SEMIANNUAL REPORT AT JUNE 30, 2008

EDISON

CONTENTS

SEMIANNUAL REPORT AT JUNE 30, 2008

EDISON TODAY

Edison is one of Italy's top energy operators. It produces, imports and sells electric power and hydrocarbon products (natural gas and oil).

Electric Power

Italian Market (in the 1st half of 2008)		
Total Italian demand	156.8	TWh
incl.: - Deregulated market	100.3	TWh
Edison's net sales in Italy (*)	32.5	TWh
Incl.: - Deregulated market (*)	12.9	TWh
- Power Exchange sales	10.0	TWh
- CIP 6/92	7.4	TWh
- Sales to captive customers	2.2	TWh

Facilities and Production Capacity (in the 1st half of 2008)		
Edison's installed capacity + Edipower (50%) (**)	12.0	000 MW
Total Italian net production of electric power	151.8	TWh
Edison's net production of electric power *(including 50% of Edipower)*	26.3	TWh
Share of total Italian production	17.3	%
Number of direct end customers	18	'000

(*) Including sales to wholesalers and excluding exports.

(**) Including share of Edipower's installed capacity available to Edison under the current tolling contract.

Sources: Preliminary end-of-period data by AU and Terna and Edison estimated data.

Hydrocarbons

Italian Market (in the 1st half of 2008)		
Italian total demand	45.3	Bill. m^3
Edison's availability supply in Italy	7.2	Bill. m^3
Edison's availability supply/Total Italian demand	16.0	%
Edison's sales outside Italy	0.2	Bill. m^3

Facilities and Production Capacity (in the 1st half of 2008)		
Total Italian production	4.6	Bill. m^3
Edison's production in Italy	0.3	Bill. m^3
Share of total production	6.9	%
Number of concessions and permits in Italy	56	n.
Number of concessions and permits outside Italy	23	n.
Number of storage centers in Italy	2	n.
Production outside Italy	0.1	Bill. m^3
Gas Transmission Network (low- and medium-pressure pipelines)	3.38	'000/Km
Number of direct end customers	170	'000

Source: Preliminary end-of-period data by the Ministry of Development and Edison estimated data.

SIMPLIFIED STRUCTURE OF THE GROUP AT JUNE 30, 2008

EDISON

Business Units

Electric Power Operations

Hydrocarbons Operations

Energy Management/ Gas Supply & Logistics

Marketing & Distribution

Corporate

EDISON Spa [1]

Electric Power Operations

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

Hydrocarbons Operations

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

Energy Management/Gas Supply & Logistics

- **Edison Trading**
  Energy Management

Marketing & Distribution

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

Corporate

- **IWH [2]**
  Water

Legend:
- Electric Power Operations
- Hydrocarbons Operations

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

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

BOARD OF DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors

Chairman		Giuliano Zuccoli [1]
Chief Executive Officer		Umberto Quadrino [1]
Directors		Marc Boudier [1] [2]
		Daniel Camus [3]
	Independent Director	Mario Cocchi [2]
	Independent Director	Gregorio Gitti [2]
		Pierre Gadonneix
	Independent Director	Gian Maria Gros-Pietro [2] [3]
		Marco Merler [3]
		Renato Ravanelli [1]
		Paolo Rossetti
		Ivan Strozzi [3]
		Gerard Wolf

[1] Member of the Strategy Committee.
[2] Member of the Compensation Committee.
[3] Member of the Audit Committee.

Board of Statutory Auditors

Chairman	Alfredo Fossati
Statutory Auditors	Angelo Palma
	Leonello Schinasi

Independent Auditors

PricewaterhouseCoopers Spa

INFORMATION ABOUT THE COMPANY'S SECURITIES

Number of shares at June 30, 2008

Common shares	5,181,108,251
Savings shares	110,592,420

Shareholders with Significant Holdings at June 30, 2008

	% of voting rights	% Interest held
Transalpina di Energia Srl	61.281%	60.001%
EDF Eléctricité de France Sa [1]	19.360%	18.954%
Carlo Tassara Spa [1]	10.025%	9.815%

[1] Interest held directly and indirectly.

REPORT ON OPERATIONS

KEY EVENTS

Growing our business

Edison Signs a Hydrocarbon Exploration Contract in Iran

On January 9, 2008, after submitting the winning bid for the 8,600-km^2 Dayyer offshore block in the Persian Gulf that was being offered by the National Iranian Oil Company (NIOC), Edison signed a hydrocarbon exploration contract. Iran's oil minister attended the event.
The contract calls for a four-year exploration period that will be used to carry out surveys, acquire and process seismic data and drill an exploratory well, at a cost of approximately 30 million euros. If reserves are discovered, Edison will proceed directly with the development phase.

Edison Increases Its Equity Interest in Galsi

Under an agreement signed on February 19, 2008, Wintershall Holding AG, a shareholder with a 13.5% interest in Galsi Spa (a company that is developing and will build and operate a new natural gas pipeline linking Algeria with Italy by way of Sardinia), left the consortium and sold its equity stake to the remaining shareholders.
Pursuant to the agreement, each of the remaining Galsi shareholders, exercising its preemptive right, purchased its pro rata percentage of the Wintershall equity stake. Specifically, Edison Spa bought 866,316 common shares, equal to 2.8% of the share capital, raising its interest in Galsi's share capital to 20.8%.

Edison and Confagricoltura: Agreement to Develop Biomass Power Plants

On March 29, 2008, Edison and Confagricoltura, an organization that represents and protects Italian farm businesses, signed a Memorandum of Understanding agreeing to support the development of biomass-fueled power plants, in accordance with a model of sustainable development and assurance of biomass supply availability.
The agreement calls for identifying agribusinesses, mainly domestic, that are large enough to support the development of power plants fueled with biomasses. Another objective of the agreement is to provide these agribusinesses with support in such areas as energy efficiency, distribution and marketing of electric power, innovative services and organizational models, with special emphasis on understanding Power Exchange trends and the methods and procedures that regulate the value of green certificates.

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

On April 11, 2008, Edison and SEL (Società Elettrica Altoatesina) signed an agreement to establish a joint venture that will operate hydroelectric facilities in the province of Bolzano.
Under the agreement, Edison will convey to a newly established corporation the business operations consisting of seven hydroelectric power plants (Lasa, Brunico, Marlengo, Prati di Vizze, Ponte Gardena, Curon and Premesa, which operate by virtue of concessions expiring between 2011 and 2020) with a combined installed capacity of about 245 MW and an average annual potential output of about 1,000 GWh, while SEL will contribute shares of stock equal to interests of 30% in the share capitals of Goege Energia Srl and Centrale Elettrica Winnebach Società Consortile Arl (which hold concessions to operate the power plants currently under construction on the Rio Malga Ghega and Rio Vena), as well as a 30% interest in a project for a concession to divert water flows for hydroelectric production in the Rio Vizze, the application for which has already been filed and is owned by SEL together with an application for the award of the Lasa concession. Under the agreement, 60% of the new company's share capital will then be sold to SEL, with Edison owning the remaining 40%.
The sales price of 177 million euros for a 60% interest in the new company was arrived at based on a total value of 295 million euros for all of the conveyed business operations. Pursuant to certain contract conditions, the price could change, but not by a material amount. The valuation of the business operations was supported by a fairness opinion provided by a major investment bank.

Under the terms of the agreement, Edison will manage the dispatching of all of the conveyed power plants. In addition, it will buy all of the energy produced by the Ponte Gardena, Brunico, Prati di Vizze and Curon power plants until their concessions expire (in any case, until December 31, 2015), as well as its pro rata share of the energy produced by the Marlengo, Lasa and Premesa power plants. The preset price at which the produced energy will be supplied must be sufficient to cover the costs incurred by the joint venture company and compensate invested capital. During the period subsequent to the expiration of the existing concessions, provided the joint venture is the successful bidder in the auction for their renewal, the two partners will receive a share of the electric power produced proportionate to their interest in the company's share capital.

Edison: Green Light for the Construction of Europe's First Merchant Line, Between Italy and Switzerland

On April 23, 2008, work started on the construction of Europe's first alternate-current merchant line that will link the electrical stations of Campocologno, in Switzerland, and Tirano, in Italy.
The 150-kV interconnecting line, which will have a length of 4.4 kilometers, will be put into service by the end of 2009, increasing by 150 MW the transmission capacity between the two countries.
This infrastructure will be built and operated by EL.IT.E, a company created specifically for this purpose in December 2007 and owned by Edison (48.45%), Raetia Energie (46.55%) and the Municipal Administration of Tirano (5%). The investment budgeted for the construction of the new line is 17.6 million euros.

Edison and Dolomiti Energia: Joint Venture in the Province of Trent

On May 29, 2008, having received the necessary approval from the relevant authorities, Edison closed the sale of a 51% interest in Dolomiti Edison Energy Srl to Dolomiti Energia.
At the beginning of May, pursuant to an earlier agreement, Edison conveyed to Dolomiti Edison Energy, a joint venture established by Dolomiti Energia and Edison to operate hydroelectric facilities in the province of Trent, the business operations consisting of three hydroelectric power plants (Taio-Santa Giustina, Mezzocorona/Mollaro and Pozzolago). These facilities, which operate by virtue of concessions expiring in 2008, 2017 and 2016, respectively, have a combined installed capacity of about 180 MW and an average annual potential output of more than 500 million KWh. Edison has a 49% interest in Dolomiti Edison Energy.
Edison will continue to manage the dispatching and, until the existing concessions empire, will take delivery of all of the energy produced by the conveyed power plants. The preset price at which the produced energy will be supplied shall be sufficient to cover the costs incurred by the company and compensate invested capital. If the concessions are extended, during the period subsequent to the original expiration date, the partners (or their subsidiaries) will receive a share of the electric power produced proportionate to their interest in the company's share capital. Pursuant to the agreements, Dolomiti Energia will thus be entitled to receive its pro rata share of the energy produced by the Taio power plant starting on July 31, 2008.
The sales price for a 51% interest in the new company (30.86 million euros) was determined based on a total value of 105 million euros for all of the conveyed business operations and, as agreed with the buyer, reflects the assumption by Dolomiti Edison Energy of about 40 million euros in debt and takes into account the stipulations referred to above concerning the allocation of the electric power generated while the current concessions are in effect.
Should the term of the existing concessions not be extended, the parties may avail themselves of a call and a put option, respectively, for the 51% interest owned by Dolomiti Energia, exercisable between June 30, 2008 and December 31, 2018. The criteria for determining the exercise price of these options, which are set forth in the terms of the agreement, are based on the consideration paid for the 51% interest in the company, adjusted to reflect the results generated by the company up to the time the options are exercised.

Edison: IGI Poseidon Sa, the Company That Will Build the Italy-Greece Natural Gas Pipeline, Is Born

On June 11, 2008, IGI Poseidon Sa, the engineering company that will design, develop, build and operate the Greece-Italy natural gas pipeline, which will run 200 kilometers under the sea between the Greek coast and the coast of Apulia, was established in Athens. This infrastructure, which has already reached an advanced phase of the authorization process both in Greece and in Italy, will be used to import 8 billion cubic meters of natural gas a year from the Caspian Sea Basin, where over 20% of the world's reserves are located, thereby helping diversify the supply sources for Italy and Europe as a whole.
Pursuant to the agreements signed by the parties, IGI Poseidon is a 50-50 joint venture of Edison International Holding (100% Edison) and Depa, Greece's government owned hydrocarbon company.
The Italian government, following a positive ruling issued by the European Union, granted Edison and Depa the right to use the pipeline's entire transmission capacity for a period of 25 years. Under an agreement executed by the two companies, 80% of the transmission capacity will be reserved for Edison, with Depa taking up the remaining 20%.
Edison and Depa agreed to increase the pipeline's transmission capacity by about 1 billion cubic meters, which they will make available to third parties through an Open Season Procedure that will get under way at the end of June. In addition, they will make 10% of the imported gas available to increase trading at the Italian Virtual Exchange Facility, thereby contributing to the creation of the future Natural Gas Exchange.

Streamlining the Corporate Organization and Changing Our Portfolio of Businesses

Edison: Sale of Seven CIP 6/92 Thermoelectric Power Plants to Cofathec and Seci Energia

On April 8, 2008, after receiving the required clearance from the relevant antitrust authorities, Edison closed the sale of six thermoelectric power plants to Cofathec Servizi, a Gaz de France Group company. These facilities, which operate under CIP 6/92 contracts, have a combined installed capacity of about 370 MW.
In a separate transaction, Edison sold to Seci Energia, a company of the Maccaferri Group, a 70% interest in a company that controls a 170-MW thermoelectric power plant in Celano (Aq). Seci Energia, which already owned a 30% interest in this company, exercised the preemptive right it held pursuant to earlier agreements.
The sales price paid generated a loss of 3 million euros and produced a positive effect of about 191 million euros on the consolidated net financial position of the Edison Group.

Other Key Events

Standard & Poor's Reaffirms the Company's BBB+ Credit Rating

On May 21, 2008, after completing its annual review, the rating agency Standard & Poor's reaffirmed at BBB+ Edison's long-term credit rating.
The outlook was revised to "Stable. These assessments reflect Edison's strong position in the Italian energy industry and take into account its favorable growth outlook and the support that the shareholders are providing to the Company's development.

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

2007 full year	(in millions of euros)	First half 2008	First half 2007	% change
8,276	Sales revenues	5,005	4,052	*23.5%*
1,605	EBITDA	809	904	*(10.5%)*
19.4%	*as a % of sales revenues*	*16.2%*	*22.3%*	
896	EBIT	442	572	*(22.7%)*
10.8%	*as a % of sales revenues*	*8.8%*	*14.1%*	
687	Profit before taxes	337	466	*(27.7%)*
497	Group interest in net profit	102	256	*(60.2%)*
431	Capital expenditures	198	212	*(6.6%)*
58	Investments in exploration	40	17	*135.3%*
10,838	Net invested capital (A + B) (1)	10,779	10,463	*(0.5%)*
2,687	Net financial debt (A) (1) (2)	2,839	3,057	*5.7%*
8,151	Shareholders' equity before minority interest (B) (1)	7,940	7,406	*(2.6%)*
8,004	Group interest in shareholders' equity (1)	7,830	7,273	*(2.2%)*
8.30%	ROI (3)	8.37%	10.77%	
6.74%	ROE (4)	2.58%	7.31%	
0.33	Debt/Equity ratio (A/B)	0.36	0.41	
25%	Gearing (A/A+B)	26%	29%	
3,277	Number of employees (1) (5)	3,573	2,934	*9.0%*
	- including:			
93	employees of discontinued operations	-	-	

(1) End-of-period amounts. The changes are computed against the data at December 31, 2007.
(2) A breakdown of this item is provided in the "Net financial debt" section of the Notes to the Semiannual Report at June 30, 2008.
(3) Annualized EBIT/Average net invested capital. Net invested capital does not include the value of equity investments held as fixed assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net profit/Average Group interest in shareholders' equity. Average Group interest in shareholders' equity is the arithmetic average of the Group interest in shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line and Group interest in companies consolidated by the proportional method.

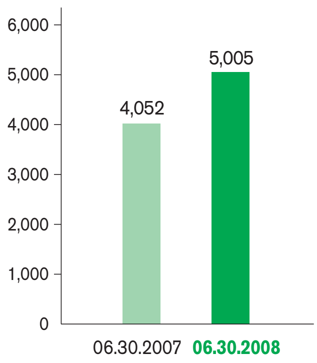
Edison Spa

2007 full year		First half 2008	First half 2007	% change
4,747	Sales revenues	2,823	2,423	16.5%
760	EBITDA	359	535	(32.9%)
16.0%	*as a % of sales revenues*	*12.7%*	*22.1%*	
343	EBIT	134	336	(60.1%)
7.2%	*as a % of sales revenues*	*4.7%*	*13.9%*	
449	Net profit (loss) for the period	263	391	(32.7%)
201	Capital expenditures	85	109	(22.0%)
8,238	Net invested capital	8,105	8,828	(1.6%)
1,391	Net financial debt	1,279	2,540	(8.1%)
6,847	Shareholders' equity	6,826	6,288	(0.3%)
0.20	Debt/Equity ratio	0.19	0.40	(7.8%)
1,861	Number of employees	1,748	1,831	(6.1%)

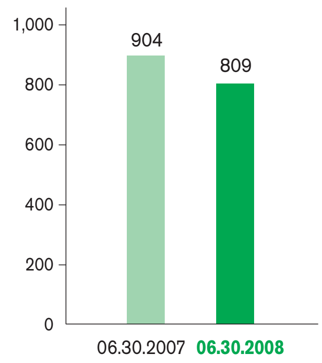
Key Group Data

(in millions of euros)

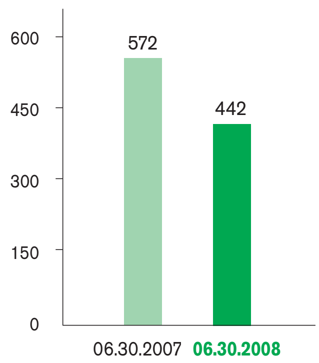
Sales revenues



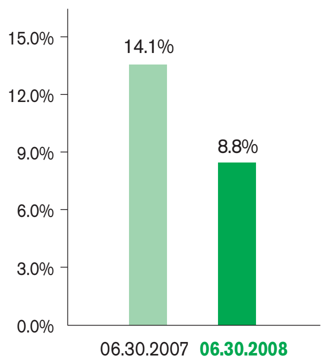
EBITDA



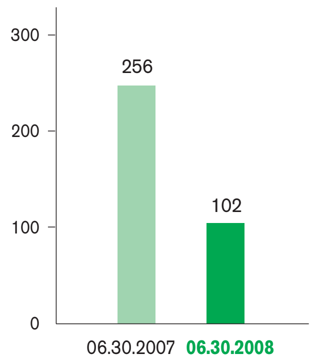
EBIT



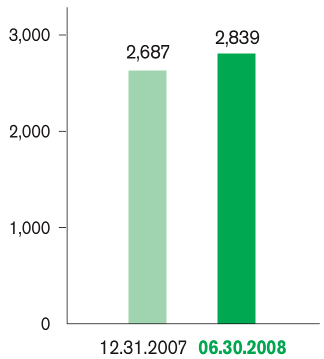
EBIT/sales revenues



Group interest in net profit



Net financial debt



Sales Revenues and EBITDA by Business Segment

2007 full year	(in millions of euros)	First half 2008	First half 2007	% change
	Electric Power Operations (1)			
6,783	Sales revenues	3,864	3,244	*19.1%*
1,238	EBITDA	636	621	*2.4%*
18.3%	*as a % of sales revenues*	*16.5%*	*19.1%*	
	Hydrocarbons Operations (2)			
3,937	Sales revenues	2,444	1,986	*23.1%*
427	EBITDA	209	315	*(33.7%)*
10.8%	*as a % of sales revenues*	*8.6%*	*15.9%*	
	Corporate Activities (3)			
73	Sales revenues	38	37	*2.7%*
(60)	EBITDA	(36)	(32)	*(12.5%)*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
	Eliminations			
(2,517)	Sales revenues	(1,341)	(1,215)	*(10.4%)*
-	EBITDA	-	-	
	Edison Group			
8,276	**Sales revenues**	**5,005**	**4,052**	***23.5%***
1,605	**EBITDA**	**809**	**904**	***(10.5%)***
19.4%	***as a % of sales revenues***	***16.2%***	***22.3%***	

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

PERFORMANCE AND RESULTS OF THE GROUP IN THE FIRST HALF OF 2008

Operating Performance

Sales revenues were up significantly in the first half of 2008 (+23.5% compared with the same period last year, with the electric power operations and the hydrocarbons operations reporting gains of 19.1% and 23.1%, respectively. In both businesses, this improvement was the combined result of higher unit sales (+5.1% for the electric power operations and +9.6% for the hydrocarbons operations) and of an increase in unit revenues made possible by a sharp rise in the price of benchmark commodities.

Despite these gains, EBITDA declined to 809 million euros, or about 95 million euros less (-10.5%) than in the first half of 2007, with the hydrocarbons operations accounting for virtually the entire decrease.

This discrepancy is the result of the different timing with which changes in the crude oil market are reflected, on the one hand, in the formulas that determine procurement costs and, on the other, in sales prices (this effect becomes even more pronounced during periods of rapidly rising prices in the benchmark commodities market, as was the case in the first half of 2008); the discrepancy is due also to the reversal, amounting to about 56 million euros, of a provision originally set aside to cover the impact of Resolution No. 248/04 in the first six months of 2007.

The electric power operations reported slightly better EBITDA than in the first six months of 2007, as higher margins earned on sales in the deregulated market more than offset a drop in the earnings generated by sales in the CIP 6/92 channel, which were constrained by the expiration of some contracts and the end of the incentivized-rate period and reflected the absence of the contribution formerly provided by the thermoelectric power plants sold in April 2008.

As a result of these factors and the increase in depreciation, amortization and exploration costs, EBIT were also down, falling to 442 million euros in the first half of 2008, or 22.7% less than the 572 million euros earned in the same period last year.

Overall, the non-industrial operations show a decrease in net financial expense - made possible by a reduction in the Group's average debt exposure - and the recognition of provisions for risks related to tax items concerning assets sold in previous years. As a result of the developments explained above, the Group's profit before taxes fell to 337 million euros, a decrease of 27.7% compared with the 466 million euros earned in the first six months of 2007.

The tax liability was adversely affected by the provisions for the Legislative Decree No. 112 of June 25, 2008 (also known as "Robin Hood Tax"); the negative impact of this tax will total 101 million euros, including 72 million euros for deferred taxes and 29 million euros for current taxes.

As a result, the net profit totaled 102 million euros, or 154 million euros less (-60.2%) than the 256 million euros reported for the same period a year ago.

At June 30, 2008, Net financial debt totaled 2,839 million euros (3,057 million euros at June 30, 2007), up from 2,687 million euros at the end of 2007.

The table below provides a breakdown of the changes that occurred in Net Financial Debt:

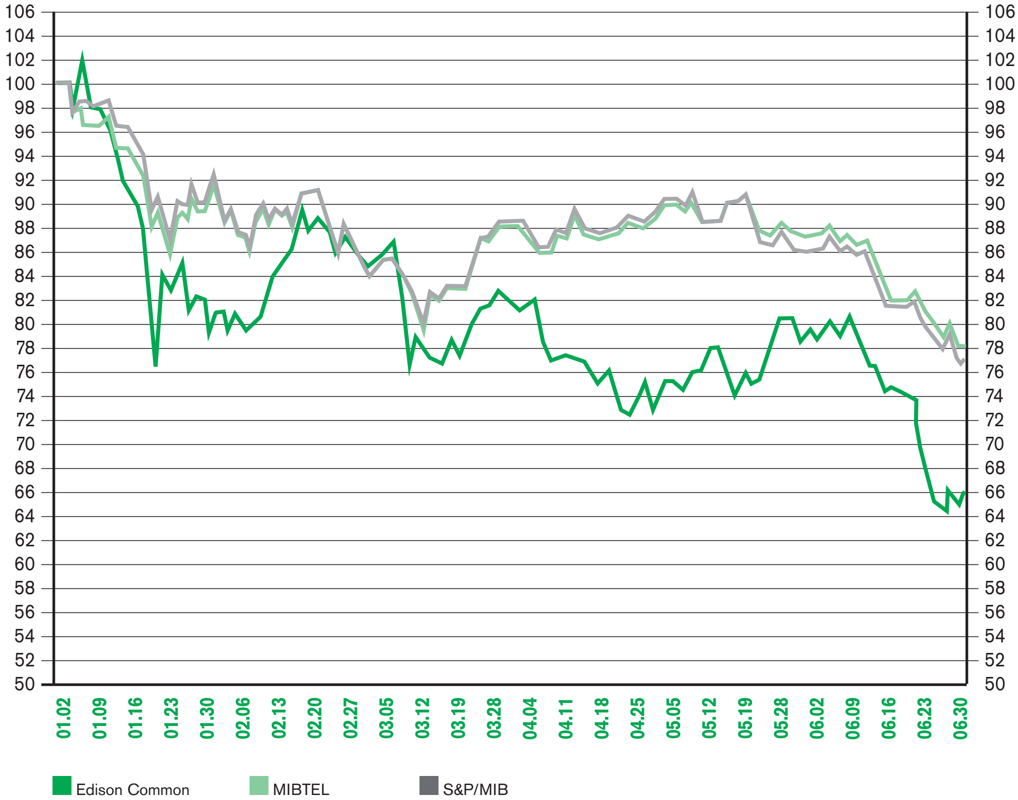
2007 full year	(in millions of euros)	01.01.2008/ 06.30.2008	01.01.2007/ 06.30.2007
(4,256)	**A. Net Financial Debt at January 1**	**(2,687)**	**(4,256)**
1,605	EBITDA	809	904
244	Change in operating working capital	(168)	487
(220)	Income taxes paid (-)	(232)	(131)
34	Change in other assets (liabilities)	(29)	60
1,663	**B. Cash Flow from Opertating Activities**	**380**	**1,320**
(494)	Investments in property, plant and equipment and intangibles (-)	(242)	(230)
(337)	Investments in non-current financial assets (-)	(190)	(173)
175	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	256	120
3	Dividends received	-	2
1,010	**C. Free Cash Flow**	**204**	**1,039**
(198)	Financial income (expense), net	(63)	(112)
1,019	Contributions of share capital and reserves	3	520
(248)	Dividends declared (-)	(281)	(248)
1,583	**D. Cash Flow after Financing Activities**	**(137)**	**1,199**
(14)	Change in the scope of consolidation	(15)	-
1,569	**E. Net Cash Flow for the Period**	**(152)**	**1,199**
(2,687)	**F. Net Financial Debt at end of Period**	**(2,839)**	**(3,057)**

Outlook for the Balance of 2008

The results achieved in the second quarter, coupled with a continuation of the Group's efforts to optimize its energy portfolio and the full availability of its power plants, should produce, stated on a comparable consolidation basis, 2008 year-end results that will be in line with those reported in 2007.

EDISON AND THE FINANCIAL MARKETS

Chart of the stock market prices of the Edison shares in the first half of 2008.



Stock Market Price and Other Per Share Data

(in euros)	June 30, 2008	December 31, 2007
Edison Spa		
Stock market price (unit price in euros) (1):		
- common shares	1.5664	2.1932
- savings shares	1.5804	2.0389
- warrants	-	1.1926
Number of shares (at end of period):		
- common shares	5,181,108,251	5,181,072,080
- savings shares	110,592,420	110,592,420
Total shares	**5,291,700,671**	**5,291,664,500**
Edison Group		
Earnings per share:		
basic earnings per common share (2)	0.0186	0.1040
basic earnings per savings share (2)	0.0486	0.1340
diluted earnings per common share (2)	0.0186	0.0976
diluted earnings per savings share (2)	0.0486	0.1340
Group interest in shareholders' equity per share (in euros)	1.48	1.513
Price/Earnings ratio (P/E) (3)	75.70	20.72

(1) Simple arithmetic mean of the prices for the last calendar month of the period or fiscal year.
(2) Computed in accordance with IAS 33.
(3) Ratio of price per common share at the end of the period and basic earnings (loss) per share.

Other Financial Indicators

Rating

	Current	December 31, 2007
Standard & Poor's		
Medium/long-term rating	BBB+	BBB+
Medium/long-term outlook	Stable	Positive
Short-term rating	A-2	A-2
Moody's		
Rating	Baa2	Baa2
Medium/long-term outlook	Stable	Stable

THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

2007 full year	TWh	First half 2008	First half 2007	% change
301.3	Net production	151.8	147.2	*3.2%*
46.3	Imports	20.5	25.3	*(19.1%)*
(7.7)	Surges	(3.7)	(3.8)	*(2.8%)*
339.9	**Total demand**	**168.6**	**168.7**	**-**

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

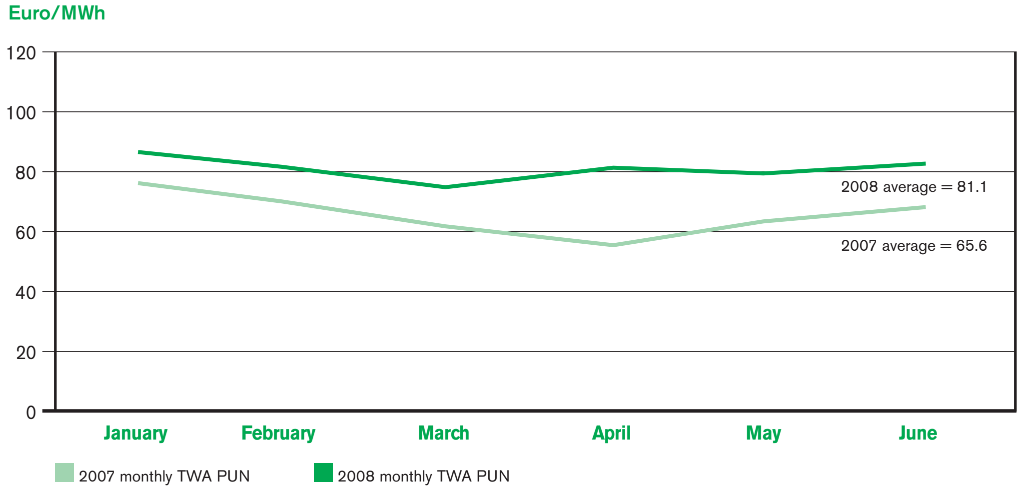
In the first half of 2008, gross total demand for electric power from the Italian grid totaled 168.6 TWh (1 TWh = 1 billion kWh), about the same as in the first six months of 2007. On a seasonally adjusted basis (i.e., eliminating the impact of changes in average temperature and the number of business days), demand was down 0.4%.

Even though demand for energy was unchanged, a sharp reduction in net imports (-4.8 TWh) and a slight reduction in the impact of surges (-0.1 TWh), combined with a modest increase in consumption with auxiliary services, caused net domestic production to rise by 4.6 TWh to an amount equal to 87.8% of domestic demand, up from 85.0% in the first half of 2007.
The overall reduction of 4.8 TWh in net imports is the combined result of a decrease of 4.3 TWh in imports and a rise of 0.5 TWh in exports. These changing trends reflect temporary, but increasingly frequent, decreases and even reversals of the significant price differentials that usually exist between Italy and Continental Europe. More specifically, net imports from the Northwest (borders with France and Switzerland) were down by 5.5 TWh (-23.1%), net imports from the Northeast (borders with Austria and Slovenia) increased by 1.0 TWh (+48.0%) and net exports to Greece grew by 0.3 TWh (+40.8%).
The increase in domestic production is the result of a rise of 1.9 TWh in gross thermoelectric output (+1.5%) and a sharp increase in production from renewable source facilities. Specifically, hydroelectric production rebounded (+8.6%, equal to 1.7 TWh), the power generated by wind farms was up strongly, rising by 1.2 TWh (+59.7%), and the output of geothermal power plants held relatively steady.

As a result of the complete deregulation of the energy markets, demand continued to decrease steadily in the market served by the Single Buyer, falling to 49.7 TWh, a level equal to 29.5% of domestic demand (compared with 40.0% in the first half of 2007). On the other hand, the deregulated market continued to expand, reaching a level equal to 64.4% of total consumption. Internal consumption by producers accounts for the balance of domestic consumption (6.1%). It is important to keep in mind that until June 30, 2007, the market served by the Single Buyer was based on the demand from captive customers and those in the so-called non-switched market who have not yet chosen a supplier in the deregulated market. Since July 1, 2007, following full deregulation of the electric power market pursuant to Directive No. 2003/54/CE, the captive market no longer exists.

With regard to price trends, the time-weighted average for the Single National Price (abbreviated PUN in Italian) increased to 81.1 euros per MWh at June 30, 2008, or about 23.7% more than in the first six months of 2007 (65.60 euros per MWh).

The chart below provides a monthly comparison of the PUN trend in the first half of 2007 and 2008:



The factors that are responsible for this increase include a rising trend in the benchmark oil markets than in the first half of 2007 and a significant reduction in imports (-17% from January to May) caused by higher prices on the Power Exchanges of Continental Europe. The latter development is the combined result of the lower level of investments in generating capacity by operators in Continental Europe compared to Italy and a greater dependence of the German market on coal-fired power plants, which are at a disadvantage with respect to those fueled with natural gas in terms of CO_2 emissions. In this area, it is important to note that, as the second phase of the CO_2 Emissions Trading Scheme got under way in January 2008, the average price of these rights rose to over 23 euros per ton in the first half of 2008, up from 1.2 euros per ton in the same period the previous year.

Demand for Natural Gas in Italy and Market Environment

2007 full year	in billions of m³	First half 2008	First half 2007	% change
27.9	Services and residential customers	16.9	15.0	13.1%
21.2	Industrial users	10.7	10.6	0.9%
34.0	Thermoelectric power plants	17.4	16.3	6.6%
0.5	Transportation	0.3	0.2	24.0%
83.6	**Total demand**	**45.3**	**42.1**	**7.6%**

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

In the first half of 2008, Italian demand for natural gas increased about 7.6% compared with the same period last year, totaling about 45.3 billion cubic meters (net of system usage and leaks), or about 3.2 billion cubic meters more than in the first six months of 2007.

This increase is chiefly the net result of the following factors:
- A significant rise in demand from residential customers (+13.1%) caused mainly by colder weather during the first three months than in the same period last year;
- Higher demand from thermoelectric power plants (+6.6%), as demand from newly commissioned combined-cycle generating facilities helped consolidate this established pattern (+1.1 billion cubic meters compared with the first six months of 2007);
- Relatively flat demand from industrial users (+0.9%).

With regard to supply sources, the following developments characterized the first half of 2008:
- A steady reduction in domestic production (-8.1% compared with 2007, consistent with the downward trend of recent years, which is expected to continue in the future);
- A increase in imports (+10.2%) consistent with a rise in consumption;
- A steady level of inventories of stored natural gas as the net result of the contrasting developments discussed above (increased amounts drawn during the winter months and, as a result, an increase in the amounts added during the April-June period in 2008).

In the oil market, the price of crude oil rose steadily in 2008, passing US$100 per barrel at the beginning of March. As a result, the average for the first half of the year was US$109.10 per barrel (+72.5% compared with the first six months of 2007).
The many factors that affected the trend in crude oil prices are of two different types: "fundamental" (i.e., driven by supply and demand dynamics) and "non-fundamental." The former include rising demand from developing countries (China and India in particular), insufficient spare capacity in OPEC countries, supply inelasticity, refining bottlenecks, more stringent fuel quality standards, limited availability of high-grade crude and higher crude production costs. Among the latter, financial speculation, continuing geopolitical tensions (especially in Nigeria and Iran) and the excessive loss in value of the U.S. dollar are worth mentioning.

2007 full year		First half 2008	First half 2007	% change
72.5	Oil price US$/bbl (*)	109.1	63.3	72.5%
1.37	US$/euro exchange rate	1.53	1.33	15.2%
52.9	Oil price euro/bbl	71.3	47.6	49.8%

(*) Brent Dated.

From the beginning of 2008, the exchange rate, which averaged US$1.37 for one euro for all of 2007, held steadily above US$1.40 and rose above US$1.50 starting in the second quarter of the year. The all-time high was reached in mid-April, when the exchange rate approached US$1.60 for one euro. The average exchange rate for the first half of 2008 was US$1.53 for one euro, or 15.2% higher than in the corresponding period a year ago.

LEGISLATIVE AND REGULATORY FRAMEWORK

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

Robin Hood Tax

The Italian Government approved, and submitted to the Parliament for the requisite conversion into law, Legislative Decree No. 112 of June 25, 2008, which contains "urgent provisions to foster economic development, simplification and competitiveness; stabilize public finances; and make the tax system fairer" and includes several new tax provisions. One of these provisions introduces a corporate income tax surcharge of 5.5 percentage points to be levied, starting in the tax period when the decree goes into effect, on the total net income of taxpayers who reported revenues higher than 25 million euros during the previous tax period and operate in the electric power generation and distribution businesses. In addition, the decree law requires the holders of hydrocarbon production concessions to convey to the government a share, stated in barrels, of their output equal to 1% of annual production, starting on July 1, 2008. Payments to the national treasury, equal to the value of the crude oil owed computed using the average price of Brent crude for the period from July 1 of the previous year to June 30 of the current year, will be owed starting in 2009.

Additional information is provided in the "Income Taxes" section of the Notes to the Semiannual Report of the Group.

Electric Power

Production

By a decision handed down on January 14, 2008, the Italian Constitutional Court ruled that the 10-year extension of concessions for large-scale diversions of water for hydroelectric power plants introduced into the Italian legal system by the 2006 Budget Law is unconstitutional. This decision created a legislative gap in the Italian legal system that the new government has not yet filled. The Ministry of Economic Development, which has jurisdiction over this issue, is expected to meet with the affected industry operators, Edison included, before August 2008. Legislative action is needed in this area to establish a regulatory framework that addresses consistently the problems that underlie the issue of renewing expiring licenses in terms both of the transparency of licensing procedures and the amounts that the licensees will be required to invest in supplemental licensing fees and capital expenditures, as introduced in the provisions that were found to be unconstitutional.

On January 22, 2008, the Council of State upheld the appeal filed by the AEEG against a decision by the Administrative Regional Court of Lombardy that voided Resolution No. 249/06, which concerned the computation and updating of the cost of natural gas used to determine the rate component that covers avoided fuel costs. This rate component, as defined in the CIP 6/92 Resolution, is used to determine the price at which electric power produced using renewable sources can be sold.

In its decision, which was filed on March 28, 2008, the Council of State ruled that the power to update this component rests with the AEEG, which has exercised it properly thus far. The Court found that the power held by the AEEG is a regulatory power that it already has and which was reaffirmed by the legislators in the 2008 Budget Law.

Environment

Emissions Trading - Quota Allocation: The CO_2 Quota Allocation Decision for the 2008-2012 Period, which had been approved by the Italian Government on February 29, 2008 and subsequently notified to the European Commission, was published on March 4, 2008 together with an annex containing "Regulations for New Entrants and Closures," which is an integral part of the Decision.

The Allocation Decision, as published, contains some minor numerical differences compared with the

draft circulated for consultation purposes at the end of 2007.
Specifically, the Allocation Decision sets the total quota cap at 201.63 million tons of CO_2 a year (it was 201.57 million tons of CO_2 a year in the previous allocation), but maintains unchanged the quota reductions assigned to the different industries, which are as follows (in millions of tons of CO_2 a year): thermoelectric -9.5, refining -1 and steel making -1.72 (attributable only to dedicated facilities in this industry).
The reduction in the overall cap translates, in the thermoelectric industry, into cuts of 8.46% for the oil and natural gas segments and 17.76% for the coal segments (cogenerating and CIP 6/92 facilities are exempted). Edison's quota allocation decreased compared with the Allocation Decision Outline, which set at 8.28% the reduction for the natural gas segment.
The reduction of 1.43 million tons of CO_2 a year for the New Entrants reserve remains unchanged, but the reserve (which is available without distinction for the thermoelectric industry or for any other industry) was increased slightly from 15.65 million tons of CO_2 a year to 16.93 million tons of CO_2 a year (about +8%).

Emissions Trading - CO_2 Costs: On June 11, 2008, the AEEG published Resolution ARG/elt No. 77/08, by which it defined the criteria for refunding to operators of CIP 6/92 facilities the costs incurred as a result of the implementation of the Emissions Trading Scheme established by Resolution No. 2003/87/CE both for the first (2005-2007) and the second (2008-2012) allocation period. The criteria set forth in the resolution define for each year and for each facility the quotas for which refunds will be provided and the corresponding amounts.

Green Certificates: On June 26, 2008, the AEEG published Resolution ARG/elt No. 80/08 amending Resolution No. 113/06, which defined the criteria for refunding to operators of CIP 6/92 facilities green certificate costs incurred to comply with the obligation set forth in Article 11 of Legislative Decree No. 79/99.
Earlier, the Council of State handed down Decision No. 4390/2007 ruling that it was lawful to refund these additional costs for the entire duration of committed supply contracts. As a result, the amendment made to Resolution No. 113/06 adopted the same reimbursement method but for the entire duration of the contract rather than just for the first eight years during which a facility was in operation.

Retail Market

Following the full deregulation of the electric power market on July 1, 2007, the AEEG published a series of regulations that affect operators who sell electric power in the deregulated market, including the following:

- Resolution ARG/elt No. 15/08, which allows direct access to the databases of distributors by suppliers for sales offers to customers. This provision applies exclusively to "residential customers" and is not applicable to customers hooked to medium or high voltage lines (electric power) and/or with annual consumption greater than 200,000 standard cubic meters (natural gas). In other words, sellers are not allowed to have direct access to the data of non-residential customers. Moreover, sales offers can be made exclusively by means of printed material and not, for example, through a call center or a website. With regard to this issue, the ANIGAS, ASSOGAS, Federutility and Federestrattiva are preparing a memorandum, which they plan to file with the AEEG, asking that the costs incurred by the sellers (and not just those of the distributors, as currently set forth in the Resolution) also be taken in consideration.
- As of April 1, 2008, end customers whose electric power usage is not handled on an hourly basis will be billed in accordance with a load profiling based on hourly segmentation, according to which the procurement and dispatching costs of the electric power supplies to the end customer reflect more closely the consumption profile. Consistent with this approach, the rates at which electric power is sold in the protected market (which, ultimately, provide a benchmark for the prices in the deregulated mar-

ket) should also have been differentiated by hourly segmentation (bihourly). However, responding to concerns raised by consumer associations, the AEEG issued Resolution ARG/elt No. 56/08 that called for the gradual implementation of bihourly rates: from January 1, 2010 for residential customers; from January 1, 2009 for non-residential customers with a capacity of more than 15 kW; and, lastly, from April 1, 2009 for non-residential customers with a capacity of less than 15 kW.

Hydrocarbons

Rates

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

Infrastructures

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

By Resolution ARG/gas No. 64/08, the AEEG approved the Network Code prepared by Edison Stoccaggio Spa in its capacity as transmission operator for a natural gas pipeline branch called "Cavarzere-Minerbio," which will connect the offshore regasification terminal located off the Rovigo coast with the national network of natural gas pipelines.

Transmission: Recently, the AEEG published Resolution ARG/gas No. 72/08 approving the regulations governing the Open Season procedure for the allocation to outsiders of incremental transmission capacity created for the Poseidon Italy-Greece natural gas pipeline beyond the capacity exempted from such requirement pursuant to Article 1, Section 1, of the Decree dated June 21, 2007. The resolution issued by the AEEG, which precedes corresponding regulatory actions by the Greek regulatory agency and the Greek Ministry of Development, approves a proposal submitted by Edison Spa and Depa Sa on behalf of Poseidon Co. and sets forth the principles and operating rules of the Open Season procedure.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2007 full year	GWh (*)	First half 2008	First half 2007	% change
53,404	**Net production of the Edison Group:**	**26,336**	**26,148**	**0.7%**
37,985	- Thermoelectric power plants	18,318	18,667	(1.9%)
2,966	- Hydroelectric power plants	1,676	1,419	18.2%
510	- Wind farms	305	260	17.2%
11,943	- Edipower	6,037	5,802	4.0%
1,174	**Imports**	**294**	**775**	**(62.1%)**
9,195	**Other domestic purchases and swaps** (1)	**6,052**	**4,162**	**45.4%**
63,773	**Total sources**	**32,682**	**31,085**	**5.1%**

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

Uses

2007 full year	GWh (*)	First half 2008	First half 2007	% change
18,092	CIP 6/92 dedicated	7,399	9,065	(18.4%)
4,324	Industrial, captive and other customers	2,191	2,242	(2.2%)
41,225	Deregulated market	22,973	19,778	16.2%
132	Exports	119	-	n.m.
63,773	**Total uses**	**32,682**	**31,085**	**5.1%**

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

Financial Highlights

2007 full year	(in millions of euros)	First half 2008	First half 2007	% change
6,783	Sales revenues	3,864	3,244	19.1%
1,238	EBITDA	636	621	2.4%
18.3%	*as a % of sales revenues*	*16.5%*	*19.1%*	
234	Capital expenditures	96	114	(15.8%)
1,944	Number of employees (1)	1,809	1,944	(6.9%)
93	employees of discontinued operations	-	-	

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

Sales revenues totaled 3,864 million euros in the first half of 2008, for a gain of 19.1% compared with the same period last year. As explained earlier in this Report, this increase is the result of higher unit sales made possible by steady growth in the deregulated market and an increase in unit sales prices. EBITDA amounted to 636 million euros, up from 621 million euros earned in the first six months of 2007. As explained earlier in this Report, this limited increase reflects the impact of large sales gains in the deregulated market, offset in part by a contraction of the profit margins earned in the CIP 6/92 segment. This decrease is due to the normal, scheduled expiration of some contracts and reflects the impact of a reorganization of the Group's portfolio of production facilities, which resulted in the sale of seven CIP 6/92 power plants in April 2008. On the other hand, as already disclosed in the "Legislative and Regulatory Framework" section, the electric power operations benefited from the refunds of the costs incurred over the entire length of the contracts to comply with emissions trading and green certificate requirements, as allowed by the publication of Resolutions No. 77/08 and No. 80/08 by the AEEG.

Sales and Marketing

In the first half of 2008, sales of electric power totaled 32,682 GWh, or 5.1% more than in the same period a last year (31,085 GWh).

An increase of 16.2% in sales to customers in the deregulated market was offset in part by an 18.4% reduction in CIP 6/92 sales, attributable primarily to the sale of some power plants in April 2008 and the expiration of some contracts.

Ongoing trading activity on foreign power exchanges was profitable on balance in the six three months of 2008. The volumes traded (about 3.7 TWh) are not included in the “Sources” and “Uses” tables shown on the previous page.

Production and Procurement

The Group’s net production totaled 26,336 GWh, virtually the same as in the first half of 2007. This outcome is the net result of a gain in the output of thermoelectric and hydroelectric power plants and wind farms earmarked for sale in the deregulated market, offset by a decrease in the production of facilities that operate under CIP 6/92 contracts, which was adversely affected by the developments explained above.

The Edipower facilities also provided a positive contribution, increasing production by 4.0% compared with the same period last year.

As part of the strategy to optimize the sources and uses portfolio, the purchases of electric power increased by 45.4% compared with the first six months of 2007, the exports carried out totaled 119 GWh (none in 2007) while the imports a reduced of 481 GWh.

Capital Investments

Capital expenditures by the electric power operations, which totaled 96 million euros in the first six months of 2008 (including about 17 million euros attributable to Edipower), were earmarked mainly for thermoelectric power plants that operate in the deregulated markets and for expansion in the renewable energy area. Edipower’s capital expenditures, which are recognized by Edison at 50%, were used primarily to bring the S. Filippo power plant in compliance with environmental requirements.

Hydrocarbons Operations

Quantitative Data

Sources

2007 full year	(in millions of m³ of natural gas)	First half 2008	First half 2007	% change
928	**Total net production:**	**441**	**473**	**(6.8%)**
674	- Production in Italy	317	343	(7.5%)
254	- Production outside Italy	124	130	(4.9%)
6,093	**Pipeline imports**	**4,281**	**3,150**	**35.9%**
25	**LNG imports**	**-**	**-**	**n.m.**
6,771	**Domestic and other purchases** [(1)]	**2,740**	**3,187**	**(14.0%)**
13,817	**Total sources**	**7,462**	**6,810**	**9.6%**

(1) Includes inventory changes and pipeline leaks.

Uses

2007 full year	(in millions of m³ of natural gas)	First half 2008	First half 2007	% change
2,638	Residential use	1,453	1,421	2.2%
1,098	Industrial use	657	552	19.2%
9,154	Thermoelectric fuel use	4,605	4,478	2.8%
254	Exports	124	130	(4.9%)
673	Other sales	623	229	171.8%
13,817	**Total uses**	**7,462**	**6,810**	**9.6%**

Financial Highlights

2007 full year	(in millions of euros)	First half 2008	First half 2007	% change
3,937	**Sales revenues**	**2,444**	**1,986**	***23.1%***
427	EBITDA	209	315	(33.7%)
10.8%	*as a % of sales revenues*	*8.6%*	*15.9%*	
183	Capital expenditures	96	91	5.5%
58	Investments in exploration	40	17	135.3%
460	Number of employees [(1)]	476	454	3.5%

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

In the first half of 2008, sales revenues rose to 2,444 million euros, or 23.1% more than in the same period last year. An increase in sales volumes and higher unit revenues made possible primarily by a rise in the price of benchmark petroleum products account for this improvement.

EBITDA totaled 209 million euros, or 33.7% less than the 315 million euros earned in the first six months of 2007, when reported EBITDA benefited from the reversal, amounting to about 56 million euros, of a provision originally set aside to cover the impact of Resolution No. 248/04. In addition, as explained when commenting on the consolidated data, the profitability of the natural gas procurement and distribution activities was adversely affected by the trend in the benchmark oil markets and, more specifically, by differences in the timing with which changes in these markets are reflected in the formulas applied to purchasing and sales prices. The net effects of these developments were partially mitigated by the renegotiation of the natural gas long-term supply contract from Russia.

Sales and Marketing

Total unit sales of natural gas grew to 7,462 million cubic meters, for a gain of 9.6% compared with the first half of 2007.
Specifically, sales to residential users and to industrial users increased by 2.2% and 19.2%, respectively, and deliveries to thermoelectric users grew by 2.8% to 4,605 million cubic meters, reflecting a corresponding rise in thermoelectric output.

Wholesalers and volumes traded on the virtual exchange facility accounted for 623 million cubic meters of natural gas, compared with 229 million cubic meters in the first six months of 2007.

Production and Procurement

Net production of natural gas totaled 441 million cubic meters in the first half of 2008, down from 473 million cubic meters in the same period last year. Production decreased both in Italy (-7.5%), due to the natural depletion of natural gas deposits, and abroad (-4.9%), where it was caused by technical problems at some fields.

On the procurement side, imports of natural gas rose to 4,281 million cubic meters, up from 3,150 million cubic meters in the first six months of 2007, but domestic purchases decreased by 14.0%, consistent with the objective of optimizing the source portfolio.

Production of crude oil totaled 881,000 barrels, down from 1,373,000 barrels in the first six months of 2007.

Capital Investments

Capital investments totaled 96 million euros in the first half of 2008. The main projects carried out in Italy included construction of the Cavarzere-Minerbio natural gas pipeline (about 11 million euros), expansion of the Collalto storage facility (6 million euros) and drilling of new production wells in the Emma field (about 9 million euros), the S. Giorgio field (about 7 million euros) and the S. Stefano field (about 9 million euros) in the Adriatic Sea. In Egypt, phase 3 activities were almost complete and phase 4 in the development of the Rosetta concession had begun at June 30, 2008, requiring an investment of about 29 million euros. In Algeria, 16 million euros were invested to develop the Reggane and Azrafil field and begin production from these concessions.

Exploration Activities

In the first six months of 2008, the Group invested about 40 million euros in hydrocarbon exploration, pursuing projects both in Italy (about 14 million euros) and abroad (about 26 million euros).
In Italy, the exploration budget was used to drill the Cassiopea 1 offshore well, near the coast of Sicily. In Algeria, four wells are being drilled and 3-D seismic mapping is being carried out in the Reggane block.

Corporate Activities

Financial Highlights

2007 full year (*)	(in millions of euros)	First half 2008	First half 2007 (*)	% change
73	**Sales revenues**	38	37	2.7%
(60)	EBITDA	(36)	(32)	(12.5%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
14	Capital expenditures	6	7	*(14.3%)*
873	Number of employees [1]	1,288	536	*47.5%*

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

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

Sales revenues of 38 million euros include 13 million euros contributed by the IWH operations carried out in Guayaquil (Ecuador) under license (15 million euros in the first half of 2007) and 25 million euros attributable to the Parent Company's operations mentioned above (22 million euros in the first six months of 2007).

EBITDA were negative by 36 million euros (a decrease of 12.5% compared with the same period last year) as the net result of a loss of 40 million euros incurred by the Parent Company's operations and positive EBITDA of 4 million euros earned by IWH.

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

Share Capital Increase

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

INNOVATION, RESEARCH AND DEVELOPMENT

In the first half of 2008, the Group focused its research and development efforts on projects involving power generation through fuel cells, advanced photovoltaic technologies, superconductivity and energy storage. In addition, the research organization provided support for projects managed by other departments within the Group, to which it made available its specific competencies and internal methodologies, as well as external methodologies accessible through its network. Among the latter, the most significant projects dealt with energy efficiency and innovations in the area of renewable energy sources. The Group is continuing to carry out joint research projects with EDF as part of a collaboration agreement designed to develop synergies that leverage the respective research competencies and organizations.

Hydrogen and Fuel Cells

At the Trofarello Research Center, a 5 kW fuel-cell generator manufactured by Acumentrics fueled directly with natural gas was tested in a separate space created for this purpose outside the main laboratory. Also in the area of hydrogen and fuel cells, the Group is continuing to carry out research in collaboration with the Chemistry and Energetics Departments of Turin's Politecnico University.

Advanced Photovoltaic Technologies

Work is continuing on a research project for the development of concentration-based systems with third-generation cells, which can achieve an efficiency rating greater than 30%.
In addition, activities currently under way are expected to lead in September to the establishment of a testing facility at the Altomonte power plant, where photovoltaic systems, including concentration-based systems, will be installed to assess their application and development potential.
As part of the Enlightened Conservation Project, the Research Department is providing support for the installation of a photovoltaic system at the Company's Foro Buonaparte headquarters.

Advanced Energy Materials

Work continued at the CNR IENI Institute in Lecco and at the Trofarello Research Center on the development of proprietary Edison technologies for the production of a magnesium diboride superconductor.
Another project launched jointly with EDF's R&D organization focused on the study of materials and the corresponding thin-film deposition techniques for applications in high-temperature fuel cells.

Energy Storage

Testing of a 5 kW storage system developed by VRB, a Canadian company, got under way in the first half of 2008 with the goal of assessing the system's application potential within the context of a broader study of electric system flexibility issues.

HEALTH, SAFETY AND THE ENVIRONMENT

Edison addresses and manages environmental and safety issues taking an integrated system approach. Accordingly, it fosters the development and use of integrated management systems as key elements for the achievement of regulatory compliance.
The main projects launched during the first half of 2008 are reviewed below. Some of these projects have already yielded the desired results.

Electric Power Operations

- In the first half of 2008, following the completion of a project to certify in accordance with the UNI EN ISO 14001 standard and the EMAS Regulations the Acerra Power plans, which is operated by Fenice, the electric power operations achieved 100% coverage of its management systems.

Hydrocarbons Operations

- A project for the development of Health, Safety and Environment (HSE) guidelines for the definition of an integrated Environment, Safety and Quality Management System applicable to the oil and gas activities of the Hydrocarbons Business Unit in Italy and abroad was completed.
- The Edison branch in Norway began the process of implementing an integrated HSE management system.

Marketing and Distribution Business Unit

- A project to obtain UNI EN ISO 9001 certification for Edison Energia and for the Marketing and Distribution Business Unit for the distribution of electric power and natural gas and the provision of related services was completed.

In the first half of 2008, the performance in the area of occupational safety was in line with the data reported in the same period last year.

Following the enactment of Legislative Decree No. 81 of April 9, 2008 (Uniform Occupational Safety Code), the Group developed and began to implement an action plan designed to achieve compliance with the Decree's requirements. The activities covered by the action plan include the following: Risk Assessment Document, management of transactions with contractors, corporate organization models and personnel training and information.
In addition, in order to achieve greater consistency in the adoption of environmental and safety policies, the Edison Group, Edison Energie Speciali Spa and, within the hydrocarbons operations, Edison International revised and published their policies in these areas.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Human Resources

At June 30, 2008, the Group's core businesses had 3,573 employees. Net of the effect of the insourcing of the operational personnel of water companies outside Italy (IWH) discussed earlier in this report, which was required to comply with changes in Ecuadorian laws, the staff shows a net decrease of 85 employees compared with December 31, 2007 as a result of the following changes:

- A decrease in the payroll of the electric power operations, owing to the sale of the CIP 6/92 power plants to Cofathec (reduction of 93 employees)
- An expansion of the staff of the hydrocarbons operations, due mainly to the need to support foreign exploration activities and the opening of branches in the Ivory Coast and Norway, and of the departments involved in the new Trading and Power International areas.

Industrial Relations

The main development that occurred during the first half of 2008 was the signing of a labor agreement with the national unions representing workers in the electrical industry.

This agreement regulates at the Company level certain issues that the collective bargaining agreement for electrical industry employees reserved for second-tier negotiations, such as weekly work schedules, the compensation portion of the Results Bonus for 2008 and the revision of the level of reimbursements provided under the Supplemental Health Benefits Program.

Organization

Organization projects carried out in the first half of 2008 included the following:

- The Marketing and Distribution Business Unit redefined the structure and responsibilities of the Customer Relationship Management Department with the goal of supporting growth in the microbusiness and residential markets and provide customer satisfaction levels that are consistent with best market performance standards.
- The Institutional and Regulatory Affairs Department redefined the management of institutional and regulatory issues, strengthening the dedicated monitoring systems provided for the various Business Units and establishing Key Account Executives assigned to managing interaction with existing stakeholders.
- The Group launched the "Edison for You" Program, which is addressed to all employees and is designed to improve recruitment and increase employee loyalty through the introduction of services that help achieve a better balance of personal and work commitments.

Training

The following training and development projects were particularly noteworthy:

- As part of the Edison Professional System, completion of the process of mapping and assessing the technical competencies of the professions practiced within the Group and planning of related training programs that will be provided to all managers and professionals for an effective handling of feedback regarding individual competency assessments.
- Further development of the Management Program, focused on team leadership (outdoors training project for Edison's senior management) and on fostering awareness of the issues entailed by responsibility over people and assets (upgrade of the Development Path for young managers, formerly part of institutional training).
- Training programs continued to address issues related to corporate compliance requirements. Work carried out in this area during the first half of 2008 focused on deceptive advertising, unfair collective practices, class action lawsuits and the new information flows required that must be provided to the Oversight Board pursuant to the 231 Model.
- Work carried out at the level of specific Professional Families included the provision of more in-depth professional competencies concerning the analysis of trading and hedging activities involving futures

and financial derivatives, carried out by means of a cycle of seminars taught by employees of the Energy Management Business Unit, and a detailed review of the legal and licensing issues raised in the field of wind power and other renewable sources by the enactment of the regulatory changes introduced by the 2008 Budget Law and the Decree amending the Uniform Environmental Law, carried out by the Environmental Energy Sources Department with the internal support of the Administrative Law and Energy Unit.

MANAGEMENT AND TYPES OF FINANCIAL RISKS

Please consult the section entitled "*Risk Management*" in the Notes to the Semiannual Financial Statements, which describes the Group's risk management activities.

TRANSACTIONS WITH RELATED PARTIES

Please consult the section entitled "*Intercompany and Related Party Transactions*" in the "*Other Information*" chapter of the Group's Semiannual Report, which describes the Group's risk management activities.

SEMIANNUAL REPORT OF THE GROUP

at June 30, 2008

Balance Sheet

06.30.2007	(in millions of euros)	See Note	06.30.2008	12.31.2007
	ASSETS			
7,955	Property, plant and equipment	1	7,489	7,619
35	Investment property	2	11	11
3,518	Goodwill	3	3,518	3,518
311	Hydrocarbon concessions	4	287	299
37	Other intangible assets	5	34	36
45	Investments in associates	6	45	44
155	Available-for-sale investments	6	216	184
140	Other financial assets	7	143	139
100	Deferred-tax assets	8	85	78
55	Other assets	9	63	61
12,351	**Total non-current assets**		**11,891**	**11,989**
250	Inventories		281	250
1,251	Trade receivables		1,789	1,654
18	Current-tax assets		8	13
304	Other receivables		651	371
35	Current financial assets		35	25
929	Cash and cash equivalents		123	103
2,787	**Total current assets**	10	**2,887**	**2,416**
-	**Assets held for sale**	11	**-**	**318**
15,138	**Total assets**		**14,778**	**14,723**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
4,793	Share capital		5,292	5,292
639	Equity reserves		655	641
1,124	Other reserves		1,164	1,114
(4)	Reserve for currency translations		(6)	(5)
465	Retained earnings (Loss carryforward)		623	465
256	Profit (Loss) for the period		102	497
7,273	**Total Group interest in shareholders' equity**		**7,830**	**8,004**
133	Minority interest in shareholders' equity		110	147
7,406	**Total shareholders' equity**	12	**7,940**	**8,151**
73	Provision for employee severance indemnities and provision for pensions	13	66	68
762	Provision for deferred taxes	14	590	560
859	Provision for risks and charges	15	981	899
1,202	Bonds	16	1,200	1,201
1,277	Long-term borrowings and other financial liabilities	17	1,068	1,216
9	Other liabilities	18	30	2
4,182	**Total non-current liabilities**		**3,935**	**3,946**
1,508	Bonds		26	9
114	Short-term borrowings		787	485
1,234	Trade payables		1,392	1,394
21	Current taxes payable		44	9
673	Other liabilities		654	652
3,550	**Total current liabilities**	19	**2,903**	**2,549**
-	**Liabilities held for sale**	20	**-**	**77**
15,138	**Total liabilities and shareholders' equity**		**14,778**	**14,723**

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

Income Statement

(in millions of euros)	See Note	First half 2008	First half 2007
Sales revenues	21	5,005	4,052
Other revenues and income	22	458	257
Totall net revenues		**5,463**	**4,309**
Raw materials and services used (-)	23	(4,544)	(3,296)
Labor costs (-)	24	(110)	(109)
EBITDA	25	**809**	**904**
Depreciation, amortization and writedowns (-)	26	(367)	(332)
EBIT		**442**	**572**
Net financial income (expense)	27	(63)	(112)
Income from (Expense on) equity investments	28	-	(9)
Other income (expense), net	29	(42)	15
Profit before taxes		**337**	**466**
Income taxes	30	(234)	(204)
Profit (Loss) from continuing operations		**103**	**262**
Profit (Loss) from discontinued operations	31	(3)	-
Profit (Loss)		**100**	**262**
Broken down as follows:			
Minority interest in profit (loss)		(2)	6
Group interest in profit (loss)		**102**	**256**
Earnings per share (in euros)	32		
Basic earnings per common share		0.0186	0.0537
Basic earnings per saving share		0.0486	0.0837
Diluted earnings per common share		0.0186	0.0502
Diluted earnings per saving share		0.0486	0.0837

As required by CONSOB Resolution No. 15519 of July 27, 2006, an analysis of transactions with related parties is provided in a separate disclosure in the section of this Report entitled “Intercompany and Related Party Transactions.”

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within three months) in the first half of 2008 and provides a comparison with the corresponding period in 2007. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in net financial position.

2007 full year	(in millions of euros)	First half 2008	First half 2007
497	Group interest in Profit (Loss) from continuing operations	105	256
-	Group interest in Profit (Loss) from discontinued operations	(3)	-
20	Minority interest in Profit (Loss) from continuing operations	(2)	6
517	**Profit (Loss)**	**100**	**262**
706	Amortization and depreciation	367	339
1	Interest in the result of companies valued by the equity method (-)	-	(1)
3	Dividends received from companies valued by the equity method	-	2
(16)	(Gains) Losses on the sale of non-current assets	(4)	(9)
3	(Revaluations) Writedowns of intangibles and property, plant and equipment	-	(7)
(3)	Change in the provision for employee severance indemnities	(2)	1
178	Change in other operating assets and liabilities	(132)	638
1,389	**A. Cash flow from continuing operations**	**329**	**1,225**
(494)	Additions to intangibles and property, plant and equipment (-)	(242)	(230)
(337)	Additions to non-current financial assets (-)	(190)	(173)
72	Proceeds from the sale of intangibles and property, plant and equipment	20	22
103	Proceeds from the sale of non-current financial assets	236	98
-	Capital grants received during the year	-	-
-	Change in the scope of consolidation	-	-
17	Other current assets	(10)	7
(639)	**B. Cash used in investing activities**	**(186)**	**(276)**
1,271	Receipt of new medium-term and long-term loans	100	933
(3,080)	Repayments of medium-term and long-term loans (-)	(21)	(1,317)
1,019	Capital contributions provided by controlling companies or other shareholders	3	520
(248)	Dividends paid to controlling companies or minority shareholders (-)	(281)	(248)
93	Change in short-term debt	91	(206)
(945)	**C. Cash used in financing activities**	**(108)**	**(318)**
-	**D. Cash and cash equivalents of discontinued operations**	**(15)**	**-**
-	**E. Net currency translation differences**	-	-
-	**F. Net cash flow from operating assets of discontinued operations**	**-**	**-**
(195)	**G. Net cash flow for the period (A+B+C+D+E+F)**	**20**	**631**
298	**H. Cash and cash equivalents at the beginning of the period**	**103**	**298**
103	**I. Cash and cash equivalents at the end of the period (G+H)**	**123**	**929**
103	**L. Total cash and cash equivalents at end of period (I)**	**123**	**929**
-	**M. (-) Cash and cash equivalents of discontinued operations**	**-**	**-**
103	**N. Cash and cash equivalents of continuing operations (L-M)**	**123**	**929**

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital (a)	Reserves and ret. earnings (loss carryforward) (b)	Reserve for currency translations (c)	Profit for the period (d)	Group inter. in sharehold. equity (a+b+c+d)=(e)	Minority inter. in sharehold. equity (f)	Total sharehold. equity (e)+(f)
Balance at December 31, 2006	**4,273**	**1,819**	**(3)**	**654**	**6,743**	**147**	**6,890**
Share capital increase due to the conversion of warrants	520	-	-	-	520	-	520
Reclassification of the previous year's earnings	-	654	-	(654)	-	-	-
Dividend distribution	-	(233)	-	-	(233)	(15)	(248)
Adjustments required by IAS 32 and IAS 39	-	4	-	-	4	-	4
Change in the scope of consolidation	-	(3)	-	-	(3)	3	-
Difference from translation of financial statements in foreign currencies and sundry items	-	(13)	(1)	-	(14)	(8)	(22)
Profit for the first half of 2007	-	-	-	256	256	6	262
Balance at June 30, 2007	**4,793**	**2,228**	**(4)**	**256**	**7,273**	**133**	**7,406**
Share capital increase due to the conversion of warrants	499	-	-	-	499	-	499
Adjustments required by IAS 32 and IAS 39	-	(6)	-	-	(6)	-	(6)
Difference from translation of financial statements in foreign currencies and sundry items	-	(2)	(1)	-	(3)	-	(3)
Profit for the second half of 2007	-	-	-	241	241	14	255
Balance at December 31, 2007	**5,292**	**2,220**	**(5)**	**497**	**8,004**	**147**	**8,151**
Share capital increase	-	-	-	-	-	3	3
Reclassification of the previous year's earnings	-	497	-	(497)	-	-	-
Dividend distribution	-	(268)	-	-	(268)	(13)	(281)
Adjustments required by IAS 32 and IAS 39	-	(13)	-	-	(13)	-	(13)
Change in the scope of consolidation	-	-	-	-	-	(25)	(25)
Difference from translation of financial statements in foreign currencies and sundry items	-	6	(1)	-	5	-	5
Profit for the first half of 2008	-	-	-	102	102	(2)	100
Balance at June 30, 2008	**5,292**	**2,442**	**(6)**	**102**	**7,830**	**110**	**7,940**

NOTES TO THE SEMIANNUAL REPORT AT JUNE 30, 2008

Content and Format of the Consolidated Semiannual Report

The Edison Group's Semiannual Report at June 30, 2008, which was the subject of a limited audit, was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58/1998, as amended, and complies with the provisions of IAS 34 "Interim Financial Reporting."

Moreover, it complies with the requirements of the International Financial Reporting Standards (IFRSs) published by the International Financial Reporting Standards Board, as published in the *Official Journal of the European Union.*

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

IFRIC 11 "Group and Treasury Share Transactions," which completes the provisions of IFRS 2 for share-based payments became applicable as of January 1, 2008. This interpretation had no material impact on the Semiannual Report of the Group at June 30, 2008.

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

Presentation Formats of the Financial Statements Adopted by the Group

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

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

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

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

Electric Power Operations

- In January, establishment of Dolomiti Edison Energy Srl, a wholly owned subsidiary of Edison Spa consolidated line by line. Effective May 1, 2008, Edison Spa conveyed to this new subsidiary the assets of three hydroelectric power plants in the province of Trent. On May 29, 2008, Edison sold a 51% interest in Dolomiti Edison Energy Srl to Dolomiti Energia. However, because Dolomiti Edison Energy Srl is a "vehicle company" and the majority of the risks and benefits related to it accrue to Edison, it will continue to be consolidated line by line.
- Establishment of Edison Engineering Sa, which is consolidated line by line. This company will handle the construction of a combined-cycle power plant in Thisvi, Greece, which is being built under an agreement with Hellenic Petroleum. This company established a contractual joint venture, as defined in IAS 31, in which it holds a 65% controlling interest. AKTOR Sa, its Greek partner, owns the remaining 35%.
- Liquidation of Bluefare Ltd, which was deconsolidated as of January 1, 2008.
- In June, establishment of Ise Srl, a company consolidated line by line that will engage directly in the construction and management of power plants and other facilities for the production, sale and transmission of electric power.

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

Diversified Operations

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

Assets and Groups of Assets Held for Sale

- In April 2008, CO Energy Power Srl (a company established in January 2008 to which, on February 1, 2008, Edison Spa conveyed the business operations consisting of the five thermoelectric power plants) and Termica Boffalora were sold to Cofathec Servizi. At the same time, Termica Celano was sold to SECI. Until March 31, 2008, the divested companies were consolidated line by line in the income statement of the electric power operations. The sale generated a loss of about 3 million euros, which is recognized in the income statement as Loss from discontinued operations.

Financial Highlights for the First Half of 2008 of Companies Consolidated by the Proportional Method

(Amounts pro rated based on the percentage interest held)

(in millions of euros)	Edipower	Sel Edison	Ibiritermo	Parco Eolico Castelnuovo Srl	ED-Ina D.O.O.	IWH	Ascot
	50.00%	42.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Income Statement							
Sales revenues	**325**	**6**	**-**	**-**	**2**	**13**	**1**
EBITDA	**93**	**3**	**-**	**-**	**-**	**4**	**-**
as a % of net revenues	*28.6%*	*50.0%*	*n.a.*	*n.a.*	*n.m.*	*30.8%*	*n.m.*
Depreciation, amortization and writedowns (-)	(63)	(1)	-	-	-	(1)	-
EBIT	**30**	**2**	**-**	**-**	**-**	**3**	**-**
Profit (Loss)	**(3)**	**1**	**5**	**-**	**-**	**(5)**	**-**
Balance Sheet							
Total assets	**220**	**58**	**110**	**3**	**-**	**50**	**-**
Shareholders' equity	**1,051**	**37**	**19**	**1**	**-**	**1**	**-**
Net Financial Debt (financial assets)	**820**	**18**	**(6)**	**1**	**-**	**-**	**-**

RISK MANAGEMENT

The Edison Group has adopted an integrated risk control system based on international Enterprise Risk Management standards, the purpose of which is to identify the Company's top risks, assess in advance their potential negative impact and take appropriate actions to minimize them.
This process is based on an annual Risk Self Assessment review that involves all of the Company's Business Units and Departments in an effort to identify, assess and manage at the operating level the risks entailed by the pursuit of the Group's principal business objectives.
The assessment is carried out based on a corporate Risk Model and using a risk scoring method developed internally specifically for this purpose. The results of the process are later consolidated at the central level to develop a map in which risk are prioritized based on the respective score and risks of the same type are aggregated with the goal of coordinating risk reduction plans and achieving an integrated management of the risks in question.
The results of this activity are communicated on a regular basis to the Audit Committee and the Board of Directors, and are used by the Internal Control Systems Department to prepared risk-based audit plans.

An analysis of the risks to which the Edison Group is exposed is provided below, in accordance with the abovementioned corporate Risk Model.

Market Risk

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

1) Commodity price risk, which is caused by volatility in the prices of energy commodities and environmental securities (CO_2 emission certificates, green certificates, white certificates);
2) Foreign exchange risk;
3) Interest rate risk.

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

The Group is exposed to price risk, including the related currency risk, for all of the energy commodities with which it is involved, including electric power, natural gas, coal, oil and refined products. This risk exists because all of the Group's production, storage and trading activities are affected by fluctuations in the prices of the abovementioned energy commodities, which, insofar as fuels are concerned, are mainly priced in U.S. dollars. The effect of these fluctuations can be felt both directly and indirectly, through the indexing mechanisms included in pricing formulas.

With a few minor exceptions that concern Edipower, Edison manages the abovementioned risks by means of a process based on segregating and separating the control and risk management function, which is part of Edison Spa and reports to the Chief Financial Officer, from the execution of transactions on the financial markets, which are handled by Edison Trading Spa for commodity markets and the Finance Department for exchange rates.

Consistent with its Energy Risk Policies, the Group seeks to minimize the use of financial markets to hedge risks, preferring instead to exploit the hedges provided by the vertical integration of the Group's businesses. The Group pursues this goal first of all by physically balancing the volume of its market sales of physical energy commodities with different maturities against Company-owned production assets and its portfolio of medium/long-term and spot contracts. In addition, the Group pursues a policy of homogenizing physical sources and uses, so that the formulas and indexing mechanisms to which revenues from energy commodities are tied reflect as much as possible the formulas and indexing mechanisms on the Group's cost side, i.e., its market purchases of energy commodities and supply arrangements for its production assets.

To manage the remaining risk that affects the Industrial Portfolio, the Energy Risk Policies require the ongoing monitoring of the Group's net exposure, which is computed for the Group's entire portfolio of assets and contracts, and of the total level of Economic Capital at risk involved - measured in terms of Profit at Risk (PaR[1]) - against a predetermined ceiling of Economic Capital approved by the Board of Directors concurrently with the annual budget. The Economic Capital is the risk capital, expressed in million of euros, allocated to hedge market risks.

The Risk Management Committee, which is headed by a senior executive, reviews monthly the Group's net exposure and, if the Profit at Risk is higher then the predetermined ceiling, defines the appropriate strategic hedging policies, which may involve the use of suitable financial derivatives.

Provided transactions are approved in advance by the Risk Office, which determines whether they are consistent with the Group's risk management objectives and with the Group's total exposure, the Edison Group may also use other types of hedges called operational hedges, which are executed in response to requested originating from the various Business Units.

At June 30, 2008, outstanding financial derivatives were measured at fair value against the forward market curve on the reference date of the annual financial statements, when the underlying assets were traded on markets that provided official and liquid forward price quotes. When no forward market quotes were available, projected pricing curves based on simulation models developed internally by the Edison Group were used.
Since January 1, 2008, a market forward curve has been available to value financial derivatives traded on the Italian energy market. Previously, when a quoted reference curve of the price of electric power was not available in Italy, the Company used an internal model that simulated the Single National Price (abbreviated PUN in Italian) curve. The switch to the market forward curve did not produce a material impact on the income statement for the first half of 2008, compared with the data obtained using the internal model, because the latter already provided results in line with market quotes.
For financial contracts that hedge the Industrial Portfolio, the Edison Group uses the Montecarlo Method to assess the impact of fluctuations in the market price of the underlying assets on the fair value of outstanding derivatives, based on a methodology similar to the one applied to compute Profit at Risk (PaR). This method requires the simulation of 10,000 scenarios for the entire portfolio of financial contracts outstanding, as they apply to each material price driver, taking into account volatility data and market correlations, using as a reference level the forward market curves on the date of the financial statements, when available.
Once a probability distribution for changes in fair value is obtained, it then becomes possible to extrapolate the maximum expected negative variance in fair value for the outstanding financial contracts over the length of a reporting year for a level of probability of 97.5% (the same as the confidence interval use to compute PaR). In the case of the consolidated financial statements of the Edison Group, using the method described above, the maximum negative variance expected with a probability of 97.5% in the fair value of the financial contracts outstanding over the time horizon of the current fiscal year, compared with the fair value computed at June 30, 2008, is 60.2 million euros (76 million euros at June 30, 2007), as shown in the table below:

Profit at Risk (P&R)	**First half 2008**		First half 2007	
(in millions of euros)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Group	97.5%	60.2	97.5%	76.0

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

In other words, the probability that the negative variance from the fair value of outstanding financial contract determined at June 30, 2008 will be greater than 60.2 million euros by the end of 2008 is limited to 2.5% of the scenarios.

Beginning on January 1, 2008, the Edison Group allows trading in physical commodities and financial derivatives as part of its regular operations. Trading activity is permitted provided special procedures are complied with and trade are kept separate from the Group's Industrial Portfolio from their inception and segregated in special Trading Portfolios. The Trading Portfolios are monitored by means of a suitable structure of risk limits. Specifically, at 95% probability, the daily VaR[2] limit on the Trading Portfolios is 2.1 million euros. At June 30, 2008, 57% of the limit amount had been used, with an average of 62% for the first six months of 2008. The Economic Capital for all of the Trading Portfolios represents the aggregate at-risk capital available to support market risks for trading activities and takes into account the at-risk capital associated with the VaR of the portfolios and the at-risk capital estimated with stress tests for structured or otherwise illiquid positions. The limit for the Economic Capital for all of the Trading Portfolios is 32.8 million euros. At June 30, 2008, 67% of the limit amount had been used, with an average of 66% for the first six months of 2008.

2. Foreign Exchange Risk not Related to Commodity Risk

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

3. Interest Rate Risk

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

	06.30.2008			12.31.2007		
Gross financial debt: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	736	1,724	56%	756	1,798	62%
- variable rate portion	2,345	1,357	44%	2,155	1,113	38%
Total gross financial debt (*)	**3,081**	**3,081**	**100%**	**2,911**	**2,911**	**100%**

(*) For a breakdown of gross financial debt see the "Liquidity Risk" section of this Report.

As shown by the breakdown in the preceding table, at June 30, 2008, the Group's exposure to the risk of changes in interest rates was equivalent to about 44% of its total gross exposure (38% at December 31, 2007). The remaining 56% at fixed rates (62% at December 31, 2007), is the combined result of borrowings originally structured with a fixed rate and derivatives executed to hedge bank borrowings of bonds payable that are contractually indexed to a variable rate.
The guidelines that govern the policy applied to hedge the interest rate risk is reviewed below. First of all, Edison Spa does not execute derivatives for speculative purposes. On the contrary, the main objective is to reduce volatility-induced changes in financial expense. Some of the hedging transactions executed for this purpose qualify as hedges in accordance with IAS 39. Others qualify as economic hedges. In both cases, the purpose is to reduce the effect of increases in the Euribor on financial expense, while at the same time retaining some of the benefits associated with Euribor decreases. These goals are achieved by establishing, with the help of hedges, an appropriate mix of fixed and variable rates in the indebtedness portfolio.

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

The adoption of this principle is clearly visible in the main transactions included in the Group's portfolio. As for Edison Spa, most of the hedges applied to bond issues, which constitute the most stable source of financing (for the main characteristics of the outstanding bond issues, see the table provided later in this Report in the section entitled "Default Risk and Debt Covenants"). Through the use of derivatives, the interest rate on a portion (350 million euros) of a 700-million-euro bond issue was changed from a 5.125% fixed rate to a variable rate. In addition, a 200-million-euro portion of a 500-million-euro bond issue with a variable rate was converted to fixed rate of about 3.60%. For the remaining 300 million euros, the Group negotiated a structure that prevents increases in the contractual rate to rise above a preset ceiling of 3.95%.
The strategy for Edipower, which is the recipient of medium and long-term syndicated loans totaling 2 billion euros that are indexed to a variable rate, was to use a composite structure that prevents increases in the contractual rate to rise above a ceiling set at around 4.20%, with levels of hedging that are higher over the short term (about 80% until September 2008) and lower (about 60%) subsequently, until the maturity of the underlying debt obligations.
The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2008 (spot and forward yield curve).

Sensitivity analysis	First half 2008			06.30.2008		
(in millions of euros)	Impact on the income statement			Impact on the cash flow hedge reserve		
	+50bps	base	-50bps	+50bps	base	-50bps
Edison Group	71	69	65	40	15	13

Credit Risk

The credit risk represents Edison's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. This risk arises primarily from economic/financial factors (i.e., that the counterpart defaults on its obligations), as well as from factors that are technical/commercial or administrative/legal in nature (disputes over the type/quantity of goods supplied, the interpretation of contractual clauses, supporting invoices, etc.).

The Edison Group's exposure to credit risk is due mainly to its growing commercial activity as a seller of electric power and natural gas in the deregulated market. To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Central Finance Department), the Group has 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. The policies and tools used to preventively assess credit worthiness and the monitoring and collection activities employed vary depending on the customer type and the consumption level profile. As required by internal credit policies and depending on the customer's credit worthiness, in some cases the Group may ask customers to provide it with guarantees. Generally, these are sight bank or insurance sureties issued by entities with a high credit rating. In addition, a program for the assignment without recourse of trade receivables on a monthly revolving basis got under way in February. At June 30, 2008, the receivables assigned without recourse had a total face value of 675 million euros. The amount of receivables assigned with recourse risk that were outstanding at June 30, 2008 is not significant.
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.
The payment terms applied to most customers require payment within 30 days from the date of the invoice, which, as a rule, is issued monthly during the month that follows the month when the service was provided. In cases of late payment, consistent with express provisions of the underlying supply contracts, Edison charges customers delinquent interest at the rate allowed under the applicable laws (as a rule, the delinquent interest rate set forth in Legislative Decree No. 231/2002 is applied), without prejudice

to the right to cease providing service (also called supply contract "termination") when a customer continues to be insolvent.

Trade receivables are shown in the financial statements net of any writedowns, which are recognized with a conservative approach using different rates that reflect the degree by which different groups of receivables were in arrears on the balance sheet date.
The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The change, compared with the balance outstanding at December 31, 2007 is due mainly to an increase in receivables owed by the Power Exchange (GME Spa) and to a higher exposure toward Italy's national electrical services manager (GSE Spa) for adjustments to the avoided fuel cost component.

(in millions of euros)	06.30.2008	12.31.2007
Gross trade receivables	1,874	1,742
Allowance for doubtful accounts (-)	(85)	(88)
Trade receivables	**1,789**	**1,654**
Guarantees held	375	286
Receivables 9 to 12 months in arrears	19	13
Receivables more than 12 months in arrears	59	55

Trade receivables that are delinquent on the balance sheet date are offset by corresponding allowances. Of the receivables in arrears listed in the preceding table, 32% (9 to 12 months in arrears) and 21% (more than 12 months) was owed by agencies of the Italian public administration that are supplied by Edison Energia Spa under CONSIP contracts. Receivables owed by these customers are the main reason for the increase in receivables that more than are 9 months in arrears.

Operational Risks
Operational risks are the risks that the Company or third parties could incur due to the inadequacy or dysfunction of procedures, human resources and systems. They include legal risks and risks posed by external events. These risks, which for management purposes were identified in the Risk Self Assessment process, had no impact on the financial statements at June 30, 2008, except as reflected in the provisions for risks and charges. Additional information is provided in the Note No 15 to the Provisions for Risks and Charges.

Other Risks

Liquidity Risk
The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows shows the expected nominal future cash outflows, both for principal and accrued interest, resulting from financial liabilities (including trade accounts payable) and interest rate derivatives. Borrowings were included based on the first due date when repayment can be demanded. Revocable lines of credit were treated as if repayable on demand.

Worst case	06.30.2008			12.31.2007		
(in millions of euros)	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	7	58	1,337	7	56	1,343
Borrowings and other financial liabilities	370	369	1,176	366	147	1,405
Trade account payable	1,338	54	-	1,282	112	-
Total	**1,715**	**481**	**2,513**	**1,655**	**315**	**2,748**

The cash flows, financing needs and liquidity of Group companies are managed centrally in order to optimize the use of financial resources. The goal is to ensure that the Group has access at all times to sufficient committed facilities to repay indebtedness maturing over the ensuing 12 months. At June 30, 2008, the Group was abundantly in compliance with this objective. Specifically, the Edison Group has unused committed lines of credit amounting to 1,619 million euros with an average residual life of more than four years. The largest of these facilities is a syndicated standby credit line of 1,500 million euros that expires in 2013, which was unused at June 30, 2008.
The amount of the Group's trade receivables and the corresponding payment terms help create a well balanced working capital and specifically provide adequate coverage for the accounts payable.

The table that follows provides a breakdown by maturity of the Group's gross financial debt at June 30, 2008. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk in that they do not reflect expected nominal cash flow, using instead amortized cost valuations and the fair value of derivatives, which are the amounts at which financial liabilities were recognized in the accounting records at June 30, 2008.

(in millions of euros)	06.30.2009	06.30.2010	06.30.2011	06.30.2012	06.30.2013	After 5 years	Total
Bonds	26	-	700	500	-	-	1,226
Borrowings and other financial liabilities:							
- bank debt	760	182	182	653	12	16	1,805
- due to other lenders	27	3	2	2	1	15	50
Gross financial debt	**813**	**185**	**884**	**1,155**	**13**	**31**	**3,081**

Default Risk and Debt Covenants

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

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Curr. Rate
EMTN 12.2003	Edison Spa	Luxembourg Stock Exch.	XS0181582056	7	12.10.2010	700	Fixed, annual	5.125%
EMTN 12.2003	Edison Spa	Luxembourg Stock Exch.	XS0196762263	7	07.19.2011	500	Variable, quarterly	5.384%

In addition, considering the pro rata consolidation of Edipower's debt, the Group is a party to non-syndicated loan agreements totaling 453 million euros and syndicated loan agreements with a total face value of 2,533 million euros, 1,619 million euros of which was unused at June 30, 2008.
Generally, consistent with international practice for financial transactions of this type, these agreements provide the lenders with the right to demand the payment of the indebtedness and terminate their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or another procedure with similar effects.
Specifically, the bond indentures, consistent with market practices, include a series of standard clauses that, in the event of non-performance, require that the issuer immediately redeem the bonds. The main clauses of this type are: (i) negative pledge clauses, by virtue of which the borrower undertakes to refrain to provide Group assets as collateral beyond a specific amount; (ii) cross default/cross acceleration clauses, which establish an obligation to immediately repay the bonds in the event of material failures to perform obliga-

tions that arise from or are generated by other loan agreements that affect a significant portion of the indebtedness owed by Group companies; and (iii) clauses that establish an obligation of immediate repayment even if just some Group companies were to be declared insolvent.

As for credit line agreements and bilateral or syndicated loan agreements to which Edison is a party, it is important to note that the agreement for a syndicated credit line of 1,500 million euros provided to Edison sets forth, among other clauses, Edison's obligation to comply with certain commitments, which include making sure that the lender banks are being afforded a treatment equal to the one offered under other unsecured loan agreements (pari passu clause), as well as restrictions on Edison's ability to provide collateral to new lenders (negative pledge clause).
As for the other Group companies, certain loan agreements that some of them are parties to set forth, in addition to the clauses discussed above, the obligation to achieve and/or maintain certain financial ratios (typically indicative of a borrower's ability to repay the indebtedness over the long term, such as the Long Life Cover Ratio, which is the ratio between net financial position and EBITDA or shareholders' equity) and, in some cases, place restrictions on the ability to distribute dividends. Any violation of these clauses would accelerate the repayment of the loaned amount.

Lastly, the syndicated loan agreement executed by Edipower in January 2007 for a total contractual amount of 2,000 million euros contains negative pledge, pari passu and cross default clauses and includes the obligation to comply with certain financial covenants, which include ratios between Edipower's minimum EBITDA and financial expense and net indebtedness and EBITDA. The content of the abovementioned financial covenants was determined by Edipower, based on its industrial plan and using a suitably conservative approach.

At present, to the Company's knowledge, none of the Group companies is in default or in violation of any of the abovementioned covenants.

Analysis of Forward Transactions and Derivatives

In 2008, the Group began trading for its own account in physical energy commodities and financial derivatives based on such commodities, in a manner consistent with its newly adopted *Energy Risk Policies*. Accordingly, it defined an appropriate risk control structure and the necessary guidelines and specific procedures. The Group views this activity as part of its regular operations and, consequently, the results derived from it are included in reported EBITDA and are recognized in the income statement. Whenever possible, the Company uses *hedge accounting*, provided the transactions comply with the requirements of IAS 39.

Derivative transactions can be classified as follows:

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

Instruments Outstanding at June 30, 2008

The tables that follow provide an illustration of the information listed below:

- Derivatives that were outstanding at June 30, 2008 classified by maturity;
- The value at which these contracts are reflected on the balance sheet, which is their fair value on the date of the financial statements;
- The pro rata share of the fair value referred to above that was recognized on the income statement from the date of execution to the reporting date.

The difference, if any, between the value on the balance sheet and the fair value recognized on the income statement is the fair value of contracts that qualify as cash flow hedges, which, in accordance with the reference accounting principles, is posted directly to equity reserves.

A) Interest Rates and Foreign Exchange Rates

(in millions of euros)	Notional amount (*)		Notional amount (*)	Notional amount (*)	Balance sheet amount (**)	**Cumulative impact on the income statement at 06.30.2008 (***)**
	due within 1 year		due between 2 and 5 years	due after 5 years		
Interest rate risk management						
- cash flow hedges in accordance with IAS 39	66		720	2	15	1
- contracts that do not qualify as hedges in accordance with IAS 39	2,205		1,697	62	(7)	(7)
Total interest rate derivatives	**2,271**		**2,417**	**64**	**8**	**(6)**
	due within 1 year receivable	due within 1 year payable	Due between 2 and 5 years receivable			
Foreign exchange rate risk management						
- contracts that qualify as hedges in accordance with IAS 39:						
- on commercial transactions	810	254	15	-	(24)	(2)
- on financial transactions	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:						
- on commercial transactions	66	-	1	-	(1)	(1)
- on financial transactions	12	-	-	-	(1)	(1)
Total foreign exchange rate derivatives	**876**	**254**	**16**	**-**	**(26)**	**(4)**

(*) Represents the sum of the notional amounts of the basic contracts that would result from an unbundling of complex contracts.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value recognized on the income statement from the inception of the contract until the date of the financial statements.

B) Commodities

	Unit of measure of notional amount	Notional amount due within one year (*)	Notional amount due within two years (*)	Notional amount after two years (*)	Balance sheet value (**) (millions of euros)	Cumulative impact on the income statement at 06.30.2008 (***) (millions of euros)
Price risk management for energy products						
A. Cash flow hedges pursuant to IAS 39, broken down as follows:					**2**	**-**
- Electric power	TWh	(1.8)	-	-	(7)	-
- LNG and oil	Barrels	595,070	-	39,000	9	-
- Other commodities	-	-	-	-	-	-
B. Contracts that qualify as fair value hedges pursuant to IAS 39					**-**	**-**
C. Contracts that do not qualify as fair value hedges pursuant to IAS 39, broken down as follows:					**32**	**32**
C.1 Margin hedges					**15**	**15**
- Electric power	TWh	1.2	-	-	(5)	(5)
- LNG and oil	Barrels	244,990	33,400	39,000	(1)	(1)
- Coal	millions of tons	-	-	-	4	4
- CO_2	millions of tons	3.0	0.1	-	17	17
C.2 Trading contracts					**17**	**17**
- Electric power	TWh	3.8	0.2	-	21	21
- LNG and oil	Barrels	(71,843)	-	-	(2)	(2)
- CO_2	millions of tons	0.1	0.1	0.3	(2)	(2)
TOTAL					**34**	**32**

(*) + for net purchases, - for net sales.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value recognized on the income statement from the inception of the contract until the date of the financial statements.

Operating and Financial Effects of Derivative Transactions in the First Half of 2008

The table below provides an analysis of the financial results generated in the first half of 2008 by derivative transactions and the fair value measurement of energy commodity contracts included in the trading portfolio. This analysis does not include the realized portion of these contracts, which are reflected in the corresponding revenue or expense item.

The purchases of natural gas accounted in the statement line "Materials and services used" includes 22 million euros of negative impact of the effective portion of commodity related foreign exchange hedges.

(in millions of euros)	Realized in the first half of 2008 (A)	Fair Value recognized for contracts outstanding at 12.31.2007 (B)	Portion of (B) contracts realized in the first half of 2008 (B1)	Fair value recognized for contracts outstanding at 06.30.2008 (C)	Change in fair value in the first half of 2008 (D)=(C-B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	15	-	-	-	-	15
- not definable as hedges pursuant to IAS 39	23	6	3	42	36	59
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Trading portfolios						
- not definable as hedges pursuant to IAS 39	7	28	12	162	134	141
Total (A)	**45**	**34**	**15**	**204**	**170**	**215**
Raw materials and services used (see Note 23 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(3)	-	-	-	-	(3)
- not definable as hedges pursuant to IAS 39	(4)	(5)	(3)	(28)	(23)	(27)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*)	(32)	(10)	(10)	(2)	8	(24)
- not definable as hedges pursuant to IAS 39	-	-	-	(1)	(1)	(1)
Trading portfolios						
- not definable as hedges pursuant to IAS 39	(6)	(32)	(15)	(145)	(113)	(119)
Total (B)	**(45)**	**(47)**	**(28)**	**(176)**	**(129)**	**(174)**
TOTAL INCLUDED IN EBITDA (A+B)	**-**	**(13)**	**(13)**	**28**	**41**	**41**
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39	1	1	-	1	-	1
- not definable as hedges pursuant to IAS 39	14	7	6	10	3	17
Total financial income (C)	**15**	**8**	**6**	**11**	**3**	**18**
Financial expense						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(25)	(20)	(3)	(17)	3	(22)
Total financial expense (D)	**(25)**	**(20)**	**(3)**	**(17)**	**3**	**(22)**
Margin on interest rate hedging transactions (C+D)=(E)	**(10)**	**(12)**	**3**	**(6)**	**6**	**(4)**
Foreign exchange rates hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Total foreign exchange gains (F)	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(1)	-	-	(1)	(1)	(2)
Total foreign exchange losses (G)	**(1)**	**-**	**-**	**(1)**	**(1)**	**(2)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**(1)**	**-**	**-**	**(1)**	**(1)**	**(2)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (E+H) (see Note 27 in the Income statement)	**(11)**	**(12)**	**3**	**(7)**	**5**	**(6)**

(*) Included the ineffective portion.

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

(in millions of euros)	06.30.2008		12.31.2007	
	Receivable	Payables	Receivable	Payables
Foreign exchange transactions	3	(29)	3	(21)
Interest rate transactions	22	(14)	12	(19)
Commodity transactions	240	(206)	59	(61)
Fair value recognized as current asset or current liability	**265**	**(249)**	**74**	**(101)**
Broken down as follows:				
- recognized as "Other receivables and payables"	243	(234)	62	(82)
- recognized as "Current financial assets" and "Short-term borrowings"	22	(15)	12	(19)

With regard to the items listed above, please note that the receivables and payables shown are offset by a negative cash flow hedge reserve amounting to 6 million euros, before the corresponding deferred-tax assets and liabilities.

Classes of Financial Instruments

The table provided below, which lists the types of financial instruments recognized in the financial statements showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity, completes the disclosures required by IFRS 7. The last column in the table shows, if applicable, the fair value of financial instruments at June 30, 2008. Edison has chosen not to adopt the value option and, consequently, as the table shows, neither borrowings nor bonds were restated at fair value.

(in millions of euros)	Criteria applied to value financial instruments in the financial statements					
	Fin. instruments valued at fair value with change in fair value recognized in:		Financial instruments valued at amortized cost	Equity investments valued at cost	**Carryng value at 06.30.2008**	Fair value at 06.30.2008
Financial instrument type	earnings	equity				
ASSETS						
Available-for-sale equity investments, including:						
- not publicly traded securities	-	-	-	205	**205**	n.a.
- publicly traded securities	-	11	-	-	**11**	11
					216	
Other financial assets [(2) (4)]	-	-	143	-	**143**	143
Other assets [(4)]	-	-	63	-	**63**	63
Trade receivables [(4)]	-	-	1,789	-	**1,789**	1,789
Other receivables [(1) (4)]	224	19	408	-	**651**	651
Other current financial assets [(3) (4)]	17	15	3	-	**35**	35
Cash and cash equivalents [(4)]	-	-	123	-	**123**	123
LIABILITIES						
Bonds	-	-	1,226	-	**1,226**	1,220
Borrowings [(1) (4)]	15	-	1,840	-	**1,855**	1,857
Trade payables [(4)]	-	-	1,397	-	**1,397**	1,397
Other liabilities [(1) (4)]	194	40	420	-	**654**	654

(1) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(2) Includes 84 million euros in loans receivable classified as long term following the adoption of IFRIC 4.
(3) Includes receivables from the measurement at fair value of derivatives and equity investments held for trading.
(4) The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same as their carrying value.

Segment Information

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

INCOME STATEMENT	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007
Sales Revenues	**3,864**	**3,244**	**2,444**	**1,986**	**38**	**37**	**-**	**-**	**(1,341)**	**(1,215)**	**5,005**	**4,052**
- intra-Group Revenue	2	3	1,321	1,194	18	18	-	-	(1,341)	(1,215)		
EBITDA	**636**	**621**	**209**	**315**	**(36)**	**(32)**	**-**	**-**	**-**	**-**	**809**	**904**
as a % of revenues	16.5%	19.1%	8.6%	15.9%	n.m.	n.m.	-	-	-	-	16.2%	22.3%
Depreciation, amortization and writedowns	(282)	(275)	(79)	(57)	(6)	-	-	-	-	-	(367)	(332)
EBIT	**354**	**346**	**130**	**258**	**(42)**	**(32)**	**-**	**-**	**-**	**-**	**442**	**572**
as a % of revenues	9.2%	10.7%	5.3%	13.0%	n.m.	n.m.	-	-	-	-	8.8%	14.1%
Net financial income (expense)											(63)	(112)
Interest in result of companies valued by equity method											-	(9)
Income taxes											(234)	(204)
Profit from continuing operations											**103**	**262**
Profit (Loss) from discontinued operations							**(3)**	**-**			**(3)**	**-**
Minority interest in profit (loss) for the period											**(2)**	**6**
Group interest in profit (loss) for the period											**102**	**256**

BALANCE SHEET	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07
Total assets	**11,645**	**11,409**	**2,681**	**2,718**	**3,176**	**3,052**	**-**	**318**	**(2,724)**	**(2,774)**	**14,778**	**14,723**
Total liabilities	**3,951**	**3,489**	**1,443**	**1,396**	**2,403**	**2,588**	**-**	**77**	**(959)**	**(978)**	**6,838**	**6,572**
Net financial debt							**-**	**(15)**			**2,839**	**2,687**

OTHER INFORMATION	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007
Capital expenditures	96	114	96	91	6	7	-	-	-	-	198	212
Investments in exploration	-	-	40	17	-	-	-	-	-	-	40	17
Investments in intangibles	-	1	-	-	4	-	-	-	-	-	4	1
Total capital investments	**96**	**115**	**136**	**108**	**10**	**7**	**-**	**-**	**-**	**-**	**242**	**230**

	Electric Power		Hydrocarbons		Corporate Activities		Disposal Group		Adjustments		Edison Group	
	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07	06.30.08	12.31.07
Number of employees	1,809	1,851	476	460	1,288	873	-	93	-	-	3,573	3,277

NOTES TO THE BALANCE SHEET

Assets

Non-current Assets

1. Property, Plant and Equipment

Property, plant and equipment totaled 7,489 million euros, for a net decrease of 130 million euros compared with December 31, 2007. This decrease is mainly the result of depreciation expense of 310 million euros, net of additions totaling 198 million euros. The table that follows shows a breakdown of the changes that occurred in the first half of 2008:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2007 (A)	**903**	**6,232**	**21**	**11**	**452**	**7,619**
Changes in the first half of 2008:						
- Additions	1	29	2	-	166	198
- Disposals (-)	(1)	(15)	-	-	-	(16)
- Depreciation (-)	(23)	(284)	(2)	(1)	-	(310)
- Currency translation difference	-	-	-	-	(1)	(1)
- Other changes	6	146	-	1	(154)	(1)
Total changes (B)	**(17)**	**(124)**	**-**	**-**	**11**	**(130)**
Balance at 06.30.2008 (A+B)	**886**	**6,108**	**21**	**11**	**463**	**7,489**

The total value of the assets, virtually all of which are located in Italy, includes construction in progress and advances totaling 463 million euros, broken down as follows: 144 million euros for the electric power operations and 305 million euros for the hydrocarbons operations.

Additions of 198 million euros are mainly the result of the following capital expenditures:

- The investments of the **electric power operations** totaled 96 million euros, including 59 million euros used in the *thermoelectric area* primarily to build power plants in Candela (FG) (27 million euros), San Filippo del Mela (ME) (9 million euros), Marghera (VE) (7 million euros) and Simeri Crichi (CZ) (3 million euros). In addition, 19 million euros were invested in the *hydroelectric area* and 15 million euros in *wind power* facilities.
- The **hydrocarbons operations** invested 96 million euros. Investments outside Italy totaled 48 million euros, including 29 million euros in Egypt, 16 million euros in Algeria and 3 million euros in Croatia. Projects in Italy included development of gas fields in the Adriatic (28 million euros), construction of the Caverzere-Minerbio natural gas pipeline (11 million euros) and expansion of the Collalto Susegana (TV) storage field (6 million euros).
- Investments in the **Corporate Activities** area account for the remaining 6 million euros.

Disposals, which totaled 16 million euros, reflect primarily the sale of components from a thermoelectric power plant and non-production assets. These disposals generated a net gain of 4 million euros.

Depreciation of property, plant and equipment amounted to 310 million euros. It includes 280 million euros for the electric power operations (273 million euros at June 30, 2007) and 27 million euros for the hydrocarbons operations (27 million euros at June 30, 2007). Corporate activities account for the balance.

In addition:

- The net carrying amount of property, plant and equipment includes **assets transferable at no cost** with an aggregate value of 558 million euros (591 million euros at December 31, 2007) attributable to the hydroelectric operations, which hold 68 concessions, and to the gas and water distribution operations, which hold 62 concessions. The decrease reflects primarily the depreciation taken in the first half of 2008.
- Property, plant and equipment includes **assets acquired under finance leases** totaling 109 million euros (117 million euros at December 31, 2007), which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounted to 15 million euros, is shown under "Long-term borrowings and other financial liabilities" (4 million euros) and "Short-term borrowings" (11 million euros).

2. Investment Property

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

Goodwill

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

Allocation of goodwill

(in millions of euros)	06.30.2008	12.31.2007
Electric power operations	2,836	2,836
Hydrocarbons operations	682	682
Total	**3,518**	**3,518**

No impairment losses that affected the value of goodwill were detected in the first half of 2008.

4. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 81 mineral leases in Italy and abroad (including 2 storage concessions) for the extraction of hydrocarbon deposits, were valued at 287 million euros. The amortization for the period accounts for most of the decrease of 12 million euros from the amount reported at December 31, 2007.

During the first half of 2008, the Group was awarded a new exploration license in Iran.

5. Other Intangible Assets

The amount of 34 million euros shown for patents, licenses and similar rights refers mainly to software licenses. Hydrocarbon research and exploration costs, which are charged in full to income in the period they are incurred, totaled 40 million euros in the first half of 2008. No amount was capitalized during the first half of 2008 as a result of successful exploration programs and subsequent development, as allowed by IFRS 6.

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

The total includes 45 million euros in investments in companies valued by the equity method and 216 million euros in investments in companies valued at fair value. The latter amount includes an investment in Terminale GNL Adriatico (195 million euros). The table below shows the main changes that occurred in the first half of 2008:

(in millions of euros)	Investment in associates	Available-for-sale investments	Total
Balance at 12.31.2007 (A)	**44**	**184**	**228**
Changes in the first half of 2008:			
- Additions	1	-	1
- Changes in share capital	5	44	49
- Writedowns and valuations at equity (-)	(1)	(12)	(13)
- Reclassifications and other changes	(4)	-	(4)
Total changes (B)	**1**	**32**	**33**
Balance at 06.30.2008 (A+B)	**45**	**216**	**261**

An analysis of the changes is as follows:

- **Additions** of 1 million euros reflect the purchase of a 2.8% interest in Galsi;
- **Changes in share capital** of 49 million euros consist mainly of capital contributions provided to the associated companies Terminale GNL Adriatico (44 million euros), Galsi (3 million euros) and EL.IT.E. (2 million euros);
- **Writedowns and valuations at equity** totaling 13 million euros reflect for the most part the impact of valuing at fair value the investment in RCS, with the offset posted to shareholders' equity;
- **Reclassifications and other changes** of 4 million euros refer primarily to the liquidations of Ferruzzi Trading France and Frigotecnica, and to the sale of Compo Chemical, which produced a benefit of about 7 million euros in the income statement.

7. Other Financial Assets

Other financial assets, which totaled 143 million euros, or 4 million euros more than at December 31, 2007, consist of loans receivable due in more than one year. They include the following:

- an 84 million euros receivable under a finance lease for the Ibiritermo power plant recognized as required by IFRIC 4;
- 40 million euros for the IPSE 2000 escrow deposit, which is offset by a provision for risks of the same amount due to uncertainty about its repayment;
- 14 million euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa, the disbursement of which depends on changes in CIP 6/92 regulations;
- 5 million euros for other long-term financial receivables, which include 4 million euros in bank deposits that secure project financing facilities.

8. Deferred-tax Assets

Deferred-tax assets of 85 million euros reflect a tax-loss carryforward (32 million euros), differences in the valuation of property, plant and equipment (27 million euros) and tax-deductible provisions for risks (15 million euros). Other differences stemming from the adoption of IAS 39 account for the balance.

Insofar as the recognition of these items is concerned, they were valued based on realistic assumptions that they would be realized and the tax benefits realized within the limited time horizon covered by the industrial plans approved by the Companies. Accordingly, only a portion of the amount of the theoretical prepaid taxes computed on the reserves for risks was used for valuation purposes.

9. Other Assets

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

10. Current Assets

(in millions of euros)	06.30.2008	12.31.2007	Change
Inventories	281	250	31
Trade receivables	1,789	1,654	135
Current-tax assets	8	13	(5)
Other receivables	651	371	280
Current financial assets	35	25	10
Cash and cash equivalents	123	103	20
Total current assets	**2,887**	**2,416**	**471**

A review of the individual components is provided below:

Inventories

Inventories totaled 281 million euros. A breakdown by Business Segment is provided below:

(in millions of euros)	Engeneering consumables	Stored natural gas	Fuel oil	Other materials	Total at 06.30.2008	Total at 12.31.2007	Change
Electric power operations	39	-	44	-	83	67	16
Hydrocarbons operations	11	177	6	-	194	179	15
Corporate activities	-	-	-	4	4	4	-
Total for the Group	**50**	**177**	**50**	**4**	**281**	**250**	**31**

The increase of 31 million euros compared with December 31, 2007 reflects additions to the stored natural gas and other fuels.
Inventories also include 11 million euros in strategic reserves of natural gas the use of which is restricted.

Trade Receivables

Trade receivables totaled 1,789 million euros. A breakdown by Business Segment is provided in the table that follows:

(in millions of euros)	06.30.2008	12.31.2007	Change
Electric power operations	1,467	1,190	277
Hydrocarbons operations	324	525	(201)
Corporate activities and eliminations	(2)	(61)	59
Total trade receivables	**1,789**	**1,654**	**135**
Allowance for doubtful accounts	**(85)**	**(88)**	**3**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, contracts to sell natural gas and Power Exchange transactions.
A program for the assignment without recourse of trade receivables on a monthly revolving basis held by Edison Energia and Edison Spa got under way in February. At June 30, 2008, the assigned receivables totaled about 675 million euros.

Current-tax Assets

The balance of 8 million euros includes amounts owed by the tax authorities for overpayments of corporate income taxes (IRES) and local income taxes (IRAP) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia, the Group's controlling company.

Other Receivables

Other receivables totaled 651 million euros, net of an allowance for doubtful accounts of 30 million euros. They include receivables arising from the valuation of commodity and foreign exchange derivatives and energy commodity contracts included in the trading portfolio (243 million euros), amounts owed by partners and associates in hydrocarbon exploration projects (56 million euros), receivables from public institutions and local entities (46 million euros), receivables from the tax administration (39 million euros, including 23 million euros for excise tax overpayments), advances to suppliers (92 million euros, including for 46 million euros paid under take-or-pay clauses) and amounts owed by the controlling company (Transalpina di Energia) in connection with the filing of a consolidated income tax return (8 million euros). Sundry items (hydroelectric concession fees, insurance settlements, security deposits, amounts owed by employees and royalties) account for the balance.

During the first half of 2008, the Group chose to take advantage of temporary price opportunities in the natural gas spot market, even though this decision required payments to contract counterparts amounting to 42 million euros (4 million euros the previous year). However, considering the natural gas delivery requirements projected for the coming years, these payments should be viewed as advances on future deliveries and not as penalties. Consequently, they were recognized as advances to suppliers.

Current Financial Assets

A breakdown of current financial assets, which totaled 35 million euros, is as follows:

(in millions of euros)	06.30.2008	12.31.2007	Change
Equity investments held for trading	10	10	-
Loans receivable	3	3	-
Derivatives	22	12	10
Total current financial assets	**35**	**25**	**10**

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

- **Equity Investments Held for Trading** of 10 million euros, which represents investments in the following publicly traded companies: ACEGAS Spa (4 million euros), ACSM Spa (2 million euros) and American Superconductor Corporation (4 million euros). The valuation of these investments at fair value did not produce a material impact on the income statement.
- **Loans receivable** of 3 million euros include the short-term portion (1 million euros) of a receivable under a finance lease for the Ibiritermo power plant. Loans owed by subsidiaries account for the balance.
- Receivables related to **derivatives** stem exclusively from the valuation at fair value of derivatives hedging interest rate risk that were outstanding at June 30, 2008. A comprehensive explanation of the impact of financial derivatives is provided in a separate disclosure included in this Report.

Cash and Cash Equivalents

Cash and cash equivalents of 123 million euros consist of short-term deposits in bank and postal accounts and other short-term investments.

11. Assets Held for Sale

The change compared with December 31, 2007 reflects the sale of business operations that included five thermoelectric power plants that operated under CIP 6/92 contracts and of Termica Boffalora and Termica Celano occurred in April.

Liabilities and Shareholders' Equity

12. Shareholders' Equity Before Minority Interest

The Group's interest in shareholders' equity amounted to 7,830 million euros, or 174 million euros less than at December 31, 2007. This decrease is the net result of the profit earned in the first half of 2008 (102 million euros), less a distribution of dividends totaling 268 million euros (equal to a dividend of 0.05 euros per common share and 0.08 euros per savings share) and a negative change of 13 million euros in the Reserve for cash flow hedge transactions, and reflects the impact of the valuation of available-for-sale investments.

Minority interest in shareholders' equity totaled 110 million euros. The decrease of 37 million euros, compared with December 31, 2007, is due to the distribution of dividends attributable to minority shareholders (13 million euros) and to the sale of Termica Boffalora and Termica Celano (33 million euros), offset in part by the increase in the minority interest in Dolomiti Energia (8 million euros).

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

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

The Reserve for cash flow hedge transactions, which was established upon the adoption of IAS 32 and IAS 39 to account for derivatives and is included in shareholders' equity, shows a net negative change of 2 million euros compared with December 31, 2007. A breakdown is provided below:

Reserve for cash flow hedge transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2007	(2)	1	(1)
Changes in the first half of 2008	(4)	2	(2)
Reserve at June 30, 2008	**(6)**	**3**	**(3)**

The changes that affected shareholders' equity also include the impact of the valuation of available-for-sale investments, which produced a net negative change of 11 million euros compared with December 31, 2007. As a result, this reserve had a zero balance at June 30, 2008.

Reserve for Available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2007	12	(1)	11
Changes in the first half of 2008	(12)	1	(11)
Reserve at June 30, 2008	**-**	**-**	**-**

The tables that follow provide a "Reconciliation of the net profit of Edison Spa to the Group's interest in net profit" and a "Reconciliation of the shareholders' equity of Edison Spa to the Group's interest in shareholders' equity."

Reconciliation of the Net Profit of Edison Spa to the Group's Interest in Net Profit

12.31.2007	(in millions of euros)	06.30.2008	06.30.2007
448	**Net profit of Edison Spa at 06.30.2008**	**263**	**391**
(233)	Intra-Group dividends eliminated in the consolidated financial statements	(269)	(233)
285	Results of subsidiaries, affiliated companies and joint ventures not recognized in the financial statements of Edison Spa	111	117
-	Difference in valuation of the result of discontinued operations	(37)	-
(3)	Other consolidation adjustments	34	(19)
497	**Group interest in net profit**	**102**	**256**

Reconciliation of the Shareholders' Equity of Edison Spa to the Group's Interest in Shareholders' Equity

06.30.2007	(in millions of euros)	06.30.2008	12.31.2007
6,288	**Shareholders' equity of Edison Spa**	**6,826**	**6,847**
	Carrying value of equity investments eliminated against the pro rate interest in the shareholders' equity of investee companies, including:		
(2,466)	- Elimination of the carrying value of consolidated equity investments	(1,787)	(1,822)
3,469	- Recognition of the shareholders' equities of consolidated companies	2,810	2,967
5	Valuation of equity investments valued by the equity method	4	2
(23)	Other consolidation adjustments	(23)	10
7,273	**Group interest in shareholders' equity**	**7,830**	**8,004**

Non-current Liabilities

13. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which amounted to 66 million euros, reflects the accrued severance indemnities and other benefits owed to employees, computed in accordance with the actuarial criteria of IAS 19. However, only the liability for vested severance benefits still held by the Company was valued for IAS 19 purposes, since the portion applicable to future vesting benefits was paid to a separate entity, as required by the "2007 Budget Law - Reform of the Supplemental Retirement Benefits System." The table below shows the changes that occurred in the first half of 2008:

(in millions of euros)	Provision for sever. indemn.	Provision for pensions	Total
Balance at 12.31.2007 (A)	**59**	**9**	**68**
Changes in the first half of 2008			
- Financial expense	2	-	2
- Actuarial (gains) losses	1	-	1
- Utilizations (-) / Other changes	(5)	-	(5)
Total changes (B)	**(2)**	**-**	**(2)**
Total at 06.30.2008 (A+B)	**57**	**9**	**66**

At June 30, 2008, counting the employees of companies consolidated by the proportional method, the Edison Group had 3,573 employees, up from 3,277 employees at the end of 2007. The main reason for the net increase of 296 employees is the insourcing of the operational personnel of IWH, which was required to comply with changes in Ecuadorian laws, offset in part by the removal from the payroll of the employees of seven divested CIP6/92 power plants.

The table below provides a breakdown by Business Segment of the Group's payroll:

(number of employees)	06.30.2008	12.31.2007	Change
Electric Power operations	1,809	1,851	(42)
Hydrocarbons operations	476	460	16
Corporate activities	1,288	873	415
Total core businesses	**3,573**	**3,184**	**389**
Groups of assets held for sale	-	93	(93)
Total for the Group	**3,573**	**3,277**	**296**

14. Provision for Deferred Taxes

The balance of 590 million euros reflects mainly the deferred tax liability from the use, during the transition to the IFRS, of fair value as deemed cost to value property, plant and equipment.
A portion of the increase in the deferred-tax liability amounting to 72 million euros is due to the impact of the provision of Legislative Decree No. 112 of June 25, 2008 (the so-called Summer Amendment to the Budget Law), which is described in the Note to Income taxes.
The following table shows a breakdown of this provision by type of underlying temporary difference, keeping in mind that certain Group companies that met the requirements of IAS 12 offset their deferred-tax liability against deferred-tax assets:

(in millions of euros)	06.30.2008	12.31.2007	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	640	579	61
- Adoption of standard on finance leases (IAS 17)	45	40	5
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	1	1	-
- shareholders' equity	2	2	-
- Other deferred taxes	10	14	(4)
Total deferred-tax liabilities (A)	**698**	**636**	**62**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	99	67	32
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	2	7	(5)
- shareholders' equity	5	2	3
- Othre prepaid taxes	2	-	2
Total deferred-tax assets (B)	**108**	**76**	**32**
Total provision for deferred taxes (A-B)	**590**	**560**	**30**

15. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 981 million euros, or 82 million euros more than at the end of 2007, as a result of additions booked to recognize risks arising from legal and tax disputes and costs for emissions rights attributable to the first half of 2008, offset in part by the elimination of risks and disputes, mainly in the environmental area.
The table below shows the changes that occurred in the first half of 2008:

(in millions of euros)	12.31.2007	Additions	Utilizations	Translation differences	Other changes and reclassific.	06.30.2008
- Disputed tax items	25	41	-	-	7	73
- Risks for disputes, litigation and contracts	178	4	(15)	-	(18)	149
- Charges for contractual guarantees on the sale of equity investments	124	-	(19)	-	-	105
- Provisions for decommissioning and remediation of industrial sites	313	7	(2)	-	-	318
- Environmental risks	82	13	(70)	-	1	26
- Risks on the sale of equity invest.	29	7	(7)	(2)	(2)	25
- Provision for CO_2 emissions quotas	-	126	-	-	-	126
- Other risks and charges	148	10	(2)	-	3	159
Total for the Group	**899**	**208**	**(115)**	**(2)**	**(9)**	**981**

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

- **Additions** of 208 million euros include 126 million euros booked for emissions rights attributable to the first half of 2008, 41 million euros for tax disputes related mainly to assets sold in previous years, 13 million euros for environmental risks, 10 million euros for legal and contractual risks, 7 million euros for finance charges related to decomissioning provisions, 7 million euros for contingent risks related to Group companies and 4 million euros to accrue statutory interest through June 30, 2008 on existing provisions.
- **Utilizations** of 115 million euros include 69 million euros for a reduction made possible by a settlement with the Ministry of the Environment; 15 million euros for the reversal in earnings of a provision established in previous years upon the sale of assets, which was no longer needed once the corresponding warrantees expired; 11 million euros for a utilization resulting from the settlement of an environmental dispute; 7 million euros for the sale of equity investments; and 3 million euros for the reversal in earnings of other provisions recognized in previous years to cover contingent risks that did not materialize.

More detailed information about the changes that occurred in the provisions for risks and charges is provided in the section of this Report entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2008."

16. Bonds

The balance of 1,200 million euros represents the non-current portion of outstanding bond issues valued at amortized cost.

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

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Long-term amortized cost	Short-term amortized cost	Fair value
Euro Medium Term Notes:									
Edison Spa	Luxembourg Securities Exchange	EUR	700	Annual in arrears	5.125%	12.10.2010	700	18	712
Edison Spa	Luxembourg Securities Exchange	EUR	500	Quarterly in arrears	5.384%	07.19.2011	500	8	508
Total for the Group			**1,200**				**1,200**	**26**	**1,220**

17. Long-term Borrowings and Other Financial Liabilities

Long-term borrowings and other financial liabilities totaled 1,068 million euros, or 148 million euros less than the 1,216 million euros reported at December 31, 2007.

A breakdown of these liabilities is provided below:

(in millions of euros)	06.30.2008	12.31.2007	Change
Due to banks	1,045	1,188	(143)
Due to leasing companies	4	9	(5)
Due to other lenders	19	19	-
Total for the Group	**1,068**	**1,216**	**(148)**

The amount owed to other lenders includes 19 million euros payable to minority shareholders of consolidated companies.

18. Other Liabilities

The balance of 30 million euros reflects liabilities that arise from different types of obligations including 22 million euros for the suspension of the gain earned by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy , which continues to be consolidated line by line.

19. Current Liabilities

(in millions of euros)	06.30.2008	12.31.2007	Change
Bonds	26	9	17
Short-term borrowings	787	485	302
Trade payables	1,392	1,394	(2)
Current taxes payable	44	9	35
Other liabilities	654	652	2
Total current liabilities	**2,903**	**2,549**	**354**

The main current liability accounts are reviewed below:

- **Bonds** Accrued coupons payable at June 30, 2008 account for most of the balance of 26 million euros.
- **Short-term borrowings** of 787 million euros (485 million euros at December 31, 2007), include 760 million euros due to banks, 15 million euros of which was generated by measuring at fair value interest rate and foreign exchange derivatives; 16 million euros owed to unconsolidated subsidiaries in liquidation; and 11 million euros payable to leasing companies.
- **Trade payables** amounted to 1,392 million euros. A breakdown of this item by Business Segment is provided below:

(in millions of euros)	06.30.2008	12.31.2007	Change
Electric power operations	892	883	9
Hydrocarbons operations	490	586	(96)
Corporate activities and eliminations	10	(75)	85
Total trade payables	**1,392**	**1,394**	**(2)**

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

- **Current taxes payable** of 44 million euros represent the liability for income taxes owed by Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia). The main components of this item include the liability for the period, net of estimated payments, for local taxes (10 million euros) and corporate income taxes (32 million euros). The liability for corporate income taxes also reflects the additional obligation introduced by Legislative Decree No. 112 of June 25, 2008 (the so-called "Robin Hood Tax"). The amount owed for this corporate income tax surcharge was classified as income taxes payable because it will be paid directly by the Group companies.
- The main components of **other liabilities** of 654 million euros (652 million euros at December 31, 2007) include the following: liabilities stemming from the measurement of commodity and foreign exchange derivatives and energy commodity contracts included in the trading portfolio (234 million euros), amounts owed to joint holders of permits and concessions for the production of hydrocarbons (116 million euros), the amount owed to the controlling company (Transalpina di Energia) in connection with the filing of a consolidated tax return (65 million euros), payables owed for miscellaneous services (60 million euros), amounts owed to shareholders (26 million euros), amounts payable to employees (25 million euros) and to pension and social security institutions (24 million euros) and royalties owed to government agencies (19 million euros).

20. Liabilities Held for Sale

The change compared with December 31, 2007 reflects the sale of business operations consisting of five thermoelectric power plants that operate under CIP 6/92 contracts and of Termica Boffalora and Termica Celano occurred in April.

NET FINANCIAL DEBT

At June 30, 2008, Net financial debt totaled 2,839 million euros, or 152 million euros more than the 2,687 million euros owed at December 31, 2007.
This increase is the net results of the positive operating cash flow and the proceeds generated by the sale of the CIP 6/92 thermoelectric power plants and of a 51% interest in Dolomiti Edison Energy Srl for a total of 214 million euros, which offset in part outlays for capital investments totaling 242 million euros, net financial expense of 63 million euros, purchases of equity investments (including 139 million euros for the purchase of a 5% interest in Edipower and 44 million euros contributed to Terminale GNL Adriatico), the distribution of dividends (281 million euros) and the payment of income taxes (232 million euros).
Consistent with the practice followed at the end of 2007, the table below provides a simplified breakdown of the Group's Net financial debt:

(in millions of euros)	Balance Sheet note ref.	06.30.2008	12.31.2007	Change
Long-term debt				
Bonds - non-current portion	16	1,200	1,201	(1)
Non-current bank loans	17	1,045	1,188	(143)
Amounts due to other lenders - non-current portion	17	23	28	(5)
Other non-current financial assets (*)	7	(84)	(81)	(3)
Total long-term net debt		**2,184**	**2,336**	**(152)**
Short-term debt				
Bonds - current portion	19	26	9	17
Current loans payable	19	787	485	302
Current financial assets	10	(35)	(25)	(10)
Cash and cash equivalents	10	(123)	(103)	(20)
Loans payable of discontinued operations	20	-	13	(13)
Loans receivable of discontinued operations	11	-	(28)	28
Total short-term net debt		**655**	**351**	**304**
Net financial debt		**2,839**	**2,687**	**152**

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

Net financial debt includes 283 million euros stemming from transactions with related parties (220 million euros owed to Mediobanca and 63 million euros owed to Banca Popolare di Milano).
In addition, "Short-term debt" include 16 million euros owed to unconsolidated subsidiaries and affiliated companies.

NOTES TO THE INCOME STATEMENT

In the first half of 2008, the Edison Group reported EBITDA of 809 million euros, or 95 million euros less (-10.5%) than the 904 million euros earned in the same period last year, with the hydrocarbons operations accounting for virtually the entire decrease.
This negative performance is mainly the result of the different timing with which changes in the crude oil market are reflected, on the one hand, in the formulas that determine procurement costs and, on the other, in sales prices. This effect becomes even more pronounced during periods of rapidly rising prices in the benchmark commodities market, as was the case in the first half of 2008.
This development, which particularly affected the hydrocarbons operations, is discussed in the following of the Semiannual Report of the Group.

Group interest in net profit totaled 102 million euros, or 154 million euros less than the 256 million euros reported for the same period a year ago.

This performance was the net result of a decrease in net financial expense (-49 million euros) made possible by a steady reduction in average indebtedness, offset by additions to the provisions for risks (42 million euros net of utilizations) mainly for tax risks related to assets sold in previous years.

The bottom line was also adversely affected by the provisions for the Legislative Decree No. 112 of June 25, 2008 (also known as "Robin Hood Tax"), which introduced a 5.5% corporate income tax surcharge levied on taxpayers who engage in the exploration for and production of liquid and gaseous hydrocarbons; the refining, production or distribution of fuels in general; and the production and distribution of electric power. The negative impact of this tax will total 101 million euros, including 72 million euros for deferred taxes and 29 million euros for current taxes.

21. Sales Revenues

Sales revenues totaled 5,005 million euros, or 23.5% more than the 4,052 million euros booked in the first six months of 2007, with the electric power operations and the hydrocarbons operations reporting gains of 19.1% and 23.1%, respectively. This positive performance by both businesses is the combined result of increases in unit sales and higher unit revenues, made possible by sharply higher prices of the benchmark commodities.

An analysis by Business Segment shows that:

- the revenues reported by the **electric power operations** grew to 3,864 million euros, up 19.1% compared with the same period last year, reflecting the positive impact on sales volumes of steadily rising sales in the deregulated market and the effect of an increase in unit prices, offset in part by the change in the scope of consolidation related to the sale of thermoelectric power plants CIP6/92;

- the revenues generated by the **hydrocarbons operations** rose to 2,444 million euros. Gains in unit sales and unit revenues made possible by higher prices of benchmark petroleum products account for the gain of 23.1% over the amount reported at June 30, 2007.

This item also reflects:
- revenues realized on the energy commodity contracts included in the trading portfolio;
- the impact of AEEG Resolution No. 77/08 concerning refunds owed to CIP6/92 facilities for the costs incurred upon in the implementation of the Emissions Trading Scheme to cover rate adjustments.

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

(in millions of euros)	First half 2008	First half 2007	Change	% change
Revenues from the sales of:				
- Electric power	3,526	2,808	718	25.6%
- Natural gas	1,045	776	269	34.7%
- Steam	78	79	(1)	(1.3%)
- Oil	59	49	10	20.4%
- Green certificates	2	6	(4)	(66.7%)
- Water and other utilities	16	16	-	n.m.
- Other revenues	3	3	-	n.m.
Total sales revenues	**4,729**	**3,737**	**992**	**26.5%**
Revenues from services provided	9	9	-	n.m.
Storage services	12	9	3	33.3%
Transmission revenues	244	287	(43)	(15.0%)
Other revenues for sundry services	11	10	1	10,0%
Total service revenues	**276**	**315**	**(39)**	**(12.4%)**
Total sales revenues for the Group	**5,005**	**4,052**	**953**	**23.5%**

Breakdown By Business Segment

(in millions of euros)	First half 2008	First half 2007	Change	% change
Electric power operations	3,864	3,244	620	19.1%
Hydrocarbons operations	2,444	1,986	458	23.1%
Corporate activities	38	37	1	2.7%
Eliminations	(1,341)	(1,215)	(126)	10.4%
Total for the Group	**5,005**	**4,052**	**953**	**23.5%**

22. Other Revenues and Income

Other revenues and income totaled 458 million euros. A breakdown is as follows:

(in millions of euros)	First half 2008	First half 2007	Change	% change
Commodity derivatives	215	69	146	n.m.
Recovery of costs from Edipower's Tollers	79	66	13	19.7%
Recovery of costs from partners in hydrocarbon exploration projects	9	23	(14)	(60.9%)
Out of period income	106	36	70	n.m.
Utilizations of provisions for risks on receivables and other provisions	8	10	(2)	(20.0%)
Sundry items	41	53	(12)	(22.6%)
Total for the Group	**458**	**257**	**201**	**78.2%**

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

The main component of out of period income of 106 million euros is the positive effect related to the previous period for application, to the CIP 6/92 thermoelectric power plant, of AEEG Resolution No. 77/08, concerning the costs incurred upon the implementation of the "Emissions Rights," and Resolution No. 80/08, extending the reimbursment period for the costs incurred to comply with green certificate requirements to cover the full duration of the CIP 6/92 contracts and not just the incentivized period. The positive impact provided by the renegotiation of a supply contract for natural gas is also included.

Utilizations of provisions for risks refer mainly to trade receivables and reflect the portion of the provision that exceeds the corresponding charge recognized in the financial statements.

Sundry items include insurance settlements for accidents that occurred at thermoelectric power plants in previous years (about 14 million euros), recoveries of sundry costs (about 8 million euros), gains on the sale of non-production assets (about 8 million euros) and recovery of the cost of seconded personnel (about 2 million euros). Miscellaneous revenues account for the balance.

23. Raw Materials and Services Used

Raw materials and services used totaled 4,544 million euros, or 37.9% more than the cost incurred in the first half of 2007 (3,296 million euros). This increase, which affected both the electric power operations (+30.8%) and the hydrocarbons operations (+30.6%), is the result of the same causes discussed when explaining the corresponding rise in sales revenues.
A breakdown is as follows:

(in millions of euros)	First half 2008	First half 2007	Change	% change
- Natural gas	2,090	1,485	605	40.7%
- Electric power	799	410	389	94.9%
- Dispatching and balancing market	70	66	4	6.1%
- Blast furnace, recycled and coke furnace gas	221	169	52	30.8%
- Oil and fuel	190	147	43	29.3%
- Demineralized industrial water	18	20	(2)	(10.0%)
- Green certificates	47	54	(7)	(13.0%)
- CO_2 emissions rights	126	4	122	n.m.
- Coal, utilities and other materials	73	74	(1)	(1.4%)
Total	**3,634**	**2,429**	**1,205**	**49.6%**
- Facilities maintenance	84	108	(24)	(22.2%)
- Transmission of electric power and natural gas	484	484	-	n.m.
- Professional services	45	38	7	18.4%
- Insurance services	13	14	(1)	(7.1%)
- Writedowns of trade and other receivables	11	19	(8)	(42.1%)
- Commodity derivatives	152	28	124	n.m.
- Additions to provisions for miscellaneous risks	7	6	1	16.7%
- Change in inventories	(29)	60	(89)	n.m.
- Use of property not owned	39	35	4	11.4%
- Sundry charges	104	75	29	38.7%
Total for the Group	**4,544**	**3,296**	**1,248**	**37.9%**

The cost of raw materials and services used also includes charges stemming from trading activity. The realized portion of energy commodity contracts included in the trading portfolio is reflected in the corresponding expenses items (electric power purchases and transmission), while the residual costs due to trading activity are reflected in the income statement line “Commodity derivatives.”

The main components of other costs are 484 million euros in electric power and natural gas transmission costs (342 million euros and 142 million euros, respectively, about the same as in the first half of 2007) and 84 million euros (-22.2% compared with the first half of 2007) in facilities maintenance costs incurred by the electric power operations (57 million euros) and the hydrocarbons operations (24 million euros).

The cost of natural gas include the effect of the renegotiation of a supply contract.

The charges incurred to secure the green certificates needed to meet Group's requirements in the first half of 2008 amounted to 47 million euros.

The amount shown for CO_2 emissions rights, which totaled 126 million euros at June 30, 2008, refers in its entirety to the amount set aside to cover the accrued liability in this area. The substantial increase compared with the first six months of 2007 is due to the combined impact of a reduction in the quantity of emissions rights awarded under the National Allocation Plan and a sizable increase in the cost per ton.

The positive change of 29 million euros in inventories includes about 25 million euros attributable to the increase of stored natural gas.

The main components of Sundry charges of 104 million euros are miscellaneous operating expenses totaling 60 million euros, which include 31 million euros in out of period charges (16 million euros of this amount reflect the failure to receive a refund for the CCT 2004 rate component), and losses of 4 million euros on items of property, plant and equipment incurred in connection with the replacement of components at a thermoelectric power plant. Overhead charges account for most of the balance.

Breakdown of Raw Material and Services Used By Business Segment

(in millions of euros)	First half 2008	First half 2007	Change	% change
Electric power operations	3,549	2,714	835	30.8%
Hydrocarbons operations	2,287	1,751	536	30.6%
Corporate activities	52	48	4	8.3%
Eliminations	(1,344)	(1,217)	(127)	10.4%
Total for the Group	**4,544**	**3,296**	**1,248**	**37.9%**

24. Labor Costs

Based on the average payroll for the period, labor costs totaled 110 million euros, about the same as in the first half of 2007, when the corresponding amount was 109 million euros, also due to the change in the scope of consolidation already mentioned.

25. EBITDA

At 809 million euros, EBITDA were 95 million euros less (-10.5%) than at June 30, 2008. The hydrocarbons operations account for virtually the entire decrease.
A breakdown by Business Segment is as follows:

(in millions of euros)	First half 2008	as a % of sales revenues	First half 2007	as a % of sales revenues	EBITDA % change
Electric power operations	636	16.5%	621	19.1%	2.4%
Hydrocarbons operations	209	8.6%	315	15.9%	(33.7%)
Corporate activities	(36)	n.m.	(32)	n.m.	n.m.
Total for the Group	**809**	**16.2%**	**904**	**22.3%**	**(10.5%)**

More specifically:

- The **electric power operations** reported EBITDA of 636 million euros, for an increase of 2.4% compared with the first six months of 2007 (621 million euros). As explained earlier, this improvement is the result of a strong performance in the deregulated market segment, which more than offset the lower margins earned in the CIP6/92 segment due to the normal and scheduled expirations of existing contract and reflects the reorganization of the Group's portfolio of production facilities, which resulted in the sale of seven CIP6/92 thermoelectric power plants in April 2008.
  The margins earned on sales of electric power grew by 5.1% in the first half of 2007. This improvement

was driven by higher sales in the deregulated market (+16.2%), offset in part by a decrease in CIP6/92 sales (-18.4%) caused mainly by the sale of seven thermoelectric power plants in April 2008.

- The EBITDA reported by the **hydrocarbons operations** totaled 209 million euros, or 33.7% less than in the first six months of 2007 (315 million euros), when reported EBITDA included a positive impact of 56 million euros from the reversal of a provision set aside in connection with Resolution No. 248/04.
  Despite a challenging business environment, unit sales were up 9.6% compared with the first half of 2007. Specifically, sales to residential customers increased by 2.2% and those to industrial users grew by 19.2%.

26. Depreciation, Amortization and Writedowns

A breakdown of depreciation, amortization and writedowns, which totaled 367 million euros, is provided below:

(in millions of euros)	First half 2008	First half 2007	Change	% change
Depreciation of property, plant and equipment	310	302	8	2.6%
Depreciation of investment property	-	1	(1)	n.m.
Amortization of hydrocarbon concessions	12	13	(1)	(7.7%)
Amortization of other intangible assets	45	23	22	95.7%
Reversals of writedowns of investment property	-	(7)	7	n.m.
Total for the Group	**367**	**332**	**35**	**10.5%**

Breakdown by Business Segment

(in millions of euros)	First half 2008	First half 2007	Change	% change
Electric power operations	282	275	7	2.5%
Hydrocarbons operations	79	57	22	38.6%
Corporate activities	6	-	6	n.m.
Total for the Group	**367**	**332**	**35**	**10.5%**

The main reason for the increase in depreciation reported by the **electric power operations** is the full availability of the Simeri Crichi and Turbigo power plants (the latter was commissioned in the fourth quarter of 2007), offset in part by the sale of the CIP 6/92 thermoelectric facilities, which generated a positive impact of 3 million euros.

In the **hydrocarbons operations,** the increase in amortization of other intangible assets is due mainly to a rise in exploration costs (40 million euros, compared with 17 million euros in the first half of 2007), which are amortized in full in the year they are incurred.

In the case of **corporate activities,** the depreciation expense for the first half of 2007 was offset by a reversal of writedowns of investment property amounting to 7 million euros.

27. Net Financial Income (Expense)

Net financial expense declined to 63 million euros, down a significant 49 million euros compared with the same period last year (112 million euros). This decrease, which was achieved despite rising interest rates, was made possible by a sharp reduction in Net financial debt, which helped lower the Group's debt service costs. A breakdown of net financial expense is as follows:

(in millions of euros)	First half 2008	First half 2007	Change
Financial income			
Financial income from commodity derivatives (*)	-	2	(2)
Financial income from financial derivatives	18	61	(43)
Interest earned on finance leases	5	11	(6)
Interest earned on bank and postal accounts	4	4	-
Interest earned on amounts due from the tax administration	-	-	-
Other financial income	11	13	(2)
Total financial income	**38**	**91**	**(53)**
Financial expense			
Interest paid on bond issues	(30)	(74)	44
Financial expense from commodity derivatives (*)	-	(2)	2
Financial expense from financial derivatives	(22)	(66)	44
Interest paid to banks	(42)	(36)	(6)
Bank fees	(3)	(4)	1
Financial expense on decommissioning projects	(7)	(6)	(1)
Interest paid on finance leases	-	(1)	1
Financial expense in connection with employee severance benefits	(2)	(1)	(1)
Interest paid to other lenders	(2)	(1)	(1)
Other financial expense	(8)	(11)	3
Total financial expense	**(116)**	**(202)**	**86**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	22	5	17
Foreign exchange translation losses	(7)	(6)	(1)
Net foreign exchange translation gain (loss)	**15**	**(1)**	**16**
Net financial income (expense) for the Group	**(63)**	**(112)**	**49**

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

Specifically:

- **Interest paid on bonds** was significantly lower due to the redemption of bond issues totaling 1,429 million euros in the second half of 2007;
- **Interest earned on finance leases** of 5 million euros reflects the adoption of IFRIC 4;
- **Other financial income** of 11 million euros includes 10 million euros in interest earned on trade receivables;
- **Financial expense on decomissioning projects,** which amounted to 7 million euros, is offset by a provision for decommissioning and remediation of industrial sites attributable mainly to the hydrocarbons operations.

The **net foreign exchange gain (loss)** shows an improvement of 16 million euros compared with the first half of 2007, due mainly to the impact of a finance lease involving a foreign affiliate.

28. Income from (Expense on) Equity Investments

The zero balance in this account is the net result of gains on the sale of equity investments totaling 7 million euros, offset by an addition of 7 million euros to the provision for risks on equity investments for contingent risk related to investee companies. A breakdown is provided in the table that follows:

(in millions of euros)	First half 2008	First half 2007	Change
Income from equity investments			
Dividends	1	1	-
Revaluations and valuations by the equity method of investments	-	3	(3)
Revaluation of trading securities	1	-	1
Gains on the sale of equity investments	7	-	7
Total income from equity investments	**9**	**4**	**5**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	(1)	(10)	9
Writedowns of trading securities	(1)	-	(1)
Addition to the provision for risks on equity investments	(7)	-	(7)
Losses on the sale of equity investments	-	(3)	3
Total expenses on equity investments	**(9)**	**(13)**	**4**
Total income from (expenses on) equity investments	**-**	**(9)**	**9**

29. Other Income (Expense), Net

Net other expense of 42 million euros is the result of nonrecurring items that are not related directly to the Group's industrial or financial operations. The main items included in this account are:

- **Income** of 20 million euros mainly from the reversal in earnings of existing provisions set aside in previous years, made possible by the cancellation of guarantees provided in connection with the sale of equity investments.
- **Expense** of 62 million euros, including 40 million euros added to provisions to cover tax risks related mainly to assets sold in previous years, 13 million euros set aside for new environmental risks and 4 million euros for accrued statutory and tax interest on provisions of previous years.

30. Income Taxes

The income tax liability recognized in the first half of 2008 was 234 million euros, compared with 204 million euros in the same period last year. This year's tax liability includes 101 million euros owed as a result of the 5.5% corporate income tax surcharge, also known as the Robin Hood Tax.
A breakdown of income taxes is as follows:

(in millions of euros)	First half 2008	First half 2007	Change
Current taxes	208	196	12
Net deferred-tax liabilities (assets)	24	8	16
Income taxes attributable to previous years	2	-	2
Total for the Group	**234**	**204**	**30**

Current taxes include 182 million euros for corporate income taxes (IRES), 30 million euros for local taxes (IRAP), a benefit of 8 million euros generated by filing a consolidated income tax return, 4 million euros for foreign taxes. The increase in corporate income taxes reflects the liability for the 5.5% surcharge which amounts to 29 million euros.
The increase in **net deferred-tax liabilities** is due mainly to the impact (72 million euros) of the provisions of Legislative Decree No. 112 of June 25, 2008, in particular of the so-called "Robin Hood Tax". Specifically, this Decree Law introduced a 5.5% corporate income tax surcharge payable by all companies that produce or distribute electric power and engage in exploration for and production of hydro-

carbons. Even though the reason for this surcharge is a contingent situation that involves the energy sector, the Company conservatively assumed that it will remain in effect in future years.

A breakdown of deferred-tax liabilities and deferred-tax assets is as follows:

(in millions of euros)	12.31.2007	Additions	Utilizations	Restat. for new rates	IAS 39 to shareold. equity	Other changes/ Reclassif./ Offsets	06.30.2008
Provision for deferred taxes:							
Valuation differences of property, plant and equipment	579	-	(46)	139	-	(32)	640
Adoption of IAS 17 to value finance leases	40	-	-	5	-	-	45
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	1	-	-	-	-	-	1
- impact on shareholders' equity	2	-	-	-	3	(3)	2
Other deferred-tax liabilities	14	3	-	-	-	(7)	10
	636	**3**	**(46)**	**144**	**3**	**(42)**	**698**
Offsets	(76)	-	-	-	-	(32)	(108)
Provision for deferred taxes net of offsets	**560**	**3**	**(46)**	**144**	**3**	**(74)**	**590**
Deferred-tax assets:							
Tax loss carryforward	31	1	(7)	7	-	-	32
Taxed provisions for risks	86	20	(1)	18	-	(9)	114
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	9	-	-	1	-	-	10
- impact on shareholders' equity	2	-	-	-	5	(2)	5
Valuation differences of property, plant and equipment	22	1	(10)	46	-	(32)	27
Other deferred-tax assets	4	1	-	-	-	-	5
	154	**23**	**(18)**	**72**	**5**	**(43)**	**193**
Offsets	(76)	-	-	-	-	(32)	(108)
Deferred-tax assets net of offsets	**78**	**23**	**(18)**	**72**	**5**	**(75)**	**85**

31. Profit (Loss) from Discontinued Operations

The net loss of 3 million euros refers to the sale of the business operations consisting of five CIP 6/92 thermoelectric power plants and of Termica Boffalora and Termica Celano in April 2008. At the end of 2007 these assets were classified as a Disposal Group.

32. Profit (Loss) per Share

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

2007 full year			First half 2008		First half 2007	
Common shares	Saving shares [1]	(in millions of euros)	Common shares	Saving shares [1]	Common shares	Saving shares [1]
497	497	Group interest in profit	102	102	256	256
482	15	Profit attributable to the different classes of shares	97	5	247	9
		Weighted average number of shares outstanding (common and savings) determinated for the purpose of computing profit per share:				
4,638,069,829	110,592,420	- basic (B)	5,181,078,042	110,592,420	4,593,132,955	110,592,420
4,939,211,526	110,592,420	- diluted (A/C) [2]	5,181,087,598	110,592,420	4,916,100,154	110,592,420
		Profit per share (in euros)				
0.1040	0.1340	- basic (A/B)	0.0186	0.0486	0.0537	0.0837
0.0976	0.1340	- diluted (A/C) [2]	0.0186	0.0486	0.0502	0.0837

[2] 3% of par value for the higher dividend paid to the savings shares compared with the common shares. Savings shares are treated as common shares, since the portion of net income attributable to the savings shares has been deducted from Group interest in net income.
[2] When the Group reports a loss, the potential shares are deemed to have no dilutive effect.

OTHER INFORMATION

Disclosure Pursuant to IFRS 5

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

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

The sale generated a loss of about 3 million euros, which is recognized in the income statement as Loss from discontinued operations and a positive effect of about 191 million euros on the consolidated net financial position of the Edison Group taking into account the deferred partial payment of the price.

Commitments and Contingent Risks

(in millions of euros)	06.30.2008	12.31.2007	Change
Guarantees provided	1,206	1,237	(31)
Collateral provided	1,611	1,596	15
Other commitments and risks	399	410	(11)
Total for the Group	**3,216**	**3,243**	**(27)**

Guarantees Provided

Guarantees provided totaled 1,206 million euros. This figure, which is equal to the undiscounted amount of potential commitments on the balance sheet date, is about the same as December 31, 2007.
The main guarantees provided include the following:

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

Collateral Provided

Collateral provided, which amounted to 1,611 million euros, reflects the carrying amounts of the assets or rights pledged as collateral on the balance sheet date. This account includes collateral provided for liabilities listed on the balance sheet, including the value of Edipower shares (1,051 million euros) pledged to a pool of banks to secure financing facilities. The increase in the value of the pledged shares compared with December 31, 2007 is due to the exercise of a call option.
Collateral provided includes additional collateral for liabilities listed on the balance sheet (510 million euros), which generally consist of mortgages and encumbrances granted on facilities of the electric power operations to secure financing. A total of 84 million euros refers to mortgages that are in the process of being deleted following the repayment of loans used to build wind farms. The removal of mortgages on facilities sold as part of the Disposal Group produced a reduction of 97 million euros.

Other Commitments and Risks

Other commitments and risks of 399 million euros reflect mainly commitments undertaken to complete investment projects that are being carried out by Edison Spa and by the Group's operations in the wind power area and for natural gas storage facilities and pipelines.
During the first half of 2008, Edison Energie Speciali Spa executed a binding offer to buy 100% of a company that operates in the field of renewable energy sources for a price of 5 million euros. It further agreed to take over financing provided by the shareholders, if any, in an amount lower than the consideration it offered and, if the acquisition is completed and certain conditions are met, to pay additional consideration of up to 3 million euros.

In addition, the Group is exposed to the following commitments and risks that were not included in the amounts discussed above:

1) The Group's **hydrocarbons** operations have entered into contracts for the importation of natural gas. As is usually the case, contracts of this magnitude and of these durations contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated maximum quantities and the quantity actually used (unless the shortage is due to causes not provided for in the contract), with the option for the buyer to make up, at certain conditions, the paid but unused volume over the life of the contract.
   The import contracts with Russia, Libya and Norway, which are already operational, provide total supplies of 7.4 billion cubic meters of natural gas a year. In addition, the Group signed three contracts to import additional quantities of natural gas in future years:

- The first of these supply contracts is with RasGas (Qatar). It calls for deliveries to begin upon completion by Terminale GNL Adriatico Srl of the Isola di Porto Viro LNG terminal, which is currently being built and is expected to go on stream before the end of 2008. When this agreement is fully operational, RasGas will supply a total of 6.4 billion cubic meters of natural gas per year.
- The second contract, which was signed with Sonatrach, involves importing 2 billion cubic meters of natural gas a year from Algeria. Deliveries are scheduled to start in 2008, once the first phase of the expansion of the pipeline linking Algeria and Italy through Tunisia (TTPC: Trans Tunisian Pipeline Company) is completed.
- The third contract (*Protocole d'accord*), which was signed with Sonatrach in November 2006, calls for the supply of 2 billion cubic meters of natural gas a year through the new pipeline linking Algeria with Sardinia and Tuscany that will be built by Galsi. The implementation of this agreement is subject to the construction of the pipeline, which is currently in the project development phase.

Take-or-pay payments are made at a price based on the supply contract price, indexed to current market conditions. These contracts have terms ranging between 3 and 25 years and, when all of them are fully implemented, will supply the Group with 18 billion cubic meters of natural gas per year.

The contract concerning Terminale GNL Adriatico Srl includes the following conditions:

- For all shareholders, the obligation not to transfer their equity interest until 36 months have passed from the startup of the terminal, but, in any case, not later than July 1, 2011 (lockup clause);
- For Edison, the right to buy the 90% it does not own or sell its 10% upon the occurrence of certain events, for which Edison would not be responsible, that would prevent the construction of the terminal (put-and-call clause);
- For the two majority shareholders, the right to buy the 10% interest held by Edison if the supply contract with RasGas should be cancelled for reasons for which Edison is responsible (call clause);
- A price for the sale of shares if the put or call options are exercised, which will be determined based on the sum of the capital contributions provided until the options are exercised;
- A commitment by the shareholders, each for its pro rata share, to provide the company with sufficient financial resources to build the terminal. Lastly, once the terminal that is being built in the Northern Adriatic has been completed, Edison, while owning just 10% of the infrastructure, will become its main user and will have access to about 80% of the terminal's gasification capacity for 25 years.

2)Insofar as the **electric power** operations are concerned:

- Edison has agreed to sell to Cartiere Burgo Spa a call option to purchase a 51% interest in Gever. This option is exercisable when the contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the corresponding pro rata interest in the company's shareholders' equity.
- Edison Spa concluded some Emission Reductions Purchase Agreements (ERPAs) for the purchase of Certified Emission Reduction certificates (CERs) in China, which are CO_2 emissions reduction certificates. These contracts cover credits generated by hydroelectric power plants, for a total of about 3.4 million CERs during the 2007-2012 period. Under the agreements, payment will be due upon the delivery of the CERs, which will take place on dates determined on March 1 of each year. The projects are at different stages in the registration process required in by the United Nations Framework Convention on Climate Change (UNFCC).
- Edison Spa entered into a management agreement with EDF Trading (EDF Carbon Fund) involving the purchase for a fixed price of Certified Emission Reduction/Emission Reduction Units (CER/ERU - CO_2 emission certificate). The terms of the agreement are consistent with the Investment Guidelines. Edison's interest in the fund will amount up to 30 million euros over the next 5 years.
- Edison Spa concluded an investment in the CDM (Clean Development Mechanism)/JI (Joint Implementation) Fund, which involves the purchase of CO_2 emissions reduction certificates. Edison's interest in the fund will amount up to 20 million euros during a period of 5 years.
- Edison Spa and Akarport Sa entered into a Preliminary Agreement that sets forth the obligations

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

3) In the area of **Corporate Activities**, as part of the agreements among the shareholders of RCS Mediagroup who are members of the Blocking and Consultation Syndicate, any Participant who, in response to a tender offer, wishes to exit the Syndicate will be required to sell the syndicated shares to the other Participants. The buyers will have the right, but not the obligation, to buy the shares that are being offered in proportion to the percentage of the shares they contributed to the Syndicate.

Status of the Main Legal and Tax Disputes Pending at June 30, 2008

A review, based on information currently available, of the main legal and tax disputes outstanding at June 30, 2008 is provided below, listing separately actions involving Edison Spa and actions involving other Group companies. Legal disputes were subdivided further between probable liabilities, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and contingent liabilities, which are dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the Notes to the financial statements.

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

A) Edison Spa

European Commission - Antitrust Proceedings Against Ausimont

The Court is yet to set a date for oral arguments in the appeal filed by Edison before the E.U. Court of First Instance against the temporarily enforceable decision by the European Commission in the proceedings regarding violations of Article 81 of the EC Treaty and Article 53 of the SEE Agreement concerning a cartel in the market for hydrogen peroxide and its derivatives, sodium perborate and sodium percarbonate, by which Edison was fined 58.1 million euros, 25.6 million euros of which are payable jointly with Solvay Solexis. The purpose of the appeal is to see the fine voided or, alternatively, reduced. In 2006, Edison paid on a provisional basis the sum of 45.4 million euros, which is equal to the entire fine levied against it and one-half the amount owed jointly by Edison and Solvay Solexis.

Sale of Ausimont: Solvay Arbitration

The filing of the conclusion clarifications having been completed, the arbitrators are now expected to hand down their award in the arbitration proceedings filed on May 11, 2005 by Solvay Sa and Solvay Solexis Spa, acting through the International Chamber of Commerce (ICC) - International Arbitration Chamber, against Edison in connection with certain disputes, including one related to the antitrust proceedings described in the previous paragraph, that have arisen between the parties with respect to the representations and warranties contained in the contract covering Edison's sale of its interest in Agorà Spa (parent company of Ausimont Spa).

Stava Dam Disaster

Negotiations are continuing to settle the remaining claims of parties injured by the collapse of the Prestavel Dams in 1985.

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

The Court of Milan handed down its decision in the suit filed by the Region of Lombardy against EniChem, BASF Italia, Dibra and Montecatini (now Edison) seeking compensation for environmental damages caused by the operation of a factory in Cesano Maderno. As a result of this decision, Edison was ordered to reimburse the costs incurred by the Region of Lombardy and the Municipality of Limbiate and compensate them for the damages they suffered quantified in the aggregate at 7 million euros, plus statutory interest from the date of the complaint, litigation costs and CTU expenses. The other dispute pending before the Court of Milan between Dibra, EniChem and Montecatini (now Edison) for damages stemming from the sale of a portion of the Cesano Maderno facility is still suspended, pending the outcome of the related lawsuit mentioned above.

Porto Marghera Petrochemical Facility - Civil Lawsuits Following the Conclusion of the Criminal Proceedings for Injuries Caused by Exposure to Monovinyl Chloride and for Damages to the Environment

In the criminal proceedings for injuries caused by exposure to monovinyl chloride and for damages to the environment at the Porto Marghera petrochemical facility, following a court decision that found five former Montedison (now Edison) Directors and executives guilty of involuntary manslaughter in the death of an employee, who died of liver sarcoma in 1999, some of the other charges having been dropped due to the effect of the statute of limitations, Edison (formerly Montedison), in its capacity as the party civilly liable for the convicted defendants, reached settlements with all of the injured individuals and some of the public entities who had joined the proceedings as plaintiffs seeking damages. No agreement has been reached with some other plaintiffs, including the Municipality and Province of Venice, the Veneto Region and some associations. These parties have filed a suit before the Venice Court of Appeals seeking damages and compensation for legal costs incurred with the abovementioned criminal proceedings.

Brindisi Petrochemical Facility - Criminal Proceedings for Injuries Sustained Through Exposure to Monovinyl Chloride and Polyvinyl Chloride and for Damages to the Environment

The proceedings that were pending before the Court of Brindisi against former Montedison (now Edison) Directors and executives for alleged injuries caused by exposure to monovinyl chloride and polyvinyl chloride and damages to the environment was officially closed upon the Court granting the motion to dismiss filed by the Public Prosecutor at the end of the discovery process.

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

The preliminary investigation into an allegedly statistically significant excess of mortality from tumors among the local population and the employees of the Mantua facility formerly owned by Montedison (now Edison) due to the environmental impact of the waste incinerator and landfills located within the complex is continuing. No significant developments have occurred thus far.

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

The trial of certain former Directors and executives of Montefibre Spa, some of whom were also Directors and executives of Montedison (now Edison), that was pending before the Court of Verbania in connection with events at a Verbania plant formerly owned by Montefibre Spa ended with three of the defendants guilty of involuntary manslaughter. The court also ordered Montefibre Spa, in its capacity as the party civilly liable for the convicted defendants, to pay the damages suffered by the plaintiffs in the civil action, which were quantified on a provisional basis, and court costs. An appeal against this decision has been filed with the Turin Court of Appeal.

Verbania Factory/2 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
As a result of the outcome of the trial discussed in the preceding paragraph, the Office of the Public Prosecutor of Verbania began a new investigation targeting former Directors and executives of Montefibre Spa, some of whom were also Directors and executives of Montedison (now Edison), in connection with the death or illness of employees allegedly caused by exposure to asbestos in different forms at the Verbania factory.

Claims for Damages Caused by Exposure to Asbestos
In recent years, there has been a significant increase in the number of claims for damages arising from the deaths or illnesses of workers that were allegedly caused by exposure to different forms of asbestos at factories formerly owned by Montedison (now Edison) or from judicial cases taken over by Edison as a result of corporate transactions. Without rendering an opinion on the merits of these claims, considering the long latency of illnesses related to exposure to different types of asbestos and the industrial activities carried out in the past by Group companies that belonged to the chemical industry, the presence of these companies throughout Italy and the manufacturing technologies used (considering the dates when these activities were carried out and the state of technological advancement at the time), which complied fully with the laws in force at that time, the possibility that new legitimate claims for damages may emerge in addition to those that are already the subject of several civil and criminal proceedings cannot be excluded.

Savings Shareholders/UBS: Lawsuit for Damages Caused by the Merger of Edison into Italenergia
There have been no significant developments in the proceedings concerning the combined lawsuits pending before the Court of Milan, in which the Joint Representative of the savings shareholders and UBS AG sued Edison, Italenergia Spa and others challenging the merger of the abovementioned companies and asking the Court to award them compensation for damages. In the course of the proceedings, the technical consultant appointed by the Investigating Judge filed a technical report that, while finding that the valuation criteria used were indeed adequate, concluded that there were some flaws in the valuation process (lack of control methods) and instances of incorrect application of the chosen valuation criteria that may have produced adverse consequences for the holders of savings shares.

Sesto Siderservizi - Environmental Remediation of Concordia South Properties
Sesto Siderservizi has sued Edison (in its capacity as the company that absorbed Termica Narni Spa) before the Court of Milan seeking payment for part of the costs incurred for the environmental remediation of the properties called Concordia South, in the city of Sesto San Giovanni. The lawsuit is based on a series of agreements that the companies allegedly concluded when they were both part of the Falck Group. Edison has joined the proceedings asking for the dismissal of the action filed by the plaintiff.

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

Remediation of Plot of Land in Via Bovisasca, Milan

The City of Milan asked several parties, including Edison, to carry out the remediation of a plot of land in via Bovisasca, in Milan, currently owned by the City of Milan as a result of an exchange of assets executed in 1993. Until the late 1970s, the plot of land in question was occupied by chemical facilities owned by Montecanti-Montedison (now Edison).

Farmoplant - 1988 Accident at the Massa Plant

In the civil action filed against Farmoplant (now Edison) by the Province of Massa-Carrara and the Municipalities of Massa and Carrara for damages caused by an accident that occurred at Farmoplant's Massa facility in 1988, the Court of Genoa denied the motions filed by the plaintiffs asking that the Court request the opinion of a technical expert and set a hearing for the response to final arguments.

B) Other Group Companies

Edison International Holding NV (formerly Montedison Finance Europe) - Bankruptcy of Domp BV

The appeal against a decision by the Dutch trial court that found Montedison Finance Europe liable for J. Domp's bankruptcy and, therefore, liable for all of the respective liabilities, which have been quantified by the Trustee in Bankruptcy at a total of about 11.6 million euros ended with Montedison Finance Europe (now Edison International Holding) reaching a settlement with the Trustee in Bankruptcy. Pursuant to the terms of the settlement, Edison International Holding paid to the Trustee in Bankruptcy the sum of about 2.6 million euros settling any and all claim against it.

Multiutility vs Edison Energia

Multiutility Spa is suing Edison Energia Spa alleging numerous instances of failure to comply with obligations arising from contracts executed by the two companies between 2004 and 2006 and involving the wholesale supply of electric power. Specifically, the disputed items include a claim that a transaction executed by Multiutility and Edison Energia pursuant to the abovementioned contracts is void and involve the manner in which the sales prices of electric power were determined in accordance with or disregarding certain resolutions issued by the Electric Power and Gas Authority that were later challenged before the Regional Administrative Court of Lombardy. The Company is currently reviewing the complaint before responding in the most effective manner.

Montedison Srl - Property in Bussi sul Tirino (Pe)

The Commissioner empowered to carry out on an urgent basis characterization, safety and remediation projects in the Aterno River basin, near Bussi sul Tirino, where for over a century a factory has been in operation, most recently by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, ordered Montedison Srl, which owns a plot of land adjoining the abovementioned factory, to prepare a characterization plan for the area, to begin on an emergency basis the required safety project and submit to the Commissioner's Office a soil and aquifer remediation plan. Montedison Srl, which never operated any activity at this location, has appealed this order before the Regional Administrative Court and, taking a conservative approach and for the sole purpose of obtaining all of the data needed to determine the course of action that would best protect its interests, established a provision to cover the costs that the characterization of the property in question would entail. With regard to the issue of the contamination of the property owned by Montedison Srl and, more in general, the environmental conditions of the Bussi plant, formerly owned by Ausimont, and the resulting impact on the aquifers, including those used to supply drinking water, the Public Prosecutor of the Court of Pescara served notice on several defendants, including some former Directors and executives of Ausimont and Montedison (now Edison), that the preliminary investigation carried out pursuant to Article 415 *bis* of the Code of Criminal Procedure with regard to the crimes of water poisoning, disaster and fraud has been completed. The record of these proceeding concerning the preliminary investigation has only been recently made available.

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The current status of the principal **legal disputes** that have arisen from past events which are dependent on the occurrence of events that are possible, but 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:

Environmental Legislation

In recent years, we have witnessed an expansion and evolution of environmental laws (most recently with Legislative Decree No. 152 of April 3, 2006 "Environmental Regulations"), specifically with regard to liability for environmental damages, which is especially relevant to the purposes of these notes. In particular, the discussion and adoption in several legal systems of the principle of "internalization" of environmental costs (summarized in the expression "those who pollute must pay") have resulted in the development of two new types of liabilities for the act of polluting-objective liability (which does not require the objective element of guilt) and indirect liability (which stems from the actions of others), which can arise as a result of an earlier act that constitutes a violation of acceptable contamination levels under current laws.
In Italy, this approach is becoming established practice at both the administrative level (the relevant provisions are being enforced very aggressively) and the judicial level (criminal laws and civil liability provisions concerning instances of environmental damage are being interpreted very restrictively).
In this area, several proceedings are pending before administrative judges, at different stages of development and judicial levels, against decisions issued by national and local governments ordering the Company to carry out environmental remediation projects both at facilities that the Company no longer owns and at industrial properties that it still owns (mainly thermoelectric power plants) that were contaminated by work carried out in past years. More in general, without questioning the validity of these new legislative assumptions and the procedural accuracy of their implementation and interpretation, and taking into account the current and past scope of the Company's industrial operations, particularly in the chemical industry, their wide geographical distribution and their environmental impact based on the time when they were being carried out and the technology existing at the time, which was in compliance with the statutes then in force, it cannot be excluded that in light of current legislation, new charges may be levied against the Company in addition to those issued in the existing administrative and civil proceedings. It is also probable that current legislation will be applied with the strictness and severity mentioned above to all contamination events that occurred in the past.
At this point, based on the available information and the documents filed in the proceedings reviewed above, it is impossible to determine whether damages will in fact be assessed nor the amount of those damages.

A) Edison Spa

ACEA Unfair Competition

The discovery phase in the lawsuit filed by ACEA Spa before the Court of Rome in connection against several parties, including, among others, AEM Spa (now A2A Spa), EDF Sa, Edipower Spa and Edison Spa is continuing. ACEA alleges that the acquisition of joint control of Edison by EDF Sa and AEM Spa constitutes a violation of the 30% ceiling in the ownership of Edipower Spa by a government-owned company, as set forth in the Prime Minister Decree dated November 8, 2000. Such ownership would constitute an instance of unfair competition, pursuant to Article 2598, Section 3, of the Italian Civil Code, and is injurious to ACEA, which is asking that AEM Spa and EDF Sa be ordered to pay damages and take the actions necessary to void the consequences of their actions (such as the proportional divestiture of equity interests in excess of the abovementioned ceiling and the prohibition to receive energy produced by Edipower Spa in excess of the quantity allowable accordingly).

Montedison (now Edison) - Finanziaria Agroindustriale Merger

No significant new developments have occurred with regard to the appeal to overturn the decision handed down by the Court of Genoa in December 2000 in the suit filed by Mittel Investimenti Finanziari and other shareholders of Finanziaria Agroindustriale. The parties that refused to join in the settlement concluded by Edison and Mittel Investimenti Finanziari are still waiting for a decision.

Sale of Tecnimont: Edison/Falck Arbitration

In the arbitration proceedings concerning the dispute that arose when Falck failed to purchase Edison's equity investment in Tecnimont, the technical consultant retained by Board of Arbitrators filed his report on the work performed to determine the damages suffered by Edison because of Falck's failure to perform its obligations. The expert's report concurs with the main proposals put forth by Edison for the purpose of quantifying the damages caused by Falck's failure to perform its obligations under the contract for the sale of the abovementioned equity investment.

MEMC Lawsuits

MEMC vs Edison-Edison Energia and Enel-Enel Distribuzione

The appeal filed by MEMC against Enel, Enel Distribuzione and Edison and Edison Energia before the Court of Venice in connection with business transactions involving the sale and supply of electric power ended with a decision overturning the lower court's decision, limited to awarding to MEMC a credit toward Enel and Enel Distribuzione and ordering Enel, Enel Distribuzione, Edison and Edison Energia to reimburse MEMC for the legal costs incurred in the appeal proceedings.

Pagnan vs Edison

By means of a third-party summons, Pagnan Spa, a defendant in an action filed by the Ministry of the Environment and for the Protection of Land and 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, sued Edison before the Court of Venice. The Company is currently reviewing the complaint, also in light of the settlement reached by the Office of the Prime Minister and Edison concerning issues related to the Porto Marghera Industrial Park.

Vega Offshore Hydrocarbon Field – Vega Oil Vessel

The Porto di Pozzallo (RG) Coast Guard took a series of official actions, which culminated with the issuance of a cease and desist order demanding that Edison remove the Vega Oil vessel, which is used to store hydrocarbons extracted from the Vega offshore field, to a dockyard to complete extraordinary maintenance work that was already being performed on site. Edison challenged this and other orders asking that they be held in abeyance but without success. The Company is currently defining the operational program needed to comply with the Coast Guard's order.

As a result of the orders issued by the Coast Guard, some of which were forwarded to the Public Prosecutor in Modica, the latter launched two separate preliminary investigations. In the course of one of these proceedings, the Public Prosecutor carried an evidence gathering procedure to determine if there was a danger that the vessel might sink and if the Vega Oil vessel was in compliance with the applicable safety regulations. The technical expert retained for this purpose filed his report, concluding that there was no danger that the vessel might sink, but did find some instance in which the vessel was not in compliance with the provisions of the Navigation Code. In the meantime, the vessel was removed from its anchorage and sold. It will be replace with a newer vessel that will be fully in compliance with the applicable laws currently in force.

Meraklon/Edison-Edison Energia Dispute

In relation to a contract to supply electric power to Meraklon's plant in Terni, following Meraklon challenge of an injunction issued by the Court of Milan for the benefit of Edison Energia for the purpose of collecting receivables owed pursuant to the abovementioned contract, Meraklon sued Edison Energia and Edison, 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.

B) Other Group Companies

Pizzo Sella Real Estate Development and Seizure of Assets in Sicily

There were no significant new developments worth mentioning with regard to the negative assessment action filed by Finimeg, parent company of Poggio Mondello (currently in receivership), asking the administrative law judge to rule that the seizure of the Pizzo Sella real estate development for unlawful property subdivision ordered by the Court of Palermo and upheld by the Italian Supreme Court in December 2001 be ruled unenforceable. The seizure also covers other real estate assets owned by Poggio Mondello. The appeal concerning the same issues that was filed against the decision handed down by the Court of Palermo is continuing. The lower court handed down a decision stating that it lacked jurisdiction (the criminal court being the proper court of venue) and denying the claims for damages filed by Finimeg against the City of Palermo.
The lawsuits filed by certain buyers and prospective purchasers of the homes included in the real estate development affected by the order of seizure for criminal violations at the Pizzo Sella development, who sued Edison, Finimeg, Poggio Mondello and the Municipality of Palermo to recover damages incurred as a result of the seizure of their properties, proceeded through the various levels of the court system.

Edison Trading and Edipower - Brindisi Coal Storage Facility

In the criminal proceedings following the issuance of an order of seizure on March 3, 2005 by the Public Prosecutor of the Court of Brindisi in response to the excessive dust caused by the coal storage facility at Edipower's Brindisi North power plant, one of the parties target of the investigation was advised that the preliminary investigation carried out pursuant to Article 415 *bis* of the Code of Criminal Procedure had been completed.

Edison Stoccaggio - Cavarzere-Minerbio Natural Gas Pipeline (Dedicated to the Offshore Regasification Terminal Being Built by Adriatic LGN Near Rovigo)

Based on statements provided voluntarily by a former employee of a company hired to build a section of the Cavarzere-Minerbio natural gas pipeline, the Office of the Public Prosecutor of Rovigo launched a series of preliminary investigations. As part of this process, in July 2007, it ordered that allegedly defective pipes used by Edison Stoccaggio to build a section of the natural gas pipeline be seized as evidence. The company challenged the seizure in a motion asking for a review by the Court of Rovigo, which, in September 2007, handed down a decision lifting the seizure of the pipes. The public prosecutor appealed to the Court of Cassation, which, after a hearing held in January 2008, set aside the lower court's decision. In the meantime, the case was transferred to the Office of the Public Prosecutor at the Court of Venice, which has geographical jurisdiction. No further action has been taken in these proceedings.

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The developments that affected the status of the main **tax disputes** in the first half of 2008 are reviewed below:

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

In May 2008, the Company received notice that the Solicitor General, acting on behalf of the revenue administration, had filed an appeal before the Court of Cassation against a decision in favor of the Company handed down in 2007 by the Regional Tax Commission in connection with the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995 and 1996 fiscal years.
In June 2008, the Regional Tax Commission handed down a favorable decision in the appeal filed by the revenue administration against an equally favorable decision handed down by the Provincial Tax Commission in connection with the IRPEG and ILOR assessment for the 1997 fiscal year. Obviously, the revenue administration still has the option of appealing to the Court of Cassation.
A provision for risks has been recognized in connection with this dispute.

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

The appeal filed against the assessments issued following a tax audit for the 2002 fiscal year, which was discussed in November 2006 before the Milan Provincial Tax Commission, was substantively upheld and the full amount of the assessment was voided, except for an addition of 26,000 euros to taxable income. At the beginning of May, the Company was served notice that the Revenue Office was appealing this decision.
In view of the nature of this dispute, the Company did not deem it necessary to recognize a separate provision for risks.

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

The Company filed a motion before the Milan Provincial Tax Commission contesting a notice of assessment it received this past December for customs VAT due for 2001, 2002 and 2003, asking that the entire amount of the assessment be voided. The Provincial Commission heard oral arguments at the end of October 2007 but it has not yet handed down a decision.
A similar motion has been filed against a notice of penalty assessment received in May 2007 in connection with the same issue. The Provincial Commission upheld the appeal filed by the Company.
In any case, any charges that may be incurred as a result of the abovementioned audits are covered by special guarantees provided by the seller (EDF International Sa) in connection with the sale of its interest in EDF Energia Italia for the purpose of holding the Company totally harmless in such cases.

Old Calcestruzzi Spa - Income Taxes for the 1994 to 1999 Fiscal Years

The decision handed down by the Court of Cassation overturning decisions favorable to the Company issued in past years by the Regional Tax Commission of Emilia Romagna in connection with notices of IRPEG and ILOR tax assessment for the 1991 and 1992 fiscal year owed by Calcestruzzi, of which Edison is the current assign, and returning the proceeding to the lower jurisdiction was filed recently. Among other tax claims, the assessments denied the validity of a transaction involving the beneficial ownership of shares executed with a foreign company by the then existing Ferruzzi Group.
In view of recent radical changes in the jurisprudence, the Company made the conservative decision of recognizing a special provision for risks large enough to cover any charges that may result from an unfavorable decision on this matter.

Intercompany and Related Party Transactions

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

(in millions of euros)	With unconsolidated Group companies	With the controlling company	Other related parties						Total related parties	Total for financial statem. line item	% of financial statem. line item
			EDF Group	A2A Group	ENIA Group	SEL Group	Banca Popolare Milano	Mediobanca			
Balance sheet transactions											
Trade receivables	18	-	18	17	4	1	-	-	58	1,789	3.2%
Other receivables	1	8	9	-	-	-	-	-	18	651	2.8%
Trade payables	-	-	17	19	-	3	-	-	39	1,392	2.8%
Other payables	-	65	-	3	-	-	-	2	70	654	10.7%
Short-term borrowings	16	-	-	-	-	-	43	23	82	787	10.4%
Long-term borrowings and other financial liabilities	-	-	-	-	-	-	20	197	217	1,068	20.3%
Income statement transactions											
Sales revenues	67	-	13	42	128	7	-	-	257	5,005	5.1%
Other revenues and income	-	-	4	32	2	-	-	-	38	458	8.3%
Raw materials and services used	5	-	35	44	-	11	-	1	96	4,544	2.1%
Financial income	-	-	-	-	-	-	-	-	-	38	n.m.
Financial expense	1	-	-	-	-	-	1	3	5	116	4.3%
Commitments and contingent risks											
Guarantees provided	-	-	-	-	-	-	5	-	5	1,206	0.4%
Collateral provided	-	-	-	-	-	-	-	48	48	1,611	3.0%

A) Intercompany Transactions

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

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

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

Consolidated VAT Return - Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The Group VAT return for June 2008 shows that the Group's tax liability was about 16 million euros.

Consolidated IRES Return - Following a transaction completed in 2006, Edison Spa and its wholly-owned subsidiaries agreed to be included in a consolidated income tax return filed by Transalpina di Energia, their controlling company, as allowed by Article 117 and following of Presidential Decree No. 917/86 (Uniform Income Tax Code, abbreviated as TUIR in Italian), for three years from 2006 to 2008. It should be noted that most Group companies are subject to the 5.5% corporate income tax surcharge introduced with Legislative Decree No. 112/2008, which is effective as of January 1, 2008. This additional tax will be paid directly by Group companies and, consequently, the rate used for the purpose of the consolidated return is the regular rate of 27.5%.

B) Other Transactions with Related Parties

An analysis of these transactions is provided below.

1) Commercial Transactions

Electric Power Operations

EDF Group:

- The parties executed contracts for the supply of electric power worth about 30 million euros, mainly from ENBW;
- The provision of technical, engineering and management services at power plants in Taranto and Piombino, and at the Milan headquarters resulted in the recognition of other revenues totaling about 4 million euros from Fenice Spa for recovery of maintenance costs.

A2A Group:

- During the period, Edison Spa supplied A2A Spa with steam valued at about 4 million euros from its Sesto San Giovanni power plant;
- Acting within the framework of the Tolling Agreement with Edipower Spa, Edison Trading Spa agreed to work on behalf of other Tollers in supplying fuel to certain production facilities. As a result, it generated revenues of about 32 million euros from Aem Trading Srl;
- Edipower booked revenues of 36 million euros (Edison's pro rata share) from the sale of electric power to Aem Trading (35 million euros in tolling revenues) and costs totaling 28 million euros, mainly for purchases related to the dispatching services market;
- Other transactions included purchases of electric power for 4 million euros and miscellaneous services for 3 million euros;
- Transactions with companies of the A2A Group that involve balance sheet items include trade receivables totaling about 17 million euros, trade payables amounting to about 19 million euros and payables for advances of 3 million euros.

SEL Group:

- Sel Edison received from Sel Trade (SEL Group) about 5 million euros for the sale of electric power and about 2 million euros for transmission services and paid about 11 million euros for purchases of electric power.

Hydrocarbons Operations:

EDF Group:

- EDF Trading bought natural gas valued at 11 million euros.

ENIA Group:

- Transactions with companies of the Enìa Group included sales of natural gas valued at 126 million euros and purchases of natural gas amounting to 21 million euros;
- Transactions with companies of the Enìa Group that involve balance sheet items include trade receivables totaling about 3 million euros.

2) Financial Transactions

The main financial transactions executed by Edison Spa in which its shareholder banks played a significant role are reviewed below:

- Banca Popolare di Milano provided Edison with a 50-million-euro revocable line of credit that accrues interest at market rates. At June 30, 2008, a surety of about 5 million euros had been drawn against this line and 40 million euros had been used to fund short-term liquidity requirements. The same bank was also one of the lenders in a syndicated financing facility totaling 2 billion euros provided to Edipower in January 2007. Banca Popolare di Milano's share of the loan was 50 million euros (25 million euros attributable to Edison). At June 30, 2008, a total of 45 million euros had been drawn against this credit line (22.5 million euros attributable to Edison).
- In 2004, Mediobanca provided Edison Spa with 120 million euros in financing against EIB funds. Mediobanca was also one of the banks that provided Edipower with the abovementioned 2-billion-euro syndicated loan. Mediobanca's share of the loan was 169 million euros (84.5 million euros attributable to Edison). Since this credit line was used only in part at June 30, 2008 based on a total available amount of 200 million euros, Edipower's exposure toward Mediobanca was about 152 million euros (76 million euros attributable to Edison). Gever, an Edison Group company, holds lines of credit in a financing pool totaling about 8.2 million euros, of which about 5.9 million euros have been drawn down. Lastly, Mediobanca is a party to interest risk hedging transactions executed by Group companies.

3) Other Transactions

In June 2008, further to the "Addendum Amending and Replacing the Agreement to Permanently Settle Disputes Concerning the Shareholder Agreement and for the Temporary Management of Blumet Spa" signed and executed on July 27, 2007 by Edison Spa, Enìa Spa and SAT Finanziaria Spa and subsequent stipulations, Edison Spa agreed to sell to Enìa Spa its 9.13% interest in the share capital of Enìa Energia. The final sales price was 8 million euros. It reflected the impact of the increase in the value of Enìa Energia Spa that resulted from the benefit it earned in 2006 for efficiency in procurement and was reduced by the amount of the dividend that Enìa Energia Spa will distribute from its 2007 earnings. The abovementioned sale closed in July, with a positive effect of 7 million euros.

Significant Nonrecurring Events and Transactions

As required by the CONSOB Communication No DEM/6064293 of July 28, 2006, the following disclosure lists the signficant nonrecurring transaction that the Edison Group executed in the first half of 2008:

- Sale of a disposal group consisting of five thermoelectric power plants and of equity investments in two subsidiaries. Additional information is available in the section of this Report entitled "Disclosure Pursuant to IFRS 5";
- Transfer of business operations consisting of three hydroelectric power plants located in the province of Trent to Dolomiti Edison Energy. Subsequently, Edison Spa sold a 51% equity interest in this newly established company. Edison Spa still holds the majority of economic risks and rewards of Dolomiti Edison Energy and therefore the company will be consolidated using the line by line method. Additional information is available in the section of this Report entitled "Change of the scope of consolidation compared with December 31, 2007".

Lastly, the positive effect of Resolutions No. 77/08 and No. 80/08, by which the AEEG recognized the right of CIP6 facilities to be reimbursed for costs incurred for emission rights and green certificates.

Changes Resulting from Atypical and/or Unusual Transactions

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

SIGNIFICANT EVENTS OCCURRING SINCE JUNE 30, 2008

Fresh Momentum for Edison in Greece: Green Light for the Joint Venture with Hellenic Petroleum

Early in July, at a meeting in Athens, Edison and Hellenic Petroleum, Greece's largest hydrocarbon company and the country's top independent electric power operator, signed agreements establishing a 50-50 joint venture to operate in Greece's electric power market. The joint venture's objective is to develop a generating capacity of more than 1,500 MW (including 390 MW already operational), a level of output equal to about 12% of the Greek market, thereby becoming the second largest electric power operator in Greece. The new company will also engage in trading and selling electric power and will consider growth opportunities in the field of renewable energy sources in Greece and in the production and sales of electric power in the Balkans.

Edison: New Gas Discovery Offshore Sicily

Edison, during th July 2008, has made a new natural gas discovery in the Sicilian Strait with the Cassiopea 1 well, located about 22 km off the coast.

Edison holds a 40% interest in the Cassiopea field (Eni, with a 60% stake, operates it). Gas reserves associated with this discovery are estimated at approximately 16 billion cubic meters.

This discovery confirms the high potential of the Sicilian Strait deep offshore area, where the neighboring Panda and Argo fields are also located.

SCOPE
OF CONSOLIDATION

at June 30, 2008

SCOPE OF CONSOLIDATION AT JUNE 30, 2008

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2008	12.31.2007
A) Investments in Companies Included in the Scope of Consolidation					
A.1) Companies Consolidated Line by Line					
Parent Company					
Edison Spa	Milan (IT)	EUR	5,291,700,671		
Electric Power Operations					
Electric Power Business Unit					
Dolomiti Edison Energy Srl (Sole Shareholder)	Trento (IT)	EUR	5,000,000	49.000	-
Ecofuture Srl (Sole Shareholder)	Milan (IT)	EUR	10,200	100.000	100.000
Edison Engineering Sa	Athens (GR)	EUR	60,000	100.000	-
Gever Spa	Milan (IT)	EUR	10,500,000	51.000	51.000
Hydro Power Energy Srl - Hpe Srl (Sole Shareholder)	Bolzano (IT)	EUR	50,000	100.000	100.000
ISE Srl (Sole Shareholder)	Milan (IT)	EUR	10,000	100.000	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.000	70.000
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.000	55.000
Sondel Dakar Bv	Rotterdam (NL)	EUR	18,200	100.000	100.000
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.000	65.000
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.000	60.000
Thisvi Power Generation Plant Sa	Athens (GR)	EUR	8,448,000	65.000	65.000
Renewable Sources					
Edison Energie Speciali Spa (Sole Shareholder)	Milan (IT)	EUR	4,200,000	100.000	100.000
Hydrocarbons Operations					
Hydrocarbons Business Unit					
Edison D.G. Spa (Sole Shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.000	100.000
Edison International Spa	Milan (IT)	EUR	17,850,000	100.000	100.000
Edison Stoccaggio Spa (Sole Shareholder)	Milan (IT)	EUR	81,497,301	100.000	100.000
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.000	100.000
Energy Management					
Energy Management Business Unit					
Edison Trading Spa (Sole Shareholder)	Milan (IT)	EUR	30,000,000	100.000	100.000
Volta Spa	Milan (IT)	EUR	130,000	51.000	51.000

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

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2008	12.31.2007
Marketing and Sales					
Marketing and Sales Business Unit					
Edison Energia Spa (Sole Shareholder)	Milan (IT)	EUR	22,000,000	100.000	100.000
Eneco Energia Spa	Bolzano (IT)	EUR	222,000	100.000	100.000
Corporate Activities					
Italian and Foreign Holding Companies					
Atema Limited	Dublino 2 (IE)	EUR	1,500,000	100.000	100.000
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.000	100.000
Edison International Holding Nv	Amsterdam (NL)	EUR	4,582,803	100.000	100.000
Edison Nederland Bv	Amsterdam (NL)	EUR	18,000	60.000	60.000
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.000	100.000
Real Estate					
Montedison Srl (Sole Shareholder)	Milan (IT)	EUR	2,583,000	100.000	100.000
Nuova Alba Srl (Sole Shareholder)	Milan (IT)	EUR	2,016,457	100.000	100.000

A.2) Companies Consolidated by the Proportional Method

Name	Head office	Currency	Share capital	06.30.2008	12.31.2007
Electric Power Operations					
Electric Power Business Unit					
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.000	50.000
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.000	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.000	42.000
Seledison Net Srl (Sole Shareholder)	Castelbello Ciardes (BZ) (IT)	EUR	200,000	42.000	42.000
Renewable Sources					
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.000	50.000
Other Electric Power Assets					
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.000	50.000

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

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2008	12.31.2007
Hydrocarbons Operations					
Hydrocarbons Business Unit					
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.000	50.000
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Posei	Neo Irakleio - Attica (GR)	EUR	60,000	50.000	-
Marketing and Distribution					
Marketing and Distribution Business Unit					
Ascot Srl	Bressanone (BZ) (IT)	EUR	10,330	50.000	50.000
Corporate Activities					
Water					
Internat. Water Serv. (Guayaquil) Interagua C. Ltda	Guayaquil (EC)	USD	32,180,000	45.000	45.000
International Water (Uk) Limited	London (GB)	GBP	1,001	50.000	50.000
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.000	50.000
International Water Services (Guayaquil) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Services Ltd	Zug (CH)	CHF	100,000	50.000	50.000

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

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % 12.31.2007 (a)
B) Investments in Companies Valued by the Equity Method				
Electric Power Operations				
Electric Power Business Unit				
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000	
EL.IT.E Spa	Milan (IT)	EUR	3,888,500	
GTI Dakar Ltd	George Town Gran Caiman (GBC)	EUR	14,686,479	
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000	
Renewable Sources				
Sistemi di Energia Spa	Milan (IT)	EUR	10,475,000	
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Soc. Svil. Rea. Gest. Gasdot. Alg-Ita.V. Sardeg. Galsi Spa	Milan (IT)	EUR	31,838,000	
Marketing and Distribution				
Marketing and Distribution Business Unit				
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000	
Gasco Spa	Bressanone (BZ) (IT)	EUR	350,000	
Utilità Spa	Milan (IT)	EUR	2,307,692	
Corporate Activities				
Real Estate Companies				
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000	
Total Equity Investments Valued with the Equity Method				

Interest held in share capital % (b)	By	Voting security held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
50.000	Jesi Energia Spa	-	-		ASS
48.450	Edison Spa	-	-	1,8	ASS
30.000	Sondel Dakar Bv	-	-	5,1	ASS
20.000	Edison Spa	-	-	15,2	ASS
40.570	Edison Spa	-	-	5,1	ASS
20.810	Edison Spa			7,8	ASS
33.010	Edison Spa	-	-	1,2	ASS
40.000	Edison Spa	-	-	0,2	ASS
35.000	Edison Spa	-	-	1,1	ASS
32.260	Montedison Srl (Sole Shareholder)	-	-	4,7	ASS
				42,2	

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007
C) Investments in Companies in Liquidation or Subject to Long-Term Restrictions				
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Auto Gas Company S.A.E. (In liquid.)	Cairo (EG)	EGP	1,700,000	
Corporate Activities				
Dormant Companies and other Companies				
Codest Srl	Pavia di Udine (UD) (IT)	EUR	15,600	
Finsavi Srl	Palermo (IT)	EUR	18,698	
Poggio Mondello Srl (Sole Shareh.)	Palermo (IT)	EUR	364,000	
In Liquidation and Subject to Restrictions				
Bluefare Ltd	London (GB)	GBP	1,000	50.000
C.F.C. Consorzio Friulano Costruttori (In liquid.)	Udine (IT)	LIT	100,000,000	
Cempes Scrl (In liquid.)	Roma (IT)	EUR	15,492	
CI.FAR. Scarl (In bankruptcy)	Udine (IT)	LIT	20,000,000	
Coniel Spa (In liquid.)	Rome (IT)	EUR	1,020	
Consorzio Carnia Scrl (In liquid.)	Rome (IT)	EUR	45,900	
Convolci Scnc (In liquid.)	Sesto San Giovanni (MI) (IT)	EUR	5,165	
Ferruzzi Trading France Sa (In liquid.)	Paris (FR)	EUR	7,622,451	
Groupement Gambogi-Cisa (In liquid.)	Dakar (SN)	XAF	1,000,000	
Inica Sarl (In liquid.)	Lisbon (PT)	PTE	1,000,000	
Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	Milan (IT)	EUR	1,549,350	
Nuova I.S.I. Impianti Selez. Inerti Srl (In bankruptcy)	Vazia (RI) (IT)	LIT	150,000,000	
Roma Energia Srl (In liquid.)	Rome (IT)	EUR	50,000	
Sistema Permanente di Servizi Spa (In bankruptcy)	Rome (IT)	EUR	154,950	
Soc. Gen. per Progr. Cons. e Part. Spa (Under Extraordinary Administration)	Rome (IT)	LIT	300,000,000	
Sorrentina Scarl (In liquid.)	Rome (IT)	EUR	46,480	
Total Equity Investments in Liquidation or Under Permanent Restrictions				

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

List of Equity Investments (continued)

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

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2007
D) Investments in Other Companies Valued at Fair Value				
D.1) Trading Investments				
Corporate Activities				
Publicly Traded Securities				
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763	
Acsm Spa	Como (IT)	EUR	46,870,625	
Amsc-American Superconductor Corp.	Westborough (US)	USD	19,128,000	
D.2) Available-for-sale Investments				
Hydrocarbons Operations				
Hydrocarbons Business Unit				
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000	
Marketing and Distribution				
Marketing and Distribution Business Unit				
Enìa Energia Spa	Reggio Emilia (IT)	EUR	2,240,000	
Global Power Spa	Verona (IT)	EUR	500,000	
Prometeo Spa	Osimo (AN) (IT)	EUR	2,164,498	
Corporate Activities				
Publicly Traded Securities				
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050	
Not Publicly Traded				
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000	
European Energy Exchange Ag - Eex	Leipzig (DE)	EUR	40,050,000	
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	79,071,770	
MB Venture Capital Fund I Partecipating Comp. e Nv	PP Amsterdam (NL)	EUR	50,000	
Syremont Spa	Messina (IT)	EUR	750,000	
Others minor				
Total Investments in Other Companies Valued at Fair Value				
Total				

Interest held in share capital % (b)	By	Voting security held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
1.300	Edison Spa	-	-	3,8	OC
3.170	Edison Spa	-	-	2,4	OC
0.840	Edison Spa	-	-	3,6	OC
10.000	Edison Spa	-	-	195,0	OC
9.134	Edison Spa	-	-	1,1	OC
12.250	Eneco Energia Spa	-	-	0,3	OC
18.810	Edison Spa	-	-	0,8	ASS
1.024	Edison Spa	1.065	1.065	11,3	OC
3.890	Edison Spa	-	-	0,2	OC
0.750	Edison Spa	-	-	0,7	OC
4.370	Edison Spa	-	-	3,5	OC
7.000	Edison Spa	-	-	2,5	OC
40.000	Edison Spa	-	(i)		ASS
				0,6	
				225,8	
				270,8	

Notes

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

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

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

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

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

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

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

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

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

(l) Subscribed but not fully paid in capital stock.

(m) Company to be cancelled.

(n) Dormant company.

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

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

SEMIANNUAL REPORT OF EDISON SPA

at June 30, 2008

Balance Sheet of Edison Spa at June 30, 2008

06.30.2007	(in millions of euros)	See Note	06.30.2008	12.31.2007
	ASSETS			
4,534	Property, plant and equipment	1	4,131	4,322
16	Investment property	2	1	1
2,632	Goodwill	3	2,632	2,632
244	Hydrocarbon concessions	4	225	234
32	Other intangible assets	5	30	31
2,262	Investments in associates	6	1,817	1,671
150	Available-for-sale investments	6	215	180
87	Other financial assets	7	62	67
-	Deferred-tax assets	8	-	-
42	Other assets	9	35	37
9,999	**Total non-current assets**		**9,148**	**9,175**
194	Inventories		207	192
696	Trade receivables		820	789
-	Current-tax assets		-	1
206	Other receivables		310	176
884	Current financial assets		792	627
887	Cash and cash equivalents		2	22
2,867	**Total current assets**	**10**	**2,131**	**1,807**
-	**Assets held for sale**	**11**	**-**	**208**
12,866	**Total assets**		**11,279**	**11,190**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
4,793	Share capital		5,292	5,292
49	Statutory reserve		72	49
590	Other reserves		576	592
465	Retained earnings (Loss carryforward)		623	465
391	Profit (Loss) for the period		263	449
6,288	**Total shareholders' equity**	**12**	**6,826**	**6,847**
40	Provision for employee severance indemnities and provision for pensions	13	34	35
431	Provision for deferred taxes	14	311	299
744	Provision for risks and charges	15	841	811
1,202	Bonds	16	1,200	1,201
262	Long-term borrowings and other financial liabilities	17	134	257
-	Other liabilities	18	-	-
2,679	**Total non-current liabilities**	**-**	**2,520**	**2,603**
1,508	Bonds		26	9
1,340	Short-term borrowings		712	574
775	Trade payables		846	856
8	Current taxes payable		18	-
268	Other liabilities		331	283
3,899	**Total current liabilities**	**19**	**1,933**	**1,722**
-	**Liabilities held for sale**	**20**	**-**	**18**
12,866	**Total liabilities and shareholders' equity**	**-**	**11,279**	**11,190**

As required by Consob Resolution No. 15519 of July 27, 2006, the effects of transactions with related parties and their impact on the financial statements are discussed in a separate disclosure provided in the section of this Report entitled "Intercompany and Related Party Transactions."

Income Statement for the First Half of 2008

2007 full year	(in millions of euros)	See Note	First half 2008	First half 2007
4,747	Sales revenues	21	2,823	2,423
236	Other revenues and income	22	226	127
4,983	**Total revenues**		**3,049**	**2,550**
(4,084)	Raw materials and services used (-)	23	(2,621)	(1,944)
(139)	Labor costs (-)	24	(69)	(71)
760	**EBITDA**	**25**	**359**	**535**
(417)	Depreciation, amortization and writedowns (-)	26	(225)	(199)
343	**EBIT**		**134**	**336**
(134)	Net financial income (expense)	27	(39)	(84)
218	Income from (Expense on) equity investments	28	290	220
15	Other income (expense), net	29	(33)	17
442	**Profit before taxes**		**352**	**489**
(2)	Income taxes	30	(101)	(106)
440	**Profit (Loss) from continuing operations**		**251**	**383**
9	Profit (Loss) from discontinued operations	31	12	8
449	**Profit (Loss)**		**263**	**391**

As required by Consob Resolution No. 15519 of July 27, 2006, the effects of transactions with related parties and their impact on the financial statements are discussed in a separate disclosure provided in the section of this Report entitled "Intercompany and Related Party Transactions."

Cash Flow Statement for the First Half of 2008

The table below analyzes the cash flow as it applies to short-term liquid assets at June 30, 2008 and provides a comparison with the corresponding data for the first half of 2007.

2007 full year	(in millions of euros)	First half 2008	First half 2007
449	Profit (Loss)	263	391
416	Amortization and depreciation	224	206
(28)	(Gains) Losses on the sale of non-current assets	(54)	(21)
21	(Revaluations) Writedowns of non-current assets	7	6
(2)	Change in the provision for employee severance indemnities	(2)	(1)
98	Change in other operating assets and liabilities	(25)	169
954	**A. Cash flow from continuing operations**	**413**	**750**
(208)	Additions to intangibles and property, plant and equipment (-)	(92)	(111)
(345)	Additions to non-current financial assets (-)	(198)	(174)
39	Proceeds from the sale of intangibles and property, plant and equipment	20	22
103	Proceeds from the sale of non-current financial assets	237	98
(73)	Other current assets	(165)	(331)
(484)	**B. Cash used in investing activities**	**(198)**	**(496)**
312	Receipt of new medium-term and long-term loans	60	-
(2,012)	Redemptions of medium-term and long-term loans and reclassifications of short-term amounts (-)	(4)	(278)
1.018	Capital contributions provided by controlling companies or other shareholders	-	520
(233)	Dividends paid to controlling companies and minority shareholders (-)	(268)	(233)
280	Change in short-term debt	(23)	437
(635)	**C. Cash used in financing activities**	**(235)**	**446**
(165)	**D. Net increase in cash and cash equivalents (A+B+C+D)**	**(20)**	**700**
187	**E. Cash and cash equivalents at the beginning of the year**	**22**	**187**
22	**F. Cash and cash equivalents at the end of the year (D+E)**	**2**	**887**

Statement of Changes in Shareholders' Equity in the First Half of 2008

(in millions of euros)	Share capital (a)	Statutory reserve (b)	Other reserves and ret. earnings (loss carryforward) (b)	Profit for the period (d)	Total shareholders' equity (e)=(a+b+c+d)
Balance at December 31, 2006	**4,273**	**18**	**686**	**632**	**5,609**
Appropriation of the 2006 profit and dividend distribution	-	31	368	(632)	(233)
Share capital increase due to the conversion of warrants	520	-	-	-	520
IAS 32 and 39 adjustments	-	-	1	-	1
Profit for the period	-	-	-	391	391
Balance at June 30, 2007	**4,793**	**49**	**1,055**	**391**	**6,288**
Share capital increase due to the conversion of warrants	499	-	-	-	499
Merger surplus	-	-	7	-	7
IAS 32 and 39 adjustments	-	-	(5)	-	(5)
Profit for the period	-	-	-	57	57
Balance at December 31, 2007	**5,292**	**49**	**1,057**	**449**	**6,847**
Appropriation of the 2007 profit and dividend distribution	-	23	158	(449)	(268)
Share capital increase due to the exercise of stock options	-	-	-	-	-
IAS 32 and 39 adjustments	-	-	(16)	-	(16)
Profit for the period	-	-	-	263	263
Balance at June 30, 2008	**5,292**	**72**	**1,199**	**263**	**6,826**

NOTES TO THE 2008 SEMIANNUAL FINANCIAL STATEMENTS

Content and Format of the Semiannual Report

The semiannual financial statements at June 30, 2008 of Edison Spa were prepared in accordance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and complies with the provisions of IAS 34 "Interim Financial Reporting".

The semiannual financial statements at June 30, 2008 were the subject of a limited audit.

The accounting principles and the valuation criteria and estimates used are consistent with those applied in the preparation of the separate annual financial statements at December 31, 2007, which should be consulted for more detailed information.

IFRIC 11 "Group and Treasury Share Transactions", which completes the provisions of IFRS 2 for share-based payments became applicable as of January 1, 2008. This interpretation had no material impact on the Semiannual Report of the Company at June 30, 2008.

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

Presentation Formats of the Financial Statements Adopted by the Company

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

- In the **Balance Sheet** assets and liabilities are analyzed by maturity. Current and non-current items, which are due within or after 12 months from the balance sheet date, respectively, are shown separately.
- The **Income Statement** is a step-by-step income statement, with the different components analyzed by type.
- The **Cash Flow Statement** shows the cash flows in accordance with the indirect method.

RISK MANAGEMENT

Edison Spa has adopted an integrated risk control system based on the international standards of Enterprise Risk Management. This system is described in detail in the Notes to the Semiannual Consolidated Financial Statements at June 30, 2008, which should be consulted for a comprehensive explanation.
An overview of the Edison Group's risks management process, presented in accordance with the abovementioned risk model, is provided below.

Market Risk

This category includes all of the risks that are linked directly or indirectly with price fluctuations in the markets for physical goods or in the financial markets in which Edison Spa operates. These risks are:
1)Risk caused by volatility in the prices of energy commodities handled by Edison Spa;
2)Foreign exchange risk;
3)Interest rate risk.

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

Edison Spa is exposed to price risk, including the related currency risk, for all of the energy commodities with which it is involved, including electric power, natural gas, coal, oil and refined products. This risk exists because all of Edison's production, storage and trading activities are affected by fluctuations in the prices of energy commodities (mainly affecting fuels priced in U.S. dollars). The effect of these fluctuations can be felt both directly and indirectly, through pricing formulas and indexing mechanisms included in pricing structures.

As explained in the disclosure provided in the Consolidated Financial Statement, Edison Spa, in keeping with the requirements of its Energy Risk Policies, uses appropriate financial instruments to deploy strategic hedges, which cover the Group's exposure, and operational hedges, which cover individual transactions involving the sale of natural gas (commodity and foreign exchange).

At June 30, 2008, outstanding financial derivatives were measured at fair value against the forward market curve on the reference date of the annual financial statements, when the underlying assets were traded on markets that provided a forward pricing structure.

Edison Spa uses the Montecarlo Method to assess the impact of fluctuations in the market price of the underlying assets on the fair value of outstanding derivatives.

The valuation method applied is similar to the method used to compute Profit at Risk - PaR[1], which is explained in the Notes to the Consolidated Financial Statements. This method requires the simulation of 10,000 scenarios for the entire portfolio, as they apply to each material price driver, taking into account relative volatility data and the relevant correlations, using as a reference level the forward market curves on the date of the financial statements.
Once a probability distribution for changes in the fair value of outstanding financial contracts is obtained with this method, it then becomes possible to extrapolate the maximum expected negative variance in fair value over the length of a reporting year and the corresponding level of probability, which was set at 97.5%, consistent with the confidence interval used for PaR computation purposes.

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

Based on the method explained above, insofar as the separate financial statements of Edison Spa are concerned, the maximum negative variance in the fair value of financial instruments expected, with a 97.5% probability, over the time horizon of the current year, compared with the fair value determined at June 30, 2008, is 48.1 million euros (62.5 million euros at June 30, 2007), as shown in the table below:

	06.30.2008		06.30.2007	
(in millions of euros)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Spa	97.5%	48.1	97.5%	62.5

In other words, compared with the fair value determined for the financial contracts outstanding at June 30, 2008, the probability of a negative variance greater than 48.1 million euros by the end of 2008 is limited to 2.5% of the scenarios.

2. Foreign Exchange Risk not Related to Commodity Risk

With the exception of the issues reviewed above in the paragraph that discusses the commodity risk, Edison Spa does not have a significant exposure to currency risks.

3. Interest Rate Risk

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

	06.30.2008			12.31.2007		
(in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	702	861	42%	702	896	50%
- variable table portion	1,370	1,211	58%	1,102	908	50%
Total gross financial debt (*)	**2,072**	**2,072**	**100%**	**1,804**	**1,804**	**100%**

(*) For the composition of gross financial debt see also the table in "Liquidity Risk" section on this Report.

As shown by the breakdown in the preceding table, at June 30, 2008, Edison's exposure to the risk of changes in interest rates was equivalent to about 58% of its total gross exposure (50% at December 31, 2007). The remaining 42% at fixed rates (50% at December 31, 2007), is the combined result of borrowings originally structured with a fixed rate and derivatives executed to hedge bank borrowings of bonds payable that are contractually indexed to a variable rate.

The guidelines that govern the policy applied to hedge the interest rate risk are reviewed below. First of all, Edison Spa does not execute derivatives for speculative purposes. On the contrary, the main objective is to reduce volatility-induced changes in financial expense. Some of the hedging transactions executed for this purpose qualify as hedges in accordance with IAS 39. Others qualify as economic hedges. In both cases, the purpose is to reduce the effect of increases in the Euribor on financial expense, while at the same time retaining some of the benefits associated with Euribor decreases. These goals are achieved by establishing, with the help of hedges, an appropriate mix of fixed and variable rates in the indebtedness portfolio.
The adoption of this principle is clearly visible in the main transactions included in the Edison's portfolio. Most of the hedges applied to bond issues, which constitute the most stable source of financing (for the main characteristics of the outstanding bond issues, see the table provided later in this Report in the section entitled "Default Risk and Debt Covenants"). Through the use of derivatives, the interest rate on a portion (350 million euros) of a 700-million-euro bond issue was changed from a 5.125% fixed rate to a variable rate. In addition, a 200-million-euro portion of a 500-million-euro bond issue with a variable rate was converted to fixed rate of about 3.60%. For the remaining 300 million euros, Edi-

son Spa negotiated a structure that prevents increases in the contractual rate to rise above a preset ceiling of 3.95%.

The table below provides a sensitivity analysis that shows the impact on the income statement (P&L) and shareholders' equity (S/E) of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2008 (spot and forward yield curve rates).

Sensitivity analysis	First half 2008			06.30.2008		
(in millions of euros)	Impact on financial expens (P&L)			Impact on cash flow hedge reserve (S/E)		
	+50bps	base	-50bps	+50bps	base	-50bps
Edison Spa	51	48	45	4	3	4

Credit Risk

The credit risk represents Edison's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. This risk arises primarily from economic/financial factors (i.e., that the counterpart defaults on its obligations), as well as from factors that are technical/commercial or administrative/legal in nature (disputes over the type/quantity of goods supplied, the interpretation of contractual clauses, supporting invoices, etc.).

Edison's exposure to credit risk is related mainly to sales of electric power and natural gas in the deregulated market. To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Central Finance Department), Edison has 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. The policies and tools used to preventively assess credit worthiness and the monitoring and collection activities employed vary depending on the customer type and the consumption level profile. As required by internal credit policies and depending on the customer's credit worthiness, in some cases Edison may ask customers to provide it with guarantees. Generally, these are sight bank or insurance sureties issued by entities with a high credit rating. In addition, a program for the assignment without recourse of trade receivables on a monthly revolving basis got under way in February. At June 30, 2008, the assigned receivables had a total face value of 127 million euros. The amount of receivables assigned with recourse risk that were outstanding at June 30, 2008 is not significant.
Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison deals only with entities with a high credit rating.
The payment terms applied to most customers require payment within 30 days from the date of the invoice, which, as a rule, is issued monthly during the month that follows the month when the service was provided. In cases of late payment, Edison, consistent with express provisions of the underlying supply contracts, charges customers delinquent interest at the rate allowed under the applicable laws (as a rule, the delinquent interest rate set forth in Legislative Decree No. 231/2002 is applied), without prejudice to the right to cease providing service (also called supply contract "termination") when a customer continues to be insolvent.
Trade receivables are shown in the financial statements net of any writedowns, which are recognized with a conservative approach using different rates that reflect the degree by which different groups of receivables were being disputed on the balance sheet date.

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.

(in millions of euros)	06.30.2008	12.31.2007
Gross trade receivables	851	819
Allowance for doubtful accounts (-)	(31)	(30)
Trade receivables	**820**	**789**
Guarantees held	189	113
Receivables 9 to 12 months in arrears	4	2
Receivables more than 12 months in arrears	15	18

Trade receivables that are delinquent on the balance sheet date are offset by corresponding allowances.

Operational Risks

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

Other Risks

Liquidity Risk

The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows shows the expected nominal future cash outflows, both for principal and accrued interests, resulting from financial liabilities (including trade accounts payable) and interest rate derivatives. Borrowings were included based on the first due date when repayment can be demanded. Revocable lines of credit were treated as if repayable on demand.

(in millions of euros)	06.30.2008			12.31.2007		
Worst case	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	7	58	1,337	7	56	1,343
Borrowings and other financial liabilities	346	212	157	342	30	293
Trade account payable	816	30	-	804	52	-
Total	**1,169**	**300**	**1,494**	**1,153**	**138**	**1,636**

Insofar as cash flows, financing needs and liquidity are concerned, the goal is to ensure that the Company has access at all times to sufficient committed facilities to repay indebtedness maturing over the ensuing 12 months. At June 30, 2008, Edison was abundantly in compliance with this objective. Specifically, Edison Spa has unused committed lines of credit originally amounting to 1,500 million euros with an average residual life of more than four years. The largest of these facilities is a syndicated standby credit line of 1,500 million euros that expires in 2013, which was unused at June 30, 2008.

The amount of Edison's trade receivables and the corresponding payment terms help create a well balanced working capital and specifically provide adequate coverage for the accounts payable.

The table that follows provides a breakdown by maturity of Edison's gross borrowings at June 30, 2008. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk in that they do not reflect expected nominal cash flow, using instead amortized cost valuations and the fair value of derivatives, or the amounts at which financial liabilities were recognized in the accounting records at June 30, 2008.

(in millions of euros)	06.30.2009	06.30.2010	06.30.2011	06.30.2012	06.30.2013	After 5 years	Total
Bonds	26	-	700	500	-	-	1,226
Borrowings and other financial liabilities owed to outsiders	632	18	17	92	3	3	765
Gross borrowings owed to outsiders	**658**	**18**	**717**	**592**	**3**	**3**	**1,991**
Gross intra-Group borrowings	80	1	-	-	-	-	81
Totale gross financial debt	**738**	**19**	**717**	**592**	**3**	**3**	**2,072**

Default Risk and Debt Covenants

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

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

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (millions of euros)	Coupon	Curr. Rate
EMTN 12.2003	Edison Spa	Luxembourg Stock Exch.	XS0181582056	7	12.10.2010	700	Fixed, annual	5.125%
EMTN 12.2003	Edison Spa	Luxembourg Stock Exch.	XS0196762263	7	07.19.2011	500	Variable, quarterly	5.384%

In addition, Edison is a party to non-syndicated loan agreements totaling 332 million euros and syndicated loan agreements with a total face value of 1,500 million euro. A balance of 1,500 million euros was unused at June 30, 2008.

Generally, consistent with international practice for financial transactions of this type, these agreements provide the lenders with the right to demand the payment of the indebtedness and terminate their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or another procedure with similar effects.

Specifically, the bond indentures, consistent with market practices, include a series of standard clauses that, in the event of non-performance, require that the issuer immediately redeem the bonds. The main clauses of this type are: (i) negative pledge clauses, by virtue of which the borrower undertakes to refrain to provide Company assets as collateral beyond a specific amount; and (ii) cross default/cross acceleration clauses, which establish an obligation to immediately repay the bonds in the event of material failures to perform obligations that arise from or are generated by other loan agreements that affect a significant portion of the indebtedness owed by the Company.

As for credit line agreements and bilateral or syndicated loan agreements to which Edison is a party, it is important to note that the agreement for a syndicated credit line of 1,500 million euros provided to Edison sets forth, among other clauses, Edison's obligation to comply with certain commitments, which include making sure that the lender banks are being afforded a treatment equal to the one offered under other unsecured loan agreements, as well as restrictions on Edison's ability to provide collateral to new lenders (negative pledge clause).

At present, the Company is not aware of any situation that would cause it to be in default or in violation of any of the abovementioned covenants.

Analysis of Forward Transactions and Derivatives

Whenever possible, the Company uses hedge accounting, provided the transactions comply with the requirements of IAS 39. Derivative transactions can be classified as follows:

1) *Transactions that qualify as hedges in accordance with IAS 39:* They can be cash flow hedges or fair value hedges. In the case of cash flow hedges, which are the only ones currently outstanding, realized results are either included in EBITDA, for commodity transactions, or recognized as financial income or expense, for financial transactions. Their expected value is reflected in shareholders' equity.
2) *Transactions that do not qualify as hedges in accordance with IAS 39*, which include margin hedges: For all hedging transactions that comply with internal risk policies and procedures, realized results and expected value 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.

Instruments Outstanding at June 30, 2008

The tables that follow provide an illustration of the information listed below:

- Derivatives that were outstanding at June 30, 2008, classified by maturity;
- The value at which these contracts are reflected on the balance sheet, which is their fair value on the date of the financial statements.
- The pro rata share of the fair value referred to above that was recognized on the income statement from the date of execution to the reporting date.

The difference, if any, between the value on the balance sheet and the fair value recognized on the income statement is the fair value of contracts that qualify as cash flow hedges, which, in accordance with the reference accounting principles, is posted directly to equity reserves.

A) Interest Rates and Foreign Exchange Rates

(in millions of euros)	Notional amount (*)	Notional amount (*)	Notional amount (*)	Balance sheet amount (**)	Cumulative impact on the income statement at 06.30.2008 (***)
	due within 1 year	due between 2 and 5 years	due after 5 years		
Interest rate risk management					
- cash flow hedges in accordance with IAS 39	-	200	-	4	
- contracts that do not qualify as hedges in accordance with IAS 39	-	1,665	36	(8)	(8)
Total interest rate derivatives	**-**	**1,865**	**36**	**(4)**	**(8)**
Foreign exchange rate risk management					
- contracts that qualify as hedges in accordance with IAS 39					
- On commercial transactions	556	15	-	(25)	-
- On financial transactions	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39					
- On commercial transactions	57	-	-	(3)	(3)
- On financial transactions	-	-	-	-	-
Total foreign exchange rate derivatives	**613**	**15**	**-**	**(28)**	**(3)**

(*) Represents the sum of the notional amounts of the basic contracts that would result from an unbundling of complex contracts.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value recognized on the income statement from the inception of the contract until the date of the financial statements.

B) Commodities

	Unit of measure of notional amount	Notional amount due within one year (*)	Notional amount due within two years (*)	Notional amount after two years (*)	Balance sheet value (**)	Cumulative impact on the income statement at 06.30.2008 (***)
Price risk management for energy products						
A. Cash flow hedges pursuant to IAS 39, broken down as follows:		**585,070**	**-**	**-**	**9**	**-**
- Electric power	TWh					
- Natural gas	millions of terms					
- LNG and oil	barrels	595,070	-	-	9	-
- Coal	millions of tons					
- CO_2	millions of tons					
- Other commodities	-					
B. Contracts that qualify as fair value hedges pursuant to IAS 39	**-**	**-**	**-**	**-**	**-**	**-**
C. Contracts that do not qualify as fair value hedges pursuant to IAS 39, broken down as follows:		**220,225**	**33,400**	**39,000**	**2**	**2**
C.1 Margin hedges		**220,225**	**33,400**	**29,000**	**2**	**2**
- Electric power	TWh					
- LNG and oil	barrels	220,225	33,400	39,000	2	2
- CO_2	millions of tons					
C.2 Trading contracts		**-**	**-**	**-**	**-**	**-**
- Electric power	TWh					
- LNG and oil	barrels					
TOTAL		**220,225**	**33,400**	**39,000**	**11**	**2**

(*) + for net purchases, - for net sales.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value recognized on the income statement from the inception of the contract until the date of the financial statements.

Operating and Financial Results Generated by Derivative Transactionsin the First Half of 2008

The table below provides an analysis of the financial results generated by derivative transactions in the first half of 2008. The income statement line "Materials and services used" includes a charge of 22 million euros representing the effective portion of commodity related foreign exchange hedges.

(in millions of euros)	Realized in the first half of 2008 (A)	Fair Value recognized for contracts outstanding at 12.31.2007 (B)	Portion of (B) contracts realized in the first half of 2008 (B1)	Fair value recognized for contracts outstanding at 06.30.2008 (C)	Change in fair value in the first half of 2008 (D=C-B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	8	-	-	1	1	9
- not definable as hedges pursuant to IAS 39	1	1	-	6	5	6
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Total (A)	**9**	**1**	**-**	**7**	**6**	**15**
Raw materials and services used (see Note 23 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(1)	-	-	-	-	(1)
- not definable as hedges pursuant to IAS 39	(3)	(3)	(2)	(4)	(1)	(4)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	(32)	(10)	(10)	(2)	8	(24)
- not definable as hedges pursuant to IAS 39	-	(1)	-	(2)	(1)	(1)
Total (B)	**(36)**	**(14)**	**(12)**	**(8)**	**6**	**(30)**
TOTAL INCLUDED IN EBITDA (A+B)	**(27)**	**(13)**	**(12)**	**(1)**	**12**	**(15)**
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	1	-	-	-	-	1
- not definable as hedges pursuant to IAS 39	10	4	6	9	5	15
Totale proventi finanziari (D)	**11**	**4**	**6**	**9**	**5**	**16**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(24)	(18)	(3)	(16)	2	(22)
Total financial expense (E)	**(24)**	**(18)**	**(3)**	**(16)**	**2**	**(22)**
Margin on interest rate hedging transactions (D+E)=(F)	**(13)**	**(14)**	**3**	**(7)**	**7**	**(6)**
Foreign exchange rates hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	-	-	-	-	-
Total foreign exchange gains (G)	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	1	-	-	-	-	1
Total foreign exchange losses (H)	**1**	**-**	**-**	**-**	**-**	**1**
Margin on foreign exchange hedging transactions (G+H)= (I)	**1**	**-**	**-**	**-**	**-**	**1**
TOTAL INCLUDED IN NET FINANCIAL INCOME (F+I) (see Note 27 in the Income statement)	**(12)**	**(14)**	**3**	**(7)**	**7**	**(5)**

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

(in millions of euros)	06.30.2008 Receivables	06.30.2008 Payables	12.31.2007 Receivables	12.31.2007 Payables
Foreign exchange transactions	1	(4)	1	(3)
Interest rate transactions	10	(14)	7	(18)
Commodity transactions	17	(29)	4	(10)
Fair value recognized as current asset or current liability	**28**	**(47)**	**12**	**(31)**
Broken down as follows:				
- recognized as "Other receivables and payables"	18	(33)	5	(13)
- recognized as "Current financial assets" and "Short-term borrowings"	10	(14)	7	(18)

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

Classes of Financial Instruments

The table provided below, which lists the types of financial instruments recognized in the financial statements showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity, completes the disclosures required by IFRS 7. The last column in the table shows, if applicable, the fair value of financial instruments at June 30, 2008.

Edison has chosen not to adopt the value option and, consequently, as the table shows, neither borrowings nor bonds were restated at fair value.

(in millions of euros)	Criteria applied to value financial instruments in the financial statements					
	Fin. instruments valued at fair value with change in fair value recognized in:		Financial instruments valued at amortized cost	Equity (not publicity traded) valued at cost	Carryng value at 06.30.2008	Fair value at 06.30.2008
Financial instrument type	earnings	equity				
ASSETS						
Available-for-sale equity investments, including:						
- not publicly traded securities	-	-	-	203	203	n.d.
- publicly traded securities	-	12	-	-	12	12
					215	n.d.
Other financial assets [3]	-	-	62	-	62	62
Other assets [3]	-	-	35	-	35	35
Trade receivables [3]	-	-	820	-	820	820
Other receivables [1][3]	6	11	293	-	310	310
Other current financial assets [2][3]	16	4	772	-	792	792
Cash and cash equivalents [3]	-	-	2	-	2	2
LIABILITIES						
Bonds long and short-term	-	-	1.226	-	1.226	1.220
Long and short-term borrowings [1][3]	14	-	832	-	846	845
Trade payables [3]	-	-	846	-	846	846
Other liabilities [3]	8	25	298	-	331	331

[1] Includes receivables and payables resulting from the measurement of derivatives at fair value.
[2] Includes receivables from the measurement at fair value of derivatives and equity investments held for trading.
[3] The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same as their carryng value.

NOTES TO THE BALANCE SHEET

Assets

Non-current Assets

1. Property, Plant and Equipment

Property, plant and equipment, which comprises the Company's production assets, totaled 4,131 million euros, or 191 million euros less than at December 31, 2007. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2008:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2007 (A)	**526**	**3,706**	**6**	**4**	**80**	**4,322**
Changes in the first half of 2008:						
- Additions	1	23	-	-	61	85
- Disposals (-)	(1)	(20)	-	-	-	(21)
- Depreciation (-)	(12)	(182)	(1)	(1)	-	(196)
- Transfers	(13)	(46)	-	-	-	(59)
- Other changes	-	21	1	-	(22)	-
Total changes (B)	**(25)**	**(204)**	**-**	**(1)**	**39**	**(191)**
Valance at 06.30.2008 (A+B)	**501**	**3,502**	**6**	**3**	**119**	**4,131**

The total value of these assets includes "Construction in progress and advances" totaling 119 million euros attributable mainly to the construction of the Candela power plant (17 million euros), the repowering of the Belviso, Ganda, Campo and Prati hydroelectric power plants (20 million euros), the repowering of the Marghera Azotati thermoelectric facility (7 million euros) and the development of several fields by the hydrocarbons operations (Emma 9 million euros, Panda 8 million euros, San Giorgio 8 million euros and Santo Stefano 9 million euros).

Additions, which totaled 85 million euros, are mainly the result of the following capital expenditures:

- the investments of the **thermoelectric operations**, which totaled 40 million euros, primarily used to build the Candela power plant (25 million euros), repower the Marghera Azotati facility (5 million euros) and complete construction of the Simeri Crichi power plant (3 million euros);
- a total of 28 million euros that the **hydrocarbons operations** used mainly to develop the Emma (7 million euros), San Giorgio (8 million euros) and Santo Stefano (9 million euros) fields;
- the 14 million euros invested by the **hydroelectric operations**, which were used mainly to upgrade the Belviso and Ganda power plants (10 million euros).

Disposals totaled 21 million euros. The largest transactions included the sale of components belonging to the Candela power plant and some plots of land. These transactions generated a net gain of 4 million euros.

Depreciation of property, plant and equipment included 135 million euros for the thermoelectric operations (127 million euros at June 30, 2007), 41 million euros for the hydroelectric operations (42 million euros at June 30, 2007), 18 million euros for the hydrocarbons operations (18 million euros at June 30, 2007) and 2 million euros for corporate activities (2 million euros at June 30, 2007).

Transfers refer to the conveyance of three hydroelectric power plants to Dolomiti Edison Energia. A 51% interest in this newly established company was sold in May with a positive effect of 22 million euros.

In addition:

- The net carrying amount of property, plant and equipment includes **assets transferable at no cost** with an aggregate value of 227 million euros (272 million euros at December 31, 2007) , attributable to Edison's hydroelectric operations, which hold 31 concessions (34 millions euros at December 31, 2007). The decrease reflects primarily the depreciation for the period and the transfer of assets to Dolomiti Edison Energia;
- Property, plant and equipment includes **assets acquired under finance leases** totaling 3 million euros, which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounts to 1 million euros, is shown under "Long-term borrowings and other financial liabilities."

2. Investment Property

Net of the depreciation for the period, the Group's investment property, which consists of land and buildings that are not used for production purposes, totaled 1 million euros.

3. Goodwill

Goodwill totaled 2,632 million euros. The outstanding balance is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments but should be tested for impairment at least once a year. The method applied to determine the value of goodwill is consistent with the criteria for its allocation by the business operations, which are set forth in the definition of cash generating units provided in the notes to the Consolidated Financial Statements.
No impairment losses that affected the value of goodwill were detected in the first half of 2008.

4. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which include 45 hydrocarbon production leases in Italy, were valued at 225 million euros. The amortization for the period accounts for most of the decrease of 9 million euros compared with December 31, 2007. No amount was capitalized during the first half of 2008 as a result of successful exploration programs and subsequent development, as allowed by IFRS 6.

Information About the Concessions Held by Edison Spa

The table below shows a breakdown of the concessions held by Edison. As explained earlier, the corresponding carrying amounts are included under "Intangibles" and "Hydrocarbon concessions."

		Remaining life	
	Number	from	to
Hydroelectric concessions	31	1	22
Hydrocarbon concessions	45	(*)	"unit of production"

(*) The amortization and the remaining life of mineral deposits is computed as a ratio of the quantity extracted to the available reserves.

5. Other Intangible Assets

The balance of 30 million euros, net of amortization for the period of 19 million euros, refers to licenses and similar rights consisting mainly of software licenses (29 million euros) and work in progress (1 million euros).
Hydrocarbon research and exploration costs, which are charged in full to income in the year they are incurred, totaled 14 million euros.

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

Investments in associates totaled 1,817 million euros, including 685 million euros in investments in subsidiaries and 1,132 million euros in investments in joint ventures and affiliated companies. Available-for-sale investments were valued at 215 million euros. They consist of investments in privately held companies (204 million euros) and in publicly traded companies (11 million euros).

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

(in millions of euros)	Investments in associates	Available-for-sale investments
Balance at 12.31.2007 (A)	**1.671**	**180**
Changes in the first half of 2008:		
- Additions	140	4
- Changes in share capital	142	44
- Disposals (-)	(123)	-
- Writedowns (-)	(7)	(13)
- Other changes	(6)	-
Total changes (B)	**145**	**35**
Balance at 06.30.2008	**1,817**	**215**

An analysis of the changes is provided below:

- The largest component of **additions**, which totaled 144 million euros, is the purchase of a further 5% interest in Edipower Spa. As a result of this transaction, Edison now holds a 50% interest in this affiliated company.
- **Changes in share capital and reserves** of 186 million euros consist of capital contributions provided to Terminale GNL Adriatico Spa (44 million euros), Edison International Holding NV (5 million euros), Galsi Spa (3 million euros) Nuova Alba Srl (2 million euros) and EL.I.T.E. Spa (2 million euros). This item also includes capital increases totaling 130 million euros, broken down as follows:
  - 114 million euros for the transfer to Co Energy Power Srl, a newly established company, of the business operations consisting of five CIP6 thermoelectric power plants, which at the end of 2007 were classified as Assets held for sale because they formed the asset disposal group sold in April 2008;
  - 16 million euros for the transfer to Dolomiti Edison Energy Srl, a newly established company, of three hydroelectric power plants located in the province of Trent.
- **Disposals** of 123 million euros reflect the sale of 100% of Co Energy Power Srl and of 51% of Dolomiti Edison Energy Srl. The latter transaction generated a net gain of 22 million euros. The result of the sale of the disposal group is discussed in the section of this Report entitled "Disclosure Pursuant to IFRS 5."
- **Writedowns** totaling 20 million euros refer mainly to the Montedison Srl subsidiary (2 million euros), the Water Holding BV joint venture (5 million euros) and to the equity investment in RCS Mediagroup Spa (12 million euros), which was marked to market at the end of the period with any resulting difference posted to a special equity reserve.
- **Other changes** reflect exclusively the final liquidation of two dormant subsidiaries, which generated gains totaling about 5 million euros.

7. Other Financial Assets

Other financial assets of 62 million euros include loans receivable due in more than one year and securities.

The main components of loans receivable include 40 million euros for an escrow deposit provided for IPSE 2000, which is offset by a provision for risks of an equal amount, 14 million euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa and 7 million euros in loans receivable from subsidiaries.

8. Deferred-tax Assets

As was the case in 2006, since this item met the requirements of IAS 12, it was offset against the "Provision for deferred taxes." Additional information is provided in the corresponding note.

9. Other Assets

This item, which totaled 35 million euros, includes tax refunds receivable and accrued interest at June 30, 2008 (31 million euros). Security deposits account for most of the remaining 4 million euros.

10. Current Assets

A breakdown of the individual components is provided below:

(in millions of euros)	06.30.2008	12.31.2007	Change
Inventories	207	192	15
Trade receivables	820	789	31
Current-tax assets	-	1	(1)
Other receivables	310	176	134
Current financial assets	792	627	165
Cash and cash equivalents	2	22	(20)
Total current assets	**2,131**	**1,807**	**324**

Inventories

Inventories, which grew to 207 million euros, or 15 million euros more than at December 31, 2007, due mainly to an increase in stored natural gas, consist of hydrocarbon products (173 million euros) and supplies and equipment used to maintain and operate the Company's facilities (34 million euros).

Trade Receivables

Trade receivables totaled 820 million euros, or 31 million euros more than at December 31, 2007. A breakdown by Business Segment is as follows:

(in millions of euros)	06.30.2008	12.31.2007	Change
Electric power operations	479	278	201
Hydrocarbons operations	341	511	(170)
Total	**820**	**789**	**31**

Trade receivables stem from contracts to supply energy and steam, contracts to supply natural gas and contracts to sell natural gas at virtual exchange facilities.

The above amounts are net of an allowance for doubtful accounts totaling 31 million euros. A breakdown of this allowance by Business Segment is provided below:

(in millions of euros)	Balance at 12.31.2007	Utilizations	Additions	Other changes	Balance at 06.30.2008
Electric power operations	15	-	-	-	15
Hydrocarbons operations	6	(2)	3	-	7
Corporate activities	9	-	-	-	9
Total allowance for doubtful accounts	**30**	**(2)**	**3**	**-**	**31**

As mentioned previously, a program for the assignment without recourse of trade receivables on a monthly revolving basis got under way in February. At June 30, 2008, the assigned receivables totaled about 127 million euros.

Current-tax Assets

Other Receivables

Other receivables amounted to 310 million euros, net of an allowance for doubtful accounts totaling 18 million euros. The main components of this account are advances to suppliers (53 million euros), dividends receivable (34 million euros owed by Termica Milazzo Srl), receivables due by Group companies for the provision of technical, administrative and financial services (32 million euros), amounts owed by partners and associates in hydrocarbon exploration projects and royalty advances (32 million euros), receivables from the sale of non-current assets (27 million euros), receivables related to foreign exchange and commodity derivatives (18 million euros), receivables owed by the tax administration for VAT (16 million euros), prepaid hydroelectric concession fees (14 million euros), receivables owed by the tax administration for excise tax overpayments (10 million euros) and prepaid expenses consisting of contributions to pension funds (9 million euros).

During the first half of 2008, the Group chose to take advantage of price opportunities in the spot market, even though this decision activated take-or-pay clauses requiring payments to contract counterparts amounting to 42 million euros. However, considering the natural gas delivery requirements projected for the coming years, these payments should be viewed as advances on future deliveries and not as penalties. Consequently, they were recognized as advances to suppliers.

The table below shows a breakdown of the receivables owed by subsidiaries and affiliated companies:

(in millions of euros)	06.30.2008	12.31.2007	Change
Termica Milazzo	35	27	8
Edison Stoccaggio	3	4	(1)
Edison Energie Speciali	-	2	(2)
Sarmato Energia	3	2	1
Edison Energia	2	6	(4)
Edison International	3	2	1
Gever	2	1	1
Sel Edison	2	1	1
Edipower	1	1	-
Termica Celano	-	1	(1)
Termica Boffalora	-	1	(1)
Edison DG	1	1	-
Montedison	-	-	-
Edison Trading	9	1	8
KHR	-	1	(1)
Thisvi	2	-	2
Other companies	3	2	1
Total	**66**	**52**	**14**

Current Financial Assets

A breakdown of current financial assets, which totaled 792 million euros, is as follows:

(in millions of euros)	06.30.2008	12.31.2007	Change
Equity investments held for trading	10	10	-
Loans receivable	772	610	162
Derivatives	10	7	3
Total current financial assets	**792**	**627**	**165**

A review of these financial assets, all of which are included in the computation of the Company's net financial debt, is provided below:

Equity Investments Held for Trading

These are investments in the following publicly traded companies: ACEGAS Spa (4 million euros), AC-SM Spa (2 million euros) and AMCS Spa (4 million euros). The carrying values of these investments are marked to market at the end of the period.

Loans Receivable

Loans receivable of 772 million euros reflect financial transactions with subsidiaries and affiliated companies and represent the balances in the corresponding intra-Group current accounts

Cash and Cash Equivalents

The balance of 2 million euros consist of short-term deposits in bank and postal accounts.

11. Assets Held for Sale

This account had a zero balance at June 30, 2008. As explained on previous occasions, the balance of 208 million euros shown at December 31, 2007 referred to business operations that included five thermoelectric power plants and equity investments in the Termica Boffalora and Termica Celano subsidiaries, each of which owned a power plant. These assets (the disposal group) were sold in April. Information about this transaction is provided in the section of this Report entitled "Disclosure Pursuant to IFRS 5."

Liabilities and Shareholders' Equity

12. Shareholders' Equity

Edison's shareholders' equity amounted to 6,826 million euros, or 21 million euros less than at December 31, 2007. This decrease is the net result of net profit for the period amounting to 263 million euros and dividend distributions totaling 268 million euros (equal to a dividend of 0.050 euros per common share and 0.080 euros per savings share).

At June 30, 2008, the subscribed and paid-in capital stock of Edison Spa totaled 5,292 million euros. It consisted of shares with a par value of 1 euro each, regular ranking for dividends, and was broken down as follows:

Share class	Number of shares	Euros
Common shares	5,181,108,251	5,181,108.251
Saving shares	110,592,420	110,592.420
Total	**-**	**5,291,700,671**

In keeping with the goal of providing full disclosure, the table below shows the changes that occurred in the reserve for cash flow hedges established upon the adoption of IAS 32 and IAS 39.

Reserve for cash flow hedge transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at December 31, 2007	(4)	1	(3)
- Changes in the first half of 2008	(8)	3	(5)
- Reserve at June 30, 2008	**(12)**	**4**	**(8)**

The reserve for valuations of available-for-sale investments also had an impact on the changes that occurred in shareholders' equity:

Reserve for the valuation of available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at December 31, 2007	11	(1)	10
- Changes in the first half of 2008	(12)	1	(11)
- Reserve at June 30, 2008	**(1)**	**-**	**(1)**

Non-current Liabilities

13. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 34 million euros, reflect the accrued severance indemnities and other benefits owed to employees at June 30, 2008, computed in accordance with actuarial criteria. This type of computation process resulted in the recognition of financial expense totaling less than 1 million euros.
The table below shows the changes that occurred in the first half of 2008:

(in millions of euros)	Provision for sever. indemn.
Balance at 12.31.07 (A)	**35**
Changes in the first half of 2008	
- Additions	-
- Financial expense (+)	1
- Actuarial (gains) losses (+/-)	-
- Utilizations (-)	(2)
Total changes (B)	**(1)**
Total at 06.30.08 (A+B)	**34**

Utilizations refer mainly to the removal of employees from the payroll upon the sale of the business operations included in the disposal group and three hydroelectric power plants located in the Trentino region.

The changes that occurred in the Provision for severance indemnities reflect the impact of utilizations; additions for service costs, which represent the present value of the benefits accrued by employees during the year computed on the basis of demographic and financial assumptions; the actuarial (gains)/losses, which measure changes in the liability during the year; and the interest cost, which represents the cost of the liability due to the passing of time.

At June 30, 2008, the Company had 1,748 employees (1,861 employees at December 31, 2007).

14. Provision for Deferred Taxes

The balance of 311 million euros reflects mainly the deferred tax liability from the use during the IFRS transition of fair value as deemed cost.
More specifically, a portion amounting to 51 million euros of the increase in the deferred-tax liability on differences in the value or property, plant and equipment is due to the impact of the provision of Legislative Decree No. 112 of June 25, 2008 (the so-called Summer Amendment to the Budget Law), which is described in the note to Income taxes.

Since this item met the requirements of IAS 12, it was offset against the Deferred-tax assets account.

The following table shows a breakdown of this provision by type of underlying temporary difference:

(in millions of euros)	06.30.2008	12.31.2007	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	379	343	36
- Adoption of the standard on finance leases (IAS 17)	28	25	3
- Adoption of the standard on financial instruments (IAS 39) with impact on:			
- the income statement	1	-	1
- shareholders' equity	1	-	1
- Other deferred taxes	-	-	-
Total deferred-tax liabilities (A)	**409**	**368**	**41**
Deferred-tax assets:			
- Taxed provisions for risks	86	61	25
- Adoption of the standard on financial instruments (IAS 39) with impact on:			
- the income statement	7	5	2
- shareholders' equity	5	2	3
- Other prepaid taxes	-	1	(1)
Total deferred-tax assets (B)	**98**	**69**	**29**
Total provision for deferred taxes (A-B)	**311**	**299**	**12**

15. Provisions for Risks and Charges

At June 30, 2008, the provisions for risks and charges, which are established to cover contingent liabilities, increased to 841 million euros, or 30 million euros more than at the end of 2007, as a result of additions booked to recognize risks arising from legal and tax disputes, offset in part by the settlement of other disputes. The changes are listed in the table that follows:

(in millions of euros)	12.31.2007	Additions	Utilizations	06.30.2008
- Disputed tax items	20	36	-	56
- Risks for disputes, litigation and contracts	152	3	(17)	138
- Charges for contractual guarantees on the sale of equity investments	124	-	(19)	105
- Provisions for decommissioning and remediation of industrial sites	275	6	(3)	278
- Environmental risks	69	13	(69)	13
- Provision for EU Directive No. 2003/83 (Emissions Rights)	42	119	(42)	119
- Other risks and charges	129	4	(1)	132
Total provisions for risks and charges	**811**	**181**	**(151)**	**841**

The main changes that occurred in the first half of 2008 are reviewed below:

- The main components of **additions** of 181 million euros are: 119 million euros set aside to cover the liability for the period for Phase II (2008-2012 period) emissions rights, 36 million euros booked to recognize risks related to equity investments sold in previous years, 17 million euros added to provisions for legal and contractual risks, 6 million euros for finance charges on decommissioning provisions and 4 million euros for statutory interest on certain provisions that were outstanding at June 30, 2008.
- **Utilizations**, which totaled 151 million euros, included the following items: a reduction of 69 million euros resulting from a settlement with the Ministry of the Environment; a decrease of 15 million euros from the reversal in earnings of a provision established in previous years in connection with the sale of an equity investment, which was recognized upon the expiration of the guarantees provided pursuant to the sales agreement; and 11 million euros for a utilization resulting from the settlement of an environmental dispute.

This item also includes a utilization of 42 million euros against the provision for CO_2 emissions, recognized upon the expiration of Phase I with regard to the allocations for the 2005-2007 period, which were cancelled.

More detailed information about the entries that resulted in the current composition of the provisions for risks and charges is provided in the section of the Notes to the Semiannual Consolidated Financial Statements entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2008."

16. Bonds

The balance of 1,200 million euros represents the long-term portion of the bonds issued by the Company. The table below shows the balance outstanding at June 30, 2008 and indicates the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	L/T amortized cost	S/T amortized cost	Fair value
Euro Medium Term Notes:									
Edison Spa	Luxembourg Exchange	EUR	700	Annual in arrears	5.125%	12.10.2010	700	18	712
Edison Spa	Luxembourg Exchange	EUR	500	Quarterly in arrears	5.384%	07.19.2011	500	8	508
Total for the Group			**1,200**				**1,200**	**26**	**1,220**

17. Long-term Borrowings and Other Financial Liabilities

At June 30, 2008, this account totaled 134 million euros. A breakdown is as follows:

(in millions of euros)	06.30.2008	12.31.2007	Change
Due to banks	131	254	(123)
Due to other lenders	3	3	-
Total	**134**	**257**	**(123)**

The reclassification to short-term borrowings of a financing facility of 120 million euros accounts for most of the change compared with the balance at December 31, 2007.

18. Other Liabilities

This account had a zero balance at June 30, 2008.

19. Current Liabilities

(in millions of euros)	06.30.2008	12.31.2007	Change
Bonds	26	9	17
Short-term borrowings	712	574	138
Trade payables	846	856	(10)
Current taxes payable	18	-	18
Other liabilities	331	283	48
Total current liabilities	**1,933**	**1,722**	**194**

The main current liability accounts are reviewed below:

- **Bonds:** The balance of 26 million euros represents the current portion of the Company's bond indebtedness and includes 25 million euros for accrued coupons payable.

- **Short-term borrowings:** The main components of this item are 539 million euros due to banks for principal and accrued interest, 80 million euros owed to subsidiaries and 79 million euros payable to other lenders. The bank debt includes 14 million euros generated by measuring at fair value interest rate derivatives.

- **Trade payables:**

(in millions of euros)	06.30.2008	12.31.2007	Change
Electric power operations	368	294	74
Hydrocarbon operations	465	546	(81)
Corporate activities	13	16	(3)
Total	**846**	**856**	**(10)**

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

- Current taxes payable amounted to 18 million euros. This amount represents the Company's liability for the period, net of estimated payments, for local taxes (6 million euros) and corporate income taxes (12 million euros). The liability for corporate income taxes reflects the additional obligation created by the IRES surcharge introduced with Legislative Decree No. 112 of June 25, 2008 (the so-called "Robin Hood Tax"); the amount owed for this corporate income tax surcharge was classified as income taxes payable because is paid directly by the Group companies.

- Other liabilities include 35 million euros owed to the controlling company, net of estimated payments made, for the corporate income tax liability for the first half of 2008 under the consolidated income tax return.

This item also includes amounts owed to joint holders of permits and concessions for the production of hydrocarbons (62 million euros), amounts owed to subsidiaries in connection with the filing of a Group VAT return (56 million euros), accounts payable for services received (46 million euros), liabilities for commodity derivatives (33 million euros), amounts owed to pension and social security institutions (19 million euros), royalties payable (19 million euros) and amounts payable to employees (16 million euros).

20. Liabilities Held for Sale

At June 30, 2008, this account had a zero balance. As explained on an earlier occasion, the balance of 18 million euros shown at the end of 2007 represented the liabilities of a disposal group that included five thermoelectric power plants and the investments in Boffalora and Termica Celano, which were sold during the first half of 2008.

NET FINANCIAL DEBT
(Pursuant to Consob Resolution No. DEM/6064293 of July 28, 2006)

At June 30, 2008, net financial debt totaled 1,279 million euros, down from 1,391 million euros owed at December 31, 2007. The main reasons for this improvement include a positive operating cash flow and the proceeds from the sale of the interests held in Co Energy Power, Termica Celano and Dolomiti Edison Energy, which totaled 237 million euros, offset in part by the distribution of dividends (268 million euros), outlays for capital investments (85 million euros) and purchases of equity investments (144 million euros).

The table below provides a simplified breakdown of the Company's net financial debt:

(in millions of euros)	Note No.	06.30.2008	12.31.2007	Change
Long-term debt				
Bonds - non-current portion	16	1.200	1.201	(1)
Non-current bank loans	17	132	255	(123)
Amounts due to other lenders - non current portion	17	3	2	1
Other non-current financial assets	17	-	-	-
Total long-term debt		**1,335**	**1,458**	**(123)**
Short-term debt				
Bonds - current portion	19	26	9	17
Current loans payable	19	712	573	139
Current lease obligations	19	-	-	-
Current financial assets	10	(792)	(627)	(165)
Cash and cash equivalents	10	(2)	(22)	20
Total short-term debt		**(56)**	**(67)**	**11**
Net financial debt		**1,279**	**1,391**	**(112)**

Net financial debt include 160 million euros stemming from transactions with related parties (120 million euros owed to Mediobanca and 40 million euros owed to Banca Popolare di Milano). In the balance sheet, these items are classified as "Long-term borrowings and other financial liabilities" and as "Short-term financial debt."

Information about compliance with the obligation to maintain certain financial indicators within predetermined minimum/maximum levels (as set forth in the financial covenants) is provided in a special section of the "Risk Management" section of this Report.

NOTES TO THE INCOME STATEMENT

The net profit earned by Edison Spa in the first half of totaled 263 million euros, compared with 391 million euros in the same period last year.
The profit before taxes declined from 489 million euros in the first six months of 2007 to 352 million euros at June 30, 2008. The main reasons for this 137-million-euro decrease include the following:

- A reduction in reported EBITDA (-176 million euros) due mainly to differences in the dynamics that affect production costs;
- A higher depreciation expense (+19 million euros) due mainly to the full availability of the Simeri Crichi power plant, which was commissioned at the end of 2007;
- An increase in net other expense (+50 million euros) that reflects primarily additions to provisions for risks in connection with legal and tax disputes related to assets sold in previous years.

These negative factors were offset in part by:

- a decrease in net financial expense (-45 million euros) that was largely the result of a reduction in net financial debt;
- an increase in income from equity investments (+70 million euros) that reflects higher dividend payments by the subsidiaries.

The bottom line was also adversely affected by the provisions of the so-called Summer Amendment to the Budget Law, which introduced a 5.5% corporate income tax surcharge (see comments in the note to Income taxes). Based on the conservative assumption that this surcharge will continue to be levied in future years, the additional deferred-tax liability amounts to 51 million euros.

21. Sales Revenues

Sales revenues totaled 2,823 million euros, for an overall increase of 400 million euros (+16%) compared with the first half of 2007.
The table below provides a breakdown of sales revenues:

(in millions of euros)	First half 2008	First half 2007	Change	% change
Revenues from the sales of:				
- Electric power	1,514	1,376	138	10.0%
- Natural gas	1,163	900	263	29.2%
- Steam	52	60	(8)	n.m.
- Oil and fluxing chemicals	58	49	9	18.4%
- Other revenues	1	2	(1)	n.m.
Total sales revenues	**2,788**	**2,387**	**401**	**16.8%**
Revenues from services provided	26	22	4	n.m.
Revenues from power plant maintenance	6	10	(4)	(40.0%)
Transmission revenues	3	4	(1)	n.m.
Total	**2,823**	**2,423**	**400**	**16.5%**

This item also reflects the impact of AEEG Resolution No. 77/08 concerning refunds owed to CIP6/92 facilities for the costs incurred upon the implementation of the Emissions Trading Scheme to cover rate adjustments.

Sales revenues were generated mainly in Italy.

Revenues from services provided refer mainly to coordination support provided by Edison Spa to Group companies and engineering services.

Sales Revenues by Business Segment

(in millions of euros)	First half 2008	First half 2007	Change	% change
Electric power operations	1,584	1,438	146	10.2%
Hydrocarbon operations	1,227	950	277	29.2%
Corporate activities	12	35	(23)	(65.7%)
Total	**2,823**	**2,423**	**400**	**16.5%**

22. Other Revenues and Income

Other revenues and income increased to 226 million euros, or 99 million euros more than in the first half of 2007. A breakdown is as follows:

(in millions of euros)	First half 2008	First half 2007	Change
Commodity derivatives	15	41	(26)
Recovery of payroll costs	3	2	1
Recovery of costs from partners in hydrocarbon exploration projects	9	16	(7)
Revenues from the sale of miscellaneous materials	1	2	(1)
Utilizations of provisions for risks	49	28	21
Swaps and exchanges of natural gas	33	10	23
Out of period incomes	83	10	73
Proceeds from the sale of non-current assets	8	11	(3)
Leases of Company-owned property	2	2	-
Insurance settlements	14	-	14
Recovery of miscellaneous costs	5	2	3
Contract penalties earned	3	-	3
Sundry items	1	3	(2)
Total	**226**	**127**	**99**

Out of period incomes includes the impact of Resolution No. 77/08 concerning refunds owed to CIP6/92 facilities for the costs incurred upon the implementation of the Emissions Trading Scheme during the 2005-2007 period, a refund of the green certificate costs received pursuant to AEEG resolution No. 80/08 and the impact of the renegotiation of a supply contract.

The utilizations of provisions for risks refer mainly to the provision for Phase I (2005-2007) CO_2 emissions (42 million euros), provisions for remediation of industrial sites (3 million euros) and allowances for doubtful accounts (3 million euros).

23. Raw Materials and Services Used

Matching the trend of sales revenues, the cost of raw materials and services increased to 2,621 million euros, or 35% more than in the first six months of 2007. A breakdown is as follows:

(in millions of euros)	First half 2008	First half 2007	Change	% change
Purchases of:				
- Natural gas	1,805	1,276	529	41.5%
- Electric power	3	-	3	-
- Blast furnace, recycled and coke furnace gas	220	169	51	30.2%
- Oil and other fuels	41	24	17	70.8%
- Demineralized industrial water	18	20	(2)	(10.0%)
- Green certificates	43	41	2	4.9%
- Other materials and utilities	-	42	(42)	n.m.
Total purchases	**2,130**	**1,572**	**558**	**35.5%**
- Facilities design, construction and maintenance	55	41	14	34.1%
- Transmission and treatment of natural gas	138	113	25	22.1%
- Professional services	36	33	3	9.1%
- Insurance services	8	9	(1)	(11.1%)
- Leases and use of property not owned	29	26	3	(11.5%)
- CO_2 emission quotas	36	-	36	n.m.
- Commodity derivatives	7	15	(8)	(53.3%)
- Additions to provisions for risks	122	-	122	n.m.
- Writedowns of trade receivables and additions to the allowance for doubtful accounts	5	6	(1)	(16.7%)
- Change in inventory of work in process, semifinished goods and finished goods	15	71	(56)	n.m.
- Sundry charges	40	58	(18)	(31.0%)
Total	**2,621**	**1,944**	**677**	**34.8%**

Purchases, which are the largest component of raw materials and services used, totaled 2,098 million euros, or 34% more than in the first half of 2007. They consists almost exclusively of purchases of natural gas, electric power and other raw materials used in production processes. This account also includes the costs incurred to purchase blast furnace, recycled and coke oven gases (220 million euros), which are used primarily as fuel for the production of electric power, and natural gas transmission costs (138 million euros, +22% compared with the first six months of 2007).

Additions to provisions for risks include 119 million euros for the Phase II (2008-2012 period) emissions rights charges accrued during the six months ended June 30, 2008.

Information about the impact of commodity derivatives is provided in a separate note earlier in this report.

Breakdown by Business Segment

(in millions of euros)	First half 2008	First half 2007	Change	% change
Electric power operations	570	369	201	54.5%
Hydrocarbon operations	2,004	1,536	468	30.5%
Corporate activities	47	39	8	20.5%
Total	**2,621**	**1,944**	**677**	**34.8%**

The raw materials and services used by the hydrocarbons operations include the natural gas used to operate the thermoelectric power plants.

24. Labor Costs

Labor costs totaled 69 million euros, or 2 million euros less than at June 30, 2007. The sale of the business operations consisting of five thermoelectric power plants (disposal group) and three hydroelectric power plants in the province of Trent accounts for most of this decrease.

25. EBITDA

EBITDA for the first half of 2008 totaled 359 million euros, or 176 million euros less than in the same period last year.

This decrease is mainly the net result of the following contrasting factors:

Negative factors:

- Differences in the dynamics that affect sales prices and the cost of the main means of production;
- Reduction in EBITDA contribution due to the transfer of five thermoelectric power plants to Co Energy Power as of February 2008;
- Expiration of CIP6/92 incentives and of some CIP6/92 contracts;

Positive factors:

- Availability of the Simeri Crichi power plant;
- Renegotiation of a natural gas purchasing agreement.

26. Depreciation, Amortization and Writedowns

A breakdown of depreciation, amortization and writedowns, which totaled 225 million euros, is provided below:

(in millions of euros)	First half 2008	First half 2007	Change	% change
Depreciation of property, plant and equipment	196	189	7	4%
Amortization of hydrocarbon concessions	10	10	-	-
Amortization of other intangible assets	19	7	12	n.m.
Reversals of writedowns	-	(7)	7	n.m.
Total	**225**	**199**	**26**	**13%**

The increase in **depreciation** of property, plant and equipment compared with the first half of 2007 is due mainly to the full availability of the Simeri Crichi power plant, which was commissioned in the fourth quarter of 2007, offset in part by the sale of five thermoelectric power plants included in a disposal group and conveyed in February to Co Energy Power Srl, a newly established company.

Amortization of other intangible assets refers almost exclusively to software (4 million euros) and hydrocarbon exploration costs (14 million euros). The increase in amortization expense is chiefly the result of higher exploration costs, which are charged in full to income when incurred.

27. Net Financial Income (Expense)

Net financial expense, which includes 31 million euros attributable to borrowings valued by the amortized cost method, totaled 39 million euros, or 45 million euros less than in the first half of 2007. This decrease, which was achieved despite a rise in market interest rates compared with the same period last year, is the result of a substantial reduction in net financial debt.

A breakdown of net financial expense is as follows:

(in millions of euros)	First half 2008	First half 2007
Financial income		
Financial income from financial derivatives	16	54
Financial income from Group companies	21	19
Gains on reverse repurchase agreements	-	6
Bank interest earned	1	-
Interest earned on trade receivables	-	1
Other financial income	1	5
Total financial income	**39**	**85**
Financial expense		
Interest paid on bond issues	(30)	(74)
Financial expense from financial derivatives	(22)	(61)
Financial expense paid to Group companies	(4)	(17)
Interest paid to banks	(16)	(7)
Bank fees paid	(1)	(4)
Interest on decommissioning projects	(6)	(5)
Interest in connection with employee severance benefits	(1)	(1)
Other financial expense	(4)	(2)
Total financial expense	**(84)**	**(171)**
Foreign exchange translation gains (losses)		
Foreign exchange translation gains	13	5
Foreign exchange translation losses	(7)	(3)
Net foreign exchange translation gain (loss)	**6**	**2**
Net financial income (expense)	**(39)**	**(84)**

More specifically:

- **Interest paid on bond issues** was down sharply due to the redemption of two bond issues totaling 1,429 million euros in the second half of 2007;
- **Interest paid on decommissioning projects** (6 million euros) are offset by the provisions for risks on the decommissioning and remediation of sites used mainly by the hydrocarbons operations.

Information about other transactions involving financial and commodity derivatives is provided in a separate section of this Report.

28. Income from (Expense on) Equity Investments

The credit balance of 290 million euros includes 263 million euros in dividends received from investee companies, with the largest amounts provided by the Edison Trading (210 million euros), Edison Energie Speciali (15 million euros), Edison Stoccaggio (7 million euros), Termica Milazzo (9 million euros) and Jesi Energia (7 million euros) subsidiaries and by the Ibiritermo (7 million euros) joint venture.
Income from equity investments also includes a 22 million euros gain earned on the sale of Dolomiti Edison Energy and gains totaling 5 million euros generated by the liquidation of two dormant subsidiaries.

As discussed in Note 6, the credit balance was reduced by writedowns of equity investments totaling 20 million euros.

29. Other Income (Expense), Net

Other expense of 33 million euros is the net result of all those nonrecurring items that are not related directly to the Group's industrial and financial operating activities. The main items included in this account are:

Income:

- The total of 21 million euros reflects the utilization of provisions set aside in previous years due mainly to the cancellation of guarantees provided in previous years in connection with the sale of equity investments;

Expense:

- The total of 54 million euros consists mainly of additions to provisions for risks (53 million euros), including 36 million euros for tax risks related to charges that may be incurred in connection with assets sold in previous years, 13 million euros for environmental risks and 4 million euros for accrued statutory and tax interest.

30. Income Taxes

Income taxes decreased to 101 million euros, or 5 million euros less than at June 30, 2007, as the combined result of the following factors:

- a decrease of the current tax liability due mainly to the lower profit before taxes reported in the first half of 2008;
- a recognition of deferred-tax liabilities required by the change in the corporate income tax rate introduced with recent amendments to the tax laws, as described below.

(in millions of euros)	First half 2008	First half 2007	Change	% change
Current taxes	84	90	(6)	(7.1%)
Net deferred-tax liabilities (assets)	17	16	1	5.9%
Total	**101**	**106**	**(5)**	**(5.0%)**

Current taxes include 71 million euros for corporate income taxes (IRES), in addition to 1 million euros classified under "Profit (Loss) from discontinued operations" and 13 million euros for local taxes (IRAP). The additional corporate income tax owed as a result of the 5.5% surcharge introduced with Legislative Decree No. 112/2008 amounts to 12 million euros.

The increase in **deferred taxes** is mainly the result of the provisions of the so-called Summer Amendment to the Budget Law (Legislative Decree No. 112 of June 25, 2008), which is also referred to as the "Robin Hood Tax." Specifically, this Decree Law introduced a 5.5% corporate income tax surcharge payable by all companies that produce or distribute electric power and engage in exploration for and production of hydrocarbons. Even though the reason for this surcharge is a contingent situation that involves the energy sector, the Company conservatively assumed that it will remain in effect in future years.
The impact of this legislation on the 2008 Semiannual Report amounts to about 51 million euros, related mainly to the recognition of deferred-tax liabilities stemming from the use of fair value as deemed cost to measure non-current assets.

The table that follows provides a breakdown of deferred-tax liabilities and assets and shows the changes that occurred in the first half of 2008:

(in millions of euros)	12.31.2007	Additions	Utilizations	IAS 39 to shareholders' equity	Restatement for new rates	Reclas./ Other changes	06.30.2008
Provision for deferred taxes:							
Valuation differences of property, plant and equipment	343	-	(24)	-	63	(3)	379
Adoption of IAS 17 to value finance leases	25	-	(1)	-	4	-	28
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	-	1	-	-	-	-	1
- impact on shareholders' equity	-	-	-	1	-	-	1
Other deferred-tax liabilities	-	-	-	-	-	-	-
	368	**1**	**(25)**	**1**	**67**	**(3)**	**409**
Offsets	(69)	(11)	1	(3)	(16)	-	(98)
Provision for deferred taxes net of offsets	**299**	**(10)**	**(24)**	**(2)**	**51**	**(3)**	**311**
Deferred-tax assets:							
Tax loss carryforward	-	-	-	-		-	-
Taxed reserves for risks	61	10	-	-	15	-	86
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	5	1	-	-	1	-	7
- impact on shareholders' equity	2	-	-	3	-	-	5
Other deferred-tax assets	1	-	(1)	-	-	-	-
	69	**11**	**(1)**	**3**	**16**	**-**	**98**
Offsets	(69)	(11)	1	(3)	(16)	-	(98)
Deferred-tax assets net of offsets	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31. Profit (Loss) from Discontinued Operations

The balance of 12 million euros refers to the gain, net of taxes, generated by the sale of the assets included in the disposal group, which is described in the section of this Report entitled "Disclosure Pursuant to IFRS 5."

OTHER INFORMATION

Disclosure Pursuant to IFRS 5

"CIP 6/92 Thermoelectric Power Plants" Disposal Group

In April 2008, Edison executed an agreement selling to Cofathec Servizi, a company of the Gaz de France Group, five thermoelectric power plants and its entire 70% interest in Termica Boffalora Srl (owner of a power plant). All of these facilities operate under CIP 6/92 agreements. In addition, upon the minority shareholder exercising its preemptive right, it sold its 70% interest in Termica Celano Srl to Seci Energia, a company of the Maccaferri Group that already owned the remaining 30% interest. The sales price paid, which reflects stipulated contract adjustments, generated a net gains of 12 million euros, net of transaction costs and taxes, and had a positive effect of 205 million euros on the Company's financial position.

Commitments and Contingent Risks

(in millions of euros)	06.30.2008	12.31.2007	Change
Guarantees provided	1,241	1,270	(29)
Collateral provided	1,166	1,030	136
Other commitments and risks	549	612	(63)
Total	**2,956**	**2,912**	**44**

Guarantees Provided

Guarantees provided, which totaled 1,241 million euros, include the following:

- 368 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits and those provided to subsidiaries in connection with the intra-Group assignment of tax credits.
- 50 million euros pursuant to the Tolling and Power Purchasing Agreements, according to which Edison is responsible for the commercial obligations undertaken by its Edison Trading Spa subsidiary toward Edipower.
- Guaranteed provided by the Group's Parent Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for the balance.

Collateral Provided

Collateral provided totaled 1,166 million euros. It consists primarily of Edipower Spa shares (1,066 million euros) pledged to banks to secure financing provided to Edipower and collateral that secures outstanding loans (68 million euros).

Other Commitments and Risks

This item, which totaled 549 million euros, reflects commitments undertaken to complete investment projects under construction.

Significant commitments and risks not included in the amounts listed above are reviewed below:

The **hydrocarbons** operations have entered into contracts for the importation of natural gas. As is usually the case, contracts of this magnitude and of these durations contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated maximum quantities and the quantity actually used (unless the shortage is due to causes not provided for in the contract), with the option for the buyer to make up, at certain conditions, the paid but unused volume over the life of the contract.

The import contracts with Russia, Libya and Norway, which are already operational, provide total supplies of 7.4 billion cubic meters of natural gas a year. The following contracts to import additional quantities of natural gas in future years have also been signed:

- A contract signed with Sonatrach to import 2 billion cubic meters of natural gas a year from Algeria. Deliveries are scheduled to start later this year, once the first phase of the expansion of the pipeline linking Algeria and Italy through Tunisia (TTPC: Trans Tunisian Pipeline Company) is completed.
- A supply contract with RasGas (Qatar) that calls for deliveries to begin upon completion by Terminale GNL Adriatico Srl of the Isola di Porto Viro LNG terminal, which is currently being built and is expected to go on stream in 2008/2009. When this agreement is fully operational, RasGas will supply a total of 6.4 billion cubic meters of natural gas per year.
- A contract (Protocolle d'accord) with Sonatrach that calls for the supply of 2 billion cubic meters of natural gas a year through the new pipeline linking Algeria with Sardinia and Tuscany that will be built by Galsi. The implementation of this agreement is subject to the construction of the pipeline, which is currently in the project development phase.

Take-or-pay advance payments are made at a price equal to a percentage of the supply contract price, which is indexed to current market conditions. The remaining duration of these contracts range between 3 and 25 years and, when all of them are fully implemented, will supply the Group with 18 billion cubic meters of natural gas per year.

The contract concerning Terminale GNL Adriatico Srl includes the following conditions:

- For all shareholders, the obligation not to transfer their equity interest until 36 months have passed from the startup of the terminal, but, in any case, not later than July 1, 2011 (lockup clause).
- For Edison, the right to buy the 90% it does not own or sell its 10% upon the occurrence of certain events, for which Edison would not be responsible, that would prevent the construction of the terminal (put-and-call clause).
- For the two majority shareholders, the right to buy the 10% interest held by Edison if the supply contract with RasGas should be cancelled for reasons for which Edison is responsible (call clause).
- A price for the sale of shares if the put or call options are exercised, which will be determined based on the sum of the capital contributions provided until the options are exercised.
- A commitment by the shareholders, each for its pro rata share, to provide the company with sufficient financial resources to build the terminal. Lastly, once the terminal that is being built in the Northern Adriatic has been completed, Edison, while owning just 10% of the infrastructure, will become its main user and will have access to about 80% of the terminal's gasification capacity for 25 years.

Insofar as the **electric power** operations are concerned, Edison has granted to Cartiere Burgo Spa a call option to purchase a 51% interest in Gever. This option is exercisable when the contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the corresponding pro rata interest in the company's shareholders' equity.

The following contracts were signed to address the deficit in CO_2 emission quotas:

- Emission Reductions Purchase Agreements (ERPAs) - thirteen contracts - for the purchase of Certified Emission Reduction certificates (CERs) in China, which are CO_2 emissions reduction certificates. These contracts cover credits generated by hydroelectric power plants, for a total of about 3.4 million CERs during the 2007-2012 period. Under the agreements, payment will be due upon the delivery of the CERs on March 1 of each year. The projects are a different stages in the registration process required in by the United Nations Framework Convention on Climate Change (UNFCC).
- A Management Agreement with EDF Trading (EDF Carbon Fund) involving the purchase for a fixed price of Certified Emission Reduction/Emission Reduction Units (CER/ERUs – CO_2 emission certificate) on terms that are defined in the Investment Guidelines. Edison's interest in the fund will amount up to 30 million euros during a period of 5 years.
- Investment in the CDM (Clean Development Mechanism)/JI (Joint Implementation) Fund, which in-

volves the purchase of CO_2 emissions reduction certificates. Edison's interest in the fund will amount up to 20 million euros during a period of 5 years.

As part of the agreements among the shareholders of RCS Mediagroup who are members of the Blocking and Consultation Syndicate, any Participant who, in response to a tender offer, wishes to exit the Syndicate will be required to sell the syndicated shares to the other Participants. The buyers will have the right, but not the obligation, to buy the shares that are being offered in proportion to the percentage of the shares they contributed to the Syndicate.

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

Intercompany and Related Parties Transactions

(in millions of euros)	With Group companies	With the controlling company	Other related parties: EDF Group	A2A Group	ENIA Group	Banca Pop Milano	Mediobanca	Total related parties	Total for fin. stat. item	Impact %
Balance sheet transactions										
Trade receivables	235	-	2	-	3	-	-	240	820	29.3%
Other receivables	70	-	9	-	-	-	-	79	310	25.5%
Trade payables	137	-	-	-	-	-	-	137	846	16.2%
Other payables	65	35	-	-	-	-	1	101	331	30.5%
Current financial assets	773	-	-	-	-	-	-	773	792	97.6%
Other financial assets	-	-	-	-	-	-	-	-	62	-
Short-term borrowings	79	-	-	-	-	40	11	130	712	18.3%
Long-term borrowings and other financial liabilities	1	-	-	-	-	-	109	110	135	81.5%
Income statement transactions										
Sales revenues	1.185	-	4	-	126	-	-	1,315	2,846	46.2%
Other sales revenues	7	-	-	-	-	-	-	7	171	4.1%
Raw materials and services used	40	-	1	-	1	-	1	43	2,589	1.7%
Financial income	21	-	-	-	-	-	-	21	39	53.8%
Financial expense	4	-	-	-	-	-	3	7	84	8.3%

Intercompany Transactions

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

- Commercial transactions involving the buying and selling of electric power and natural gas and the use of electrical networks.
- Transactions involving the provision of services (technical, organizational and general) by headquarters staff.
- Financial transactions involving lending and current account facilities established within the framework of the Group's centralized cash management system.
- Transactions required to file a consolidated VAT return for the Group (so-called VAT Pool).
- Transactions with Transalpina di Energia (the controlling company) in connection with the filing of the consolidated income tax return.

All of the transactions listed above are governed by contracts with conditions that are consistent with market terms, with the exception of those related to the VAT Pool, which are executed pursuant to law. In the area of commercial transactions, the Group's Parent Company, Edison Spa, sells natural gas and electric power to Edison Trading Spa and Edison Energia Spa, respectively, under special contracts that, taking into account the specific functions of the two buyer companies within the Group, provide the seller with adequate coverage of its fixed and variable costs. In addition, the rate earned on transactions involving intra-Group current accounts is the Deposit Rate of the European Central Bank, while the rate paid is the Marginal Refinance Rate of the European Central Bank.

In addition, Edison Spa issued sureties and other guarantees to credit institutions to secure loans and lines of credit provided to subsidiaries and affiliated companies, chief among them the facilities provided to Edipower, which are discussed in detail in the note to the financial statements that reviews contingent commitments and risks.

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, as amended, and of the Ministerial Decree dated December 13, 1979. Under the consolidated return system, Group companies transfer to Edison Spa, either monthly or quarterly, VAT payable and receivable positions in order to allow Edison Spa to offset these positions and pay only the resulting debit balance, if any. The Group VAT return for June 2008 shows that the Group had a net credit toward the tax administration of 16 million euros.

Consolidated Corporate Income Tax (IRES) Return - Following a transaction completed in 2006, Edison Spa and its wholly-owned subsidiaries agreed to be included in a consolidated income tax return filed by Transalpina di Energia, their controlling company, as allowed by Article 117 and following of Presidential Decree No. 917/86 (Uniform Income Tax Code, abbreviated as TUIR in Italian), for three years from 2006 to 2008.
Under the terms of these agreements, which are identical for all eligible consolidated companies, all consolidated companies will be held harmless from any negative effect of the change in scope of the IRES tax filing compared with their status in 2005.
It should be noted that the 5.5% corporate income tax surcharge introduced with Legislative Decree No. 112/2008 is paid directly by the Group companies and, consequently, the rate used for the purpose of the consolidated return is the regular rate of 27.5%.

Transactions with Other Related Parties

During the first half of 2008, Edison Spa engaged in a number of commercial and financial transactions with some of its current shareholders and/or companies controlled by them. An overview of these transactions, which were carried out in the normal course of business based on contractual terms mutually agreed upon by the parties and consistent with regular market practices, is provided below.

Commercial Transactions

See the comments provided in the same section of the Notes to the Semiannual Consolidated Financial Statements.

Financial Transactions

The main financial transactions executed by Edison Spa in which its shareholder banks played a significant role are reviewed below:

- Banca Popolare di Milano provided Edison with a 50-million-euro revocable line of credit that accrues interest at market rates. At June 30, 2008, a 5-million-euro surety had been drawn against this line and 40 million euros had been used to fund short-term liquidity requirements.
- Mediobanca provided Edison Spa with 120 million euros in financing against EIB funds.

Other Transactions

In June 2008, further to the "Addendum Amending and Replacing the Agreement to Permanently Settle Disputes Concerning the Shareholder Agreement and for the Temporary Management of Blumet Spa" signed and executed on July 27, 2007 by Edison Spa, Enìa Spa and SAT Finanziaria Spa and subsequent stipulations, Edison Spa agreed to sell to Enìa Spa its interest in the share capital of Enìa Energia. The final sales price was 8 million euros. It reflected the impact of the increase in the value of Enìa Energia Spa that resulted from the benefit it earned in 2006 for efficiency in procurement and was reduced by the amount of the dividend that Enìa Energia Spa will distribute from its 2007 earnings. The abovementioned sale closed in July, with a positive effect of 7 million euros.

Significant Nonrecurring Events and Transactions

As required by the CONSOB Communication No DEM/6064293 of July 28 2006, the following disclosure lists the signficant nonrecurring transaction that the Edison Group executed in the first half of 2008:

- Sale of a disposal group consisting of five thermoelectric power plants and of equity investments in

two subsidiaries. Additional information is available in the section of this Report entitled "Disclosure Pursuant to IFRS 5."
- Transfer of business operations consisting of three hydroelectric power plants located in the province of Trent to Dolomiti Edison Energy. Subsequently, Edison Spa sold a 51% equity interest in this newly established company generating a gain of 22 million euros.

Lastly, the publication of Resolutions No. 77/08 and No. 80/08, by which the AEEG recognized the right of CIP6 facilities to be reimbursed for costs incurred for emission rights and green certificates, produced a benefit of 137 million euros.

Changes Resulting from Atypical and/or Unusual Transactions

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

Significant Events Occurring After June 30, 2008

Please consult the information provided in the corresponding section of the notes to the Semiannual Consolidated Financial Statements.

Milan, July 25, 2008

The Board of Directors
by Giuliano Zuccoli
Chairman

LIST OF EQUITY INVESTMENTS

at June 30, 2008

LIST OF EQUITY INVESTMENTS

Company	Head office	Share capital Currency	Amount	Par value per share
A1. Equity Investments in Subsidiaries				
Atema Ltd	**Dublin (Ireland)**			
Balance at 12/31/07		EUR	1,500,000	0.50
Balance at 6/30/08		EUR	1,500,000	0.50
Calbiotech Srl in bankruptcy	**Ravenna**			
Balance at 12/31/07		LIT	90,000,000	-
Dissolution		LIT	(90,000,000)	-
Balance at 6/30/08		LIT	-	-
Co Energy Power Srl	**Milan**			
Balance at 12/31/07		EUR	-	-
Subscription of share capital		EUR	10,000	-
Asset contribution		EUR	4,990,000	-
Disposal		EUR	(5,000,000)	-
Balance at 6/30/08		EUR	-	-
Dolomiti Edison Energy Srl	**Trento**			
Balance at 12/31/07		EUR	-	-
Subscription of share capital		EUR	10,000	-
Asset contribution		EUR	4,990,000	-
Disposal		EUR	-	-
Balance at 6/30/08		EUR	5,000,000	-
Ecofuture Srl (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	10,200	-
Balance at 6/30/08		EUR	10,200	-
Edison D.G. Spa (single shareholder)	**(*) Selvazzano Dentro (PD)**			
Balance at 12/31/07		EUR	460,000	1.00
Balance at 6/30/08		EUR	460,000	1.00
Edison Energia Spa (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	22,000,000	1.00
Balance at 6/30/08		EUR	22,000,000	1.00
Edison Energie Speciali Spa (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	4,200,000	1.00
Balance at 6/30/08		EUR	4,200,000	1.00
Edison Engineering Sa (single shareholder)	**(*) Athens (Greece)**			
Balance at 12/31/07		EUR	-	-
Subscription of share capital		EUR	60,000	-
Balance at 6/30/08		EUR	60,000	-
Edison Hellas Sa	**Athens (Greece)**			
Balance at 12/31/07		EUR	263,700	2.93
Balance at 6/30/08		EUR	263,700	2.93

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost [(1)]	Writedowns	Net carrying value [(1)]
100.000	3,000,000	1,381,681	-	1,381,681
100.000	3,000,000	1,381,681	-	1,381,681
55.000	49,500,000	1	-	1
(55.000)	(49,500,000)	(1)	-	(1)
-	-	-	-	-
-	-	-	-	-
100.000	10,000	10,000	-	10,000
-	-	114,000,000	-	114,000,000
(100.000)	(10,000)	(114,010,000)	-	(114,010,000)
-	-	-	-	-
-	-	-	-	-
100.000	10,000	10,000	-	10,000
-	4,990,000	16,700,000	-	16,700,000
(51.000)	(2,550,000)	(8,522,100)	-	(8,522,100)
49.000	2,450,000	8,187,900	-	8,187,900
100.000	10,200	568,801	(516,680)	52,121
100.000	10,200	568,801	(516,680)	52,121
100.000	460,000	38,512,802	-	38,512,802
100.000	460,000	38,512,802	-	38,512,802
100.000	22,000,000	58,473,621	-	58,473,621
100.000	22,000,000	58,473,621	-	58,473,621
100.000	4,200,000	205,342,755	-	205,342,755
100.000	4,200,000	205,342,755	-	205,342,755
-	-	-	-	-
100.000	60,000	60,000	-	60,000
100.000	60,000	60,000	-	60,000
100.000	90,000	187,458	(8,000)	179,458
100.000	90,000	187,458	(8,000)	179,458

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CHF Swiss franc | EUR euro | PTE Portuguese escudo | BRL Brazilian real | GBP British pound | USD U.S. dollar | LIT Italian lira

LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Edison International Spa	**(*) Milan**			
Balance at 12/31/07		EUR	17,850,000	1.00
Balance at 6/30/08		EUR	17,850,000	1.00
Edison Internat. Holding Nv	**Amsterdam (Netherlands)**			
Balance at 12/31/07		EUR	4,582,803	1.00
Payment of share premium		EUR	-	-
Balance at 6/30/08		EUR	4,582,803	1.00
Edison Stoccaggio Spa (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	81,497,301	1.00
Balance at 6/30/08		EUR	81,497,301	1.00
Edison Trading Spa (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	30,000,000	1.00
Balance at 6/30/08		EUR	30,000,000	1.00
Eneco Energia Spa	**Bolzano**			
Balance at 12/31/07		EUR	222,000	1.00
Balance at 6/30/08		EUR	222,000	1.00
Euroil Exploration Ltd	**London (England)**			
Balance at 12/31/07		GBP	9,250,000	1.00
Balance at 6/30/08		GBP	9,250,000	1.00
Ferruzzi Trading France Sa in liquidation	**Paris (France)**			
Balance at 12/31/07		EUR	7,622,451	15.24
Liquidation		EUR	(7,622,451)	(15.24)
Balance at 6/30/08		EUR	-	-
Frigotecnica Srl in liquidation (single shareholder)	**Palermo**			
Balance at 12/31/07		EUR	76,500	-
Dissolution		EUR	(76,500)	-
Balance at 6/30/08		EUR	-	-
Gever Spa (pledged shares)	**Milan**			
Balance at 12/31/07		EUR	10,500,000	1,000.00
Balance at 6/30/08		EUR	10,500,000	1,000.00
Hydro Power Energy HPE Srl (single shareholder)	**Bolzano**			
Balance at 12/31/07		EUR	50,000	-
Balance at 6/30/08		EUR	50,000	-
ISE Srl (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	-	-
Subscription of share capital		EUR	10,000	-
Balance at 6/30/08		EUR	10,000	-
Jesi Energia Spa	**(*) Milan**			
Balance at 12/31/07		EUR	5,350,000	1.00
Balance at 6/30/08		EUR	5,350,000	1.00

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)
70.000	12,495,000	53,978,794	-	53,978,794
70.000	12,495,000	53,978,794	-	53,978,794
100.000	4,582,803	17,062,200	(11,354,934)	5,707,266
-	-	4,875,000	-	4,875,000
100.000	4,582,803	21,937,200	(11,354,934)	10,582,266
100.000	81,497,301	81,497,301	-	81,497,301
100.000	81,497,301	81,497,301	-	81,497,301
100.000	30,000,000	30,000,000	-	30,000,000
100.000	30,000,000	30,000,000	-	30,000,000
90.000	199,800	7,850,898	(3,868,128)	3,982,770
90.000	199,800	7,850,898	(3,868,128)	3,982,770
0.000	1	950	-	950
0.000	1	950	-	950
99.999	499,997	5,860,389	-	5,860,389
(99.999)	(499,997)	(5,860,389)	-	(5,860,389)
-	-	-	-	-
100.000	76,500	1	-	1
(100.000)	(76,500)	(1)	-	(1)
-	-	-	-	-
51.000	5,355	24,055,699	(13,500,000)	10,555,699
51.000	5,355	24,055,699	(13,500,000)	10,555,699
100.000	-	70,000	(28,621)	41,379
100.000	-	70,000	(28,621)	41,379
-	-	-	-	-
100.000	10,000	10,000	-	10,000
100.000	10,000	10,000	-	10,000
70.000	3,745,000	15,537,145	-	15,537,145
70.000	3,745,000	15,537,145	-	15,537,145

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Montedison Srl (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	2,583,000	-
Writedown		EUR	-	-
Balance at 6/30/08		EUR	2,583,000	-
Nuova Alba Srl (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	2,016,457	-
Advance by shareholders on future capital contributions		EUR	-	-
Balance at 6/30/08		EUR	2,016,457	-
Nuova C.I.S.A. Spa in liquidation (single shareholder)	**(*) Milan**			
Balance at 12/31/07		EUR	1,549,350	1.00
Balance at 6/30/08		EUR	1,549,350	1.00
Sarmato Energia Spa	**Milan**			
Balance at 12/31/07		EUR	14,420,000	1.00
Balance at 6/30/08		EUR	14,420,000	1.00
Selm Holding International Sa	**Luxembourg**			
Balance at 12/31/07		EUR	24,000,000	120.00
Balance at 6/30/08		EUR	24,000,000	120.00
Società Generale per Progettazioni Consulenze e Partecipazioni Spa (under extraordinary administration)	**Rome**			
Balance at 12/31/07		LIT	300,000,000	10,000.00
Balance at 6/30/08		LIT	300,000,000	10,000.00
Termica Boffalora Srl	**(*) Milan**			
Balance at 12/31/07		EUR	14,220,000	-
Disposal		EUR	(14,220,000)	-
Balance at 6/30/08		EUR	-	-
Termica Celano Srl	**(*) Milan**			
Balance at 12/31/07		EUR	259,000	-
Disposal		EUR	(259,000)	-
Balance at 6/30/08		EUR	-	-
Termica Cologno Srl	**(*) Milan**			
Balance at 12/31/07		EUR	9,296,220	-
Balance at 6/30/08		EUR	9,296,220	-
Termica Milazzo Srl	**(*) Milan**			
Balance at 12/31/07		EUR	23,241,000	-
Balance at 6/30/08		EUR	23,241,000	-
Volta Spa	**Milan**			
Balance at 12/31/07		EUR	130,000	1.00
Balance at 6/30/08		EUR	130,000	1.00
Total A1. Equity investments in subsidiaries				

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)
100.000	2,583,000	68,760,329	(63,001,700)	5,758,629
-	-	-	(1,705,906)	(1,705,906)
100.000	2,583,000	68,760,329	(64,707,606)	4,052,723
100.000	2,016,457	19,898,550	(19,401,348)	497,202
-	-	1,520,000	-	1,520,000
100.000	2,016,457	21,418,550	(19,401,348)	2,017,202
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513
55.000	7,931,000	32,180,341	-	32,180,341
55.000	7,931,000	32,180,341	-	32,180,341
99.950	199,900	226,732,571	(177,036,223)	49,696,348
99.950	199,900	226,732,571	(177,036,223)	49,696,348
59.333	17,800	1	-	1
59.333	17,800	1	-	1
70.000	9,954,000	22,971,331	(1,100,000)	21,871,331
(70.000)	(9,954,000)	(22,971,331)	1,100,000	(21,871,331)
-	-	-	-	-
70.000	181,300	40,403,320	(57,630)	40,345,690
(70.000)	(181,300)	(40,403,320)	57,630	(40,345,690)
-	-	-	-	-
65.000	6,042,543	6,069,782	-	6,069,782
65.000	6,042,543	6,069,782	-	6,069,782
60.000	13,944,600	69,957,191	-	69,957,191
60.000	13,944,600	69,957,191	-	69,957,191
51.000	66,300	107,406	(41,106)	66,300
51.000	66,300	107,406	(41,106)	66,300
		976,379,285	**(291,549,242)**	**684,830,043**

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share

A2. Equity Investments in Joint Ventures (°) and Affiliated Companies

Company	Head office	Currency	Amount	Par value per share
Bluefare Ltd (°) in liquidation	**London (England)**			
Balance at 12/31/07		GBP	1,000	0.01
Writedown			-	-
Balance at 6/30/08		GBP	1,000	0.01
Coniel Spa in liquidation	**Rome**			
Balance at 12/31/07		EUR	1,020	0.51
Balance at 6/30/08		EUR	1,020	0.51
Consorzio Montoro	**Narni (TR)**			
Balance at 12/31/07		EUR	4,000	-
Disposal		EUR	(4,000)	-
Balance at 6/30/08		EUR	-	-
Edipower Spa (°)	**Milan**			
Balance at 12/31/07		EUR	1,441,300,000	1.00
Purchase upon exercise of put-and-call options		EUR	-	-
Balance at 6/30/08		EUR	1,441,300,000	1.00
EL.I.T.E. Spa	**(*) Milan**			
Balance at 12/31/07		EUR	-	-
Subscription of share capital		EUR	120,000	1.00
Share capital increase		EUR	3,768,500	-
Balance at 6/30/08		EUR	3,888,500	1.00
Eta 3 Spa	**Arezzo**			
Balance at 12/31/07		EUR	2,000,000	1.00
Balance at 6/30/08		EUR	2,000,000	1.00
Finsavi Srl	**Palermo**			
Balance at 12/31/07		EUR	18,698	-
Balance at 6/30/08		EUR	18,698	-
GASCO Spa	**Bressanone (BZ)**			
Balance at 12/31/07		EUR	350,000	1.00
Balance at 6/30/08		EUR	350,000	1.00
Ibiritermo Sa (pledged shares) (°)	**Ibiritè (Brazil)**			
Balance at 12/31/07		BRL	7,651,814	1.00
Balance at 6/30/08		BRL	7,651,814	1.00
Inica Sarl in liquidation	**Lisbon (Portugal)**			
Balance at 12/31/07		PTE	1,000,000	-
Balance at 6/30/08		PTE	1,000,000	-

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)
50.000	50,000	30,061	-	30,061
-	-	-	(30,060)	(30,060)
50.000	50,000	30,061	(30,060)	1
35.250	705	308	-	308
35.250	705	308	-	308
25.000	1,000	1,000	-	1,000
(25.000)	(1,000)	(1,000)	-	(1,000)
-	-	-	-	-
45.000	648,585,000	927,562,652	-	927,562,652
5.000	72,065,000	138,805,670	-	138,805,670
50.000	720,650,000	1,066,368,322	-	1,066,368,322
-	-	-	-	-
48.450	58,140	58,140	-	58,140
-	1,825,800	1,825,800	-	1,825,800
48.449	1,883,940	1,883,940	-	1,883,940
33.013	660,262	660,262	-	660,262
33.013	660,262	660,262	-	660,262
50.000	9,349	1	-	1
50.000	9,349	1	-	1
40.000	140,000	140,000	-	140,000
40.000	140,000	140,000	-	140,000
50.000	3,825,907	1,161,904	-	1,161,904
50.000	3,825,907	1,161,904	-	1,161,904
20.000	200,000	1	-	1
20.000	200,000	1	-	1

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
International Water Holdings Bv (°)	**Amsterdam (Netherlands)**			
Balance at 12/31/07		EUR	40,000	10.00
Writedown		EUR	-	-
Balance at 6/30/08		EUR	40,000	10.00
Kraftwerke Hinterrhein (KHR) Ag	**Thusis (Switzerland)**			
Balance at 12/31/07		CHF	100,000.000	1,000.00
Balance at 6/30/08		CHF	100,000,000	1,000.00
Prometeo Spa	**Osimo (AN)**			
Balance at 12/31/07		EUR	2,164,498	1.00
Balance at 6/30/08		EUR	2,164,498	1.00
Roma Energia Srl in liquidation	**Rome**			
Balance at 12/31/07		EUR	50,000	-
Balance at 6/30/08		EUR	50,000	-
Sel-Edison Spa	**Castelbello (BZ)**			
Balance at 12/31/07		EUR	84,798,000	1.0
Balance at 6/30/08		EUR	84,798,000	1.0
Sistemi di Energia Spa	**Milan**			
Balance at 12/31/07		EUR	10,475,000	1.00
Balance at 6/30/08		EUR	10,475,000	1.00
Società Gasdotti Algeria Italia - Galsi Spa	**Milan**			
Balance at 12/31/07		EUR	25,838,000	1.00
Share capital increase		EUR	6,000,000	-
Purchase		EUR	-	-
Balance at 6/30/08		EUR	31,838,000	1.00
Syremont Spa	**Messina**			
Balance at 12/31/07		EUR	750,000.00	1.00
Balance at 6/30/08		EUR	750,000.00	1.00
Utilità Spa	**Milan**			
Balance at 12/31/07		EUR	2,307,692	1.00
Balance at 6/30/08		EUR	2,307,692	1.00
Total A2. Equity investments in affiliated companies				
Total A. Equity investments				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)
50.000	2,000	19,558,497	(14,319,997)	5,238,500
-	-	-	(5,238,499)	(5,238,499)
50.000	2,000	19,558,497	(19,558,496)	1
20.000	20,000	11,362,052	-	11,362,052
20.000	20,000	11,362,052	-	11,362,052
18.810	407,136	451,289	-	451,289
18.810	407,136	451,289	-	451,289
35.000	17,500	455,000	(454,999)	1
35.000	17,500	455,000	(454,999)	1
42.000	35,615,160	35,615,160	-	35,615,160
42.000	35,615,160	35,615,160	-	35,615,160
40.573	4,250,057	4,249,906	(235,669)	4,014,237
40.573	4,250,057	4,249,906	(235,669)	4,014,237
18.000	4,650,840	5,778,000	-	5,778,000
-	1,108,093	2,980,930	-	2,980,930
2.809	866,316	1,042,231	-	1,042,231
20.809	6,625,249	9,801,161	-	9,801,161
40.000	300,000	400	-	400
40.000	300,000	400	-	400
35.000	807,692	807,692	-	807,692
35.000	807,692	807,692	-	807,692
		1,152,545,956	**(20,279,224)**	**1,132,266,732**
		2,128,925,241	**(311,828,466)**	**1,817,096,775**

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
B. Equity Investments Held for Sale Valued at Cost				
Aquapur Multiservizi Spa	**Porcari (LU)**			
Balance at 12/31/07		EUR	1,073,677	5.16
Balance at 6/30/08		EUR	1,073,677	5.16
Bieffe Medital Spa	**Grosotto (SO)**			
Balance at 12/31/07		EUR	10,749,195	0.52
Disposal		EUR	(10,749,195)	(0.52)
Balance at 6/30/08		EUR	-	-
Cerset Srl	**Bari**			
Balance at 12/31/07		EUR	117,088	-
Balance at 6/30/08		EUR	117,088	-
Cesi Spa	**Milan**			
Balance at 12/31/07		EUR	8,550,000	2.50
Balance at 6/30/08		EUR	8,550,000	2.50
Clark Immobiliare Srl in liquidation	**Rome**			
Balance at 12/31/07		EUR	110,000	1.00
Liquidation		EUR	(110,000)	(1.00)
Balance at 6/30/08		EUR	-	-
Compagnia Paramatti Finanziaria Spa	**Milan**			
Balance at 12/31/07 - common shares		LIT	217,631,352	3.00
Balance at 6/30/08 - common shares		LIT	217,631,352	3.00
Consorzio Industriale Depurazione	**Lucca**			
Balance at 12/31/07		EUR	45,695	-
Balance at 6/30/08		EUR	45,695	-
Costruttori Romani Riuniti Spa	**Rome**			
Balance at 12/31/07		EUR	3,274,429	8,186.07
Balance at 6/30/08		EUR	3,274,429	8,186.07
Emittenti Titoli Spa	**Milan**			
Balance at 12/31/07		EUR	4,264,000	0.52
Balance at 6/30/08		EUR	4,264,000	0.52
Enìa Energia Spa	**Reggio Emilia**			
Balance at 12/31/07		EUR	2,240,000	1.00
Balance at 6/30/08		EUR	2,240,000	1.00
European Energy Exchange Ag - EEX	**Leipzig (Germany)**			
Balance at 12/31/07		EUR	40,050,000	1.00
Balance at 6/30/08		EUR	40,050,000	1.00
Finligure Spa (in bankruptcy)	**Genoa**			
Balance at 12/31/07		LIT	6,261,874,080	3,135
Balance at 6/30/08		LIT	6,261,874,080	3,135

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)
0.010	21	1	-	1
0.010	21	1	-	1
-	25	1	-	1
-	(25)	(1)	-	(1)
-	-	-	-	-
0.060	70.380	222	-	222
0.060	70.380	222	-	222
1.055	36,065	142,910	-	142,910
1.055	36,065	142,910	-	142,910
-	0.15	1	-	1
-	(0.15)	(1)	-	(1)
-	-	-	-	-
0.004	3,992	1	-	1
0.004	3,992	1	-	1
7.303	3,357	1	-	1
7.303	3,357	1	-	1
0.500	2	25,823	-	25,823
0.500	2	25,823	-	25,823
3.890	319,000	164,263	-	164,263
3.890	319,000	164,263	-	164,263
9.134	204.604	1,076,582	-	1,076,582
9.134	204.604	1,076,582	-	1,076,582
0.749	300,000	660,000	-	660,000
0.749	300,000	660,000	-	660,000
0.035	700	1	-	1
0.035	700	1	-	1

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Finutenti Spezia Srl in liquidation	**La Spezia**			
Balance at 12/31/07		EUR	575,841	-
Balance at 6/30/08		EUR	575,841	-
Fornara Spa (under extraordinary administration)	**Turin**			
Balance at 12/31/07 - preferred shares		EUR	3,235,700	0.26
Balance at 6/30/08 - preferred shares		EUR	3,235,700	0.26
Gerolimich Spa in liquidation	**Milan**			
Balance at 12/31/07 - common shares		EUR	62,417,088	0.30
Balance at 6/30/08 - common shares		EUR	62,417,088	0.30
Idroenergia Scrl	**Chatillon (AO)**			
Balance at 12/31/07		EUR	1,548,000	-
Balance at 6/30/08		EUR	1,548,000	-
Idrovia Ticino Milano Nord Venezia Spa in liquidation	**Brescia**			
Balance at 12/31/07		LIT	509,370,000	10.000
Balance at 6/30/08		LIT	509,370,000	10.000
Immobiliare Caprazucca Spa	**Parma**			
Balance at 12/31/07		EUR	7,517,948	0.43
Balance at 6/30/08		EUR	7,517,948	0.43
Istituto Europeo di Oncologia Srl	**Milan**			
Balance at 12/31/07		EUR	79,071,770	-
Balance at 6/30/08		EUR	79,071,770	-
Istituto Immobiliare di Catania Istica Spa	**Catania**			
Balance at 12/31/07		EUR	6,200,000	3.10
Balance at 6/30/08		EUR	6,200,000	3.10
I.SV.E.UR. Spa	**Rome**			
Balance at 12/31/07		EUR	2,500,000	1,000.00
Balance at 6/30/08		EUR	2,500,000	1,000.00
MB Venture Capital Fund I Participating Comp e Nv	**Amsterdam (Netherlands)**			
Balance at 12/31/07		EUR	-	-
Purchases		EUR	50,000	-
Writedown		EUR	-	-
Balance at 6/30/08		EUR	50,000	-
Mandelli Spa (under extraordinary administration)	**Piacenza**			
Balance at 12/31/07		EUR	10,200,000	0.51
Balance at 6/30/08		EUR	10,200,000	0.51
Nomisma - Società di Studi Economici Spa	**Bologna**			
Balance at 12/31/07		EUR	5,345,328	0.37
Balance at 6/30/08		EUR	5,345,328	0.37

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)
0.448	2.582	1.937	(1,936)	1
0.448	2.582	1.937	(1,936)	1
-	63	77	(76)	1
-	63	77	(76)	1
0.000	20	4	(3)	1
0.000	20	4	(3)	1
0.067	1,032	1,032	-	1,032
0.067	1,032	1,032	-	1,032
2.146	1,093	1	-	1
2.146	1,093	1	-	1
0.003	546	1	-	1
0.003	546	1	-	1
4.365	3,451,632	4,074,528	(550,686)	3,523,842
4.365	3,451,632	4,074,528	(550,686)	3,523,842
0.058	1,150	1	-	1
0.058	1,150	1	-	1
1.000	25	5,620	-	5,620
1.000	25	5,620	-	5,620
-	-	-	-	-
7.000	3,500	2,811,823	-	2,811,823
-	-	-	(336,632)	(336,632)
7.000	3,500	2,811,823	(336,632)	2,475,191
0.000	11	13	(12)	1
0.000	11	13	(12)	1
2.215	320,000	479,473	(372,000)	107,473
2.215	320,000	479,473	(372,000)	107,473

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
Pro.Cal Scrl (in bankruptcy)	**Naples**			
Balance at 12/31/07		LIT	500,000,000	-
Balance at 6/30/08		LIT	500,000,000	-
R.E.A. (Regional Energy Agency) Spa in liquidation	**Florence**			
Balance at 12/31/07		EUR	518,000	518.00
Dissolution		EUR	(518,000)	(518.00)
Balance at 6/30/08		EUR	-	-
Reggente Spa	**Lucera (FG)**			
Balance at 12/31/07		EUR	260,000	0.52
Balance at 6/30/08		EUR	260,000	0.52
Sago Spa (in liquidation)	**Florence**			
Balance at 12/31/07		EUR	1,162,961	2.07
Balance at 6/30/08		EUR	1,162,961	2.07
Sirio - Sicurezza Industriale Scpa - Sirio Scpa	**Turin**			
Balance at 12/31/07		EUR	120,000	1.00
Balance at 6/30/08		EUR	120,000	1.00
Sistemi Formativi Confindustria Scpa	**Rome**			
Balance at 12/31/07		EUR	236,022	516.46
Balance at 6/30/08		EUR	236,022	516.46
Sistema Permanente di Servizi Spa (in bankruptcy)	**Rome**			
Balance at 12/31/07		EUR	154,950	51.65
Balance at 6/30/08		EUR	154,950	51.65
Trentino Servizi Spa - T.S. Spa	**Rovereto (TN)**			
Balance at 12/31/07		EUR	224,790,159	1.00
Balance at 6/30/08		EUR	224,790,159	1.00
Unione Manifatture Spa in liquidation	**Milan**			
Balance at 12/31/07		EUR	117,248,793	1.57
Balance at 6/30/08		EUR	117,248,793	1.57
Terminale GNL Adriatico Srl	**Milan**			
Balance at 12/31/07		EUR	200,000,000	-
Advance on future capital contributions		EUR	-	-
Balance at 6/30/08		EUR	200,000,000	-
3R Associati Srl in liquidation	**Bergamo**			
Balance at 12/31/07		EUR	10,000	-
Balance at 6/30/08		EUR	10,000	-
Total B1. Equity investments held for sale valued at cost				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)
4.348	21,739,000	11,228	(11,227)	1
4.348	21,739,000	11,228	(11,227)	1
1.000	10	5,180	(5,179)	1
(1.000)	(10)	(5,180)	5,179	(1)
-	-	-	-	-
5.209	26,043	13,450	-	13,450
5.209	26,043	13,450	-	13,450
0.997	5,600	15,260	(15,259)	1
0.997	5,600	15,260	(15,259)	1
0.259	311,00	27	-	27
0.259	311,00	27	-	27
6.565	30	15,494	-	15,494
6.565	30	15,494	-	15,494
12.600	378	1	-	1
12.600	378	1	-	1
0.010	22,250	25,823	-	25,823
0.010	22,250	25,823	-	25,823
0.000	12	7	(6)	1
0.000	12	7	(6)	1
10.000	20,000,000	151,374,481	-	151,374,481
-	-	43,670,000	-	43,670,000
10.000	20,000,000	195,044,481	-	195,044,481
0.180	17.98	387,343	(387,342)	1
0.180	17.98	387,343	(387,342)	1
		204,946,199	**(1,663,952)**	**203,282,247**

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
B. Equity Investments Held for Sale Valued at Fair Value				
RCS Mediagroup Spa	**Milan**			
Balance at 12/31/07 - common shares		EUR	732,669,457	1.00
Purchases		EUR	-	-
Adjustment to market value		EUR	-	-
Balance at 6/30/08		EUR	732,669,457	1.00
Total B2. Equity investments held for sale valued at fair value				
Total B. Equity investments held for sale				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)
1.031	7,554,616	30,373,107	(7,867,906)	22,505,201
-	247,302	790,377	-	790,377
-	-	-	(11,959,391)	(11,959,391)
1.065	7,801,918	31,163,484	(19,827,297)	11,336,187
		31,163,484	**(19,827,297)**	**11,336,187**
		236,109,683	**(21,491,249)**	**214,618,434**

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
C. Equity Investments Held for Trading				
Acegas - APS Spa	**Trieste**			
Balance at 12/31/07		EUR	283,690,763	5.16
Adjustment to market value		EUR	-	-
Balance at 6/30/08		EUR	283,690,763	5.16
ACSM Spa	**Como**			
Balance at 12/31/07		EUR	46,870,625	1.00
Adjustment to market value		EUR	-	-
Balance at 6/30/08		EUR	46,870,625	1.00
American Superconductor Corp.	**Westborough (USA)**			
Balance at 12/31/07		USD	19,128,000	1.00
Adjustment to market value		USD	-	-
Balance at 6/30/08		USD	19,128,000	1.00
Total C. Equity investments held for trading				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost	Adjustment to market value	Net [1] carrying value
1.295	712,000	7,466,306	(2,717,266)	4,749,040
-	-	-	(945,536)	(945,536)
1.295	712,000	7,466,306	(3,662,802)	3,803,504
3.175	1,488,000	5,360,000	(2,708,384)	2,651,616
-	-	-	(288,671)	(288,671)
3.175	1,488,000	5,360,000	(2,997,055)	2,362,945
0.836	160,000	4,975,111	(2,003,575)	2,971,536
-	-	-	667,134	667,134
0.836	160,000	4,975,111	(1,336,441)	3.638,670
		17,801,416	**(7,996,298)**	**9,805,118**

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CERTIFICATION PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. We, the undersigned Umberto Quadrino, in my capacity as "Chief Executive Officer," and Marco Andreasi, in my capacity as "Dirigente Preposto alla redazione dei documenti contabili societari," employees of Edison Spa, taking into account the provisions of Article 154-bis, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the Semiannual Report for the period from January 1, 2008 to June 30, 2008:

   a) were adequate in light of the Company's characteristics; and
   b) were properly applied.

2. We further certify that the Semiannual Report:

   a) is consistent with the data in the accounting records and other corporate documents;
   b) was prepared in accordance with international accounting principles (IAS/IFRS), as required by Article 154-bis, Section 5, of the Uniform Finance Code (Legislative Decree No. 58/1998), and, to the best of our knowledge, provides a truthful and fair presentation of the balance sheet, income statement and financial position of the Issuer and of the companies included in the scope of consolidation.

Milan, July 25, 2008

Chief Executive Officer	*"Il Dirigente Preposto alla redazione dei documenti contabili societari"*
Umberto Quadrino	Marco Andreasi

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

To the shareholders of
EDISON SpA

1. We have reviewed the consolidated condensed interim financial statements of EDISON SpA and its subsidiaries (EDISON GROUP) as of 30 June 2008 and for the six months then ended, comprising the consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. The Directors of EDISON SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the consolidated condensed interim financial statements.

   With regard to the comparative amounts of the prior year's consolidated financial statements and the prior year's consolidated condensed interim financial statements presented in the consolidated condensed interim financial statements, reference should be made to our reports dated 29 February 2008 and 31 July 2007, respectively.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50129 Viale Milton 65 Tel. 055471747 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

PRICEWATERHOUSECOOPERS

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of EDISON GROUP have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 30 July 2008

PricewaterhouseCoopers SpA

Ezio Bassi
(Partner)

This report has been translated into the English language solely for the convenience of international readers.

(2)

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

To the shareholders of
EDISON SpA

1. We have reviewed the condensed interim financial statements of EDISON SpA as of 30 June 2008 and for the six months then ended, comprising the balance sheet, the income statement, statements of changes in shareholders' equity and cash flows and related explanatory notes. The Directors of EDISON SpA are responsible for the preparation of the condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim financial statements.

   With regard to the comparative amounts of the prior year's financial statements and the prior year's condensed interim financial statements presented in the condensed interim financial statements, reference should be made to our reports dated 29 February 2008 and 31 July 2007, respectively.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50129 Viale Milton 65 Tel. 055471747 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of EDISON SpA have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 30 July 2008

PricewaterhouseCoopers SpA

Ezio Bassi
(Partner)

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