27% utilized at March 31, 2011, with an average utilization of 33% for the period.
As is the case for the Industrial Portfolio, an Economic Capital that represents the total risk capital available to support the market risks entailed by trading activities is allocated to the entire set of Trading Portfolios. In this case, the Economic Capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for possible illiquid positions. The Economic Capital ceiling for the entire set of Trading Portfolios is 50.9 million euros. This limit was 28% utilized at March 31, 2011, with an average utilization of 35% for the period. This measurement, like the use of VaR, takes also into account transfers of electric power from physical assets, the impact of which on the financial statements is monitored with other ad hoc limits.

2. Foreign Exchange Risk

The foreign exchange risk arises the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through indexing formulas. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk). Lastly, fluctuations in foreign exchange rates have an impact on consolidated results and on shareholders' equity attributable to Parent Company shareholders because the financial statements of subsidiaries denominated in a currency other than the euro are translated into euros from each subsidiary's functional currency (translational risk).
Edison's policy in managing its foreign exchange risk is to minimize its exposure both to the economic risk and the transactional risk inherent in commodity activities (see the preceding paragraph with regard to this issue). Also with regard to the transactional risk, the Group is exposed to the foreign exchange risk on some cash flows in foreign currencies (U.S. dollars, for the most part) in connection with international development and exploration projects by the hydrocarbons operations and, for limited amounts, purchases of equipment. Lastly, the Group has a marginal exposure to the translational risk, specifically with regard to the translation of the financial statements of certain foreign subsidiaries. As a rule, foreign subsidiaries use the same currencies in the invoices they issue and the invoices they pay.

3. Interest Rate Risk

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

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

Gross Financial Debt	03.31.2011			12.31.2010		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (included structures with CAP)	1,860	1,486	33%	1,863	1,490	34%
- variable rate portion	2,585	2,959	67%	2,472	2,845	66%
Total gross financial debt	**4,445**	**4,445**	**100%**	**4,335**	**4,335**	**100%**

As the table above shows, the breakdown of the financial structure between fixed-rate component and variable-rate component did not materially change compared with December 31, 2010, as the Edison Group did not execute material financial transactions in the first quarter of 2011 and did not change its strategy to manage the risk of interest rate fluctuations.

A more complete and detailed description is provided in the notes to the Consolidated Financial Statements at December 31, 2010.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in 2011 and provides a comparison with the same period in 2010.

Sensitivity analysis	1st quarter 2011			03.31.2011		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	**33**	**26**	**22**	**(6)**	**(7)**	**(8)**

Sensitivity analysis	1st quarter 2010			12.31.2010		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	37	33	29	(9)	(11)	(12)

4. Credit Risk

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

To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Central Finance Department), Edison implemented procedures and programs designed to evaluate customer credit worthiness (using specially designed scoring grids) and subsequently monitor the expected cash flows and any collection actions.

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

The receivables assigned without recourse during the first quarter of 2011 totaled 1,280 million euros. At March 31, 2011, the amount of receivables assigned under the program that were exposed to the risk of recourse was not material.

Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Group deals only with entities with a high credit rating. At March 31, 2011, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment.

The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The higher amount shown at March 31, 2011, compared with the balance at December 31, 2010, is chiefly the result of an increase in the revenues booked in the first quarter of 2011, compared with the last quarter of 2010, and a rise in the fair value of physical contracts for energy commodities included in the Trading Portfolio. It also reflects an increase in the percentage of the total portfolio represented by past-due receivables (collected in part during the first weeks of April).

(in millions of euros)	03.31.2011	12.31.2010
Gross trade receivables	3,083	2,508
Allowance for doubtful accounts (-)	(136)	(133)
Trade receivables	**2,947**	**2,375**
Guarantees held	729	692
Receivables 9 to 12 months in arrears	41	28
Receivables more than 12 months in arrears	176	141

5. Liquidity Risk

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

Worst case scenario	03.31.2011			12.31.2010		
(in millions of euros)	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	2	572	2,078	18	558	2,094
Financial debt and other financial liabilities	370	674	1,003	30	769	991
Trade payables	2,173	50	-	2,077	76	-
Total	**2,545**	**1,296**	**3,081**	**2,125**	**1,403**	**3,085**
Guarantees provided to third parties (*)	**318**	**518**	**379**	586	327	466

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

The Group's strategic objective is to minimize the impact of financial debt maturities by maintaining access to existing credit lines and adequate liquidity and implementing on a timely basis negotiations for the funding of maturing financing facilities, as well as through the placement of bond issues.

At March 31, 2011, financial debt due within one year totaled 1,618 million euros, broken down as follows:

- cash management lines classified as liabilities due on sight, which are automatically activated as part of working capital management activities and are offset by liquid assets totaling 248 million euros;
- a bond issue with a face value of 500 million euros, floated in 2004 and maturing in July 2011;
- a facility received by Edipower in July 2007, with an outstanding balance of 625 million euros (Edison's pro rata share), which is due at the end of December 2011.

With regard to these maturing obligations, it is important to note that the Group has access to unused committed credit lines totaling 958 million euros originating primarily from an Edison standby syndicated facility of 1,500 million euros that expires in 2013, 650 million euros of which had been drawn down at March 31, 2011 and carried as a financial debt due after one year. In addition, Edison is currently selecting among different available alternatives a new refinancing transaction that will be activated during the first half of this year.

Lastly, the main components of debt due after one year did not change significantly compared with December 31, 2010. As shown in detail in the table provided in the section below, the bond component consists of bond issues with a total face value of 1,800 million euros floated in 2009 and 2010. Long-term financial debt and other financial liabilities include the amount drawn from the Edison standby facility mentioned above and the long-term portion of two facilities indexed to the EIB rate (about 180 million euros).

6. Default Risk and Debt Covenants

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

Four issues of debt securities (Euro Medium-term Notes), for a total face value of 2,300 million euros, are outstanding, unchanged compared with December 31, 2010.

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
EMTN 12/2003	Edison Spa	Luxembourg Stock Exch.	XS0196762263	7	07.19.2011	500	Variable quarterly	1.609%
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07.22.2014	700	Fixed annual	4.250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03.17.2015	500	Fixed annual	3.250%
EMTN 11/2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11.10.2017	600	Fixed annual	3.875%

In addition, considering the pro rata consolidation of Edipower's debt, the Group is a party to non-syndicated loan agreements for a total face value of 275 million euros and syndicated loan agreements with a total face value of 2,328 million euros (958 million euros unused at March 31, 2011).

With regard to the transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing changed compared with December 31, 2010. Additional information can be found in the extensive remarks provided in the notes to the Consolidated Financial Statements at December 31, 2010. The only difference compared with the abovementioned financial statements concerns the medium/long-term credit line of 250 million euros provided by the European Investment Bank (EIB) to finance gas storage projects. This facility was finalized in December 2010, but the conditions precedent required for disbursement were satisfied in the first quarter of 2011. The loan agreement for this facility, which is currently available but unused, includes conditions similar to those of Edison's bank credit lines and other clauses that are customary for direct, long-term facilities provided by this supranational bank to industrial companies.

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

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

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

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

Fair Value Hierarchy According to IFRS 7

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

The IFRS 7 ranking is based on the following hierarchy:

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

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

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the first quarter of 2011

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at March 31, 2011, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair Value recognized for contracts outstanding at 12.31.2010 (B)	Portion of (B) contracts realized in the period (B1)	Fair Value recognized for contracts outstanding at 03.31.2011 (C)	Change in fair value in the period (D)=(C–B)	**Amounts recognized in earnings (A+D)**
Sales revenues and Other revenues and income (see Notes 1 and 2 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	17	-	-	9	9	26
- not definable as hedges pursuant to IAS 39	5	1	-	62	61	66
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	2	-	5	3	3
Margin on trading activities						
- Sales revenues from physical contracts included in the Trading Portfolios (***)	857	117	45	269	152	1,009
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(844)	(96)	(37)	(249)	(153)	(997)
Total margin on trading activities	*13*	*21*	*8*	*20*	*(1)*	*12*
Total (A)	**35**	**24**	**8**	**96**	**72**	**107**
Raw materials and services used (see Note 3 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	(19)	(1)	-	(2)	(1)	(20)
- not definable as hedges pursuant to IAS 39	(5)	(1)	(1)	(33)	(32)	(37)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(7)	-	-	-	-	(7)
- not definable as hedges pursuant to IAS 39	-	-	-	(5)	(5)	(5)
Margin on trading activities						
- Other revenues and income from derivatives included in the Trading Portfolios (****)	8	53	7	88	35	43
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(5)	(40)	(2)	(86)	(46)	(51)
Total margin on trading activities	*3*	*13*	*5*	*2*	*(11)*	*(8)*
Total (B)	**(28)**	**11**	**4**	**(38)**	**(49)**	**(77)**
TOTAL INCLUDED IN EBITDA (A+B)	**7**	**35**	**12**	**58**	**23**	**30**
Interest rate hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	13	22	8	14	(8)	5
- not definable as hedges pursuant to IAS 39	4	4	4	4	-	4
Total financial income (C)	**17**	**26**	**12**	**18**	**(8)**	**9**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	(3)	-	-	-	-	(3)
- definable as hedges pursuant to IAS 39 (FVH)	(14)	(19)	-	(33)	(14)	(28)
- not definable as hedges pursuant to IAS 39	(5)	(7)	-	(6)	1	(4)
Total financial expense (D)	**(22)**	**(26)**	**-**	**(39)**	**(13)**	**(35)**
Margin on interest rate hedging transactions (C+D)=(E)	**(5)**	**-**	**12**	**(21)**	**(21)**	**(26)**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	6	-	-	-	-	6
Total foreign exchange gains (F)	**6**	**-**	**-**	**-**	**-**	**6**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(31)	(1)	(1)	(1)	-	(31)
Total foreign exchange losses (G)	**(31)**	**(1)**	**(1)**	**(1)**	**-**	**(31)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**(25)**	**(1)**	**(1)**	**(1)**	**-**	**(25)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 7 to the Income Statement)	**(30)**	**(1)**	**11**	**(22)**	**(21)**	**(51)**

(*) Includes the effective portion included in Raw materials and services used (Note 3 to the Income Statement) for purchases of natural gas.
(**) Includes the ineffective portion.
(***) Amounts included in Sales revenues (Note 1 to the Income Statement) under margin on trading activities.
(****) Amounts included in Raw materials and services used (Note 3 to the Income Statement) under margin on trading activities.
(&) Includes the fair value adjustment of trading inventories, the carrying amount of which is positive for 2 million euros at March 31, 2011.

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

(in millions of euros)	03.31.2011		12.31.2010	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	12	(61)	31	(22)
Interest rate transactions	17	(46)	26	(37)
Commodity transactions	647	(387)	304	(147)
Fair value recognized as current assets or current liability	**676**	**(494)**	**361**	**(206)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	269	(251)	117	(96)
- recognized as "Other receivables and payables"	390	(197)	218	(73)
- recognized as "Current financial assets" and "Short-term financial debt"	17	(46)	26	(37)
Broken down on fair value hierarchy:				
- Level 1	11	(9)	7	(5)
- Level 2	657	(474)	349	(197)
- Level 3 (*)	8	(11)	5	(4)

(*) The fair value classified at Level 3 is recognized, in the amount of +4 million euros, as part of the physical trading margin (8 million euros of revenues and 4 million euros of costs) and, in the amount of -7 million euros, as part of "Raw materials and services used".

With regard to these items, please note that a positive Cash Flow Hedge reserve amounting to 148 million euros, before the corresponding deferred-tax assets and liabilities, was recognized in connection with the receivables and payables shown above.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related and significant parties affecting the income statement, balance sheet and cash flow that were outstanding at March 31, 2011 are reviewed below. The information provided is sufficient to meet the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms that were consistent with standard market practices.

Further to the publication by the CONSOB, on September 24, 2010, of a Communication setting forth provisions governing related-party transactions in accordance with CONSOB Resolution No. 17221 of March 12, 2010, as amended, the Board of Directors of Edison Spa approved a Procedure Governing Related-Party Transactions, which went into effect on January 1, 2011.

(in millions of euros)	Related Parties					Significant Parties						Total for related and significant parties	Total for financial statem. line item	% Impact
	With unconsolidated Group companies	With the controlling company	EdF Group	A2A Group	**Sub total**	IREN Group	SEL Group	Dolomiti Energia Group	Banca Popolare di Milano	Mediobanca	**Sub total**			
Balance sheet transactions														
Investments in associates	48	-	-	-	**48**	-	-	-	-	-	**-**	**48**	**48**	**100.0%**
Trade receivables	15	-	73	19	**107**	4	-	2	-	-	**6**	**113**	**2,947**	**3.8%**
Other receivables	12	78	-	2	**92**	-	-	-	-	-	**-**	**92**	**775**	**11.9%**
Trade payables	6	-	35	29	**70**	3	7	-	-	-	**10**	**80**	**2,223**	**3.6%**
Other payables	-	38	-	-	**38**	-	5	1	-	-	**6**	**44**	**573**	**7.7%**
Other financial assets	6	-	-	-	**6**	-	-	-	-	-	**-**	**6**	**60**	**10.0%**
Short-term financial debt	15	-	-	-	**15**	-	30	-	16	65	**111**	**126**	**1,221**	**10.3%**
Long-term financial debt and other financial liabilities	-	-	-	-	**-**	-	-	-	-	84	**84**	**84**	**932**	**9.0%**
Income statement transactions														
Sales revenues	20	-	99	12	**131**	-	-	2	-	-	**2**	**133**	**2,966**	**4.5%**
Other revenues and income	-	-	2	3	**5**	1	-	-	-	-	**1**	**6**	**142**	**4.2%**
Raw material and services used	3	-	15	23	**41**	1	8	-	-	-	**9**	**50**	**2,858**	**1.7%**
Financial expense	-	-	-	-	**-**	-	-	-	-	1	**1**	**1**	**50**	**2.0%**
Commitments and contingent risks:														
Guarantees provided	-	-	-	-	**-**	-	-	-	40	-	**40**	**40**	**1,215**	**3.3%**
Collateral provided	-	-	-	-	**-**	-	-	-	-	41	**41**	**41**	**1,393**	**2.9%**
Other commitments and risks	-	-	27	-	**27**	-	-	-	-	-	**-**	**27**	**516**	**5.2%**

A) Intercompany Transactions

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

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

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

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT Group return for March 31, 2011 showed an overpayment of less than 1 million euros.

Consolidated IRES Return

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

Group companies that engage in the exploration for and production of hydrocarbons and in the production and distribution of electric power are subject to the 6.5% corporate income tax (IRES) surcharge. This surcharge must be paid independently by each company, even if the company in question is included in the consolidated IRES return.

B) Transactions with Other Related Parties

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

1) Commercial Transactions

EDF Group

Transactions executed with the EDF Group included the following:

- With Fenice Spa, sales revenues of about 6 million euros, mainly from sales of natural gas, recovery of maintenance costs for about 2 million euros.
- With EDF Trading Ltd, revenues of 46 million euros and costs of 15 million euros stemming from sales and purchases of commodities.
- With EDF Trading Ltd revenues of 126 million euros and costs of 79 million euros from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.
- The preceding table shows the impact on the balance sheet of the various transactions reviewed above.
- With EDF Trading Ltd, commitments of up to 27 million euros within the EDF Carbon Fund to purchase CER/ERU.

A2A Group

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

- Sales revenues of 15 million euros from contracts to supply electric power and steam to A2A Trading Srl and A2A Spa.
- Other revenues and income of 3 million euros from A2A Trading Srl, for the recovery of costs incurred.
- Materials and services used totaling 23 million euros, broken down as follows: 5 million euros for purchases of electric power, 7 million euros for dispatching services by A2A Trading Srl and 11 million euros for electric power and natural gas transmission services by A2A Spa.
- With A2A Trading Srl, revenues of 20 million euros and costs of 23 million euros from transactions executed during the period as part of the trading activity; these amounts are included in sales revenues on a net basis.
- The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

IREN Group

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

- Other revenues and income of 1 million euros from IREN Mercato, for the recovery of costs incurred.
- Raw material and services used of 1 million euros mainly from the purchase of electric power.
- The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

SEL Group

Transactions with the SEL Group resulted costs of about 8 million euros for purchases of electric power. The table provided above shows the impact on the balance sheet of the various transactions reviewed above, including other payables totaled 5 million euros owed to shareholders for dividends declared.

Dolomiti Energia Group

Transactions executed pursuant to contracts for the supply of electric power resulted in revenues of 2 million euros.
The preceding table shows the impact on the balance sheet of the transactions reviewed above, including other payables totaled 1 million euros owed to shareholders for dividends declared.

2) Financial Transactions

No material changes occurred in the first quarter of 2011. For a comprehensive presentation of the outstanding transactions, please see the comments provided in the Consolidated Financial Statements at December 31, 2010.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

The Edison Group declares that it did not execute significant nonrecurring events and transactions in the first quarter of 2011, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

Transactions Resulting from Atypical and/or Unusual Activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first quarter of 2011, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2011

Edison: Two New Exploration Licenses in Norway

Edison, through its Edison International Spa subsidiary, was awarded 2 new hydrocarbon exploration licenses in the Norwegian Continental Shelf which had been put out for bids by the Norwegian Oil and Energy Ministry.

The licenses include:

- In the Norway Sea: with Edison having a 20% stake in a joint venture with Wintershall (40%, operator), Rocksource (20%) and North Energy (20%);
- in the Barents Sea: with Edison having a 25% stake in a joint venture with Dong (40%, operator) and Det Norske (35%).

The agreements call for an exploration period of three years.

Edison: sells part of its stake in Terminale GNL Adriatico Srl

On April 22, 2011 Edison Spa, exercising its Tag Along option, sold to ExxonMobil Italiana Gas Srl and Qatar Terminal Ltd a 2.703% stake in Terminale GNL Adriatico Srl for a price of 78.2 million euros, generating a gain of 5.1 million euros.

This transaction will have no impact on the agreements concerning the availability of regasification capacity expiring in 2034, pursuant to which Edison has access to 80% of the regasification capacity, equal to 6.4 billion cubic meters a year.

Milan, May 9, 2011

The Board of Directors
By Giuliano Zuccoli
Chairman

SCOPE OF CONSOLIDATION

AT MARCH 31, 2011

SCOPE OF CONSOLIDATION AT MARCH 31, 2011

List of equity investments

A) Investments in companies included in the scope of consolidation

A.1) Companies consolidated line by line

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/11	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Group Parent Company											
Edison Spa	Milan	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese CEB Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	S	-
Ecofuture Srl (single shareholder)	Milan (IT)	EUR	10.200	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) - Attività Energia Elettrica	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Calabria Spa (single shareholder)	Milan (IT)	EUR	120,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Sicilia Srl (single shareholder)	Palermo (IT)	EUR	20,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Energie Speciali Spa (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	S	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5.350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Parco Eolico San Francesco Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	90.00	90.00	Edison Spa			S	(i)
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.00	55.00	55.00	Edison Spa	-	-	S	-
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	(i)
Sondel Dakar Bv	Breda (NL)	EUR	18,200	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	(i)
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	(i)
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Spa	-	-	S	(i)
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) - Attività Idrocarburi	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i),
Edison International Spa	Milan (IT)	EUR	75,000,000	100.00	100.00	92.86 7.14	Edison Spa Selm Holding International Sa (in liquidation)	- -	- -	S	(i)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100,00	0.00 100.00	Edison Spa Selm Holding International Sa (in liquidation)	- -	- -	S	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/11	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Corporate Activities											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100,00	100,00	100,00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100,00	100,00	100,00	Edison Spa	-	-	S	-
Edison International Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100,00	100,00	100,00	Edison International Holding Nv	-	-	S	-
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100,00	100,00	100,00	Edison International Holding Nv	-	-	S	-
Edison International Finance Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100,00	100,00	100,00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	50,000,000	100,00	100,00	100,00	Edison Spa	-	-	S	-
Montedison Srl (single shareholder)	Milan (IT)	EUR	2,583,000	100,00	100,00	100,00	Edison Spa	-	-	S	(i)
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100,00	100,00	100,00	Edison Spa	-	-	S	(i)
Selm Holding International Sa (in liquidation)	Luxembourg (LU)	EUR	24,000,000	100,00	100,00	100,00	Edison Spa	-	-	S	-

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03/31/11	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	37.89	75.78	Elpedison Bv	-	-	JV	-
Elpedison Trading Sa	Marousi Athens (GR)	EUR	1,150,000	50.00	50.00	100.00	Elpedison Bv	-	-	JV	-
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	JV	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV	-
Hydrocarbons Operations											
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50.00	50.00	Edison International Spa	-	-	JV	-
Ed-Ina D.o.o.	Zagabria (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa	-	-	JV	-
ICGB AD	Sofia (BG)	BGL	3,911,660	25.00	-	50.00	IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	-	-	-	-
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	22,100,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Corporate Activities											
Elpedison Bv	Amsterdam (NL)	EUR	20,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
B) Investments in companies valued by the equity method											
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-	-	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	2.5	AC	-
Energia Senales Srl - Es Srl	Senales (BZ)(IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	1.5	AC	-
GTI Dakar Ltd	George Town Gran Caiman (KY)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	-	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (single shareholder)	-	-	4.3	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	18.7	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,242,300		20.81	Edison Spa	-	-	17.4	AC	-
Utilità Spa	Milan (IT)	EUR	2,307,692		35.00	Edison Spa	-	-	1.2	AC	-
Total investments in companies valued by the equity method									**45.6**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
C) Investments in companies in liquidation or subject to permanent restrictions											
Auto Gas Company S.A.E. (in liquidation)	Il Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa	-	-	-	AC	-
Cempes Scrl (in liquidation)	Rome (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (In liq.) (single shareholder)	-	-	-	AC	-
Compagnia Elettrica Lombarda Spa (in liquidation)	Milan (IT)	EUR	408,000		60.00	Sistemi di Energia Spa	-	-	-	S	-
Coniel Spa (in liquidation)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	AC	-
Edison Power Energy Srl (in liquidation) (single shareholder)	Milan (IT)	EUR	50,000	100.00	100.00	Edison Spa	-	-	-	S	(i)
Inica Soc. de Iniciativas Mineiras e Industriais Sa	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	AC	-
International Water Holdings Bv (in liquidation)	Amsterdam (NL)	EUR	40,000		50.00	Edison Spa	-	-	-	JV	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Montedison Srl (single shareholder)	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364.000		100.00	Nuova C.I.S.A. Spa (In liq.) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Roma (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	-	-	S	-
Sorrentina Scarl (in liquidation)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (In liq.) (single shareholder)	-	-	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.4**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12/31/10	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
D) Investments in other companies valued at fair value											
D.1) Investments held for trading											
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	2.7	NG	-
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	1.6	NG	-
Amsc-American Superconductor	Devens (US)	USD	507,017		0.32	Edison Spa	-	-	2.8	NG	-
D.2) Available-for-sale investments											
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	-	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3.5	NG	-
MB Venture Capital Fund I Participating Comp. E Nv	Amsterdam (NL)	EUR	50,000		7.00	Edison Spa	-	-	0.5	NG	-
Prometeo Spa	Osimo (AN) (IT)	EUR	2,292,436		17.76	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Il Cairo (ET)	EGP	20,000		10.00	Edison International Spa	-	-	-	NG	-
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.02	Edison Spa	1.06	1.06	9.7	NG	-
Syremont Spa	Messina (IT)	EUR	1,250,000		24.00	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		10.00	Edison Spa	-	-	270.5	NG	-
Sundry investments									0.4		
Total investments in other companies valued at fair value									**292.9**		
Total equity investments									**340.9**		

Notes

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

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

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

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

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

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

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

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

(iii) This company is a contractual joint venture.

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

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

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

As required by Article 154-*bis*, Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Marco Andreasi, in his capacity as "Dirigente preposto alla redazione dei documenti contabili societari" of Edison Spa, declares that the accounting information contained in this Quarterly Report at March 31, 2011 is consistent with the data in documents, accounting records and other records.

Milan, May 9, 2011

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

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