SEMIANNUAL REPORT AT JUNE 30, 2009

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SEMIANNUAL REPORT AT JUNE 30, 2009

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 2009)		
Total Italian demand	155.7	TWh
incl.: - Deregulated market	97.5	TWh
Edison's gross sales in Italy (*)	28.6	TWh
Incl.: - Deregulated market (*)	21.7	TWh
- CIP 6/92	5.5	TWh
- Sales to captive customers	1.4	TWh

Facilities and Production Capacity (in the 1st half of 2009)		
Edison's installed capacity + Edipower (50%) (**)	12.3	000 MW
Total Italian net production of electric power	134.7	TWh
Edison's net production of electric power *(including 50% of Edipower)*	20.4	TWh
Share of total Italian production	15.1	%

(*) 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 2009)		
Italian total demand	39.7	Bill. m^3
Edison's available supply in Italy	6.1	Bill. m^3
Edison's available supply/Total Italian demand	15.4	%
Edison's sales outside Italy	0.7	Bill. m^3

Facilities and Production Capacity (in the 1st half of 2009)		
Total Italian production	4.2	Bill. m^3
Edison's production in Italy	0.3	Bill. m^3
Share of total production	7.4	%
Number of concessions and permits in Italy	59	n.
Number of concessions and permits outside Italy	23	n.
Number of concession for storage centers in Italy (*)	3	n.
Production outside Italy	0.6	Bill. m^3
Gas Transmission Network (high-pressure pipelines)	0.08	'000/Km
Gas Transmission Network (low- and medium-pressure pipelines)	3.43	'000/Km

(*) 2 storage centers operating and 1 under construction.

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

SIMPLIFIED STRUCTURE OF THE GROUP AT JUNE 30, 2009

Organization and Activities of the Business Units and Main Consolidated Companies [1]

[1] A new "Corporate Department for International Development, Renewable Sources and Special Projects" was established in 2008. This Department, which functions transversally within the organization depicted above, is responsible for the Group's international development in the areas of production of electric power from fossil and renewable fuels, development of transnational natural gas interconnection infrastructures and research and preparatory activities for the development of nuclear energy in Italy. The main consolidated companies through which these activities are being pursued include the following: Edison Hellas Sa, Elpedison Bv, Igi Poseidon Sa and Galsi Spa.

[2] 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.

[3] Edipower is consolidated at 50% by the proportional method.

BOARD OF DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors [1]

Chairman		Giuliano Zuccoli [2]
Chief Executive Officer		Umberto Quadrino [2]
Directors		Marc Boudier [2] [3]
		Didier Calvez [4] [5]
	Independent Director	Mario Cocchi [3]
	Independent Director	Gregorio Gitti [3]
		Pierre Gadonneix
	Independent Director	Gian Maria Gros-Pietro [3] [4]
		Marco Merler [4]
		Renato Ravanelli [2]
		Paolo Rossetti
		Andrea Viero [4]
		Gerard Wolf

Board of Statutory Auditors [1]

Chairman	Alfredo Fossati
Statutory Auditors	Angelo Palma
	Leonello Schinasi

Independent Auditors [6]

PricewaterhouseCoopers Spa

[1] Elected by the Shareholders' Meeting of April 2, 2008 for a three-year period ending with the approval of the 2010 annual financial statements.
[2] Member of the Strategy Committee.
[3] Member of the Compensation Committee.
[4] Member of the Audit Committee.
[5] Coopted by the Board of Directors on April 30, 2009 to replace Daniel Camus, who resigned. Mr. Calvez's term of office ends with the next Shareholders' Meeting.
[6] Audit assignment awarded by the Shareholders' Meeting of April 19, 2005 for the 2005-2007 period and extended for the 2008-2010 period by the Shareholders' Meeting of April 5, 2007.

INFORMATION ABOUT THE COMPANY'S SECURITIES

Number of shares at June 30, 2009

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

Shareholders with Significant Holdings at June 30, 2009

	% of voting rights	% Interest held
Transalpina di Energia Srl	61.281%	60.001%
EDF Eléctricité de France Sa [1]	19.359%	18.955%
Carlo Tassara Spa [2]	10.025%	9.815%

[1] Interest held indirectly.
[2] Interest held directly and indirectly.

REPORT ON OPERATIONS

at June 30, 2009

KEY EVENTS

Growing our business

Edison, the Egyptian Government and EGPC Sign a Contract for the Abu Qir Hydrocarbon Concession in Egypt

On January 15, 2009, Edison, acting through its Edison International Spa subsidiary ("Edison"), the Egyptian Oil Minister, in his capacity as representative of the Arab Republic of Egypt, and the Egyptian General Petroleum Corporation ("EGPC") signed a contract awarding to Edison the Abu Qir offshore concession, in Egypt, and granting Edison the concession's exploration, production and development rights.
Edison will operate the Abu Qir concession jointly with EGPC through a new operating company.
The concession's award, which was effective immediately, followed the signing of an agreement by Edison and EGPC on December 2, 2008, which was later ratified by the Egyptian Parliament. The Concession has a duration of 20 years and may be extended for 10 additional years at Edison's request.
Upon closing, Edison paid to EGPC the stipulated amount of US$1.45 billion as a signing bonus.
Subsequently, at the end of March 2009, Edison made a new hydrocarbon discovery in the Abu Qir concession after drilling a new well - the NAQ PII-2 well - at a depth of 3,750 meters offshore Alexandria, in Egypt. The well tested at 1.85 million cubic meters of natural gas and 850 barrels of condensate a day. In order to speed up the process of bringing this new discovery into production, work has already started on a project for the construction of a new platform.
Based on the available data, the new discovery could increase current production levels by 30%. Production is scheduled to start in 2010. In addition, in the area that encompasses the new deposit, identified reserves appear to be higher than originally projected, confirming the concession's significant development potential.
The objective of the Group's E&P activities, to which the Abu Qir investment will provide a major contribution, is to achieve by 2014 a production of equity gas equal to 15% of Edison's supply needs.

New Natural Gas Discovery in Algeria

In January 2009, a joint venture of Edison (18.5%), Sonatrach (25%), Repsol (33.7%) and RWE Dea (22.5%) discovered two new gas fields in the Algerian desert.
Production tests of the two new wells (KLS-1 in the Reggane North block and OTHL-2 in the M'Sari Akabli concession) registered a combined flow of about 1 million cubic meters of gas a day.
The discovery of these two wells comes on the heels of other discoveries made in the Reggane block between 2005 and 2007.

Edison Buys 80% of AMG Gas in Palermo

On March 10, 2009, Edison closed the purchase of an 80% interest in Amg Gas Srl from Amg Energia Spa. Amg Gas Srl is a natural gas distributor that serves more than 133,000 customers in the Palermo area and sells 80 million cubic meters of natural gas a year.
This transaction was carried out as a result of the selection of Edison as the winning bidder in a public call for bids issued by Amg Energia Spa in October 2008 and the subsequent approval by the antitrust authorities. The price paid for this equity investment was 25.1 million euros. Through its interest in Amg Gas, Edison doubled the number of its natural gas customers, passing the milestone of 300,000 residential customers nationwide, and made significant progress in the pursuit of its growth strategy, which calls for expanding its share of the residential natural gas market.

ElpEdison: Go-ahead for the Second Largest Operator in the Greek Market

On March 12, 2009, further to the agreements signed on July 3, 2008, Edison closed a transaction establishing a joint venture with Hellenic Petroleum, Greece's largest hydrocarbon company and a significant player in the local electric power market. This event marks the beginning of operating

activity for ElpEdison Bv, which plans to develop a generating capacity of more than 2,000 MW (including 390 MW already operational), thereby becoming, together with its subsidiaries, the second largest electric power operator in Greece. The new company is also considering growth opportunities in the Greek market in the areas of electric power trading and sales and renewable-source generation.
At the corporate level, the transaction involved an asset conveyance and acquisition process in which ElpEdison served as the vehicle. Specifically, Hellenic Petroleum Sa contributed a 50% interest in Energiaki Thessalonikis Sa (T-Power Sa) and Edison International Holding Nv contributed a 65% interest in Thisvi Sa and 55 million euros. ElpEdison then purchased the remaining 50% of T-Power Sa from Hellenic Petroleum Sa and Hellenic Petroleum International AG.
Energiaki Thessalonikis Sa operates a 390-MW combined-cycle power plant fueled with natural gas in Thessaloniki. This facility is the first private-sector power plant built in Greece.
Thisvi Sa is completing the construction of a 420-MW combined-cycle facility in Thisvi, in central Greece. In the next step of the transaction, ElpEdison will begin the process of merging through absorption Thisvi into Energiaki Thessalonikis Sa, which will be completed later in 2009. Pursuant to the agreements between the parties, ElpEdison will ultimately own 75% of Energiaki Thessalonikis Sa, with Thisvi's current minority shareholders owning the remaining 25%, after payment of a differential. This transaction has already been approved by the relevant Greek government agencies and the European Commission.

Strengthening Our Balance Sheet

The Group Secures Three-year Credit Lines Totaling 600 Million Euros

On May 27, 2009, Edison executed a three-year loan agreement for a 600-million euro facility provided by a pool of international banks that included Unicredit Group, Banco Bilbao Vizcaya Argentaria Sa, Bnp Paribas Sa - BNL, Calyon Sa, Intesa Sanpaolo Spa (Agent Bank) and Société Générale Sa. This transaction, which was structured as a Club Deal, will not require syndication. This facility, a Term Loan Senior Unsecured, is repayable in a lump sum in May 2012. It accrues interest at an interest rate equal to the Euribor plus a spread consistent with the best market terms currently available. This credit line, which enables Edison to refinance a portion of its short-term debt to a medium-term maturity, increases the Company cash management flexibility and strengthens its sourcing of funds by lengthening the corresponding maturities.

The Board Authorizes the Issuance of up to 2 Billion Euros in Bonds

On June 25, 2009, the Board of Directors of Edison Spa approved the launch of a new Euro Medium-Term Note Program, setting forth the general terms and conditions of future Edison Eurobond issues for an amount of up to 2 billion euros. The purpose of this decision is to provide the Company with an efficient and flexible funding source. Information about the bond placement occurred in July 2009 is provided in the section of the Semiannual consolidated financial report entitled "Significant Events Occurring After June 30, 2009."

Significant Events Occurring Since June 30, 2009

Information about events occurring after the end of the six month period covered by this Report is provided in the section of the Semiannual consolidated financial report entitled "Significant Events Occurring After June 30, 2009."

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

2008 full year (*)	(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	% change
10,064	Sales revenues	4,589	4,913	(6.6%)
1,643	EBITDA	732	809	(9.5%)
16.3%	as a % of sales revenues	16.0%	16.5%	
861	EBIT	354	442	(19.9%)
8.6%	as a % of sales revenues	7.7%	9.0%	
730	Profit before taxes	277	337	(17.8%)
346	Group interest in net profit	122	102	19.6%
582	Capital expenditures	1,332	202	n.m.
62	Investments in exploration	55	40	37.5 %
10,993	Net invested capital (A + B)[1]	12,420	10,779	13.0%
2,920	Net financial debt (A)[1] [2]	4,355	2,839	49.1%
8,073	Shareholders' equity before minority interest (B)[1]	8,065	7,940	(0.1%)
7,909	Group interest in shareholders' equity [1]	7,907	7,830	-
8.08%	ROI [3]	6.21%	8.37%	
4.35%	ROE [4]	3.09%	2.58%	
0.36	Debt/Equity ratio (A/B)	0.54	0.36	
27%	Gearing (A/A+B)	35%	26%	
2,961	Number of employees [1] [5]	3,839	3,573	29.7%

(1) End-of-period data. The changes are computed against the data at December 31, 2008.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Notes to the Semiannual consolidated financial report.
(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.
(*) Sales revenues reflect the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

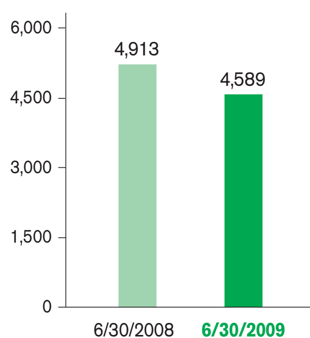
Edison Spa

2008 full year		1st half 2009	1st half 2008	% change
5,927	Sales revenues	2,699	2,823	(4.4%)
676	EBITDA	317	359	(11.7%)
11.4%	as a % of sales revenues	11.7%	12.7%	
231	EBIT	134	134	-
3.9%	as a % of sales revenues	5.0%	4.7%	
374	Net profit for the period	362	263	37.6%
233	Capital expenditures	85	92	(7.6%)
8,303	Net invested capital	7,969	8,105	(4.0%)
1,534	Net financial debt	956	1,279	(37.7%)
6,769	Shareholders' equity	7,013	6,826	3.6%
0.23	Debt/Equity ratio	0.14	0.19	(39.9%)
1,697	Number of employees	1,724	1,748	1.6%

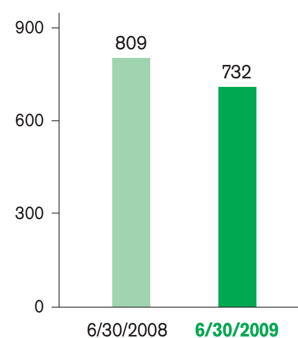
Key Group Data

(in millions of euros)

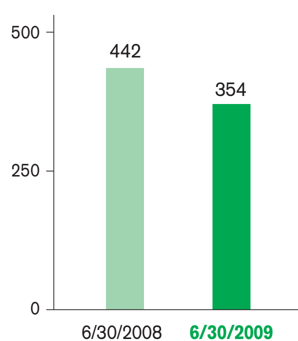
Sales revenues



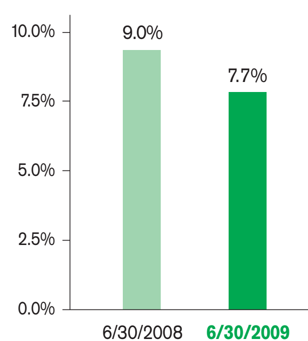
EBITDA



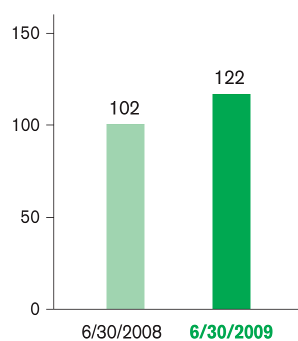
EBIT



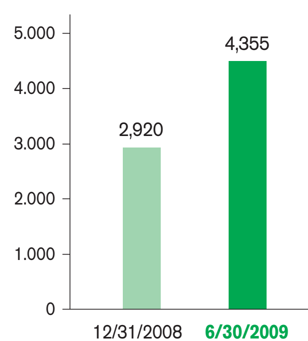
EBIT/sales revenues



Group interest in net profit



Net financial debt



Sales Revenues and EBITDA by Business Segment

2008 full year(*)	(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	% change
	Electric Power Operations [1]			
7,687	Sales revenues	3,232	3,772	(14.3%)
1,326	EBITDA	556	636	(12.6%)
17.2%	*as a % of sales revenues*	*17.2%*	*16.9%*	
	Hydrocarbons Operations [2]			
5,093	Sales revenues	2,342	2,444	(4.2%)
405	EBITDA	223	209	6.7%
8.0%	*as a % of sales revenues*	*9.5%*	*8.6%*	
	Corporate activities and other segments [3]			
77	Sales revenues	26	38	(31.6%)
(88)	EBITDA	(47)	(36)	(30.6%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
	Eliminations			
(2,793)	Sales revenues	(1,011)	(1,341)	24.6%
-	EBITDA		-	
	Edison Group			
10,064	Sales revenues	4,589	4,913	(6.6%)
1,643	EBITDA	732	809	(9.5%)
16.3%	*as a % of sales revenues*	*16.0%*	*16.5%*	

[1] Activities carried out by the following Business Units: Electric Power Operations, Energy Management and Marketing & Distribution.
[2] Activities carried out by the following Business Units: Hydrocarbons Operations, Gas Supply & Logistics and Marketing & Distribution.
[3] Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.
(*) Sales revenues reflect the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

PERFORMANCE AND RESULTS OF THE GROUP IN THE FIRST HALF OF 2009

Operating Performance

Sales revenues totaled 4,589 million euros in the first half of 2009, down slightly (-6.6%) compared with the same period last year.
More specifically, revenues were down 14.3% for the electric power operations and the hydrocarbons operations reported a 4.2% revenue reduction. In both cases, this shortfall was the result of lower unit sales caused by a slump in consumption in Italy (decrease in demand of about 8% for electric power and 12% for natural gas), which was accompanied by sharply lower prices in the benchmark energy markets. The impact of this negative development was offset in part by an improvement in unit revenues, which, in the case of the hydrocarbons operations, increased due to the time lag with which changes in the benchmark markets are reflected in the pricing formulas.
The electric power operations benefited from the growing percentage of revenues generated by fixed-price sales made at prices that were higher than those charged on average in the first half of 2008. In connection with this type of sales, a strategy to hedge the risk of fluctuations in the price of natural gas earmarked for the production of electric power sold at a fixed price is being implemented, using Brent and foreign exchange cash flow hedges, to ensure that the Group's risk profile is kept within the limits approved by the Board of Directors.
Because of the mechanisms used to index natural gas to Brent crude (usually based on the average for the previous nine months) the cost of natural gas reflected the decline in the price of Brent crude with a significant delay. As a result, the Brent and foreign exchange hedges put in place produced a negative cash flow during the first half of 2009, which, however, is indicative of the future economic benefit projected for the second half of the year, particularly in terms of higher margins earned on fixed-price sales.

For the reasons outlined above, combined with the impact of the reduction in margins that occurred in the CIP6/92 segment following the expiration of contracts and incentives, EBITDA decreased to 732 million euros, or 9.5% less than in the first six months of 2008. Reported EBITDA were also affected by changes in the scope of consolidation, both positive (acquisition of the Abu Qir concession) and negative (divestment of seven CIP6/92 thermoelectric power plants in April 2008).

EBIT, which in addition to the factors discussed above reflect the impact of an increase of 15 million euros in amortization of investments in exploration, totaled 354 million euros, or 19.9% less than the 442 million euros earned in the first half of 2008.

The Group's interest in profit before taxes amounted to 277 million euros, posting a 17.8% decrease compared with the amount reported at June 30, 2008 (337 million euros).

Nevertheless, the net profit improved to 122 million euros, for a gain of 20 million euros (+19.6%) compared with the 102 million euros earned in the first six months of 2008. This is because, while on the one hand the current tax burden reflects the impact of Legislative Bill No. 1441, which increased the corporate income tax (IRES) surcharge (the so-called Robin Hood Tax) from 5.5% to 6.5%, producing a negative impact of 16 million euros (12 million euros in deferred taxes and 4 million euros in current taxes), on the other hand, the introduction of the Robin Hood Tax during the first half of 2008 required an adjustment to deferred taxes of 72 million euros.

At June 30, 2009, net financial debt totaled 4,355 million euros (2,839 at June 30, 2008), up significantly compared with the 2,920 million euros owed at December 31, 2008. The acquisition of the Abu Qir concession in Egypt, at a cost of 1,011 million euros, accounts for most of this increase. More detailed information about the individual components of this item is provided in the "Net Financial Debt" chapter found within the section of this Report entitled "Notes to the semiannual consolidated financial report"

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

2008 full year	(in millions of euros)	1st half 2009	1st half 2008
(2,687)	**A. Net Financial Debt at January 1**	**(2,920)**	**(2,687)**
1,643	EBITDA	732	809
(465)	Change in operating working capital	(88)	(168)
(396)	Income taxes paid (-)	(186)	(232)
(169)	Change in other assets (liabilities)	(8)	(29)
613	**B. Cash Flow from Operating Activities**	**450**	**380**
(644)	Investments in property, plant and equipment and intangibles (-) [1]	(1,387)	(242)
(232)	Investments in non-current financial assets (-)	(114)	(190)
421	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	13	256
2	Dividends received	1	-
160	**C. Free Cash Flow**	**(1,037)**	**204**
(100)	Financial income (expense), net	(80)	(63)
3	Contributions of share capital and reserves	-	3
(281)	Dividends paid (-)	(278)	(281)
(218)	**D. Cash Flow after Financing Activities**	(1,395)	(137)
(15)	Change in the scope of consolidation	(40)	(15)
(233)	**E. Net Cash Flow for the Period**	(1,435)	(152)
(2,920)	**F. Net Financial Debt at end of Period**	(4,355)	(2,839)

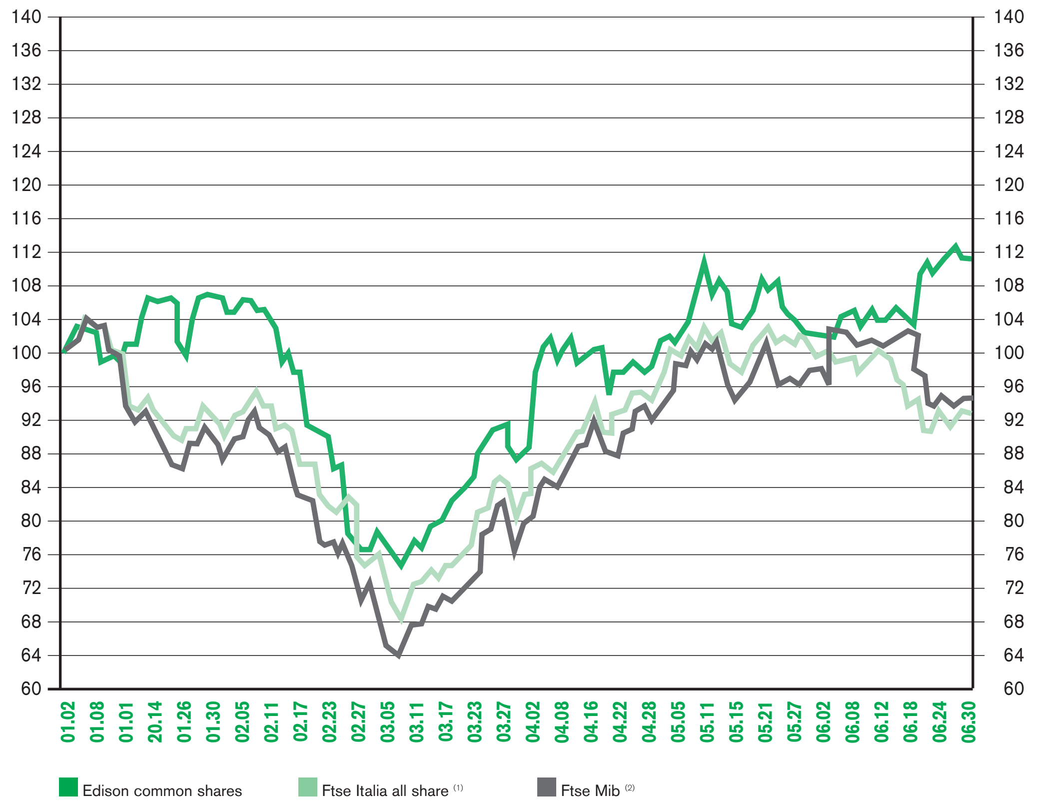
[1] First half 2009, includes down-payment for the acquisition of Abu Qir concession for 1,011 million euros

Outlook and Expected Year-end Results

The results achieved in the first half of the year, Edison's structural strength and its proven ability to respond to a changing external scenario justify expectations of 2009 results in line with those reported in 2008, assuming the same scope of consolidation and excluding nonrecurring items.

EDISON AND THE FINANCIAL MARKETS

Chart of the stock market prices of the Edison shares in the first half of 2009.



(1) Mibtel Index from January 2, 2009 to May 29, 2009 and FTSE Italia All Share Index from June 1, 2009 to June 30, 2009. The FTSE Italia All Share Index replaced the Mibtel Index, with a basket of 250 stocks instead of 275 stocks.

(2) The FTSE MIB Index replaced the S&P/MIB Index.

Stock Market Price and Other Per Share Data

(in euros)	June 30, 2009	December 31, 2008
Edison Spa		
Stock market price (unit price in euros)[1]:		
- common shares	0.9818	0.9518
- savings shares	1.1846	1.1732
Number of shares (at end of period):		
- common shares	5,181,108,251	5,181,108,251
- savings shares	110,592,420	110,592,420
Total shares	**5,291,700,671**	**5,291,700,671**
Edison Group		
Earnings per share:		
basic earnings per common share [2]	0.0224	0.0647
basic earnings per savings share [2]	0.0524	0.0947
diluted earnings per common share [2]	0.0224	0.0647
diluted earnings per savings share [2]	0.0524	0.0947
Group interest in shareholders' equity per share (in euros)	1.494	1.495
Price/Earnings ratio (P/E) [3]	45.75	13.88

[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, 2008
Standard & Poor's		
Medium/long-term rating	BBB+	BBB+
Medium/long-term outlook	Stable	Stable
Short-term rating	A-2	A-2
Moody's		
Rating	Baa2	Baa2
Medium/long-term outlook [1]	Stable	Stable

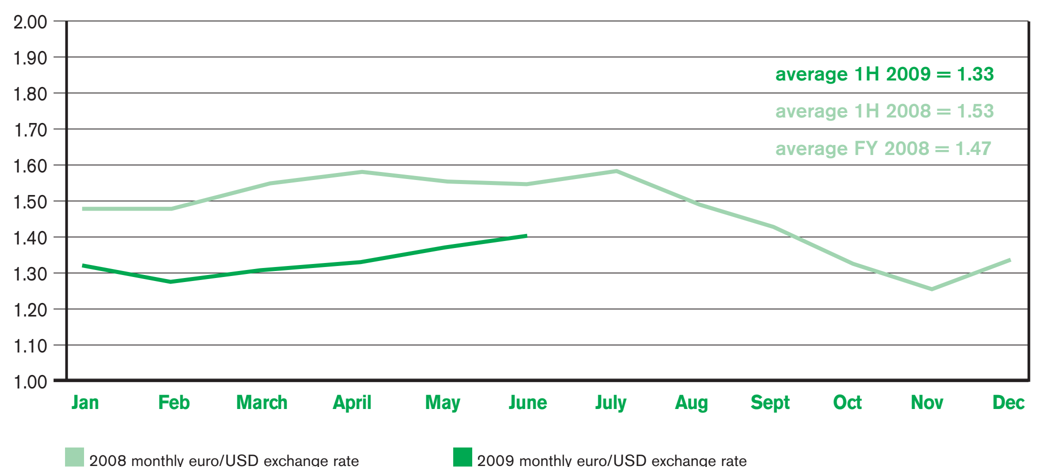
[1] On July 7, 2009, a description of which is provided in the section entitled "Significant events occurrings after June 30, 2009" that appears in the "Other Information" chapter of the Semiannual Consolidated Financial Report, Moody's revised the outlook from Stable to Negative.

ECONOMIC FRAMEWORK

During the first six months of 2009, the world's economy was in the throes of a recession that started in the first half of 2008. Specifically, the United States and Europe suffered the largest contraction in GDP data in the first quarter of 2009. In Europe, the countries that are most affected by the crisis are those that are most dependent on foreign demand, such as Germany and Italy. This was because world trade was constrained not only by the direct consequence of the global recession (i.e., lower consumer demand), but also by more restrictive terms on the financing of international transactions.
U.S. macroeconomic data show that capital investments contracted and the real estate market stalled, with a direct impact on the unemployment rate, which was the highest in 26 years, and on public debt.
In Europe, where the recession started later than in the United States, consumer spending was down, with an even steeper decline in investments. A comparison of the performance of the different sectors of economic activity in Europe with the data for the same period last year shows that manufacturing and construction were the areas most affected by the crisis. The unemployment rate rose to the highest level since May 1999 in the euro zone and 2005 in the EU-27.
Overall, the rate of economic contraction began to mitigate during the second quarter of the year. Consumer expectations improved, especially in Europe, the United States and Japan, but the Chinese economy is providing contrasting signals.
A further deterioration of the economic crisis was avoided mainly thanks to the support programs implemented by governments, which, however, weighed heavily on the respective public finances. In Italy, the main effects of the economic crisis on the government's budget are the result of a reduction in the stream of tax revenues, while the impact on the deficit of social assistance and economic stimulus programs is still relatively small.

The euro/dollar exchange rate, which averaged US$1.47 for one euro for all of 2008, shifted in favor of the U.S. dollar during the first half of 2009 to an average of US$1.33 for one euro, 13% lower than in the first six months of 2008. The euro experienced its steepest decline versus the U.S. dollar during the first three months of the year, but recovered in the second quarter to an average exchange rate of US$1.40 for one euro in June. During the latter months of the semester, the U.S. dollar was unable to benefit from the favorable situation created by the negative macroeconomic data reported in Europe, as expectations in the foreign exchange markets reflected persisting skepticism about the speed of the global recovery and concerns about the choices that emerging countries may make with regard to reserve currencies and their effect on the role of the U.S. dollar.

€/USD



THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

2008 full year	TWh	1st half 2009	1st half 2008	% change
305.5	Net production	134.7	152.7	(11.8%)
39.6	Imports	23.9	20.5	16.7%
(7.5)	Surges	(2.9)	(3.7)	(20.6%)
337.6	**Total demand**	**155.7**	**169.5**	**(8.2%)**

Source: Analysis of official 2008 data and preliminary 2009 Terna and AU data, before line losses.

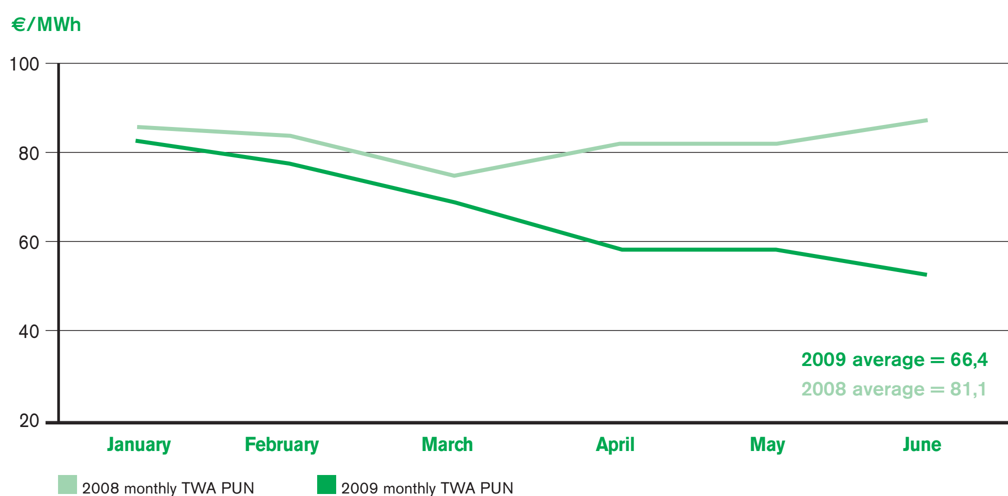
In the first half of 2009, gross total demand for electric power from the Italian grid totaled 155.7 TWh (1 TWh = 1 billion kWh), or 8.2% less than in the same period last year. On a seasonally adjusted basis (i.e., eliminating the impact of changes in average temperature and the number of business days), the year-over-year decrease is 7.6%.

A sharp contraction in demand for energy (-13.8 TWh compared with the previous year), coupled with an increase of 3.4 TWh in net imports, caused a significant reduction (-18.0 TWh) in net domestic production. As a result, net of the impact of surges, domestic production for the period covered 84.6% of demand, down from 87.9% in the first six months of 2008, while the percentage supplied by net imports grew from 12.1% to 15.4%.

The gain of 3.4 TWh in net imports is the combined result of an increase of 2.6 TWh in imports and a decrease of 0.8 TWh in exports. Specifically, net imports from the Northeast (borders with Austria and Slovenia) were up significantly (+1.3 TWh; +41.9%), while those from the Northwest (borders with France and Switzerland) increased less (+0.3 TWh; +1.6%). Moreover, there was a reversal in the net flow between Italy and Greece, which was a net importer during the first six months of 2008 and became a net exporter in the same period this year. This reversal added 1.8 TWh to the import balance. The substantial reduction of 18.0 TWh in net domestic production, coupled with a large increase of 7.5 TWh in production from renewable sources (hydroelectric output grew by 7.4 TWh, or 34.6%, due to a much increased availability of water resources early in the year), translated into a significant decrease of 26.3 TWh (-20.1%) in the gross output of thermoelectric power plants.

In the first half of 2009, reflecting the impact of the complete deregulation of the energy markets, demand continued to decrease steadily in the market served by the Single Buyer (market for customers with greater protection status), falling to 47.8 TWh (50.2 TWh in the same period last year), a level equal to 30.7% of domestic demand. The market served by private suppliers, including suppliers of last resort, was affected to a more significant extent by the decrease in demand. As a result, it contracted from 64.2% of total consumption in the first six months of 2008 to 62.6% in the same period this year. Internal consumption by producers, which was virtually unchanged, accounts for the remaining 6.7% of domestic consumption.

Insofar as price trends are concerned, the time-weighted average for the Single National Price (abbreviated as PUN in Italian) decreased to 66.4 euros per MWh at June 30, 2009, or about 18.1% less than in the first six months of 2008 (81.1 euros per MWh). The competitive pressure resulting from the reduction in demand for energy discussed above is the main reason for this decrease.
The chart below provides a monthly comparison of the PUN trend in the first half of 2008 and 2009:



Demand for Natural Gas in Italy and Market Environment

2008 full year	in billions of m³	1st half 2009	1st half 2008	% change
30.1	Services and residential customers	18.1	17.5	3.5%
18.4	Industrial users	8.1	10.2	(20.4%)
34.0	Thermoelectric power plants	13.2	17.1	(22.6%)
0.7	Transportation	0.3	0.3	(0.1%)
83.2	**Total demand**	**39.7**	**45.1**	**(11.8%)**

Source: Official 2008 data and preliminary 2009 data provided by the Ministry of Economic Development and Edison estimates, net of system usage and leaks.

In the first half of 2009, Italian demand for natural gas was again down, compared with the same period last year, totaling about 39.7 billion cubic meters, or about 5.4 billion cubic meters less (-11.8%) than in the same period last year.
Current economic conditions, which have a dampening effect on demand from thermoelectric power plants and industrial users, account for most of this decrease. The main changes in demand trends that occurred in the first six months of 2009 included the following:

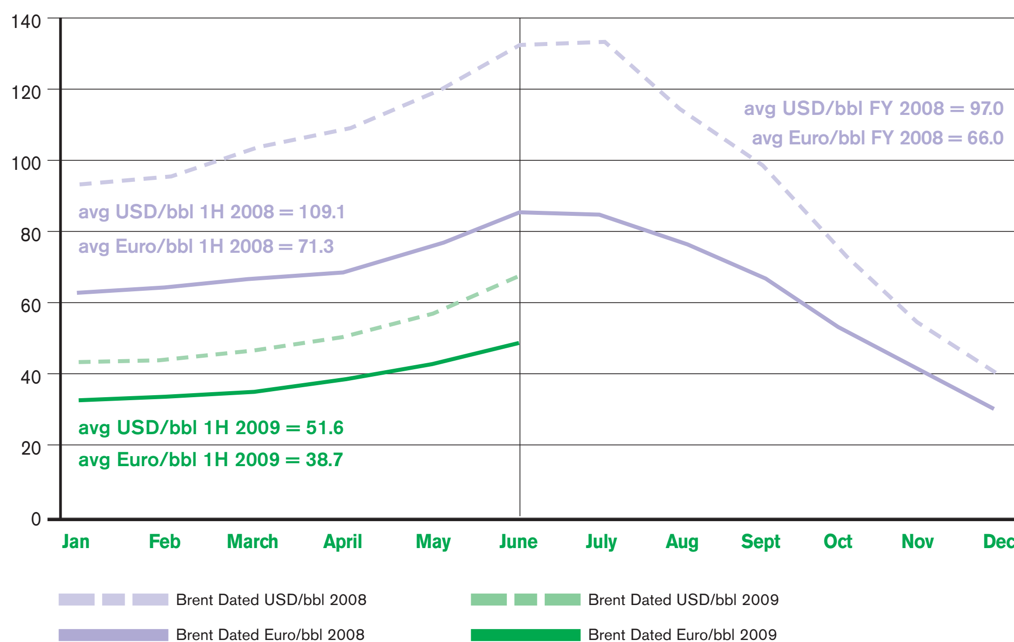
- A rise in demand from residential customers (+3.5%) that reflects the effect of weather conditions consistent with a more “normal” temperature trend (average temperatures were higher in the first half of 2008);
- Lower demand from thermoelectric power plants (-22.6%) and industrial users (-20.4%), due to the effects of the economic crisis.

With regard to supply sources, the following developments characterized the first half of 2009:

- A steady reduction in domestic production (-9.7%), consistent with the downward trend of recent years, which is expected to continue in the future;
- A decrease in imports (-16.8%) caused mainly by a reduction in consumption;
- An increase of the stored gas balance due to the January supply disruption (total underdelivery of about 1.2 billion cubic meters) and to the greater economic benefit that operators could obtain by

maximizing the use of stored natural gas and postponing to later months their storage building campaign to take advantage of the lower prices caused by the sharp contraction experienced by the oil market during the past few months.

In the oil market, the price of oil hovered between US$40 and US$50 per barrel from January to May, but rose to US$68.60 per barrel in June. Overall, the average price for the first half of 2009 was US$51.60 per barrel, significantly lower (-52.7%) than the level achieved in the same period last year. After peaking in the summer of 2008, oil prices declined steadily due to the start of the international economic crisis. Rather than being driven by a reduction in supply, the price increase that occurred in June reflects expectations of an increase in demand, which also fueled speculative trading.



It is important to keep in mind that, because of the time gap with which the changes in the crude oil market discussed above are reflected in the natural gas pricing formula, the trend of natural gas prices can point in the opposite direction. The rate component that corresponds to the Wholesale Distribution Charge, as set by Resolution No. 134/06 and updated by Resolution ARG/gas No. 192/08, was equal to 288.00 euros per thousand cubic meter in the first half of 2008 and 332.10 euros per thousand cubic meters in the first half of 2009, for an increase of 15%.

LEGISLATIVE AND REGULATORY FRAMEWORK

The main legislative and regulatory measures enacted in the first half of 2009 that had an impact on the energy industry, both in Italy and at the E.U. level, are reviewed below.

Electric Power

Production

In the first half of 2009, the Regional Administrative Court of Lombardy ruled in favor of the appeal filed against the Resolution ARG/gas No. 154/08, by which the Electric Power and Natural Gas Authority (AEEG) set new parameters for determining the rate component that covers the avoided fuels cost, starting in 2008. Specifically, the Court concurred with two of the reasons put forth by the operators arguing that the Resolution was unlawful:

- Failure to comply with the clause safeguarding the "structure of natural gas costs" (obligation explicitly stated in the 2007 Budget Law);
- Absence of research activity concerning the AEEG's failure to take into account the avoided fuel cost updates for 2005 and 2006, the amounts of which were set forth in Resolution No. 249/06 (and for 2007, insofar as the parameters are concerned, with no amount provided in the Resolution).

Consequently, the Regional Administrative Court voided Resolution No. 154/08, limited to these two areas.
In Resolution No. 50/09, by which it determined the 2008 adjustment to the avoided fuel cost, the AEEG assumed that the decision by the Regional Administrative Court voided "in full" the disputed resolution and computed the adjustment in accordance with Resolution No. 249/06, which was in effect before. However, the resulting amount (and the method used) cannot be accepted as valid for the future.
Edison is considering the possibility of challenging Resolution No. 50/09, based on the AEEG's failure to comply with the abovementioned decisions by the Regional Administrative Court when determining the provisional adjustment for 2008.

Environment

Refund of green certificate costs for CIP 6/92 power plants: On March 18, 2009, the AEEG published Resolution ARG/elt NO. 30/09 by which it determined the Vm value for each green certificate for the purpose of reimbursing green certificate costs incurred by CIP 6/92 power plants. Consistent with the findings of the relevant survey, the AEEG set the Vm value at €53.40/MWh, €36.06/MWh and €38.17€/MWh for 2005, 2006 and 2007, respectively.

Wholesale Market

Reform of the wholesale market: By a decree issued on April 29, 2009, the Ministry of Economic Development defined the guidelines for a reform of the electric power market, as required by Law No. 2 of January 28, 2009 (the "Anti-Crisis Decree"). During the initial implementation phase, this regulation provides for the following:

- Starting on October 31, 2009, an intraday market that will provide operators with more flexibility;
- The establishment of organized forward markets to handle long-term procurement transactions, which should be operational by October 31, 2009 for contracts due the following year;
- More frequent announcements of information about bids by the Manager of the Electric Power Market and Terna on the energy markets;
- A different structure of the services market operated by Terna, operational as of January 1, 2010, designed to reduce costs and increase transparency.

The Manager of the Electric Power Market and Terna must develop the technical tools needed to implement these changes on schedule. The abovementioned statute also foreshadows subsequent developments, such as a functional integration of the intra-day market and the dispatching services market, as of January 1, 2011, and changes to the rules by which prices are determined on the Power

Exchange, effective as of April 1, 2012, once a reform process is completed and based on considerations that take into account changes in the market and the network infrastructures.

Units That Are Essential for the System's Safety: The AEEG published Resolution ARG/elt No. 52/09, by which it amended the rules governing "must-run" units as set forth in its earlier Resolution No. 111/06, implementing the provisions of Article 3, Section 11, Letter a), of Law No. 2/2009 that apply to "must run" units. This resolution defines the basic criteria by which Terna, acting consistent with current laws, identifies "must run" units or clusters of units operated by the same party.
Moreover, in order to allow compliance with supply requirements, Resolution ARG/elt No. 52/09 provides the owners of units with "must run" status with the option of choosing among alternative types of supply commitments.
Lastly, during the first half of 2009, the Council of State denied the appeals filed by the AEEG with regard to Resolutions No. 97/08 and No. 106/08 and "must run" units in Sicily and Sardinia, upholding the decisions of the lower court judge.
The lower court judge had found in favor of Edison Trading and voided: a) the portion of Resolution No. 97/08 by which the AEEG ordered Terna to include in the list of units that are essential for the system's safety all units that are connected with the electrical grid of Sicily and Sardinia; and b) the portion of Resolution No. 106/08 by which the AEEG ruled that the implementation procedures of these resolutions communicated to Terna were consistent with earlier regulations.

Retail Market

In the first half of 2009, the benchmark pricing parameters were lowered by 2% for electric power (see Resolution ARG/elt No. 35/09) and 7.5% for natural gas (see Resolution ARG/gas No. 40/09). In addition, by Resolution No. ARG/elt 59/09, the AEEG began the process of developing regulations governing standards for communications between distributors and sellers in the electric power industry that will apply both to the provision of services requested by end customers through their sellers and to switching transactions. The guidelines for communications in the electric power industry, which will not go into effect before January 2010, will be developed in the coming months based on guidelines consistent with those used for natural gas, in order to harmonize as much as possible the rules governing these two industries. However, the process of standardizing communication methods and tools is in its early stages and the actions taken by the AEEG in the coming months should be monitored very carefully.
Lastly, Edison Energia joined the system for online searches of sales offers (so-called Sales Offer Finder) established by the AEEG with Resolution ARG/com No. 151/08, adding its "EdisonCasa" sales package for the residential market to the system. The online search system was activated on April 8, 2009.

Hydrocarbons

Rates

By Resolution ARG/gas No. 64/09, the AEEG approved the Amended Code governing retail sales of natural gas (TIVG), which will go into effect on July 1, 2009. The new code simplifies and provides an organic presentation of the provisions governing sales activities in the retail market for natural gas and introduces some significant innovations. Specifically, the AEEG defines the scope of implementation of the protected status, specifying the types of end customers who can enjoy the sales terms established by the AEEG. Other significant developments include the option provided to condominiums with consumption of less than 200,000 standard cubic meters per year to qualify for protected service status and the gradual elimination of individual protection status (provided to customers who were classified as eligible as of December 31, 2002 but never switched to a supplier in the deregulated market) as of October 1, 2009 for customers with consumption of more than 200,000 standard cubic meters per year and as of October 1, 2010 for customers with consumption of less than 200,000 standard cubic meters per year. In addition, the AEEG defined a specific amount that may be charged anywhere in Italy as compensation for retail sales activities, thereby providing sellers with a compensation that better reflects their distribution costs

and guaranteeing equal treatment for all customers, irrespective of size. Lastly, the TIVG simplifies the formula used to update the compensation for wholesale distribution activities. The new formula, which results in a slight reduction compared with the previous method, is applicable as of October 1, 2009.
By Resolution ARG/gas No. 69/09, the AEEG enacted urgent provisions concerning the metering of natural gas at transfer locations, which went into effect on July 1, 2009. These provisions officially define when responsibility for the metering service is transferred from the sales company to the distribution company. A significant development was the introduction of a new automatic charge of 30 euros payable by sales companies that fail to use the metering data communicated by the local distributor for billing purposes. With regard to issues related to meter readings provided directly by customers, the AEEG postponed to a later Resolution the definition of a single algorithm, used by all operators nationally, to accurately validate in real time the metering data communicated by end customers.
Another important result achieved during the first half of 2009 was the definition of communication standards between sellers and distributors, which are of fundamental importance for the correct functioning of a competitive retail market. Specifically, the AEEG published Determination No. 4/09 approving the XML structures that may be used to exchange information within the natural gas industry with regard to services provided by the distributor to the seller at the request of an end customer. These systems will go into effect gradually. On July 1, 2009, their use became mandatory only for distributors serving more than 100,000 end transfer points.

Infrastructures

Storage: The AEEG issued Resolution ARG/gas No. 38/09 by which it approved the enterprise fees and determined the single fees included in the computation of natural gas storage rates for the 2009-2010 thermal year.
Specifically, in addition to approving the enterprise fees and the delivery capacity coefficients submitted by storage companies for the 2009-2010 thermal year, the AEEG determined the value of other components and fees included in the computation of the national storage rate.

Transmission: The AEEG is continuing to carry out a consulting process launched with DCO 10/08 with the goal of defining a daily balancing market for natural gas based on market criteria.
As part of this process, it published Consultation Document No. 01/09 with the objective of defining the criteria for the allocation of natural gas batches for balancing purposes that became available as a result of restatements of the allocation and metering data subsequent to the closing of the transmission accounts.
The AEEG's objective is to price the natural gas withdrawn by each user of the balancing system and allocate the corresponding transaction amounts on the basis of a price index that is as representative as possible of the value of natural gas as a commodity during the period to which the restatement applies.
DCO No. 03/09, another consultation document dealing with a revision of the balancing system, focuses on revising the method used to handle batches of natural gas that are not metered directly. This document is based on the finding of a survey conducted by the AEEG that ended with the publication of Resolution VIS No. 8/09. With this resolution, the AEEG began a process to modify the method used to handle unaccounted natural gas (i.e., the result of the commercial balance equation of the transmission network, which is computed daily by Snam Rete Gas, so that the amount of gas added to the system is equal to the amount withdrawn) in effect for the 2008-2009 thermal year and the third rate regulation period (2009-2013), by including incentivizing regulatory mechanisms designed to reduce unaccounted natural gas within the balancing service.
In addition, consultation document DCO No. 11/09 focused on certain provisions concerning the determination of the quantities of natural gas that should be allocated daily to users of transmission services, because *"there is evidence of irregular outcomes produced by the methods used to determine the quantities of the allocations defined on a daily basis by the dominant transmission company and that, in some cases, the use of the abovementioned methods produced results that penalized users of the transmission and storage service for the period starting on October 1, 2007."*

Lastly, the most significant document issued in the first half of 2009 concerning transmission issues is undoubtedly DCO No. 4/09, which is the first consultation document concerning rates for the third regulatory period. Basically, in addition to reaffirming the principle of return on invested capital and the use of incentives for new investments, this document recommends the use of an adjustment factor to ensure that the company receives a portion of the revenues generated from the rate component based on capacity.
The abovementioned document also contains significant new recommendations, including assigning to the dominant transmission company metering responsibilities at all entry and exit points on the national network (currently, this task is handled by a number of different parties: transmission companies, natural gas producers, storage companies, etc.) and making the dominant transmission company the sole commercial counterpart in transactions with users of the transmission service, in order to streamline and simplify commercial transactions (currently, with a few exceptions, each transmission company is its users' commercial counterpart).

Issues Affecting Multiple Business Segments

Unbundling: The first phase concerning the preparation of Compliance Programs ended on March 26, 2009. As set forth by the AEEG in Resolution No. 11/07 and, more in detail, in Resolution No. 132/08, Compliance Programs must be prepared by Independent Operators of regulated activities in the electric power and natural gas sectors for the purpose of managing these activities in an impartial, neutral and arm's length manner, thereby factually achieving the objectives of functional separation.
Accordingly, the Edison Group companies that handle natural gas transmission, storage and distribution, availing themselves of the support of the relevant corporate departments, studied and developed the main initiatives required by the Program in such areas as governance, budget and employee training. The preparation of the document is progressing on schedule (March 26, 2009).
However, the Administrative Court of Lombardy recently ruled that Resolution No. 132/08 is unlawful because it concluded that the AEEG lacks the authority to dictate binding guidelines that Independent Operators would be required to apply to develop and implement Compliance Programs by September 29. At the same time, Resolution No. 11/07, which established the obligation to develop a Compliance Program, remains in effect. Consequently, Independent Operators are still required to develop a Program (which could be different from the one recommended by the AEEG in Resolution No. 132/08) to achieve functional unbundling.

European Energy Policies

Internal Market Package: The first quarter of the year saw the approval of legislation amending directives and regulations concerning electric power and natural gas (referred to as the energy sector) and of regulations establishing the Agency for the Cooperation of European Regulators (ACER). These provisions were included in the Third Internal Energy Market Legislative Package. A vote by the full session of the European Parliament on April 22, 2009 officially completed the decision process for the Internal Market Package. It will now be published in the *Official Journal of the European Union* and will go into effect within the Union 20 days later. Member countries will have 18 months to incorporate these provisions into their legal systems. The changes introduced by the abovementioned legislation include new provisions requiring the separation of transmission activities from production and/or marketing in the energy sector, new rules governing applications for exemption from the obligation to allow third-party access to transmission capacity and stricter consumer protection provisions.

Climate-Energy Package: This Package, officially adopted by the Council on April 6, 2009 and published in the *Official Journal of the European Union* on June 5, 2009, includes:

1. The new ETS Directive (29/2009/CE), which seeks to reduce greenhouse gas emissions by 21%, compared with the levels in 2005, by 2020, requiring the companies in the thermoelectric sector to purchase emissions permits (through auctions operated by the member countries), beginning in 2013. These auctions will be organized in accordance with principles set forth in a future EU Regulation adopted by Committee procedure.
Free allocations will be provided for district heating projects, electric power produced with residual/process gases or cogenerating power plants, but limited to the heating or cooling they produce. For all other industrial sectors, auctioning will be introduced gradually until 2027. Sectors that are exposed to international competition will receive free quotas for 100% of their emissions.
Moreover, while it will be permissible to base access to the credits provided by the Kyoto Protocol (CER/ERU) on the levels allowed for the second phase, the total quantity may not be greater than 50% of the emissions reduction effort.
2. The new Directive on the promotion of renewable sources (28/2009/CE), which sets a binding target for the European Union as a whole of covering 20% of consumption by end users with renewable energy by 2020, with different targets for each member country. Italy's target is 17% (up from 5.2% currently), with national objectives for the electric power, heating/cooling and transportation sectors. Member countries can use flexibility mechanisms to achieve their targets (joint support schemes, joint targets, cooperation agreements with other countries) and support the development of renewable sources.
3. The new CCS Directive (31/2009/CE), which defines the procedure for permits to explore for and operate storage sites for CO_2 capture. Member countries will be required to ensure that the operators of all combustion-based power plants with a generating capacity of at least 300 MW determine if appropriate storage sites are available, if transportation systems are technically and economically feasible and if the installation of CCS systems at existing power plants is technically and economically possible. This Directive does not set forth an obligation to adopt CCS technology. However, an amendment to the ETS Directive provides financial support, equal to the market value of 300 million quotas provided free of charge, for 12 demonstration projects to be built in Europe.

European Recovery Plan: Among the activities carried out in the first quarter of 2009 by the E.U. government institution, the adoption of the European Recovery Plan is especially noteworthy because of its obvious economic significance. This Plan, which is the tool adopted by the European Commission in response to the current economic crisis, identifies and provides financing for projects that are significant at the European level, including energy transmission infrastructures. Specifically, in the section of the Plan that deals with electric power and natural gas interconnection infrastructures, financing is being provided for two Edison projects: ITGI and GALSI, to which the Plan allocates financing in the amount of 100 million euros and 120 million euros, respectively.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2008 full year	GWh (*)	1st half 2009	1st half 2008	% change
50,151	**Net production of the Edison Group:**	**20,352**	**26,336**	**(22.7%)**
44,606	- Thermoelectric power plants	17,036	23,812	(28.5%)
5,021	- Hydroelectric power plants	3,046	2,219	37.3%
524	- Wind farms	270	305	(11.4%)
15,040	**Other purchases** (1)	**8,249**	**5,042**	**63.6%**
65,191	**Total sources**	**28,601**	**31,378**	**(8.8%)**

(*) One GWh is equal to one million kWh.
(1) Before line losses and excluded Trading portfolio.

Uses

2008 full year	GWh (*)	1st half 2009	1st half 2008	% change
13,137	CIP 6/92 dedicated	5,544	7,399	(25.1%)
4,472	Captive and other customers	1,389	2,191	(36.6%)
47,582	**Deregulated market:**	**21,668**	**21,788**	**(0.5%)**
20,054	End customers (1)	11,867	10,216	16.2%
9,541	IPEX	832	5,612	(85.2%)
6,075	Wholesalers and industrial portfolio	2,933	2,142	36.9%
11,912	Other sales (2)	6,036	3,818	58.1%.
65,191	**Total uses**	**28,601**	**31,378**	**(8.8%)**

(*) One GWh is equal to one million kWh.
(1) Before line losses.
(2) Excluded Trading portfolio

Financial Highlights

2008 full year (*)	(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	% change
7,687	**Sales revenues**	**3,232**	**3,772**	**(14.3%)**
1,326	EBITDA	556	636	(12.6%)
17.2%	*as a % of sales revenues*	*17.2%*	*16.9%*	
284	Capital expenditures	189	96	96.9%
1,849	Number of employees (1)	1,875	1,809	1.4%

(1) End-of-period data. The changes are computed against the data at December 31, 2008.
(*) Sales revenues reflect the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

Production and Procurement

In the six months ended June 30, 2009, the Group's net production decreased to 20,352 GWh, or 22.7% less than in the first half of 2008, reflecting a significant shortfall in thermoelectric production (-28.5%), cushioned to some extent by an increase in hydroelectric output. This decrease was due in part to the change in the scope of operations that resulted from the divestment of seven CIP 6/92 thermoelectric power plants in April 2008 (about 0.9 TWh) and, for the balance, to Italy's negative economic environment, which had a significant dampening effect on domestic consumption of electric power and, consequently, on the thermoelectric output of industry operators.

Other purchases carried out to round out the sources portfolio increased almost to 64% compared with the first six months of 2008. However, it is important to keep in mind that this category includes

volumes attributable to purchases that occur when facilities operate in bidding mode and other transactions with low unit margins.

Sales and Marketing

Sales of electric power totaled 28,601 GWh in the first half of 2009, for a decrease of 8.8% compared with the same period last year.

Sales were down sharply in the CIP 6/92 segment (-25.1%), due mainly to the expiration of some contracts and the abovementioned divestments.

The deregulated market was characterized by opposing sales trends, depending on the business segment. Given the extreme scenario volatility, the Group opted for reducing its exposure to the risk of fluctuations in commodity prices, focusing on sales to end customers and wholesalers and reducing the volumes it offered on the Power Exchange. Other sales in the deregulated market were up by 58.1%. However, as mentioned above in the section on procurement, the unit margins earned in these business segments are extremely small.

Ongoing trading activity on foreign power exchanges was profitable on balance in the first six months of 2009. The volumes traded (about 4.1 TWh) are not included in the “Sources” and “Uses” tables shown on the previous page.

Operating Performance

Sales revenues totaled 3,232 million euros in the first half of 2009, or 14.3% less than in the same period last year. As explained earlier in this Report, unit revenues held relatively steady, despite a slight reduction in unit sales, chiefly because of the fixed-price policy pursued during last fall’s sales campaign, when market prices were higher than those prevailing both currently and in the early months of 2008. However, it is worth noting that, consistent with corporate policies for the containment of market risks, the Group hedged the volumes sold at fixed prices, but the costs associated with these hedging transactions were recognized by the hydrocarbons operations, because the underlying commodity is the natural gas used to generate electric power. These hedging costs anticipate the benefits resulting for the electric power operations, which will be especially significant during the second half of the year.

EBITDA for the first six months of 2009 amounted to 556 million euros, down 12.6% compared with the 636 million euros reported at June 30, 2008.

Compared with the first half of 2008, the EBITDA generated by CIP 6/92 sales decreased due to the expiration of incentives and of some contracts, the absence of nonrecurring events that had a positive effect on last year’s performance (funds of CO_2 and green certificate costs incurred before 2008) and the change in the scope of operations that resulted from the divestment of seven CIP 6/92 thermoelectric power plants.

Margins were also down in the deregulated markets, reflecting the impact of a decrease in thermoelectric production and sales and a reduction in the profitability of transactions in the dispatching services market.

Capital Investments

Capital expenditures by the electric power operations, which totaled 189 million euros in the first six months of 2009, were allocated as follows: about 60 million euros for thermoelectric power plants; about 74 million euros for the development of wind power operations in Italy, including the Melissa/Strongoli and Mistretta wind farms; about 33 million euros to streamline and renovate the portfolio of hydroelectric facilities; and about 22 million euros for the development of the Thisvi power plants, in Greece.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2008 full year	(in millions of m³ of natural gas)	1st half 2009	1st half 2008	% change
1,014	**Total net production:**	**873**	**465**	**87.9%**
662	- Production in Italy	311	317	(1.8%)
352	- Production outside Italy (1)	562	148	n.m.
7,554	**Pipeline imports**	**4,592**	**4,281**	**7.3%**
-	**LNG imports**	**41**	**-**	**n.m.**
5,281	**Domestic purchases and other (2)**	**1,345**	**2,740**	**(50.9%)**
13,849	**Total sources**	**6,851**	**7,486**	**(8.5%)**

(1) Counting volumes withheld as production tax.
(2) Includes inventory changes and pipeline leaks.

Uses of Natural Gas

2008 full year	(in millions of m³ of natural gas)	1st half 2009	1st half 2008	% change
2,598	Residential use	1,776	1,453	22.3%
1,336	Industrial use	650	657	(1.2%)
8,669	Thermoelectric fuel use	3,586	4,605	(22.1%)
352	Sales of production outside Italy	562	148	n.m.
894	Other sales	277	623	(55.6%)
13,849	**Total uses**	**6,851**	**7,486**	**(8.5%)**

Crude Oil Production

2008 full year	(in thousands of barrels)	1st half 2009	1st half 2008	% change
1,729	Production in Italy	864	881	(1.9%)
-	Production outside Italy (1)	404	-	n.m.
1,729	**Total production**	**1,268**	**881**	**44.0%**

(1) Counting volumes withheld as production tax.

Financial Highlights

2008 full year	(in millions of euros)	1st half 2009	1st half 2008	% change
5,093	**Sales revenues**	**2,342**	**2,444**	**(4.2%)**
405	EBITDA	223	209	6.7%
8.0%	*as a % of sales revenues*	*9.5%*	*8.6%*	
249	Capital expenditures	1,139	96	n.m.
62	Investments in exploration	55	40	37.5%
507	Number of employees (1)	1,355	476	n.m.

(1) End-of-period data. The changes are computed against the data at December 31, 2008.

Production and Procurement

Net production of natural gas rose to 873 million cubic meters in the first half of 2009, almost double the volume produced in the same period last year. More specifically, while domestic production was relatively flat, production outside Italy soared due mainly to the additional output provided by the new Abu Qir concession, included as of January 15, 2009, which contributed 338 million cubic meters.

Production of crude oil totaled 1,268,000 barrels, up from 881,000 barrels in the first six months of 2008. In this case as well, the output from fields in Italy was virtually unchanged, but production outside Italy increased, due to the contribution provided by the Abu Qir concession (404,000 barrels).

In response to the decrease in demand for natural gas described earlier in this Report, the Group reduced the use of short-term purchases to meet its procurement needs. The opposite was true for imports of natural gas under long-term contracts, which grew to 4,633 million cubic meters, up from 4,281 million cubic meters in the first six months of 2008 (+8.2%). This increase reflects the impact of an additional 1,093 million cubic meters imported from Algeria through the TTPC pipeline under a supply contract signed with Sonatrach that went into effect in October 2008.
The agreement with Sonatrach is consistent with the Group's strategy of gradually ending the use of third-party brokered procurement arrangements, which will be fully implemented before the end of the current year, when regasified gas from Qatar will begin to flow from the Rovigo terminal.

Sales and Marketing

Unit sales of natural gas totaled 6,851 million cubic meters, for a decrease of 8.5% compared with the first half of 2008.
More specifically, sales to residential users increased by 22.3%, as the weather was colder this past winter than in the first six months of 2008, while deliveries to thermoelectric users were down 22.1% to 3,586 million cubic meters, due to the drop in demand for electric power described above.

Sales to wholesalers and volumes traded on the virtual exchange facility totaled 277 million cubic meters (623 million cubic meters in the first six months of 2008).

Operating Performance

In the first half of 2009, sales revenues amounted to 2,342 million euros, or 4.2% less than the 2,444 million euros booked in the same period last year. As explained above, this decrease is the direct result of the reduction in unit sales caused by a drop in consumption, offset in part by an increase in the average unit price of natural gas produced by the pricing mechanisms explained earlier in this Report.
EBITDA grew to 223 million euros, reflecting the positive impact of a change in the scope of activity of the hydrocarbons operations and the resulting contribution provided by Abu Qir (about 19 million euros). As a result, despite the charges incurred for hedging transactions executed at the Group level, EBITDA were 6.7% higher than in the first six months of 2008.

Capital Investments

Capital investments, which totaled about 1,139 million euros in the first half of 2009, include 1,011 million euros used to acquire the Abu Qir concession in Egypt.
The main investment in Italy included 11 million euros for the development of new storage fields in S. Potito and Cotignola (RA), 6 million euros for 2 work-over of the Giovanna field in the Adriatic Sea, 3 million euros for the expansion of the field in Collalto, 4 million euros for the hookup of the Accettura 2 (MT) well, 2 million euros for the development of a new field in Capparuccia (AP) and 3 million euros for the replacement of the Vega floating storage.
Investment projects in Egypt focused on the Rosetta concession (22 million euros), where the offshore installation campaign is now under way as part of Phase 4 activities, and the Abu Qir concession (33 million euros), where a new well called NAQ PII-2 was drilled and successfully tested and the drilling of well NAQ 8 is in progress.
In Algeria, 21 million euros were used to develop and bring into production the Reggane and Azrafil fields, and, in Croatia, work got under way on the offshore platforms needed to begin production from six wells, at a cost of 13 million euros.

Exploration Activities

In the first six months of 2009, the Group invested about 55 million euros in exploration. Virtually the entire amount was allocated to projects outside Italy, which included completing five wells in the Reggane block in Algeria (17 million euros), drilling activity in the WWER and SAER blocks in Egypt (19 million euros), and drilling the AQB4-1 and AQB4-2 wells in Block 4 in Qatar (15 million euros).

Corporate activities and other segments

Financial Highlights

2008 full year	(in millions of euros)	1st half 2009	1st half 2008	% change
77	**Sales revenues**	**26**	**38**	**(31.6%)**
(88)	EBITDA	(47)	(36)	(30.6%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
12	Capital expenditures	4	10	n.m.
605	Number of employees [1]	609	1,288	(0.7%)

[1] End-of-period data. The changes are computed against the data at December 31, 2008.

Corporate activities and other segments include those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies. The Water Distribution and Treatment operations (IWH), which were included in Corporate activities and other segments at the beginning of 2008, were divested in November 2008.

Sales revenues of 26 million euros were substantially in line with the amount booked in the first six months of 2008, when total revenues of 38 million euros included 25 million euros generated by activities carried out by the Group's Parent Company and 13 million euros contributed by the IWH operations.

EBITDA were negative by 47 million euros, as the loss widened by 7 million euros compared with the first half of 2008. The negative EBITDA of 36 million euros reported at June 30, 2008 were the net result of a loss of 40 million euros incurred by the activities of the Group's Parent Company and positive EBITDA of 4 million euros earned by IWH.

INNOVATION, RESEARCH AND DEVELOPMENT

In the first half of 2009, the Group focused its research and development efforts on projects involving power generation through fuel cells, advanced photovoltaic technologies and advanced energy materials. 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.

Fuel Cells

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 and the EIFER Institute in Karlsruhe, Germany. These activities are carried out at the Trofarello Research Center.

Advanced Photovoltaic Technologies

Concurrently with activities involving the study of advanced photovoltaic systems, a field testing facility was built and activated at the Altomonte power plant, where photovoltaic systems, including units with concentration modules, have been installed to assess their application and development potential.

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 that is being carried out 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 Efficiency

During the first half of 2009, the Group studied and assessed a number of technologies used for energy efficiency services. Examples of these technologies include heat pumps used for heating and cooling, solar thermal systems, microgeneration, lighting and metering. Energy efficiency, which encompasses a broad spectrum of constantly evolving technologies, is destined to account for an increasingly significant share of the R&D effort. Many of these technologies are also part of a series of technological solutions that are collectively referred to as the "smart grid."

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 to drive continuous improvement of management activities and provide a consistent approach to occupational health and safety and environmental issues.
Consistent with these principles, the main areas of activity pursued during the first half of 2009 and the results attained are presented below:

Occupational Safety

The Group's performance with regard to occupational safety is summarized by the following achievements:
- Compared with the first six months of 2008, the Injury Incidence Rate (IIR) was down sharply, both for Group employees and employees of contractors;
- The Lost Workday Incidence Rate (LWDIR) was also significantly lower than in the first six months of 2008, improving both for Group employees and employees of contractors.

Enactment of Legislative Decree No. 81/2008 - Uniform Occupational Health and Safety Code

Following the enactment of Legislative Decree No. 81 in 2008, the Company continued to carry out the activities required to comply within the statutory deadlines with the requirements of the decree. The specific activities carried out during the first six months of 2009 included:
- Preparation of the Risk Assessment Documents for the operational facilities and common management locations;
- Adoption of a shared safety organizational model, which included the development of an organization chart for the occupational safety functions of the Edison Group;
- The annual communications concerning employees subject to health oversight and the names of the employee occupational safety representatives;
- The first phase of a series of training and education programs for: executives, operations managers, supervisors and jobsite delegated managers. The latter received specialized training concerning subcontractor management issues, such as assessment and coordination of interference risks and identification of safety costs.

The following activities are being planned for the second half of 2009:
- Completion of the training program for operations managers, supervisors and employee occupational safety representatives;
- Development of events for "OSHA Week 2009," the European occupational health and safety week (October 21-15), that will emphasize the importance of risk assessment and promote a culture of prevention with regard to occupational safety.

Electric Power Business Unit

During the first half of 2009, having achieved the objective of obtaining 100% environmental and safety certification of its operating Divisions pursuant to the UNI EN ISO 14001 and BS OHSAS 18001 standards and the EMAS Regulations, the Group focused on securing the renewal of the EMAS registration for its 1, 2 and 3 Thermoelectric Divisions. The Hydroelectric Division expects to complete the renewal process by the end of the year.
Work continued on securing the issuance and renewal of the Integrated Environmental Authorization required by Legislative Decree No. 59/2005 for facilities under Ministry jurisdiction with a thermal capacity in excess of 300 MW. By June 30, 2009, 14 Edison facilities had secured the abovementioned authorization or were slated to receive renewals. For five other facilities, the authorization progress is still in progress.

Hydrocarbons Business Unit

The unbundling of the natural gas transmission, storage and production activities required the implementation of a process to revise the integrated environmental and safety management systems, which had already been certified in accordance with the UNI EN ISO 14001 and BS OHSAS 18001 standards.

Renewable Sources Business Unit

An audit of the integrated environmental and safety management system of Edison Energie Speciali, which had received EMAS environmental registration, was successfully completed.

Marketing and Distribution Business Unit

The first audit of the quality management system established by the Business Unit in accordance with the applicable UNI EN ISO 9001 standard was completed successfully during the first half of 2009.

Engineering Department

The Engineering Department began the process required to receive OHSAS 18001 certification of its occupational safety system, which will be integrated with its existing quality management system, which has been already certified.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Human Resources

At June 30, 2009, counting the staff of companies consolidated on a proportional basis, the Edison Group had 3,839 employees. This number includes 784 employees of Abu Qir Petroleum, a joint venture with EGPC (Egypt's national oil company) that became operational earlier this year.

During the first half of 2009, another 94 employees were added to the payroll as a result of the following developments:

- Purchase from the City of Palermo of an 80% interest in AMG GAS, a natural gas retailer, which added 44 employees;
- Expansion of the organization of the hydrocarbons operations, mainly to support the newly acquired company in Egypt;
- Expansion of the marketing organization in connection with the sales campaign in the residential market;
- Establishment of the new Energy Efficiency and Sustainable Development Business Unit and growth of the electric powers operations outside Italy.

Industrial Relations

In June, the Group and the labor unions signed agreements allowing the utilization of resources available in the "bilateral" funds, the purpose of which is to encourage, by means of agreements between employers and unions and in compliance with the relevant statutes, the development of training programs for company employees.

Specifically, Edison and the national representatives of the labor unions (FILCEM Cgil - FLAEI Cisl - UILCEM Uil) reached an agreement to implement this year and in future years programs that qualify for financing by *Fondimpresa - Fondo Paritetico Interprofessionale Nazionale*, specifically designed for newly hired young college graduates, professionals and young managers.

In addition, Edison and the local company representatives of Edison Group executives reached an agreement that will make it possible to utilize resources available from *Fondirigenti - Fondo per la Formazione Professionale Continua dei Dirigenti delle Aziende Produttrici di Beni e Servizi,* which will be used to ensure full continuity of training programs for newly appointed executives and provide continuously updated training, consistent with the Group's management model.

Lastly, in a development that is especially significant for the payroll and benefits implications that it will produce as early as the second half of the year, the unions gave formal notice of cancellation of the National Collective Bargaining Agreement for the Electric Power Industry, which was expiring on June 30, 2009.

Organization

Organization projects carried out during the first half of 2009 included the following:

- Completion of the technical, economic and market study, definition of a business model and establishment of the Energy Efficiency and Sustainable Development Business Unit, which reports directly to the Chief Operating Officer. Its mission is to identify, develop, implement and offer to consumers energy solutions that are economically, environmentally and socially sustainable.
- The Company established a Coordination and Performance Operations Department, which reports directly to the Chief Operating Officer. Its primary mission is to provide support in connection with the conception, definition, implementation, monitoring and consolidation of operations performance indicators and targets concerning activities handled by Departments and Business Units that report directly to the Chief Operating Officer.
- Responding to changes in the Group's organization and in the applicable legislative framework, the organizational and management model adopted in 2004 to shield the Company from administrative liability, pursuant to Legislative Decree 231/2001, was revised requiring the appointment of "Operating Unit Officers for the implementation of the Organizational and Management Model pursuant to Legislative Decree No. 231/2001" (231 Operating Unit Officers) and *pro tempore* officers at the various Group Departments and Business Units.

- As part of the Operational Excellence project, the "General Regulation for the Management of Travel and Entertainment Expenses" was revised to take into account conditions in the general economic environment and lower the cost of business travel.

Training

The following training and development projects were particularly noteworthy:

- The support provided to projects for the development of technical and professional competencies.
- The revision of the Management Model for Middle Managers and Executives to take into account the changes brought by the Company's international expansion and its entry into the residential market, and incorporate values that were defined subsequent to the adoption of the existing model. During the second half of 2009, the updated Management Model will be used during the second cycle of the management review process to assess the adequacy of the existing management resources.
- The further development of the Management Program, with emphasis on motivation.
- A program to inform Edison employees and make them aware of the different manifestations of "diversity" (e.g., disability, ethnic origin, sexual orientation, etc.), which culminated with the celebration of Diversity Day, an event focused on ethnic and generational diversity.
- A continuing commitment to provide training about corporate compliance obligations, which early in 2009 resulted in the development of a program by the General Counsel Department to provide Edison Group employees with more in-depth and updated legal information about a series of issues relevant to the Company, such as antitrust consideration in transactions with customers and in the energy markets and transactions with related parties. This program was implemented during the second quarter of 2009.

RISKS AND UNCERTAINTY MANAGEMENT

Risk Management at the Edison Group

Enterprise Risk Management

Edison has developed an integrated risk management model based on the international principles of Enterprise Risk Management, the COSO framework (sponsored by the Committee of Sponsoring Organizations of the Treadway Commission) specifically. The main purpose of ERM is the adoption of a systematic approach in identifying the Company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to minimize them.

In pursuit of this objective, Edison adopted a Corporate Risk Model and a risk mapping and risk scoring method that assigns a relevance index to risks based on an assessment of their overall impact, probability of occurrence and level of control.
Working with the support of the Risk Office, the managers of the Company's business units and departments use a Risk Self Assessment process to identify and assess the risks that affect the areas under their jurisdiction and provide an initial indication of the mitigating actions they have taken. The results of this process are then consolidated at the central level into a mapping system in which risks are prioritized based on the scores assigned to them and aggregated, so as to facilitate the coordination of mitigation plans within the framework of an integrated risk management approach.
The Corporate Risk Model, which was developed based on best industry and international practices, covers the types of risks that are inherent in the businesses in which the Group operates and makes a distinction between risks related to the external environment and internal process and strategic risks.

The Enterprise Risk Management process is closely linked to the strategic planning process in order to correlate the Group's overall risk profile with the return on investment projected in the plan/budget document.
The results produced by ERM and Risk Self Assessment are communicated to the Audit Committee and Board of Directors on predetermined dates and are used by the Internal Control Systems Department as a source of information to prepare special risk-based audit plans.
A map of the corporate risks identified by the ERM process is annexed to the budget and industrial plan document approved each year by the Parent Company's Board of Directors.

Energy Risk Management

Within the risk management activities, a separate process specifically addresses the commodity risk, which is the risk associated with price fluctuations in the financial and physical markets in which the Company operates with respect to such energy raw materials as electric power, natural gas, coal, crude oil and derivative products.
In recent years, the growing volatility of these commodities produced an increase in the risk of fluctuations in the financial results reported by companies in these industries.
With regard to this issue, the specific purpose of risk management activities is to stabilize the cash flows generated by the existing portfolio of assets and contracts and protect the assets on the Company's balance sheet from any impairment caused by market price fluctuations.

More specifically, the market risks that arise from fluctuations in the prices of energy commodities and foreign exchange rates is managed at the central level by a process of netting out the total exposure of the Group's portfolio, which is monitored against a risk limit, stated in terms of economic capital, that the Board of Directors approves annually based on the expected level of profitability.

The Risk Committee reviews the Group's exposure on a monthly basis, making reference to the approved risk limit. If the limit is exceeded, it decides on the appropriate hedging strategy that should be adopted,

consistent with the Energy Risk Policies. In accordance with this document, the Group pursues the objective of minimizing the use of the financial markets for hedging purposes, preferring to maximize the benefits of the vertical and horizontal integration of its different types of business activities.

Risk Factors

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential source of significant risk is constant evolution occurring in the reference legislative and regulatory framework, which affects primarily how the market operates, rate plans, required levels of service quality and technical and operational compliance requirements. In this area, Edison is engaged in an ongoing activity to monitor and carry out a constructive dialog with public institutions, both when it is required to interact with them and when it seeks to comply promptly with new requirements, while always seeking to minimize the resulting economic impact.
The main changes in the legislative framework are reviewed below:

- Reform of the Wholesale Electric Power Market.
  Decree Law No. 185 of November 29, 2008 (converted into Law No. 2 of January 28, 2009) includes a series of provisions designed to reform important operating mechanisms of the wholesale electric power market. A Decree by the Ministry of Economic Development dated April 29, 2009, which governs the provisions for the implementation of new regulations, calls for the establishment of an intraday market (starting on October 31, 2009) that will be integrated with the dispatching services market (as of January 1, 2011), a reform of the dispatching services market starting in 2010, the implementation of new provisions governing the publication of data available to the Manager of the Electric Power Market and Terna, and the development of forward energy markets. The Decree also states that the implementation of the new mechanism for the payment of offers of electric power (so-called "Pay as Bid"), which will be subject to a review of the reform process, taking into account market conditions, is not expected to take place before April 2012. An additional provision affecting the implementation of the reform was introduced by the Electric Power and Natural Gas Authority with Resolution Arg/elt No. 52/09, which revises the mechanism for the designation of must run facilities, making the relevant regulations applicable to clusters of units, and the alternative methods available to comply with the supply obligation of those facilities. The parties affected by the reform process have been complying on schedule with the specific requirements.
- Hydroelectric Concessions
  This issue, which has been discussed in detail earlier in this report, arises from a decision handed down on January 14, 2008 by the Italian Constitutional Court ruling 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 (Law No. 266/2005) is unconstitutional. This issue has a major impact on holders of hydroelectric concessions, such as Edison, and is especially relevant for those whose concessions are expiring on or before 2013, because, obviously, compliance with the requirement that the calls for tenders must be published five years before the expiration date of the concessions would not be possible. A technical Work Table was established within the Unified Conference to provide national and local government representatives with a venue where they could develop a mutually agreed upon proposal for legislation to fill the void created by the Constitutional Court decision. However, after one year no proposal for a legislative solution has been produced and the Work Table suspended its activity in October 2008. In recent months, some regional administrations have indicated their desire to reach an agreement on how to amend the law in question, particularly because many concessions will expire in 2010. Legislative action by the government can no longer be deferred, given the need for a clear legislative framework to govern this issue in a manner that allows the rational planning of capital expenditures.

- Changes in the Regulations Governing CIP 6/92 Contracts
  The Electric Power and Natural Gas Authority is continuing the process of defining and adjusting the Avoided Fuel Cost and the various refund mechanisms (CO_2 costs and Green Certificates costs). Edison is monitoring and addressing these issues and, when appropriate, takes legal action. Possible changes in the framework that underlies the contracts could also result from actions taken by Parliament, where approval of the "Development" Bill is pending. Under this bill, the criteria for the annual adjustment to the Avoided Fuel Cost component would be defined by means of decrees issued by the Ministry of Economic Development, taking into account price trends for petroleum products and improvements in conversion efficiency. The bill also provides producers with mechanisms for the early cancellation of CIP 6/92 contracts, the resulting costs of which must be lower than those that would be incurred if the contracts are not cancelled.

Price/Exchange Rate Risk Related to Commodity Activities

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, including, specifically, electric power, natural gas, coal, petroleum products and environmental securities. These fluctuations affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the resulting exchange rate risk.

From an organizational standpoint, the governance model adopted by the Group requires (with some minor exceptions for Edipower) the separation of the risk control and management functions, which are handled centrally by Edison Spa under the direct supervision of the Chief Financial Officer, from the trading activity, which is handled by Edison Trading Spa for commodity market transactions and by the Finance Department of Edison Spa for foreign exchange transactions.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits in terms of economic capital relative to market risks and the use of financial derivatives that are commonly available in the market for the purpose of containing the risk exposure within the preset limits. In the case of the Group's Industrial Portfolio, the absorption of economic capital is measured in terms of Profit at Risk (PaR), which is quantified monthly based on the Group's net exposure. For IFRS 7 compliance purposes, the notes to the Semiannual consolidated financial report, which should be consulted for more detailed information, include a PaR simulation carried out only on the financial derivatives outstanding at June 30, 2009, to determine the expected volatility in terms of the fair value recognized in the financial statements.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special trading portfolios. Trading portfolios are monitored on a daily basis by means of preset risk limits, measured in terms of daily Value-at-Risk (VaR) with a 95% probability and annual stop loss. A more detailed analysis of the risk limits of the trading portfolio is provided in the disclosure included in the notes to the Semiannual consolidated financial report to comply with IFRS 7.

Foreign Exchange Risk Not Related to the Commodity Risk

Except for the issues mentioned above in connection with the commodity risk, the Group has no significant exposure to the foreign exchange risk, the remaining portion of which arises mainly from the translation of the financial statements of certain foreign subsidiaries and cash flows in foreign currencies of limited amount concerning purchases of equipment. As a rule, foreign subsidiaries use the same currencies in the invoices they issue and the invoices they pay.
A more detailed analysis of this risk is provided in the disclosure included in the notes to the Semiannual consolidated financial report to comply with IFRS 7.

Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs.

The interest rate hedging policy is based on the following approach: the Group does not execute derivative contracts for speculative purposes. On the contrary, the main objective is to minimize any volatility affecting debt service costs. This objective is achieved by using hedges to establish an optimum mix of fixed and variable rates in the composition of the Group's indebtedness. A more detailed analysis of this risk is provided in the disclosure included in the notes to the Semiannual consolidated financial report to comply with IFRS 7.

Credit Risk

The credit risk represents Edison's exposure to potential losses caused by the failure of commercial and financial counterparties to honor the commitments they have undertaken. In the case of the Edison Group, its exposure to the credit risk is predominantly related to its growing sales activity in the deregulated market for electric power and natural gas.

To control this risk, the operational management of which is specifically the responsibility of the Credit Management Function, which is part of the central Finance Department, the Group implemented procedures and activities that are described more in detail in the notes to the Semiannual consolidated financial report to comply with IFRS 7.

Process Risks

Operational Risk

Edison's core businesses include building and managing technologically complex facilities for the production of electric power and hydrocarbons that are interconnected along the entire length of the value chain. The risk of losses or damages can arise from the unexpected unavailability of one or more pieces of equipment of critical importance for the production process caused by material damages to the equipment or specific components of it that cannot be fully covered or transferred by means of insurance policies. Prevention and control activities designed to contain the frequency of such events or minimize their impact require the adoption of high security standards, as well as frequently scheduled equipment overhauls, contingency planning and maintenance. When appropriate, appropriate risk management policies and *ad hoc* industrial insurance policies help minimize the potential consequences of such damaging events.

Information Technology

The Group's operations are supported by complex information systems, specifically with regard to the technical, commercial and administrative areas. To limit the risk of activity interruption caused by a system fault, Edison has adopted a high reliability hardware and software configuration for those applications that support critical activities. In addition, the services provided by the Group's outsourcer include a disaster recovery service that guarantees system recovery within time frames that are consistent with the critical relevance of the affected applications.

Liquidity

Managing the liquidity risk means hedging 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 cash flows, financing needs and liquidity of Group companies are managed centrally in order to optimize the use of financial resources. The strategic objective is to ensure that the Group has access at all times to sufficient committed facilities to meet the financial obligations that will become due during the ensuing 12 months.

A more detailed analysis of this risk is provided in the disclosure included in the notes to the financial statements to comply with IFRS 7.

Strategy and Planning Risks

Investments in Development and Acquisitions

The development of the core businesses of the Edison Group must be supported with direct investments (internal growth) and acquisitions.
Insofar as direct investments are concerned, in recent years, the Edison Group implemented an ambitious program to expand generating capacity, adding 7,000 MW. Additional investments included, in January 2009, the acquisition of exploration, production and development rights for the Abu Qir offshore concession, which required the payment of a signing bonus to the Egyptian General Petroleum Corporation.
Additional investments are planned for the future to support the growth of the Group's core businesses both in the electric power sector and the hydrocarbons area. This development strategy calls for expansion of the Group's international operations outside the European Union, in countries where Edison is already present, but where the political, social and economic environment is less stable.
As a result of these activities, the Edison Group is exposed to permit risks; risks of delays in the construction and launch of commercial activity of new projects; risk of increases in operating, materials and service costs; risks related to new developments in existing technologies; and risks related to changes in the political and regulatory framework in some of the countries where it operates or plans to operate in the future.
As for the strategy of growth through acquisitions, its success is predicated on Edison's ability to identify and seize opportunities available in the market to acquire assets or companies that would hold the growth of the Group's core businesses at an acceptable cost. In this area, there are no guarantees that Edison will be able to achieve the benefits expected from such transactions.

In order to minimize these risks, Edison has adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to requiring the use of appropriate formal procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes and strict project management and project control activities.
Lastly, the Edison Group is engaged in an ongoing process of research applied to the development of new technologies, some of which could be applied in its existing facilities. More detailed information about these activities is provided in the "Innovation, Research and Development" section of this Report.

Policies and Management Tools Adopted by the Group

Energy Risk Policy

Governance

The rules governing Energy Risks Management require that risk limits, stated in terms of economic capital, may be approved exclusively by the Board of Directors together with the budget.
The Risk Committee defines the policies, monitors risk levels, approves hedging strategies and defines any subsets of risk limits.
Consistent with the need to establish a clear separation of functions, the Risk Office, which reports to the CFO, prepares the items on the agenda of Risk Committee meetings and monitors compliance with limits and the results of financial hedges, while the Front Office, which reports to the manager of the Energy Management BU, executes transactions in the financial markets, striving to optimize their structure, timing and counterparties.

Financial Hedges

One of the objectives of the Group's risk management activity is to stabilize the cash flows generated by the existing portfolio of assets and contracts and use strategic hedging to protect the Group's EBITDA from fluctuations caused by the effect of the price risk and the foreign exchange risk (as defined above in the Risk Factors section of this chapter) on the commodities used.

Strategic hedging is carried out by means of financial hedges that are activated gradually during the year, based on market trends and changes in projections of the volumes of physical buy and sell contracts and the production of the Group's assets.
The gradual implementation of strategic hedging helps minimize the execution risk, which refers to the possibility that all hedges will be activated during an unfavorable market phase, the volume risk, which is related to the variability of the underlying items that require hedging based on the best volume projections, and the operational risk, which is related to implementation errors.

Moreover, the Group's policy is designed to minimize the use of financial markets for hedging purposes by maximizing the benefits of the vertical and horizontal integration of its different business segments.
Accordingly, the Group makes it a planning priority to physically balance the volumes of physical energy commodities that it will sell in the market on the different due dates, using for this purpose the production assets it owns and its portfolio of medium/long-term contracts and spot contracts.
In addition, the Group pursues a strategy designed to homogenize sources and physical uses, so that the formulas and indexing mechanisms that determine the revenues generated by the sale of energy commodities reflect as much as possible the formulas and indexing mechanisms that govern the costs that the Group incurs to purchase energy commodities in market transactions and to supply its production assets.
To manage the price and foreign exchange risk on the remaining exposure of its portfolio of assets and contracts, the Group can use structured hedges executed in the financial markets in accordance with a cash flow hedging strategy.

Financial hedges can also be established in response to specific requests by individual business units to lock in, with operational hedging, the margin earned on a single transaction or a limited number of related transactions.

Enterprise Risk Management Policy

The ERM Process and Assessments of the Impact on Margins-Objectives

The Enterprise Risk Management process is carried out concurrently with the development of the Budget and Strategic Plan by means of an annual Risk Self Assessment process, the results of which are presented annually when the Budget is approved and updated on the occasion of Audit Committee meetings. In this case as well, the model is based on information provided by the individual operating units and departments, each of which, limited to the areas under its jurisdiction, prepared a map of the existing risks based on three parameters that measure their impact, probability of occurrence and level of control.
The overall results for the first half of 2009 are reviewed in the Risk Factors section of this Report.
A coordinator is designated for each of the mapped priority risks and specific mitigating actions are identified and codified within predefined classes of actions. Regular updates are performed during the year to review the results of the selected mitigating actions and assess their potential impact.

Provisions for Risks

In addition to the disclosures provided above concerning risk management and mitigation activities, whenever it incurs current obligations arising from past events, which can be of a legal or contractual nature or implied by Company declarations or conduct such as to create in a third party a valid expectation that the Company will be responsible or assume responsibility for the performance of an obligation, the Edison Group sets aside appropriate amounts in special provisions for risks and charges, which are shown among the liabilities on the balance sheet (see also the Notes to the Semiannual consolidated financial report). Specifically, in the normal course of business, Group companies have become parties to judicial proceedings and tax disputes, a description of which is provided in the section of the Notes entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2009."

OTHER INFORMATION

Pursuant to Article 2428 of the Italian Civil Code, the Company provides the following disclosure:

- At June 30, 2009, it did not hold treasury shares or shares of its parent company, either directly or indirectly through nominees or other third parties. No transactions involving treasury shares or shares of the parent company were executed during the year, either directly or indirectly through nominees or other third parties.
- During the first half of 2009, the Group executed significant transactions with related parties, a description of which is provided in the section entitled "Intercompany and Related-Party Transactions" that appears in the "Other Information" chapter of the Semiannual consolidated financial report of the Group.
- No secondary registered offices have been established.

SEMIANNUAL CONSOLIDATED FINANCIAL REPORT

at June 30, 2009

Balance Sheet

06.30.2008	(in millions of euros)	See Note	06.30.2009	12.31.2008
	ASSETS			
7,489	Property, plant and equipment	1	7,521	7,416
11	Investment property	2	14	14
3,518	Goodwill	3	3,536	3,521
287	Hydrocarbon concessions	4	1,259	273
34	Other intangible assets	5	43	47
45	Investments in associates	6	52	51
216	Available-for-sale investments	6	279	248
143	Other financial assets	7	97	92
85	Deferred-tax assets	8	87	84
63	Other assets	9	34	63
11,891	**Total non-current assets**		**12,922**	**11,809**
281	Inventories		248	304
1,789	Trade receivables		2,098	2,330
8	Current-tax assets		10	14
651	Other receivables		512	422
35	Current financial assets		38	26
123	Cash and cash equivalents		117	188
2,887	**Total current assets**	10	**3,023**	**3,284**
-	**Assets held for sale**		**-**	**-**
14,778	**Total assets**		**15,945**	**15,093**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
5,292	Share capital		5,292	5,292
655	Equity reserves		648	480
1,164	Other reserves		1,132	1,171
(6)	Reserve for currency translations		2	(3)
623	Retained earnings (Loss carryforward)		711	623
102	Profit (Loss)		122	346
7,830	**Total Group interest in shareholders' equity**		**7,907**	**7,909**
110	Minority interest in shareholders' equity		158	164
7,940	**Total shareholders' equity**	11	**8,065**	**8,073**
66	Provision for employee severance indemnities and provision for pensions	12	65	65
590	Provision for deferred taxes	13	601	519
981	Provision for risks and charges	14	761	777
1,200	Bonds	15	1,201	1,198
1,068	Long-term financial debt and other financial liabilities	16	2,278	1,101
30	Other liabilities	17	33	30
3,935	**Total non-current liabilities**		**4,939**	**3,690**
26	Bonds		20	9
787	Short-term financial debt		1,088	899
1,392	Trade payables		1,283	1,659
44	Current taxes payable		22	54
654	Other liabilities		528	709
2,903	**Total current liabilities**	18	**2,941**	**3,330**
-	**Liabilities held for sale**		**-**	**-**
14,778	**Total liabilities and shareholders' equity**		**15,945**	**15,093**

An analysis of transactions with related parties is discussed in a separate disclosure provided in the Section of this Report entitled “Intercompany and Related-Party Transactions.”

Income Statement

2008 Full year (*)	(in millions of euros)	See Note	1st half 2009 (*)	1st half 2008 (*)
10,064	Sales revenues	19	4,589	4,913
665	Other revenues and income	20	226	318
10,729	**Total net revenues**		**4,815**	**5,231**
(8,863)	Raw materials and services used (-)	21	(3,967)	(4,312)
(223)	Labor costs (-)	22	(116)	(110)
1,643	**EBITDA**	23	**732**	**809**
(782)	Depreciation, amortization and writedowns (-)	24	(378)	(367)
861	**EBIT**		**354**	**442**
(100)	Net financial income (expense)	25	(80)	(63)
-	Income from (Expense on) equity investments	26	1	-
(31)	Other income (expense), net	27	2	(42)
730	**Profit before taxes**		**277**	**337**
(379)	Income taxes	28	(150)	(234)
351	**Profit (Loss) from continuing operations**		**127**	**103**
(4)	Profit (Loss) from discontinued operations		-	(3)
347	**Profit (Loss)**		**127**	**100**
	Broken down as follows:			
1	Minority interest in profit (loss)		5	(2)
346	**Group interest in profit (loss)**		**122**	**102**
	Earnings per share (in euros) (**)	29		
0.0647	Basic earnings per common share		0.0224	0.0186
0.0947	Basic earnings per savings share		0.0524	0.0486
0.0647	Diluted earnings per common share		0.0224	0.0186
0.0947	Diluted earnings per savings share		0.0524	0.0486

(*) Net revenues and raw materials and services used reflect a new presentation of trading activities that shows only the "negotiation margin" (net presentation).
(**) Computed only on the Group's interest in the profit for the corresponding first half.

An analysis of transactions with related parties is discussed in a separate disclosure provided in the Section of this Report entitled "Inter-company and Related-Party Transactions."

Other Components of the Comprehensive Income Statement

2008 Full year	(in millions of euros)	See Note	1st half 2009	1st half 2008
347	**Profit (Loss) (Minority and Group interest)**		**127**	**100**
	Other components of comprehensive income:			
(268)	- Change in the cash flow hedge reserve	11	219	(4)
(16)	- Profit (loss) from available-for-sale financial assets	11	(1)	(12)
-	- Differences on the translation of assets in foreign currencies		5	(1)
2	- Pro rata interest in other components of comprehensive income of investee companies		-	-
99	Income taxes attributable to other components of comprehensive income (-)		(81)	3
(183)	**Total other components of comprehensive income net of taxes**		**142**	**(14)**
164	**Total comprehensive profit (loss)**		**269**	**86**
	Broken down as follows:			
1	Minority interest in comprehensive profit (loss)		5	(2)
163	**Group interest in comprehensive profit (loss)**		**264**	**88**

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half of 2009, compared with the corresponding data for the same period in 2008. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in the Group's net financial position.

2008 full year	(in millions of euros)	1st half 2009	1st half 2008
350	Profit (Loss) from continuing operations	122	105
(4)	Profit (Loss) from discontinued operations	-	(3)
1	Minority interest in profit (Loss) from continuing operations	5	(2)
347	**Profit (Loss)**	**127**	**100**
782	Amortization, depreciation and writedowns	378	367
(1)	Interest in the result of companies valued by the equity method (-)	1	-
2	Dividends received from companies valued by the equity method	1	-
(5)	(Gains) Losses on the sale of non-current assets	4	(4)
(3)	Change in the provision for employee severance indemnities	-	(2)
(584)	Change in other operating assets and liabilities	(180)	(132)
538	**A. Cash flow from continuing operations**	**331**	**329**
(644)	Additions to intangibles and property, plant and equipment (-)	(1,387)	(242)
(232)	Additions to non-current financial assets (-)	(114)	(190)
48	Proceeds from the sale of intangibles and property, plant and equipment	13	20
373	Proceeds from the sale of non-current financial assets	-	236
-	Capital grants received during the period	-	-
(1)	Other current assets	(12)	(10)
(456)	**B. Cash used in investing activities**	**(1,500)**	**(186)**
386	Receipt of new medium-term and long-term loans	1,375	100
(161)	Redemption of new medium-term and long-term loans (-)	(126)	(21)
3	Capital contributions provided by controlling companies or other shareholders	-	3
(281)	Dividends paid to controlling companies or minority shareholders (-)	(278)	(281)
71	Change in short-term debt	131	91
18	**C. Cash used in financing activities**	**1,102**	**(108)**
-	**D. Liquid assets from changes in the scope of consolidation**	**(4)**	**(15)**
-	**E. Net currency translation differences**	**-**	**-**
(15)	**F. Net cash flow from operating assets of discontinued operations**	**-**	**-**
85	**G. Net cash flow for the period (A+B+C+D+E+F)**	**(71)**	**20**
103	**H. Cash and cash equivalents at the beginning of the period**	**188**	**103**
188	**I. Cash and cash equivalents at the end of the period (G+H)**	**117**	**123**
188	**L. Total cash and cash equivalents at end of period (I)**	**117**	**123**
-	**M. (-) Cash and cash equivalents of discontinued operations**	**-**	**-**
188	**N. Cash and cash equivalents of continuing operations (L-M)**	**117**	**123**

An analysis of transactions with related parties is discussed in a separate disclosure provided in the Section of this Report entitled "Intercompany and Related-Party Transactions."

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings (loss carry-forward)	Differences on the translation of assets in foreign currencies	Cash flow hedge reserve	Reserve for available-for-sale investments	Profit (Loss)	Group interest in shareholder equity	Minority interest in shareholder equity	Total shareholder equity
Balance at December 31, 2007	**5,292**	**49**	**2,161**	**(5)**	**(1)**	**11**	**497**	**8,004**	**147**	**8,151**
Share capital increase	-	-	-	-	-	-	-	-	3	3
Appropriation of the previous year's profit	-	23	474	-	-	-	(497)	-	-	-
Dividends distributed	-	-	(268)	-	-	-	-	(268)	(13)	(281)
Change in the scope of consolidation	-	-	-	-	-	-	-	-	(25)	(25)
Adjustment required by IAS 32 and IAS 39	-	-	-	-	(2)	(11)	-	(13)	-	(13)
Difference from translation of financial statements in foreign currencies and sundry items	-	-	7	(2)	-	-	-	5	-	5
Profit for the first half of 2008	-	-	-	-	-	-	102	102	(2)	100
Balance at June 30, 2008	**5,292**	**72**	**2,374**	**(7)**	**(3)**	**-**	**102**	**7,830**	**110**	**7,940**
Change in the scope of consolidation	-	-	-	-	-	-	-	-	51	51
Adjustment required by IAS 32 and IAS 39	-	-	-	-	(168)	(4)	-	(172)	-	(172)
Difference from translation of financial statements in foreign currencies and sundry items	-	-	3	4	-	-	-	7	-	7
Profit for the second half of 2008	-	-	-	-	-	-	244	244	3	247
Balance at December 31, 2008	**5,292**	**72**	**2,377**	**(3)**	**(171)**	**(4)**	**346**	**7,909**	**164**	**8,073**
Change in the scope of consolidation	-	-	-	-	-	-	-	-	1	1
Appropriation of the previous year's profit	-	19	327	-	-	-	(346)	-	-	-
Dividends distributed	-	-	(268)	-	-	-	-	(268)	(12)	(280)
Adjustment required by IAS 32 and IAS 39	-	-	-	-	138	(1)	-	137	-	137
Difference from translation of financial statements in foreign currencies and sundry items	-	-	2	5	-	-	-	7	-	7
Profit for the first half of 2009	-	-	-	-	-	-	122	122	5	127
Balance at June 30, 2009	**5,292**	**91**	**2,438**	**2**	**(33)**	**(5)**	**122**	**7,907**	**158**	**8,065**

NOTES TO THE CONSOLIDATED SEMIANNUAL FINANCIAL REPORT AT JUNE 30, 2009

Content and Presentation

The Edison Group's Semiannual Consolidation Financial Report at June 30, 2009, which was the subject of a limited audit, was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and its interim financial disclosures are consistent with the provisions of IAS 34 "Interim Financial Reporting." This Report complies with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).*

The principles of consolidation, the criteria used to translate financial statements denominated in foreign currencies, the accounting principles and the valuation criteria and estimates used to prepare this Report are consistent with those applied in the preparation of the Annual Report at December 31, 2008, which should be consulted for more detailed information. Recent revisions of international accounting principles and interpretations have been applied as of January 1, 2009. None of these revisions had a material impact on the consolidated financial statements of the Group. The most significant new pronouncements are reviewed below:

- IAS 23 revised, which no longer allows the alternative treatment of borrowing costs (method used by Edison until December 31, 2008). As a result, effective January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset must be capitalized when a significant period of time is required before the asset can be ready for its intended use or for sale.
- IAS 1 revised, which introduces new disclosure requirements provided by means of a schedule showing "Other Components of the Comprehensive Income Statement." This schedule, which supplements the income statement, lists the profit components provisionally recognized in equity, such as the change in the cash flow hedge reserve and the translation reserve and the result from available-for-sale financial assets. Earlier, information about any changes in these components could only be gleaned by analyzing the respective equity reserves.
- IFRS 8 "Operating Segments," which replaced IAS 14 "Segment Reporting." The required disclosure has been expanded to include an analysis of the products and services supplied by the enterprise and, if applicable, about major customers.
- Amendment to IFRS 2 "Share-based Payments," which introduces changes regarding plan vesting conditions and the accounting treatment of cancellations.
- IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction."

The following international accounting principles and interpretations published in the *O.J.E.U.* during the first half of 2009 will go into effect in 2010:

- IFRS 3 revised, which introduces changes on how goodwill from business combinations carried out in multiple phases should be valued.
- IAS 27 revised, pursuant to which minority interest in comprehensive profit must be recognized even if this produces a loss.
- IFRIC 12 "Service Concession Arrangements," which introduces changes to the accounting treatment of regulated activities operated under a concession arrangement.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation."

Moreover starting from this Semiannual Consolidation Financial Report, in the Income Statement revenues and raw materials and services used reflect the new presentation of trading activities that shows only the "negotiation margin" (net presentation) and caused the reclassification of the comparative amounts of the same period of 2008 and December 31, 2008.

Presentation Format of the Financial Statements Adopted by the Group

The presentation format of the financial statements adopted by the Group are the same as those used for the annual financial statements, except for the additional disclosures required by the adoption of IAS 1 revised. More specifically:

- In the Statement of Changes in Consolidated Shareholders' Equity, flows affecting the cash flow hedge reserve, the reserve for available-for-sale equity investments and the translation reserve are shown separately;
- A disclosure about "Other Components of the Comprehensive Income Statement" has been added.

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

Changes in the Scope of Consolidation Compared with December 31, 2008

The changes in the scope of consolidation that occurred in the first half of 2009 are reviewed below:

Electric Power Operations

- In March, Edison and Hellenic Petroleum entered into a joint venture agreement using as a vehicle Elpedison Bv, a company already consolidated at 50% by the proportional method. Pursuant to the agreements between the parties, Edison International Holding Nv conveyed to Elpedison Bv a 65% interest in Thisvi Sa and 55 million euros, while Helpe, the Greek joint venture partner, conveyed a 50% interest in Energiaki Thessalonikis Sa (T-Power). Subsequently, Elpedison Bv purchased the remaining 50% of T-Power for 55 million euros.

  At June 30, 2009, as a result of these transactions:
  - Elpedison Bv, a 50-50 joint venture of Edison International Holding Nv and Hellenic Petroleum that owns 100% of Energiaki Thessalonikis Sa (T-Power) and 65% of Thisvi Sa, is being consolidated at 50% by the proportional method.
  - As of March 31, 2009, as a result of the conveyance to the abovementioned joint venture, Thisvi Sa is being consolidated at 50% (proportional method) instead of 65% (line by line method).
  - Energiaki Thessalonikis Sa (T-Power) has been added to the scope of consolidation as of March 31, 2009 and is being consolidated at 50% by the proportional method. This transaction had no impact on the income statement.

  The process of merging Thisvi Sa and Energiaki Thessalonikis Sa (T-Power) is currently in progress and should be completed later this year.

Hydrocarbons Operations

- In January 2009, Edison International Spa completed the acquisition of the Abu Qir concession, north of Alexandria, in Egypt, at a price of 1,011 million euros. Abu Qir Petroleum Company, an operating company in which Edison International Spa holds a 50% interest, was established in connection with this transaction.
- On March 10, 2009, the Group closed the purchase of an 80% interest in AMG Gas Srl at a price of 25 million euros. AMG Gas Srl, which distributes natural gas to customers in the Palermo metropolitan area, is being consolidated line by line as of March 31, 2009. Goodwill totaling 16 million euros was recognized in connection with this acquisition.
- Volta Spa, which is being liquidated, was deconsolidated as of April 30, 2009.

A preliminary analysis of the impact produced on the Group's balance sheet by business combinations completed during the first half of 2009 is provided in the section of this Report entitled "Information About Business Combinations (IFRS 3)."

Financial Highlights for the First Half of 2009 of Companies Consolidated by the Proportional Method

(Amounts in millions of euros, based on the pro rata interest held)

	Edipower Spa	Sel Edison	Ibiritermo Sa	Parco Eolico Castelnuovo Srl	ED-Ina D.O.O.	IWH	Ascot Srl	Elpedison Bv	Energiaki Thessalonikis Sa (T-Power) (*)	Thisvi Power Generation Plant Sa	Kinopraxia Thisvi	Abu Qir Petroleum Company	IGI Poseidon Sa
Proportional method %	50.0%	42.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	65.0%	50.0%	50.0%
Consolidated Group interest %	50.0%	42.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	32.5%	65.0%	50.0%	50.0%
Income statement													
Sales revenues	273	7	-	-	7	-	-	-	1	-	12	-	-
EBITDA	96	5	-	-	-	-	-	-	(1)	-	-	-	-
as a % of sales revenues	*35.2%*	*64.7%*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*n.m.*	*n.a.*	*n.a.*
Depreciation, amortization and writedowns (-)	(64)	(1)	-	-	-	-	-	-	(1)	-	-	-	-
EBIT	**33**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**
Profit (Loss)	**4**	**2**	**4**	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**
of which minority interest in Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance sheet													
Total assets	**2,107**	**53**	**90**	**2**	**11**	**-**	**-**	**43**	**108**	**60**	**12**	**-**	**1**
Shareholders' equity	**1,010**	**36**	**19**	**1**	**-**	**(1)**	**-**	**43**	**29**	**4**	**-**	**-**	**1**
of which minority interest in shareholder's equity	-	-	-	-	-	-	-	-	-	1	-	-	-
Net financial debt (financial assets)	**731**	**11**	**(35)**	**-**	**(2)**	**-**	**-**	**-**	**73**	**29**	**(3)**	**-**	**1**

(*) The income statements amounts are recognized as of the acquisition date.

GROUP FINANCIAL RISK MANAGEMENT

This chapter describes the policies and principles adopted by Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions certificates, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk).
In accordance with IFRS 7 and with the disclosures discussed earlier in the Report on Operations, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

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

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, coal, petroleum products and environmental securities), which have an impact on the revenues and expenses of its production, storage and marketing operations. These fluctuations affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the resulting exchange rate risk.

Consistent with the Energy Risk Policies, the Group could use hedging financial derivatives to minimize or contain risk.
At the operational and governance level for hedging industrial portfolio, the entire Group's assets and contract portfolio, with derivatives instruments was described in the Notes to the consolidated financial statements at December 31, 2008.

At June 30, 2009, outstanding financial derivatives were measured at fair value against the forward market curve on the reference date of the financial statements, when the underlying assets were traded on markets that provided official and liquid forward prices. When no forward market quotes were available, projected price curves based on simulation models developed internally by the Edison Group were used.
In Italy, the forward market for electric power currently takes place mainly on a trading platform operated by a brokerage firm, called Tradition Financial Services (TFS).
The following forward products are quoted, with or without physical delivery, on this platform:

- baseload
- peak
- off-peak

for different expirations (e.g., CAL09, Q1, Q2, Q3, Q4, week, etc.).
On the TFS platform, these products are seldom quoted for lengths of time that rarely exceed one year. For longer expirations, quarters are seldom quoted on a daily basis, particularly peak and off-peak products.
In addition, in the fall of 2008, electric power futures started to trade on IDEX, a segment of Borsa Italiana's derivatives market, which, however, is less liquid and handles exclusively trading in financial products. Only baseload products with a maximum time horizon of two years are traded on this market.
Information about forward prices derived from these two markets is used as input for the internal model used to measure the fair value of the abovementioned products. Obviously, the model does not use this input for periods longer than the trading period.

As required by IFRS 7, a simulation is carried out for the financial derivatives that hedge the industrial portfolio to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives. The simulation is carried out for a length of time equal to the residual lives of outstanding financial contracts, the farthest maturity of which is

currently December 31, 2011. For financial contracts maturing in 2009, the method requires the simulation of 10,000 scenarios, as they apply to each material price driver, taking into account the volatility data and correlations of the spot markets. For financial contracts maturing after 2009, the method requires the use of the volatilities and correlations of the forward markets. If available, the forward market curves on the date of the financial statements are used as a reference level.
Having thus obtained a probability distribution for changes in fair value, it then becomes possible to extrapolate the maximum expected negative change in the fair value of outstanding financial contracts over the length of a reporting year with a level of probability of 97.5%. Based on the method explained above, the maximum negative variance in the fair value of financial instruments expected by the end of 2009, with a 97.5% probability compared with the fair value determined at June 30, 2009, is 145 million euros (60.2 million euros at June 30, 2008), as shown in the table below:

Profit at Risk (PaR)	06.30.2009		06.30.2008	
	Level of probability	Expected negative variance in fair value (millions of euros)	Level of probability	Expected negative variance in fair value (millions of euros)
Edison Group	97.5%	145	97.5%	60.2

In other words, compared with the fair value determined for the financial contracts outstanding at June 30, 2009, the probability of a negative variance greater than 145 million euros by the end of 2009 is limited to 2.5% of the scenarios.
The main reasons for the significant increase that occurred compared with June 30, 2008 include: a higher volume of financial hedges required for the industrial portfolio, due mainly to an increase in sales at a fixed price; longer time horizons of hedging contracts, which reflect increased liquidity in the Italian electric power market for maturities beyond the reporting year; and, lastly, greater volatility in the financial markets.
The hedging strategy deployed during the first half of 2009 enabled the Group to comply with its risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limits. Without hedging, the amount of economic capital absorbed at June 30, 2009 by the industrial portfolio would have been equal to 68% of the approved limit, with an average absorption for the semester of 136%. With hedging, the amount of economic capital absorbed at June 30, 2009 by the industrial portfolio was equal to 31% of the approved limit, with an average absorption 53% in the first half of the year.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special trading portfolios, separate from the Group's industrial portfolio. Trading portfolios are monitored based on strict risk ceilings. As is the case for the industrial portfolio, compliance with these ceilings is monitored by an organizational unit independent of the trading unit. The daily VaR[1] limit with a 95% probability on the trading portfolios is 2.6 million euros, with a stop loss of 26.6 million euros. The VaR limit was 26% utilized at June 30, 2009 and the average utilization for the year was 30%.
As is the case for the industrial portfolio, economic capital that represents the total risk capital available to support the market risks entailed by trading activities is allocated to the entire set of trading portfolios. In this case, the economic capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for possible structured or illiquid positions. The economic capital ceiling for the entire set of trading portfolios is 40.9 million euros. This limit was 26% utilized at June 30, 2009 and the average utilization for the year was 30%.

1. Value 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.

2. Foreign Exchange Risk Not Related to the Commodity Risk

Except for the issues mentioned above in connection with the commodity risk, the Group has no significant exposure to the foreign exchange risk, the remaining portion of which arises mainly from the translation of the financial statements of certain foreign subsidiaries and cash flows in foreign currencies of limited amount concerning purchases of equipment. As a rule, foreign subsidiaries use the same currencies in the invoices they issue and the invoices they pay.

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs. The Group is mainly indexed to Euribor.

Gross financial debt (in millions of euros)	06.30.2009			12.31.2008		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	723	1,452	32%	731	1,558	49%
- variable rate portion	3,864	3,135	68%	2,476	1,649	51%
Total gross financial debt	**4,587**	**4,587**	**100%**	**3,207**	**3,207**	**100%**

As shown by the breakdown in the preceding table, the Group's exposure to the risk of fluctuations in interest rates can be quantified at about 68% of its total gross exposure (51% at December 31, 2008). The remaining 32% at fixed rates (49% at December 31, 2008) reflects both indebtedness originally at a fixed rate and derivatives executed to hedge bank borrowings or bonds payable contractually indexed to variable rates.

The interest rate risk hedging policy is based on the following approach: the Group does not execute derivative contracts for speculative purposes. On the contrary, the main objective is to minimize any volatility affecting debt service costs. The transactions in question are hedging transactions, including both transactions that qualify for hedge accounting, in accordance with IAS 39, and transactions executed as economic hedges. In both cases, the aim is to mitigate the impact of increases in the Euribor rate on borrowing costs, while continuing to benefit from any rate reductions. This objective is achieved by using hedges to establish an optimum mix of fixed and variable rates in the composition of the Group's indebtedness.
The main transactions in Edison's portfolio are perfect examples of the implementation of these principles. In the case of Edison Spa, most of the hedges concerned bond issues, because bonds are the most stable funding source (for a capsule description of the outstanding bond issues, see the table provided below in the section entitled "Default Risk and Debt Covenants"). For a portion of the 700-million-euro bond issue amounting to 350 million euros, derivative were used to change the original 5.125% fixed rate into a variable rate. As for the 500-million-euro bond issue, floated with a variable rate, a portion equal to 200 million euros was converted to a fixed rate, and a structure that prevents the contractual rate to rise above 3.95% was negotiated for the remaining 300 million euros.
In the case of Edipower, which received a medium/long-term syndicated financing facility of 2 billion euros (original contract value) indexed to variable rates, utilized for 1.5 billion euros (750 million euros being the pro rata amount recognized by Edison) at June 30, 2009, hedging was carried out by means of an interest rate swap that caps the interest rate at 4.20% (the hedged amount is equal to 68% of the utilized portion of the facility at June 30, 2009).

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 2009.

Sensitivity analysis	1st half 2009			06.30.2009		
(in millions of euros)	Impact on financial expense (P&I)			Impact on the cash flow hedge reserve (S.E.)		
	+50bps	base	-50bps	+50bps	base	-50bps
Edison Group	72	62	58	(21)	(26)	(31)

Sensitivity analysis	1st half 2008			12.31.2008		
(in millions of euros)	Impact on financial expense (P&I)			Impact on the cash flow hedge reserve (S.E.)		
	+50bps	base	-50bps	+50bps	base	-50bps
Edison Group	71	69	65	(12)	(19)	(24)

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.

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.

A program for the assignment of trade receivables without recourse on a monthly revolving basis got under way last year.

The receivables assigned without recourse totaled about 1,307 million euros in the first half of 2009. At June 30, 2009, assigned receivables that were still exposed to recourse risk did not represent a material amount.

When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Group deals only with entities with a high credit rating. At June 30, 2009, there was no significant exposure to risks related to a possible further deterioration of the overall financial environment.

The table below shows an overview of trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The perceptible decrease in trade receivables that took place between December 31, 2008 and June 30, 2009 reflects the impact of the reduction in sales revenues that occurred in the first half of 2009, compared with the same period last year, compounded by a seasonal reduction in consumption of natural gas by residential users.

(in millions of euros)	06.30.2009	12.31.2008
Gross trade receivables	2,219	2,406
Allowance for doubtful accounts (-)	(121)	(76)
Trade receivables	**2,098**	**2,330**
Guarantees held	606	345
Receivables 9 to 12 months in arrears	26	16
Receivables more than 12 months in arrears	86	64

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, 23% (9 to 12 months in arrears) and 31% (more than 12 months) is owed by agencies of the Italian public administration that are supplied by Edison Energia Spa under CONSIP contracts.

5. Liquidity Risk

The liquidity risk represents the risk that the Group may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario - showing undiscounted nominal future cash flows, both for principal and accrued interest, required for financial liabilities, including trade accounts payable and interest rate derivatives - in which assets (cash and cash equivalents, trade receivables, etc.) are not taken into account and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst case (in millions of euros)	06.30.2009			12.31.2008		
	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	3	44	1,253	7	50	1,266
Financial debt and other financial liabilities	709	303	2,464	277	463	1,187
Trade accounts payables	1,232	51	-	1,606	53	-
Total	**1,944**	**398**	**3,717**	**1,890**	**566**	**2,453**

The strategic goal to ensure that the Group has access at all times to sufficient committed facilities to meet its financial obligations over the ensuing 12 months is pursued concurrently with the objective of lengthening the average life of its debt, thereby stabilizing and consolidating its sources of funds.
The short-term debt, amounted to 1,012 million euros due within a year, includes the utilization of 250 million of euros of the 1,500-million-euro syndicated standby credit line (expiration date 2013), that in July 2009 was not fully drawn.
Moreover, the short-term debt includes 120 million euros in financing owed by companies established by Edison and the autonomous provinces of Trent and Bolzano for the purpose of operating jointly hydroelectric power plants. In addition, 80 million euros are owed by the Greek affiliates Thisvi Sa and Energiaki Thessalonikis Sa (T-Power). The Group expects that all of the abovementioned facilities owed by the two Italian companies and the Greek companies will be consolidated into medium-term debt. The remaining indebtedness consists mainly (395 million euros) of short-term credit lines used to finance working capital. Because of the revolving nature of these facilities, they are renewed on an ongoing basis. Moreover, at June 30, 2009, the Group held liquid assets totaling 117 million euros.
Lastly, at June 30, 2009, the Edison Group had access to unused committed lines of credit amounting to 718 million euros, consisting mainly of the balance of a syndicated standby credit line of 1,500 million euros that expires in 2013. A total of 900 million euros had been drawn from this facility at June 30, 2009 and 650 million euros recognized as financial debt due after one year (see *infra* in the same paragraph). Due to the characteristics of this credit line, further drawn could be done to lengthening the average life of debts.
As shown by the increase in indebtedness due after one year, compared with December 31, 2008, the Group is continuing to pursue the objective of lengthening its debt maturities not only by increasing the amount drawn from its 1,500-million-euro standby credit line (+650 million euros, compared with December 31, 2008) but also by utilizing a new three-year facility provided to Edison Spa in May 2009 on a club-deal basis by a pool of Italian and international banks, the full amount of which (600 million euros) had been drawn down at June 30, 2009.
The Group's liquidity will also benefit from the effect due to 700-million-euro bond emission of July 22, 2009, with expiration date on July 22, 2014.
The table that follows provides a breakdown by maturity of Group's gross financial debt at June 30, 2009. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk because they do not reflect expected nominal cash flows, using instead amortized cost or fair value valuations for derivatives, i.e., the amounts at which financial liabilities were recognized in the accounting records at June 30, 2009.

As mentioned above, the new Club Deal credit line of 600 million euros is listed based on its contractual maturity of May 2012.

(in millions of euros)	06.30.2010	06.30.2011	06.30.2012	06.30.2013	06.30.2014	Due after 5 years	Total
Bonds	20	701	500	-	-	-	1,221
Borrowings and other financial liabilities:							
- due to banks	944	199	1,265	673	77	7	3,165
- due to other lenders	144	42	2	1	8	4	201
Gross financial debt	**1,108**	**942**	**1,767**	**674**	**85**	**11**	**4,587**

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above).
Two Edison Group issues of debt securities (Euro Medium-term Notes), with a total face value of 1,200 million euros, were outstanding at June 30, 2009 (see table below):

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	2.010%

In addition, considering the pro rata consolidation of Edipower's debt, the Group is a party to non-syndicated loan agreements totaling 398 million euros and syndicated loan agreements with a total face value of 3,057 million euros, 718 million euros of which were unused at June 30, 2009.
As a rule, 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 from providing 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 obligations 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). Similar commitments are

included in the loan agreement for the 600-million-euro facility provided to Edison, in May 2009, by a pool of Italian and international banks on a Club Deal basis. In this case, the loan agreement, in addition to the obligations and restrictions mentioned above, also sets forth requirements concerning compliance with financial ratios (financial covenants). Specifically, the ratio of EBITDA to financial expense and the ratio of net financial debt to EBITDA may not be higher or lower, respectively, than predetermined thresholds. The threshold levels were determined conservatively, based on the Group's industrial plan.
As for the other Group companies, certain loan agreements that some of them have negotiated 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 - Long Life Cover Ratio, or ratio between net financial debt and EBITDA or shareholders' equity) and 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 billion 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.

Currently, none of the Group companies has been found to be in default by any of the lender banks.

Analysis of Forward Transactions and Derivatives

The Group carry out 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 the results derived from it are included in reported EBITDA and are recognized in the income statement.
Whenever possible, the Group 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. Management of interest rate risk, foreign exchange risk and energy commodities risk. 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 portfolios. As explained above, these portfolios include physical as well as financial energy commodity contracts. Both the realized results and projected value of these transactions are included in EBITDA.

Instruments Outstanding at June 30, 2009

The tables below provide the following information:

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

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 Rate and Foreign Exchange Rate Hedges

(in millions of euros)	Notional amount (*)		Notional amount (*)	Notional amount (*)	Balance sheet amount (**)	Cumulative impact on the income statement at 06.30.2009 (***)
	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	265		457	-	(27)	(1)
- contracts that do not qualify as hedges in accordance with IAS 39	1,210		432	54	18	18
Total interest rate derivatives	**1,475**		**889**	**54**	**(9)**	**17**
	due within 1 year		due between 2 and 5 years	due after 5 years		
	receivable	payable	receivable	receivable		
Foreign exchange rate risk management						
- contracts that qualify as hedges in accordance with IAS 39:						
- on commercial transactions	757	-	182	5	(42)	-
- on financial transactions	-	-	-	-	-	-
- on non-cash transactions	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:						
- on commercial transactions	92	-	-	-	(7)	(7)
- on financial transactions	51	-	-	-	-	-
Total foreign exchange rate derivatives	**900**	**-**	**182**	**5**	**(49)**	**(7)**

(*) 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) Commodity Risk Hedges

	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 06.30.2009 (***) (millions of euros)
Price risk management for energy products						
A. Cash flow hedges pursuant to IAS 39, broken down as follows:					**18**	**1**
- Electric power	TWh	(1.79)	(0.02)	-	8	-
- LNG and oil	Barrels	8,957,840	2,672,110	14,100	10	1
B. Contracts that qualify as fair value hedges under IAS 39		**-**	**-**	**-**	**-**	**-**
C. Contracts that do not qualify as hedges under IAS 39, margin hedges:					**17**	**17**
- Electric power	TWh	1.26	(0.17)	-	4	4
- LNG and oil	Barrels	(56,195)	34,000	5,000	15	15
- Coal	millions of tons	0.04	-	-	(1)	(1)
- CO_2	millions of tons	0.12	-	-	(1)	(1)
TOTAL					**35**	**18**

(*) + 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.

C) Trading Portfolio

	Unit of measure of notional amount	Notional amount due within one year (*)	Notional amount due within two years (*)	Notional amount due after two years (*)	Balance sheet value (**) (millions of euros)	Cumulative impact on the income statement at 06.30.2009 (***) (millions of euros)
Trading portfolio						
Derivative contracts:					**14**	**14**
- Electric power	TWh	(0.34)	0.02	-	13	13
- LNG and oil	Barrels	(43,430)	(44,170)	-	-	-
- Coal	millions of tons	0.01	0.01	-	-	-
- CO_2	millions of tons	(0,34)	-	(0,25)	1	1
Physical contracts:					**8**	**8**
- Electric power	TWh	1.08	(0.10)	-	8	8
TOTAL					**22**	**22**

(*) + 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.

Effects of Hedging and Trading Derivative Transactions on the Income Statement and Balance Sheet in the First Half of 2009

The table below provides an analysis of the financial results generated by hedging and trading derivative transactions at June 30, 2009, including the impact of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair Value recognized for contracts outstanding at 12.31.2008 (B)	Portion (B) realized during the period (B1)	Fair value recognized for contracts outstanding at 06.30.2009 (C)	Change in fair value during the period (D)=(C-B)	Amounts recognized in earnings (A+D)
Sales revenues and other revenues and income (see Notes 19 and 20 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	31	-	-	2	2	33
- not definable as hedges pursuant to IAS 39	12	12	10	26	14	26
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	1	1	1	-	-
Margin on Trading Activities						
- Sales revenues from physical contracts included in the trading portfolios (***)	472	148	75	166	18	490
- Other revenues and income from derivatives included in the trading portfolios (****)	20	28	15	30	2	22
- Raw materials and services used from physical contracts included in the trading portfolios (***)	(471)	(144)	29	(158)	(14)	(485)
- Raw materials and services used from derivatives included in the trading portfolios (****)	(8)	(11)	(6)	(16)	(5)	(13)
Total margin on trading activities	**13**	**21**	**113**	**22**	**1**	**14**
Total (A)	**56**	**34**	**124**	**51**	**17**	**73**
Raw materials and services used (see Note 21 in the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(150)	(5)	(5)	(1)	4	(146)
- not definable as hedges pursuant to IAS 39	(24)	(20)	(17)	(9)	11	(13)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	20	1	1	-	(1)	19
- not definable as hedges pursuant to IAS 39	-	-	-	(8)	(8)	(8)
Total (B)	**(154)**	**(24)**	**(21)**	**(18)**	**6**	**(148)**
TOTAL INCLUDED IN EBITDA (A+B)	**(98)**	**10**	**103**	**33**	**23**	**(75)**
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	2	1	1	-	(1)	1
- not definable as hedges pursuant to IAS 39	13	16	5	25	9	22
Total financial income (C)	**15**	**17**	**6**	**25**	**8**	**23**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	(7)	-	-	(1)	(1)	(8)
- not definable as hedges pursuant to IAS 39	(17)	(10)	(2)	(7)	3	(14)
Total financial expense (D)	**(24)**	**(10)**	**(2)**	**(8)**	**2**	**(22)**
Margin on interest rate hedging transactions (C+D)=(E)	**(9)**	**7**	**4**	**17**	**10**	**1**
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	3	-	-	-	-	3
Total foreign exchange gains (F)	**3**	**-**	**-**	**-**	**-**	**3**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	(7)	-	-	-	-	(7)
- not definable as hedges pursuant to IAS 39	(5)	(1)	-	-	1	(4)
Total foreign exchange losses (G)	**(12)**	**(1)**	**-**	**-**	**1**	**(11)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**(9)**	**(1)**	**-**	**-**	**1**	**(8)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 25 to the Income Statement)	**(18)**	**6**	**4**	**17**	**11**	**(7)**

(*) Includes the effective portion included in Raw materials and services used (Note 21 to the Income Statement) for purchases of natural gas.
(**) Includes the ineffective portion.
(***) Amounts included in Sales revenues (Note 19 to the Income Statement) under margin on trading activites.
(****) Amounts included in Other revenues and income (Note 20 to the Income Statement) under margin on trading activites.

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

(in millions of euros)	06.30.2009		12.31.2008	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	7	(56)	32	(56)
Interest rate transactions	26	(35)	11	(24)
Commodity transactions	309	(252)	201	(418)
Fair value recognized as current asset or current liability	**342**	**(343)**	**244**	**(498)**
Broken down as follows:				
- recognized as “Trade receivables and payables”	166	(158)	148	(144)
- recognized as "Other receivables and payables"	150	(150)	85	(329)
- recognized as "Current financial assets" and "Short-term financial debt"	26	(35)	11	(25)

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 51 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, 2009.

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

Financial instrument type (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: earnings		equity	Financial instruments valued at amortized cost	Equity investments valued at cost	**Carryng value at 06.30.2009**	Fair value at 06.30.2009
	(1)	(2)	(3)	(4)	(5)		
ASSETS							
Available-for-sale equity investments, including:							
- not publicly traded securities	-	-	-	-	272	**272**	n.a.
- publicly traded securities	-	-	7	-	-	**7**	7
						279	
Other financial assets [7] [10]	-	-	-	97	-	**97**	97
Other assets [10]	-	-	-	34	-	**34**	34
Trade receivables [9] [10]	166	-	-	1,932	-	**2,098**	2,098
Other receivables [6] [10]	74	76	-	362	-	**512**	512
Other current financial assets [6] [8] [10]	34	-	-	4	-	**38**	38
Cash and cash equivalents [10]	-	-	-	117	-	**117**	117
LIABILITIES							
Bonds	-	-	-	1,221	-	**1,221**	1,250
Financial debt [6] [10]	8	27	-	3,331	-	**3,366**	3,366
Trade payables [9] [10]	158	-	-	1,125	-	**1,283**	1,283
Other liabilities [6] [10]	50	100	-	378	-	**528**	528

(1) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.
(2) Cash flow hedges.
(3) Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.
(4) Loans, receivables and financial liabilities valued at amortized cost.
(5) Available-for-sale financial assets consisting of investments in unlisted securities the fair value of which cannot be measured reliably are valued at cost, reduced by any impairment losses.
(6) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(7) Includes 77 million euros in loans receivable classified as long term following the adoption of IFRIC 4
(8) Includes equity investments held for trading.
(9) Includes receivables from the measurement at fair value of derivatives and equity investments held for trading.
(10) 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 segments, identified by the Group according to IFRS 8, correspond to the Electric Power Operations, the Hydrocarbons Operations, the residual sector Corporate Activities and other segments. This segment information disclosure is based on the same structure used for the reports that are periodically analyzed and reviewed by the Board of Directors to manage the business activities and for management reporting, planning and control purposes.

With regard to information by geographic regions, it is important to note that, in the first half of 2009, the Edison Group started to significantly expand its international operations, making substantial investments in property, plant and equipment, including power plants under construction in Greece (with a net carrying value of 164 million euros at June 30, 2009), infrastructural projects and mineral leases in foreign countries (valued at 1,336 million euros at June 30, 2009). Actually, foreign operations economic contribution is not significant.

As for the disclosure about major customers, two customers of the Electric Power Operations generate considerable revenues, which totaled 1,565 million euros in the first six months of 2009.

INCOME STATEMENT (in millions of euros)	Electric Power		Hydrocarbons		Corporate Activities and other segments		Disposal Group		Adjustments		Edison Group	
	1st half 2009	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008
Sales Revenues	**3,232**	**3,772**	**2,342**	**2,444**	**26**	**38**	**-**	**-**	**(1,011)**	**(1,341)**	**4,589**	**4,913**
- intra-Group Revenue	2	2	990	1,321	19	18			(1,011)	(1,341)		
EBITDA	**556**	**636**	**223**	**209**	**(47)**	**(36)**	**-**	**-**	**-**	**-**	**732**	**809**
as a % of revenues	17.2%	16.9%	9.5%	8.6%	n.m.	n.m.					16.0%	16.5%
Depreciation, amortization and writedowns	(260)	(282)	(114)	(79)	(4)	(6)	-	-	-	-	(378)	(367)
EBIT	**296**	**354**	**109**	**130**	**(51)**	**(42)**	**-**	**-**	**-**	**-**	**354**	**442**
as a % of revenues	9.2%	9.4%	4.7%	5.3%	n.m.	n.m.	-	-	-	-	7.7%	9.0%
Net financial income (expense)											(80)	(63)
Interest in result of companies valued by equity method											(1)	-
Income taxes											(150)	(234)
Profit (Loss) from continuing operations											**127**	**103**
Profit (Loss) from discontinued operations							**-**	**(3)**			**-**	**(3)**
Minority interest in profit (loss)											**5**	**(2)**
Group interest in profit (loss)											**122**	**102**

BALANCE SHEET (in millions of euros)	Electric Power		Hydrocarbons		Corporate Activities and other segments		Disposal Group		Adjustments		Edison Group	
	06.30.09	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08
Total assets	**11,629**	**11,948**	**3,933**	**3,366**	**4,995**	**3,302**	**-**	**-**	**(4,612)**	**(3,523)**	**15,945**	**15,093**
Total liabilities	**4,220**	**3,958**	**2,612**	**2,111**	**3,740**	**2,674**	**-**	**-**	**(2,692)**	**(1,723)**	**7,880**	**7,020**
Net financial debt											**4,355**	**2,920**

OTHER INFORMATION (in millions of euros)	Electric Power		Hydrocarbons		Corporate Activities and other segments		Disposal Group		Adjustments		Edison Group	
	1st half 2009	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008	**1st half 2009**	1st half 2008
Capital expenditures	186	96	128	96	1	6	-	-	-	-	315	198
Investments in exploration	-	-	55	40	-	-	-	-	-	-	55	40
Investments in intangibles	3	-	1,011	-	3	4	-	-	-	-	1,017	4
Total capital investments	**189**	**96**	**1,194**	**136**	**4**	**10**	**-**	**-**	**-**	**-**	**1,387**	**242**

	Electric Power		Hydrocarbons		Corporate Activities and other segments		Disposal Group		Adjustments		Edison Group	
	06.30.09	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08	**06.30.09**	12.31.08
Number of employees	**1,875**	**1,849**	**1,355**	**507**	**609**	**605**	**-**	**-**	**-**	**-**	**3,839**	**2,961**

NOTES TO THE BALANCE SHEET

Assets

Non-current Assets

1. Property, Plant and Equipment

Property, plant and equipment, which is comprised of the Group's production assets, totaled 7,521 million euros, for a net increase of 105 million euros compared with the previous year (7,416 million euros). The table that follows shows a breakdown of the changes that occurred in the first half of 2009:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2008 (A)	**853**	**6,114**	**12**	**4**	**433**	**7,416**
Changes in the first half of 2009:						
- Additions	3	43	-	-	269	315
- Disposals (-)	(6)	(11)	-	-	(2)	(19)
- Depreciation (-)	(21)	(270)	(2)	(1)	-	(294)
- Decommissioning costs	-	3	-	-	-	3
- Change in scope of consolidation	7	122	-	-	(22)	107
- Other changes	-	45	1	1	(54)	(7)
Total changes (B)	**(17)**	**(68)**	**(1)**	**-**	**191**	**105**
Balance at 06.30.2009 (A+B)	**836**	**6,046**	**11**	**4**	**624**	**7,521**

The changes that occurred in the first six months of 2009 included:

- **Additions** of 315 million euros. A breakdown by business segment is as follows:

(in millions of euros)	1st half 2009	1st half 2008
Electric Power Operations	**186**	**96**
broken down as follows:		
- thermoelectric area	79	64
- hydroelectric area	33	17
- renewable sources (wind power, photovoltaic, etc.)	74	15
Hydrocarbons Operations	**128**	**96**
broken down as follows:		
- hydrocarbon fields in Italy	20	28
- hydrocarbon fields outside Italy	89	48
- transmission and storage facilities	19	20
Corporate activities and other segments	**1**	**6**
Total for the Group	**315**	**198**

- **Disposals** of 19 million euros, which refer mainly to buildings belonging to the electric power operations. In the aggregate, these transactions generated a net loss of 4 million euros.
- The **change in the scope of consolidation** reflects the impact of the joint venture transaction with Hellenic Petroleum discussed earlier in this Report, which involved:
  - The consolidation of the property, plant and equipment of a combined-cycle power plant owned by Energiaki Thessalonikis Sa (T-Power) in Thessaloniki (Greece);
  - The partial deconsolidation of a power plant under construction in Thisvi (Greece).
- **Depreciation** of property, plant and equipment totaled 294 million euros. It includes 258 million euros for the electric power operations (280 million euros at June 30, 2008) and 34 million euros

for the hydrocarbons operations (27 million euros at June 30, 2008). Corporate activities and other segments account for the balance.

The amount of financial expense capitalized as an addition to property, plant and equipment in accordance with IAS 23 (revised) was not material.

In addition, the net carrying amount of property, plant and equipment includes:
- **Assets transferable at no cost** with an aggregate value of 506 million euros (535 million euros at December 31, 2008) related mainly to concessions held by the Edison Group (68 hydroelectric concessions and 61 natural gas and water distribution concessions).
- **Assets acquired under finance leases** totaling 94 million euros (97 million euros at December 31, 2008), which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounted to 4 million euros, is shown under "Short-term financial debt."

2. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, totaled 14 million euros, unchanged compared with December 31, 2008. The depreciation for the period amounted to less than 1 million euros.

3. Goodwill

Goodwill totaled 3,536 million euros, or 16 million euros more than at the end of 2008. This increase, which is attributable to the hydrocarbons operations, reflects the acquisition of an 80% interest in AMG Gas Srl.
The goodwill 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)	06.30.2009	12.31.2008	Change
Electric power operations	2,838	2,839	(1)
Hydrocarbons operations	698	682	16
Total	**3,536**	**3,521**	**15**

No impairment indicators that affected the value of goodwill were detected in the first six months of 2009.

4. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which include 85 mineral leases in Italy and abroad (including 3 storage concessions) for the extraction of hydrocarbon deposits, were valued at 1,259 million euros at June 30, 2009, for a net increase of 986 million euros (the amortization for the period amounted to 24 million euros). The change is due mainly to the award to the Edison Group of a concession conveying exploration, production and development rights for the Abu Qir offshore field in Egypt for an amount of 1,011 million euros (see "Information about Business Combination (IFRS 3)").

5. Other Intangible Assets

The balance of 43 million euros shown for patents, licenses and similar rights refers mainly to software licenses. Hydrocarbon research and exploration costs, which were charged in full to income, totaled 55 million euros in the first six months of 2009, or 15 million of euros more than the same period of 2008 due to the more foreign exploration activities. In the first half of 2009, no amount was capitalized as a result of successful exploration and subsequent development activities, as required by IFRS 6.

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

The total includes 52 million euros in investments in companies valued by the equity method and 279 million euros in available-for-sale investments. The latter amount includes an investment in RCS Mediagroup (7 million euros) and a 10% interest in Terminale GNL Adriatico Srl (264 million euros). This company owns the offshore regasification terminal located off the coast of Porto Viro (RO).
The table below shows the main changes that occurred in the first six months of 2009:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2008 (A)	**51**	**248**	**299**
Changes in the first half of 2009:			
- Changes in share capital	2	32	34
- Writedowns and valuations at equity (-)	(1)	(1)	(2)
Total changes (B)	**1**	**31**	**32**
Balance at 06.30.2009 (A+B)	**52**	**279**	**331**

An analysis of the changes that occurred during the first half of 2009 is provided below:

- **Changes in share capital** totaling 34 million euros refer to Terminale GNL Adriatico Srl (32 million euros) and Galsi Spa (2 million euros). The latter will operate the underwater natural gas pipeline linking Algeria, Sardinia and Tuscany, currently under engineering.
- **Writedowns and valuations at equity** totaling 2 million euros reflect for the most part the impact of marking to market the investment in RCS, with the offset posted to shareholders' equity.

7. Other Financial Assets

Other financial assets, which totaled 97 million euros, consist of loans receivable due after one year. This item includes the following:

- a 77-million-euro receivable under a finance lease for the Ibiritermo power plant recognized as required by IFRIC 4;
- 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 CIP6/92 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, which were valued based on realistic assumptions that they would be realized and produce tax benefits within the limited time horizon covered by the industrial plans approved by companies, amounted to 87 million euros and reflect taxed provisions for risks (29 million euros), differences in the valuation of property, plant and equipment (27 million euros) and a tax-loss carryforward (14 million euros). Other differences stemming from the adoption of IAS 39 account for the balance. The 1% increase on additional corporate income taxes (the so-called Robin Hood Tax) determined a rise on deferred-tax assets for 10 million of euros and the net impact in the income statements, offset of deferred taxes, is negative for 12 million euros.

9. Other Assets

Other assets totaled 34 million euros (63 million euros at December 31, 2008). The components of this account are tax refunds receivable of 18 million euros (net of an allowance for doubtful accounts of 1 million euros and including accrued interest through June 30, 2009) and 16 million euros in sundry receivables, consisting mainly of security deposits.

10. Current Assets

(in millions of euros)	06.30.2009	12.31.2008	Change
Inventories	248	304	(56)
Trade receivables	2,098	2,330	(232)
Current-tax assets	10	14	(4)
Other receivables	512	422	90
Current financial assets	38	26	12
Cash and cash equivalents	117	188	(71)
Total current assets	**3,023**	**3,284**	**(261)**

A review of the individual components is provided below:

- A breakdown of **inventories** by business segment is as follows:

(in millions of euros)	Engeneering consumables	Stored natural gas	Fuel oil	Other materials	Total at 06.30.2009	Total at 12.31.2008	Change
Electric power operations	44	-	26	4	74	56	18
Hydrocarbons operations	12	155	7	-	174	248	(74)
Total for the Group	**56**	**155**	**33**	**4**	**248**	**304**	**(56)**

  The decrease compared with December 31, 2008 refers mainly to changes in the inventory of stored natural gas. Inventories include strategic natural gas reserves, valued at 13 million euros, the use of which is restricted.

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

(in millions of euros)	06.30.2009	12.31.2008	Change
Electric power operations	1,806	1,739	67
Hydrocarbons operations	383	834	(451)
Corporate activities and other segments and eliminations	(91)	(243)	152
Total trade receivables	**2,098**	**2,330**	**(232)**
Allowance for doubtul accounts	**(121)**	**(76)**	**(45)**

  Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, contracts to sell natural gas and Power Exchange transactions.

  The trade receivable balance includes 166 million euros for the fair value of physical energy commodity contracts included in the trading portfolios.

  Moreover, during the first half of 2009, the Group executed transactions assigning without recourse trade receivables totaling 1,307 million euros.

- **Current-tax assets** of 10 million euros includes amounts owed by the tax authorities for overpayments of corporate income taxes (IRES) and local income taxes (IRAP) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company.
- **Other receivables** totaled 512 million euros. They include receivables arising from the valuation of derivatives (150 million euros) and other items consisting mainly of amounts owed by partners and associates in hydrocarbon exploration projects (55 million euros), receivables from public local entities (52 million euros), advances to suppliers for 68 million euros (including amounts paid under take-or-pay clauses) and amounts owed by the controlling company (Transalpina di Energia Srl) in connection with the filing of the consolidated income tax return (20 million euros).

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

(in millions of euros)	06.30.2009	12.31.2008	Change
Equity investments held for trading	8	7	1
Loans receivable	4	8	(4)
Derivatives	26	11	15
Total current financial assets	**38**	**26**	**12**

A more detailed presentation of the overall effects of financial derivatives (26 million euros) is provided in a separate section of this Report.

- **Cash and cash equivalents** of 117 million euros consist of short-term deposits in bank and postal accounts and other short-term investments. At June 30, 2009, the impact of the change in consolidation was negative by 4 million euros.

Liabilities and Shareholders' Equity

11. Group Interest and Minority Interest in Shareholders' Equity

The Group's interest in shareholders' equity amounted to 7,907 million euros, consistent with December 31, 2008. This decrease is the net result of the profit earned in the first six months of 2009 (122 million euros), the distribution of dividends (268 million euros, equal to a dividend of 0.05 euros per common share and 0.08 euros per savings share) and a reduction in the negative cash flow hedge reserve (138 million euros).

Minority interest in shareholders' equity totaled 158 million euros. The decrease of 6 million euros, compared with December 31, 2008 (164 million euros), is due mainly to the distribution of dividends attributable to minority shareholders (12 million euros), offset in part by the profit for the period (5 million euros).

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

Cash flow hedge reserve

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2008	(270)	99	(171)
Changes in the first half of 2009	219	(81)	138
Reserve at June 30, 2009	**(51)**	**18**	**(33)**

The table below shows the changes that occurred in the reserve for available-for-sale investments, which refers mainly to RCS Mediagroup Spa:

Reserve for available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2008	(4)	-	(4)
Changes in the first half of 2009	(1)	-	(1)
Reserve at June 30, 2009	**(5)**	**-**	**(5)**

Reconciliations of the net profit of Edison Spa to the Group's interest in profit (loss) and of the shareholders' equity of Edison Spa to the Group's interest in shareholders' equity are provided below:

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

12.31.2008	(in millions of euros)	06.30.2009	06.30.2008
374	**Net profit of Edison Spa**	**362**	**263**
(269)	Intra-Group dividends eliminated in the consolidated financial statements	(322)	(269)
261	Results of subsidiaries, affiliated companies and joint ventures not recognized in the financial statements of Edison Spa	76	111
(16)	Difference in valuation of the result of discontinued operations and divestments	-	(37)
(4)	Other consolidation adjustments	6	34
346	**Group interest in profit (loss)**	**122**	**102**

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

06.30.2008	(in millions of euros)	06.30.2009	12.31.2008
6,826	**Shareholders' equity of Edison Spa**	**7,013**	**6,769**
	Carrying value of equity investments eliminated against the pro rata interest in the shareholders' equity of investee companies, including:		
(1,787)	- Elimination of the carrying value of consolidated equity investments	(1,945)	(1,875)
2,810	- Recognition of the shareholders' equities of consolidated companies	2,809	2,994
4	Valuation of equity investments valued by the equity method	5	6
(23)	Other consolidation adjustments	25	15
7,830	**Group interest in shareholders' equity**	**7,907**	**7,909**

Non-current Liabilities

12. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions reflect the severance indemnities and other employee benefits accrued at June 30, 2009. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for employee severance indemnities that is still held by the Company. The table below shows the changes that occurred in the first half of 2009:

(in millions of euros)	Provision for severance indemnities	Provision for pensions	Total
Balance at 12.31.2008 (A)	**56**	**9**	**65**
Changes in the first half of 2009:			
- Financial expense	2	-	2
- Actuarial (gains) losses (+/-)	(1)	-	(1)
- Utilizations (-)/Other changes	(2)	1	(1)
Total changes (B)	**(1)**	**1**	**-**
Balance at 06.30.2009 (A+B)	**55**	**10**	**65**

At June 30, 2009, counting the employees of companies consolidated by the proportional method, the Edison Group had 3,839 employees, compared with 2,961 employees at December 31, 2008. The net increase of 878 employees reflects mainly the impacts on the change in the scope of consolidation connected to the Abu Qir concession and to the acquisition of AMG Gas Srl.

The table below provides a breakdown by business segment of the Group's staff:

(number of employees)	06.30.2009	12.31.2008	Change
Electric Power operations	1,875	1,849	26
Hydrocarbons operations	1,355	507	848
Corporate activities and other segments	609	605	4
Total for the Group	**3,839**	**2,961**	**878**

13. Provision for Deferred Taxes

The balance of 601 million euros reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as deemed cost to value property, plant and equipment. The 1% increase on additional corporate income taxes (the so-called Robin Hood Tax) determined a rise on deferred taxes for 22 million of euros.

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)	06.30.2009	12.31.2008	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	604	609	(5)
- Adoption of standard on finance leases (IAS 17)	52	49	3
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	4	8	(4)
- Other deferred taxes	7	8	(1)
Total deferred-tax liabilities (A)	**667**	**674**	**(7)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	52	50	2
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	2	(2)
- shareholders' equity	13	101	(88)
- Othre prepaid taxes	1	2	(1)
Total deferred-tax assets (B)	**66**	**155**	**(89)**
Total provision for deferred taxes (A-B)	**601**	**519**	**82**

14. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 761 million euros, a decrease of 16 million euros compared with December 31, 2008.

The table below shows the changes that occurred in the first half of 2009:

(in millions of euros)	12.31.2008	Additions	Utilizations	Other changes and reclassifications	06.30.2009
- Disputed tax items	71	2	(2)	1	72
- Risks for disputes, litigation and contracts	151	6	(2)	-	155
- Charges for contractual guarantees on sale of equity investments	82	-	-	-	82
- Provisions for decommissioning and site remediation	331	7	(1)	3	340
- Environmental risks	26	1	(2)	-	25
- Other risks and charges	116	6	(35)	-	87
Total for the Group	**777**	**22**	**(42)**	**4**	**761**

The main changes that occurred in the first half of 2009 are reviewed below:

- **Additions** of 22 million euros included 7 million euros for financial expense on decommissioning provisions and 4 million euros for accrued statutory and tax interest on existing provisions, with environmental, legal and contractual risks accounting for the balance.
- The main **utilizations,** which totaled 42 million euros, included 29 million euros for the settlement of a dispute with savings shareholders, 7 million euros for charges incurred mainly for the remediation or decommissioning of industrial sites and other environmental remediation projects and 2 million euros for the settlement of outstanding disputes, mainly involving tax issues.
- **Other changes** refer mainly to an addition due to the change on the estimated value of the provisions for site decommissioning and remediation, which is offset by a corresponding increase in property, plant and equipment (3 million euros).

More detailed information about the changes in the provisions for risks is provided in the section of these Notes entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2009."

15. Bonds

The balance of 1,201 million euros represents the non-current portion of the bonds issued by the Group, valued at amortized cost.

The table below shows the balance outstanding at June 30, 2009 and indicates 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 Exchange	EUR	700	Annual in arrears	5.125%	12.10.2010	700	19	750
Edison Spa	Luxembourg Exchange	EUR	500	Quarterly in arrears	2.010%	07.19.2011	501	1	500
Total for the Group			**1,200**				**1,201**	**20**	**1,250**

16. Long-term Financial Debt and Other Financial Liabilities

A breakdown of these liabilities is as follows:

(in millions of euros)	06.30.2009	12.31.2008	Change
Due to banks	2,221	1,086	1,135
Due to other lenders	57	15	42
Total for the Group	**2,278**	**1,101**	**1,177**

The increase compared with December 31, 2008 refers mainly to the utilization of committed credit lines in connection with the payment of 1,011 million euros disbursed to acquire the Abu Qir concession, in Egypt. In May, Edison Spa signed a three-year loan agreement for a 600-million-euro facility provided by a pool of banks that was used to consolidate to a medium-term maturity the short-term lines utilized in January 2009.

Other changes included the following:

- Early repayment of a portion (100 million euros) of Edipower's facility.
- Within the framework of the Energiaki Thessalonikis Sa (T-Power) acquisition, consolidation of the existing indebtedness (Edison's pro rata share was 41 million euros).

The amount owed to other lenders includes 16 million euros payable to minority shareholders of consolidated companies.

17. Other Liabilities

Other liabilities of 33 million euros refer mainly to the deferral of the gain realized by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy Srl, a company consolidated on a line-by-line basis.

18. Current Liabilities

A breakdown of current liabilities is provided in the table below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Bonds	20	9	11
Short-term financial debt	1,088	899	189
Trade payables	1,283	1,659	(376)
Current taxes payable	22	54	(32)
Other liabilities	528	709	(181)
Total current liabilities	**2,941**	**3,330**	**(389)**

The main current liability accounts are reviewed below:

- **Bonds** amounting to 20 million euros represent for the most part accrued interest at June 30, 2009.
- **Short-term financial debt,** which totaled 1,088 million euros, includes 944 million euros due to banks, 35 million euros of which represent the effect of measuring at fair value interest rates and currency derivatives; the Energiaki Thessalonikis Sa (T-Power) short-term financial debt (33 million euros), 16 million euros owed to unconsolidated subsidiaries in liquidation and 4 million euros for short-term obligations owed to leasing companies.
- A breakdown of **trade payables** by business segment is provided below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Electric power operations	1,008	1,081	(73)
Hydrocarbons operations	345	794	(449)
Corporate activities and other segments and eliminations	(70)	(216)	146
Total trade payables	**1,283**	**1,659**	**(376)**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.
  This item also includes 158 million euros for the fair value of physical energy commodity contracts included in the trading portfolios, amount fully related to the electric power operations.
- **Current taxes payable** of 22 million euros represent the liability for income taxes owed by Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl) and reflect the additional corporate income tax (IRES) liability for the so-called "Robin Hood Tax", which will be paid separately by the individual companies upon which it is being levied.
- The main components of **other liabilities** of 528 million euros include liabilities stemming from the measurement at fair value of financial instruments (150 million euros), amounts owed to joint holders of permits and concessions for the production of hydrocarbons (80 million euros), the amount owed to the controlling company (Transalpina di Energia Srl) in connection with the filing of a consolidated tax return (31 million euros), the amount owed to employees (30 million euros), payables owed to social security institutions (28 million euros), payables owed to Tax Administration (other than current tax payables for 21 million euros) and amounts owed to shareholders (21 million euros).

NET FINANCIAL DEBT

At June 30, 2009, net financial debt totaled 4,355 million euros, or 1,435 million euros more than the 2,920 million euros owed at December 31, 2008.

The change that occurred during the first quarter of 2009 also reflects the impact of a positive operating cash flow, which offset in part the period's investment outlays in intangibles assets and property, plant and equipment (1,387 million euros, including 1,011 million euros for the Abu Qir concession), investment in financial assets (114 million euros, including 55 million euros for T-Power, 25 million euros for AMG Gas Srl, 32 million euros for share capital contributions to Terminale GNL Adriatico and 2 million euros for Galsi), net financial expense (80 million euros), dividend payments (278 million euros), income taxes (186 million euros) and an increase caused by a change in the scope of consolidation (about 40 million euros).

Consistent with the practice followed at the end of 2008, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	Balance Sheet note ref.	06.30.2009	12.31.2008	Change
Long-term financial debt				
Bonds - non-current portion	15	1,201	1,198	3
Non-current bank loans	16	2,221	1,086	1,135
Amounts due to other lenders - non-current portion	16	57	15	42
Other non-current financial assets (*)	7	(77)	(73)	(4)
Total net long-term financial debt		**3,402**	**2,226**	**1,176**
Short-term financial debt				
Bonds - current portion	18	20	9	11
Current loans payable	18	1,088	899	189
Current financial assets	10	(38)	(26)	(12)
Cash and cash equivalents	10	(117)	(188)	71
Total net short-term financial debt		**953**	**694**	**259**
Net financial debt		**4,355**	**2,920**	**1,435**

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

Net financial debt includes 249 million euros stemming from transactions with related parties (179 million euros owed to Mediobanca and 70 million euros owed to Banca Popolare di Milano).
In addition, short-term financial debt includes 16 million euros owed to unconsolidated subsidiaries and affiliated companies.

NOTES TO THE INCOME STATEMENT

During the first half of 2009, the energy industry was heavily penalized by the adverse economic conditions that also affected Italy, causing a nationwide slump in the demand for electric power and natural gas. In this negative environment, which included a steady decline of the benchmark prices for the electric power sector, the Group demonstrated the resilience of its business operations, that are substantially consistent with the same period last year results netted by non-recurring effects and the change in the scope of consolidation. Specifically, EBITDA totaled 732 million euros, compared with 809 million euros in the first six months of 2008 (-9.5%).

An analysis by business segment is provided below:

- The EBITDA reported by the **electric power operations** amounted to 556 million euros. The decrease of 12.6% compared with the same period last year is largely due to the contraction in demand that occurred at the national level (down 8.2% compared with the first six months of 2008), specifically for thermoelectric uses, and the reduction on margin of CIP6/92 segment due to the expiration of some CIP6/92 contracts and the change in scope of consolidation resulting from the sale of 7 thermoelectric power plant operated in the second quarter of 2008. On a more positive note, the beneficial impact of AEEG Resolution No. 30/09, which allowed the reimbursement of green certificate costs incurred by CIP6/92 facilities with an impact for 10 million euros. Specifically, the first half of 2008 included the positive impacts of previous years due to reimbursements of emission rights and green certificates for 51 million euros.
- Despite a sharp drop in national demand (down 11.8% versus the first half of 2008) that was particularly severe for thermoelectric (-22.6%) and industrial (-20.4%) users, the **hydrocarbons operations** reported EBITDA of 223 million euros, for a gain of about 6.7% compared with the first half of 2008. This performance was made possible primarily by the higher average sales price compared with the same period in 2008 (due to the time lag which the formula applied to develop benchmark price reflects changes in crude oil prices), on the other hands higher volumes and margins generated by the Group's international exploration and production activities, largely due to the start of operations at Abu Qir and the development of the Rosetta Field in Egypt.

Compared with the same period last year, the Group recorded increases both in exploration investments (up 15 million euros), which were charged in full to income during the period, and in net financial expense (up 17 million euros, due mainly to higher net foreign exchange losses). Insofar the increase in net financial debt did not generate more financial expenses due to the reduction on interest rate.

The Group's interest in net profit totaled 122 million euros, or 20 million euros more than the 102 million euros earned in the first six months of 2008.

The bottom line was also adversely affected by the enactment of Decree Law No. 1441, which introduced a 1% IRES (corporate income tax) surcharge (the so-called Robin Hood Tax), which increased the tax burden by a total of 16 million euros while the first half of 2008 was affected by the introduction of Robin Hood Tax with a 101-million-euro impact.

19. Sales Revenues

Sales revenues totaled 4,589 million euros, for 6.6% less than the 4,913 million euros reported at June 30, 2008.

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

(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	Change	% change
Revenues from the sales of:				
- Electric power	2,789	3,408	(619)	(18.2%)
- Natural gas	1,287	1,045	242	23.2%
- Steam	56	78	(22)	(28.2%)
- Oil	29	59	(30)	(50.8%)
- Green certificates	64	2	62	n.m.
- Water and other utilities	3	16	(13)	(81.3%)
- Other sales revenues	8	3	5	n.m.
Total sales revenues	**4,236**	**4,611**	**(375)**	**(8.1%)**
Revenues from services provided	10	9	1	n.m.
Storage services	19	12	7	58.3%
Transmission revenues	304	244	60	24.6%
Margin on trading activites	5	26	(21)	(80.8%)
Other revenues from sundry services	15	11	4	36.4%
Total for the Group	**4,589**	**4,913**	**(324)**	**(6.6%)**

(*) Reflect the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

The above amount also reflects the pro rata share attributable to the first half of 2009 of the benefit produced by AEEG Resolutions No. 77/08, No. 80/08 and No. 30/09, which defined the criteria for the recovery, through a rate change, of the costs incurred by companies with power plants operating under CIP6/92 contracts to comply with emissions rights and green certificates requirements.

The table below illustrates the results attributable to physical and financial energy commodity contracts held in trading portfolios, included in sales revenues and in other revenues and income:

(in millions of euros)	See Note	1st half 2009	1st half 2008
Margin on physical contracts included in trading portfolios			
Sales revenues		490	238
Raw materials and services used		(485)	(212)
Total included in sales revenues	19	**5**	**26**
Margin on derivatives included in trading portfolios			
Other revenues and income		22	21
Raw materials and services used		(13)	(20)
Total included in other revenues and income	20	**9**	**1**
Total margin on trading activites		**14**	**27**

Breakdown of Sales Revenues by Business Segment

(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	Change	% change
Electric power operations	3,232	3,772	(540)	(14.3%)
Hydrocarbons operations	2,342	2,444	(102)	(4.2%)
Corporate activities and other segments	26	38	(12)	(31.6%)
Eliminations	(1,011)	(1,341)	330	(24.6%)
Total for the Group	**4,589**	**4,913**	**(324)**	**(6.6%)**

(*) Reflects the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

More specifically:

- The 14.3% decrease in sales revenues reported by the **electric power operations,** compared with the first six months of 2008, reflects the negative impact of economic scenario that produced a decrease on the national demand for electric power and on benchmark prices. The increase on the sales units is due to the rise on the sales to final customers ant to wholesalers while the sales on Power Exchange are in decrease. In the CIP6/92 segment, the sale of seven thermoelectric power plants in the second quarter of 2008 and the expiration of some contracts have determined a decrease on the sales revenues.
- The revenues booked by the **hydrocarbons operations** in the first six months of 2009 were 4.2% lower than in the same period last year, reflecting the decrease in unit sales caused by a nationwide drop in demand for natural gas. The resulting effect nullified the benefit produced by a positive change in unit sales prices, which were higher than in the first half of 2008 mainly because of the time lag with which the formula applied to develop benchmark prices reflects changes in crude oil prices. On the other hand, the contribution provided by the Group's international production operations, which included the output of the new Abu Qir concession, increased compared with the first six months of 2008.

20. Other Revenues and Income

Other revenues and income totaled 226 million euros. A breakdown is as follows:

(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	Change	% change
Commodity derivatives	59	74	(15)	(20.3%)
Margin on trading activites	9	1	8	n.m.
Recovery of costs from Edipower's Tollers	72	79	(7)	(8.9%)
Recovery of costs from partners in hydrocarbon exploration projects	7	9	(2)	(22.2%)
Out of period income	45	106	(61)	n.m.
Utilizations of provisions for risks	3	8	(5)	(62.5%)
Sundry items	31	41	(10)	(24.4%)
Total for the Group	**226**	**318**	**(92)**	**(28.9%)**

(*) Reflects the new presentation of trading activities that shows only the "negotiation margin" (net presentation).

Out of period income reflects in part the portion attributable to previous years of the positive impact produced on power plants operating under CIP6/92 contracts by AEEG Resolution No. 30/09, which concerned the recovery of the costs incurred to purchase green certificates. For the first half 2008 the voice included benefits due to AEEG Resolution No. 77/08 and 80/08 regarding CO_2 emission rights and green certificates.

The main components of **sundry items** are:

- Insurance settlements of 10 million euros for accidents that occurred at thermoelectric power plants in previous years;
- Gains from the sale of property, plant and equipment amounting to 2 million euros.

21. Raw Materials and Services Used

Raw materials and services used totaled 3,967 million euros, or 8% less than the costs incurred in the first half of 2008 (4,312 million euros). This decrease, which affected both the electric power operations (-16.2%) and the hydrocarbons operations (-5.9%), is the result of the same causes discussed on the note "Sales revenues", about unit sales and prices.

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

(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	Change	% change
- Natural gas	1,673	2,090	(417)	(20.0%)
- Electric power	622	686	(64)	(9.3%)
- Dispatching and balancing market	85	70	15	21.4%
- Blast furnace, recycled and coke furnace gas	118	221	(103)	(46.6%)
- Oil and fuel	146	190	(44)	(23.2%)
- Demineralized industrial water	17	18	(1)	(5.6%)
- Green certificates	107	47	60	n.m.
- CO_2 emissions rights	13	126	(113)	(89.7%)
- Coal, utilities and other materials	58	73	(15)	(20.5%)
Total	**2,839**	**3,521**	**(682)**	**(19.4%)**
- Facilities maintenance	79	84	(5)	(6.0%)
- Transmission of electric power and natural gas	576	484	92	19.0%
- Professional services	48	45	3	6.7%
- Insurance services	14	13	1	7.7%
- Writedowns of trade and other receivables	40	11	29	n.m.
- Commodity derivatives	167	33	134	n.m.
- Additions to provisions for miscellaneous risks	9	7	2	28.6%
- Change in inventories	59	(29)	88	n.m.
- Use of property not owned	40	39	1	2.6%
- Sundry charges	96	104	(8)	(7.7%)
Total for the Group	**3,967**	**4,312**	**(345)**	**(8.0%)**

(*) Raw material and services used of trading activities are excluded. The new presentation of this activities shows the "negotiation margin" (net presentation) at the Note 19 Sales revenues and 20 Other revenues and income.

The reduction, compared with the same period of 2008, in the amount for "**natural gas**" reflects the lower consumption of the thermoelectric power plants, due to the drop in the national demand for electric power, and the decrease in the average cost of the gas supply. The amounts also included the positive impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (19 million euros).

The decrease in costs for CO_2 emissions rights, which declined from 126 million euros in the first half of 2008 to 13 million euros in the same period this year, reflects both a drop in the level of emissions generated during the first half of 2009, compared with the same period last year, and a reduction in the unit cost paid to purchase the certificates.
Change in inventories refers mainly to utilization of natural gas storage.
Sundry charges include losses on sales of property, plant and equipment (6 million euros), advertising expenses incurred to institutional communications (8 million euros), current taxes and indirect taxes (about 6 million euros), services costs (4 million euros) and professional services (about 40 million euros).

Breakdown of Raw Materials and Services Used by Business Segment

(in millions of euros)	1st half 2009 (*)	1st half 2008 (*)	Change	% change
Electric power operations	2,779	3,317	(538)	(16.2%)
Hydrocarbons operations	2,153	2,287	(134)	(5.9%)
Corporate activities and other segments	49	52	(3)	(5.8%)
Eliminations	(1,014)	(1,344)	330	(24.6%)
Total for the Group	**3,967**	**4,312**	**(345)**	**(8.0%)**

(*) Raw material and services used of trading activities are excluded. The new presentation of this activities shows the "negotiation margin" (net presentation) at the Note 19 Sales revenues and 20 Other revenues and income.

22. Labor Costs

Based on the average payroll for the period, labor costs totaled 116 million euros, or about 5% more than in the first half of 2008, when they totaled 110 million euros.
Counting the staff attributable to companies consolidated by the proportional method, the Edison Group had 3,839 employees at June 30, 2009, up from 2,961 employees at December 31, 2008. This increase is the net result of the acquisition of the Abu Qir concession (784 employees) and AMG Gas Srl (44 employees).

23. EBITDA

EBITDA totaled 732 million euros, or 77 million euros less (-9.5%) than the 809 million euros earned in the first half of 2008.

A breakdown by business segment is provided in the table below:

(in millions of euros)	1st half 2009	as a % of sales revenues	1st half 2008	as a % of sales revenues	EBITDA % change
Electric power operations	556	17.2%	636	16.9%	(12.6%)
Hydrocarbons operations	223	9.5%	209	8.6%	6.7%
Corporate activities and other segments	(47)	n.m.	(36)	n.m.	n.m.
Total for the Group	**732**	**16.0%**	**809**	**16.5%**	**(9.5%)**

More specifically:
- In the first half of 2009, the performance of the **electric power operations** at the EBITDA level was adversely affected by lower national demand, particularly on thermoelectric segment, and a contraction of the margins earned on transmission services and, on CIP6/92 segment, the expiration of some contracts and the change in the scope of consolidation causing reported EBITDA to decrease by 12.6% compared with the same period of 2008. The net production decreased for 22.7% compared to the same period of 2008, more specifically from thermoelectric production (-28.5%) partially offset by an increase on hydroelectric production and by a better unit revenues on the sales to final customers.
- The opposite was true for the **hydrocarbons operations,** which reported a 6.7% EBITDA gain, despite a reduction in unit sales caused by the extremely poor conditions that characterized the manufacturing sector. The EBITDA improvement reflects the impact of the larger contribution provided by the international production activities and of the consistent unit revenues compared to the same period of 2008 due to the time lag which the formula applied to develop benchmark price reflects changes in crude oil prices.

24. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 378 million euros, is provided below:

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Depreciation of property, plant and equipment	294	310	(16)	(5.2%)
Amortization of hydrocarbon concessions	24	12	12	100.0%
Amortization of other intangible assets	59	45	14	31.1%
Writedown of intangibles	1	-	1	n.m.
Total for the Group	**378**	**367**	**11**	**3.0%**

Breakdown by Business Segment

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Electric power operations	260	282	(22)	(7.8%)
Hydrocarbons operations	114	79	35	44.3%
Corporate activities and other segments	4	6	(2)	(33.5%)
Total for the Group	**378**	**367**	**11**	**3.0%**

More specifically:

- The entire decrease shown for the **electric power operations** is attributable mainly to the change in scope of consolidation resulting from the sale of thermoelectric power plants that operated under CIP6/92 contracts (5 million euros), to the expiration of some CIP6/92 contracts (7 million euros) and to the absence this year of the accelerated depreciation booked in the first half of 2008.
- The increase reported by the **hydrocarbons operations** at June 30, 2009 reflects mainly the amortization of the intangible asset recognized upon the acquisition of the Abu Qir concession (about 11 million euros) and the impact of higher hydrocarbon exploration costs, amortized in full during the period, which rose to 55 million euros, up from 40 million euros in the first six months of 2008, due mainly to an expansion of the Group's exploration activities, mainly in Egypt and Qatar.

25. Net Financial Income (Expense)

Net financial expense increased to 80 million euros, or 17 million euros more than in the first half of 2008, due mainly to transactional foreign exchange losses.

However, even though net financial debt was up sharply during the first six months of 2009, due mainly to expenditures incurred in January to acquire the Abu Qir hydrocarbon concession, total financial expense was virtually unchanged compared with the first half of 2008, due mainly to a significant reduction in reference interest rates (at June 30, 2009 68% of the Group's total exposure is at variable interest rates).

A breakdown of net financial expense is as follows:

(in millions of euros)	1st half 2009	1st half 2008	Change
Financial income			
Financial income from financial derivatives	23	18	5
Interest earned on finance leases	6	5	1
Interest earned on bank and postal accounts	2	4	(2)
Other financial income	7	11	(4)
Total financial income	**38**	**38**	**-**
Financial expense			
Interest paid on bond issues	(25)	(30)	5
Financial expense from financial derivatives	(22)	(22)	-
Interest paid to banks	(40)	(42)	2
Bank fees	(5)	(3)	(2)
Financial expense on decommissioning projects	(7)	(7)	-
Financial expense in connection with employee severance benefits	(2)	(2)	-
Interest paid to other lenders	(3)	(2)	(1)
Other financial expense	(3)	(8)	5
Total financial expense	**(107)**	**(116)**	**9**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	49	22	27
Foreign exchange translation losses	(60)	(7)	(53)
Net foreign exchange translation gain (loss)	**(11)**	**15**	**(26)**
Net financial income (expense) for the Group	**(80)**	**(63)**	**(17)**

More specifically:

- **Interest earned on finance leases** of 6 million euros reflects the adoption of IFRIC 4;
- **Other financial income** of 7 million euros consists mainly of interest earned on trade receivables;
- **Financial expense on decomissioning projects,** which amounted to 7 million euros, is offset by provisions for decommissioning and remediation of industrial sites attributable to the hydrocarbons operations for about 6 million euros and to the electric power operations for the balance.
- **Foreign exchange gains and losses** reflect mainly the impact of translating assets and liabilities of foreign companies and gains and losses generated by commercial transactions.

26. Income from (Expense on) Equity Investments

The table that follows provides a breakdown of the net result from equity investments:

(in millions of euros)	1st half 2009	1st half 2008	Change
Income from equity investments			
Dividends	1	1	-
Revaluations of trading securities	1	1	-
Gain on the sale of equity investments	-	7	(7)
Total income from equity investments	**2**	**9**	**(7)**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	(1)	(1)	-
Writedowns of trading securities	-	(1)	1
Addition to the provision for risks on equity investments	-	(7)	7
Total expenses on equity investments	**(1)**	**(9)**	**8**
Total Group income from (expenses on) equity investments	**1**	**-**	**1**

27. Other Income (Expense), Net

Net other income of 2 million euros reported at June 30, 2009 is the result of nonrecurring items that are not directly related to the Group's industrial or financial operations. The main items included in this account are:

- **Income** of 13 million euros mainly from settlements of various insurance claims under occupational risk policies (8 million euros) and compensation for contractual guarantees in connection with the acquisition of EDF Energia Italia (3 million euros).
- **Expense** of 11 million euros, including 4 million euros paid in a partial settlement of a dispute concerning the electric power operations. The accrual of statutory and tax interest on existing provisions for risks accounts for most of the balance.

28. Income Taxes

The tax burden for the first half of 2009 amounted to 150 million euros, compared with 234 million euros in the same period last year. Both periods are affected by exceptional tax effects: the first half of 2008 for a negative impact of 101 million of euros for the introduction of the 5,5% additional income taxes (the so-called Robin Hood Taxes), of which 29 million of euros for current taxes and 72 million of euros for deferred tax assets and liabilities; the first half of 2009 for a negative impact of 16 million of euros, of which 4 million euros for current taxes and 12 million euros for deferred taxes, due to the increase of one percentage point in the IRES surcharge, raising the so-called Robin Hood Tax from 5.5% to 6.5%, which resulted from the recent enactment of Decree Law No. 1441 (that modified the Decree Law No. 112 of July 25, 2008) even if the bill is not definitive.

A breakdown of income taxes is provided below:

(in millions of euros)	1st half 2009	1st half 2008	Change
Current taxes	159	208	(49)
Net deferred-tax liabilities (assets)	(11)	24	(35)
Income taxes attributable to previous years	2	2	-
Total for the Group	**150**	**234**	**(84)**

Current taxes include 145 million euros for corporate income taxes (IRES), 27 million euros for regional taxes (IRAP), a benefit of 17 million euros generated by filing the consolidated income tax return and 4 million euros for foreign taxes.

The tax rate of both periods, without the extraordinary effect described above, is substantially align at 48%.

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

(in millions of euros)	12.31.2008	Additions	Utilizations	Restat. for new rates	IAS 32/39 to shareold. equity	Change in the scope of consolid.	Other changes/ Reclassif./ Offsets	06.30.2009
Provision for deferred taxes:								
Valuation differences of property, plant and equipment	609	-	(43)	22	-	9	7	604
Adoption of IAS 17 to value finance leases	49	3	-	-	-	-	-	52
Adoption of IAS 39 to value financial instruments:								
- impact on the income statement	-	-	-	-	-	-	-	-
- impact on shareholders' equity	8	-	-	-	(4)	-	-	4
Other deferred-tax liabilities	8	5	(6)	-	-	-	-	7
	674	**8**	**(49)**	**22**	**(4)**	**9**	**7**	**667**
Offsets	(155)	-	-	-	-	-	89	(66)
Provision for deferred taxes net of offsets	**519**	**8**	**(49)**	**22**	**(4)**	**9**	**96**	**601**
Deferred-tax assets:								
Tax loss carryforward	24	-	(10)	-	-	-	-	14
Taxed provisions for risks	70	2	(8)	10	-	-	7	81
Adoption of IAS 39 to value financial instruments:								
- impact on the income statement	2	-	(2)	-	-	-	-	-
- impact on shareholders' equity	107	-	-	-	(85)	-	-	22
Valuation differences of property, plant and equipment	26	9	(11)	-	-	-	3	27
Other deferred-tax assets	10	2	-		-	1	(4)	9
	239	**13**	**(31)**	**10**	**(85)**	**1**	**6**	**153**
Offsets	(155)	-	-	-	-	-	89	(66)
Deferred-tax assets net of offsets	**84**	**13**	**(31)**	**10**	**(85)**	**1**	**95**	**87**

29. Earnings per Share

Insofar as the computation of diluted earnings per share is concerned, differently from the previous year, there were no shares reserved for the exercise of stock options in the first half of 2009.

2008 full year			1st half 2009		1st half 2008	
Common shares	Saving shares [1]	(in millions of euros)	Common shares	Saving shares [1]	Common shares	Saving shares [1]
346	346	Group interest in profit	122	122	102	102
336	10	Profit attributable to the different classes of shares (A)	116	6	97	5
		Weighted average number of shares outstanding (common and savings) determinated for the purpose of computing profit per share:				
5,181,093,229	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,078,042	110,592,420
5,181,090,583	110,592,420	- diluited (C) [2]	5,181,108,251	110,592,420	5,181,087,598	110,592,420
		Profit per share (in euros)				
0.0647	0.0947	- basic (A/B)	0.0224	0.0524	0.0186	0.0486
0.0647	0.0947	- diluited (A/C) [2]	0.0224	0.0524	0.0186	0.0486

[1] 3% of par value for the higher dividend paid to the savings shares compared with the common shares. Savings shares are treated as common shares, since the portion of net income attributable to the savings shares has been deducted from Group interest in net income.
[2] When the Group reports a loss, the potential shares are deemed to have no dilutive effect.

OTHER INFORMATION

Information About Business Combinations (IFRS 3)

In the first half of 2009, the Group executed some transactions that were accounted for as business combinations in connection with:

- the acquisition of the Abu Qir hydrocarbon concession, in Egypt;
- the purchase of an 80% interest in AMG Gas Srl;
- the establishment of the Elpedison joint venture.

These transaction were recognized in the financial statements in accordance with IFRS 3 "Business Combinations," determining the fair value of the acquired assets and liabilities. The resulting allocation should be viewed as temporary because, as allowed under IFRS 3, the process of identifying the acquired assets and liabilities will be completed within 12 months from the date of purchase.

The table below provides an overview of the impact on the Group's balance sheet of the business combinations completed in the first half of 2009:

(in millions of euros)	Abu Qir acquisition	AMG Gas Srl	JV Elpedison	Total Edison Group
Net acquired assets	1,011	11	116	1,138
% acquired	100%	80%	50%	n.a.
Pro rata amount acquired by Edison	**1,011**	**9**	**58**	**1,078**
Price paid	1,011	25	55	1,091
Conveyed of 32,5% of shareholders' equity of Thisvi Sa	-	-	3	3
Costs attributable to the acquisition	-	-	-	-
Total acquisition cost	**1,011**	**25**	**58**	**1,094**
Goodwill generated by the acquisition	**-**	**16**	**-**	**16**
Efects on net financial debt:				
Price paid	1,011	25	55	1,091
Change in the scope of consolidation [1]	-	(7)	47	40
Total effects on net financial debt	**1,011**	**18**	**102**	**1,131**

[1] The impact is determined net of the change resulting from the deconsolidation of 50% of Thisvi Sa's net financial debt.

A brief description of the main transactions is provided below.

Abu Qir Acquisition

On January 15, 2009, the Edison International Spa subsidiary ("Edison"), the Oil Minister of the Arab Republic of Egypt and the Egyptian General Petroleum Corporation ("EGPC") signed a contract awarding to Edison the Abu Qir offshore concession, in Egypt, and granting Edison the concession's exploration, production and development rights for an initial period of 20 years, extendable for an additional 10 years at Edison's request.

The total value of the transaction was US$ 1,405 million (about 1,011 million euros), which Edison paid to EGPC as a signing bonus.

Abu Qir Petroleum Company was established, according to the contract, to guarantee the continuity of exploration and production activities, that took over the services contracts and employee from the previous EGPC operating company. According to the contract, Abu Qir Petroleum Company freely utilizes in-shore and off-shore fixed assets for the production of natural and condensate gas.

The value attributable to these fixed assets, during the purchase method process, was not significant, so the price paid is entirely allocated to the hydrocarbon concession.

Without original amounts, the impact of this transaction on the Group's balance sheet and financial position is shown below:

(in millions of euros)	Provisional Fair value
Non-current assets	**1,011**
Hydrocarbon concessions	1,011
Working capital	**-**
Net acquired assets	**1,011**
Price paid	1,011
Directly attributable acquisition costs	-
Total acquisition cost	**1,011**
Goodwill from acquisition	**-**

AMG Gas Srl Acquisition

On March 10, 2009, Edison closed the purchase of an 80% interest in Amg Gas Srl from Amg Energia Spa. Amg Gas Srl is a natural gas selling company in the Palermo area.

The total price paid to purchase the abovementioned 80% equity interest was 25.1 million euros, that include the value of customer portfolio acquired by Edison (this amount being determined based on the cash flows generated by the acquire, projected in the long term). A goodwill is recorded based on a growth plan that will include the electric power cross selling campaigns.

The impact of this transaction on the Group's balance sheet and financial position is shown below:

(in millions of euros)	Original amounts	Provisional Fair value
Non-current assets		
Other intangibles assets	-	6
Deferred-tax assets	1	1
Current assets		
Trade receivables	30	30
Other receivables	1	1
Cash and cash and equivalents	7	7
Total assets	**39**	**45**
Non-current liabilities		
Provision for employee severance indemnities and provision for pension	1	1
Provision for deferred taxes	-	2
Current liabilities		
Trade payables	23	23
Current taxes payable	2	2
Other payables	6	6
Total liabilities	**32**	**34**
Net acquired assets	**7**	**11**
% Edison (80%)		*9*
Total acquisition cost		**25**
Goodwill from acquisition		**16**

Joint Venture Elpedison

On March 2009, Edison and Hellenic Petroleum entered into a joint venture agreement using as a vehicle Elpedison Bv. Pursuant to the agreements between the parties, Helpe conveyed in Elpedison Bv a 50% interest in Energiaki Thessalonikis Sa (T-Power), while the Edison Group conveyed 55 million euros and a 65% interest in Thisvi Sa.

The result of these transactions is already described in the paragraph "Changes in the scope of consolidation compared with December 31, 2008".

The impact of this transaction on the Group's balance sheet and financial position is shown below:

(in millions of euros)	Original amounts	Provisional Fair value
Non-current assets		
Property, plant and equipment	194	258
Current assets		
Trade receivables	18	18
Inventories	4	4
Cash and cash and equivalents	3	3
Total assets	**219**	**283**
Non-current liabilities		
Long-term financial debt and other financial liabilities	81	81
Provision for deferred taxes	-	14
Other liabilities	2	2
Current liabilities		
Short-term financial debt	55	55
Trade payables	5	5
Current taxes payable	10	10
Total liabilities	**153**	**167**
Net acquired assets	**66**	**116**
% Edison (50%)		*58*
Acquisition cost:		
Price paid		55
Conveyance of 32.5% of Thisvi's shareholders's equity		3
Total acquisition cost		**58**
Goodwill from acquisition		**-**

Commitments and Contingent Risks

(in millions of euros)	06.30.2009	12.31.2008	Change
Guarantees provided	1,320	1,238	82
Collateral provided	1,352	1,459	(107)
Other commitments and risks	500	1,617	(1,117)
Total for the Group	**3,172**	**4,314**	**(1,142)**

Guarantees Provided

Guarantees provided totaled 1,320 million euros. This figure, which is equal to the undiscounted amount of potential commitments on the balance sheet date, is about the same as at December 31, 2008.
The main guarantees provided include the following:

- 376 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 1,352 million euros, or 107 million euros less than at December 31, 2008, 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 (1,035 million euros) pledged to a pool of banks to secure a financing facility following the exercise of a put option.
Collateral provided includes additional collateral for liabilities listed on the balance sheet (317 million euros), which generally consist of mortgages and encumbrances granted on facilities of the electric power operations to secure financing. Specifically, in the period mortgages were cancelled for 84 million euros following the repayment of loans used to build wind farms.

Other Commitments and Risks

This item, which totaled 500 million euros, or 1,117 million euros less than at December 31, 2008, reflects primarily commitments undertaken to complete investment projects under construction in Italy and abroad.
The main reasons for the decrease compared with December 31, 2008 are the performance by Edison International Spa of its obligations with regard to the Abu Qir acquisition in Egypt and a change in the scope of consolidation concerning a thermoelectric power plant under construction in Thisvi, Greece.

Unrecognized Commitments and Risks

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

1) **Hydrocarbons operations**

- 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.
  During the previous years, the abovementioned clauses were activated, as the Company sought to take advantage of price opportunities temporarily available in the spot market and, as a result, was required to pay specific amounts to the affected counterparties. However, the natural gas volumes used in 2008 were large enough to cover most of the advances paid to the counterparties; gas delivery profiles are yearly updated at the end of the financial year.

The import contracts with Russia, Libya, Norway and Algeria (deliveries by Sonatrach that will total about 2 billion cubic meters a year began in October 2008), which are already operational, provide total supplies of 9.4 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 supply contract with RasGas (Qatar) that calls for deliveries to begin upon the commissioning of the Isola di Porto Viro LNG terminal, which is expected to go on stream in the coming months. When this agreement is fully operational, RasGas will supply a total of 6.4 billion cubic meters of natural gas per year.
- A contract to import natural gas from Algeria (*Protocolle d'accord*) with Sonatrach in November 2006 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 payments are made at a price proportionate to that of the supply contract price, which is indexed to current market conditions. The duration of these contracts ranges between 2 and 25 years and, when all of them are fully implemented, will supply the Group with about 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% interest 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) **Electric power operations**

- Edison 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.
- Edison Spa, the Group's Parent Company, entered into the following contracts for the procurement of CO_2 certificates:
  - 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 Clean Development Mechanism (CDM) projects for a total of about 5 million CERs during the 2008-2012 period. Under the agreements, payment will be due upon the delivery of the CERs between December 1 and March 1 of each year. The projects are at different stages in the registration process required 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 to up to 30 million euros during a period of 5 years. As of June 30, 2009, 8,930 CERs were delivered for a relatively modest amount.
- On June 30, 2008 Edison Spa entered into an agreement with Natsource by which it joined the Natsource Carbon Asset Pool (NAT-CAP), a fund established to purchase CO_2 emissions reduction credits generated by CDM (Clean Development Mechanism)/JI (Joint Implementation) projects. Edison's investment in the fund will amount to up to 20 million euros during a period of five years.

- Edison Spa and Akarport Sa extended to June 30, 2010 the 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, 2010 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, 2010 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.
- Pursuant to agreements with the buyers in connection with the sale of a 51% interest in Dolomiti Edison Energy Srl, Edison is the holder of a call option exercisable only if no extension of the hydroelectric concession is granted by March 31, 2018.

3) **Corporate activities and other segments.** 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, 2009

A review, based on information currently available, of the main legal and tax disputes currently outstanding 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 has still not 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.

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

Cesano Maderno Plant – Civil Lawsuits against the Municipality of Lambrate, the Region of Lombardy and Other Parties to the Proceedings

Following the decision handed down by the Court of Milan in the action 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, which ordered Edison to reimburse the costs incurred by the Region of Lombardy and the Municipality of Lambrate and compensate them for the damages they suffered quantified in the aggregate at about 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 Bracco Imaging (formerly Dibra), Syndial (formerly EniChem) and Edison (formerly Montecatini) for damages stemming from the sale of a portion of the Cesano Maderno facility, which had been on hold, was reactivated.

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

The preliminary phases of the lawsuits filed against Edison before the Venice Tribunal and Court of Appeals by some of the parties who had joined the criminal proceedings for injuries caused by exposure to monovinyl chloride and for damages to the environment at the Porto Marghera petrochemical facility as plaintiffs seeking damages continued without noteworthy developments. These plaintiffs, who include the Municipality and Province of Venice, the Veneto Region and some associations, are seeking compensation for damages and the reimbursement of the legal costs incurred with the abovementioned criminal proceedings.

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

A preliminary hearing has been scheduled, following the indictment of the parties under investigation, all of whom are former Directors and executives of Montedison Spa (now Edison), by the Public Prosecutor of Mantua as part of the criminal proceedings concerning the alleged harm caused to the health of the plant's workers (former Montedison employees), who were exposed to benzene and asbestos at the local petrochemical complex through 1989.

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

On June 23-25, 2009, in the lawsuit filed by UBS AG and Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of the abovementioned companies, in which the Court of Milan handed down a decision on July 16, 2008, ordering the defendants to pay 22.5 million euros, plus interest, inflation adjustment and legal costs, UBS and Edison reached a settlement, pursuant to which Edison will pay to UBS the amount of 29 million euros in

payment and satisfaction of any and all claims that UBS may have against Edison, with UBS and Edison relinquishing the right to appeal the abovementioned court decision.

Sesto Siderservizi - Environmental Remediation of Concordia South Properties

There have been no significant developments in the lawsuit filed by Sesto Siderservizi against 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.

Industria Chimica Saronio Spa Factory - 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 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. Negotiations with the relevant municipal administration to define the type and scope of the remediation projects are ongoing.

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

Pizzo Sella Real Estate Development and Seizure of Assets in Sicily

There were no significant new developments with regard to the negative assessment action filed by Finimeg (now Nuova Cisa), parent company of Poggio Mondello, 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) and the appeal concerning the same issues that was filed against the decision handed down by the Court of Palermo. With regard to the appeal, 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 (now Nuova Cisa) 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 (now Nuova Cisa), 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.

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 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 involves 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 joined the proceeding defending itself effectively. Subsequently, the Investigating Judge, putting aside an earlier reservation, ruled that the lawsuit was ready for the decision phase and scheduled a hearing for closing arguments.

Montedison Srl - Property in Bussi sul Tirino (Pe)
Within the framework of the administrative proceedings currently pending in connection with the contamination of a plot of land owned by Montedison Srl, which is adjacent to an industrial facility located in Bussi sul Tirino, operated by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, the Company has began negotiations with the Special Commissioner appointed by the Prime Minister's Office with the aim of reaching an agreement as to how to proceed with the implementation of emergency safety assurance measures at the site. The two separate appeals filed by Montedison Srl, which never carried out any activity at the affected location, against the actions taken by the Commissioner are still pending before the Regional Administrative Court.
In the meantime, in the criminal proceedings pending in connection with 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 filed an indictment against several defendants, including some former Directors and executives of Ausimont and Montedison (now Edison), only for the crimes of water poisoning and disaster, dropping the charge of fraud against companies of the Solvay Group, which, however, are challenging this decision.

* * * * *

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

Verbania Factory/1 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
The proceedings pending before the Turin Court of Appeals in connection with events at a Verbania plant formerly owned by Montefibre Spa, in which some former Directors and executives of Montefibre Spa, some of whom were also Directors and executives of Montedison (now Edison), ended with all of the defendants convicted of involuntary manslaughter. Recently, the Court published the details of its decision and the grounds upon which it is based, and the defendants' attorneys are planning to challenge the abovementioned decision before the Court of Cassation.

Verbania Factory/2 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust
The Office of the Public Prosecutor of Verbania completed an investigation targeting the same defendants as in the action referred to in the preceding paragraph in connection with the death or illness of other employees allegedly caused by exposure to asbestos in different forms at the Verbania factory. The Public Prosecutor asked that an indictment be issued against all of the parties targeted by the investigation and a preliminary hearing has been scheduled.

ACEA Unfair Competition
The discovery phase in the lawsuit filed by ACEA Spa before the Court of Rome against several parties, including, among others, AEM Spa (now A2A Spa), EdF Sa, Edipower Spa and Edison Spa is continuing without any significant development. 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
The action filed before the Court of Appeals seeking to overturn the decision handed down by the Court of Genoa in December 2000 in the suit filed by Mittel Investimenti Finanziari and other shareholders of Finanziaria Agroindustriale against Edison ended with a decision that granted only in part the requests put forth by the plaintiffs, who had refused to join the settlement reached by Edison and Mittel Investimenti Finanziari. The Company is waiting for the Court to publish the details of its decision before deciding on the best course of action.

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 the 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. The Board of Arbitrators is now expected to announce its conclusions.

Pagnan vs Edison

There have been no significant new developments in the proceedings in which 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, acting by means of a third-party summons, is suing Edison before the Court of Venice.

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

In the two criminal proceedings established, among other reasons, to determine if there was a danger that the Vega Oil vessel might sink and if the Vega Oil vessel was in compliance with the applicable safety regulations, the Public Prosecutor of Modica requested, and the Judge for Preliminary Investigations ordered, that the proceedings concerning the danger that the vessel may sink be closed, with the Company paying the fines assessed for the alleged violation of the provisions of the Navigation Code. In the proceedings concerning an alleged contamination event, the investigating magistrate has entered the findings into the record, requesting the indictment of the parties targeted by the investigation, some of whom are Edison executives and Directors. A preliminary hearing has been scheduled.

Meraklon/Edison-Edison Energia Dispute

The lawsuit filed by Meraklon against Edison Energia and Edison in relation to a contract to supply electric power to Meraklon's plant in Terni, following Meraklon's challenge of an injunction issued by the Court of Milan in favor of Edison Energia for the purpose of collecting receivables owed pursuant to the abovementioned contract, is continuing in the discovery phase. In the course of the abovementioned proceedings, Meraklon sued Edison Energia 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

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, all of the charges have been dropped.

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

There has been no further activity in these proceedings following a decision by the Court of Cassation voiding the seizure as evidence of certain sections of the Cavarzere-Minerbio natural gas pipeline and of the pipes used to build them, which had been ordered by the Public Prosecutor of Rovigo, on July 2008, and the subsequent transfer to the Office of the Public Prosecutor at the Court of Venice of the record of the investigation carried out in Rovigo.

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The developments that affected the status of the main **tax disputes** in the first half of 2009 are reviewed below:

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

The disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995 and 1996 fiscal years of the old Edison Spa are currently pending before the Court of Cassation pursuant to an appeal filed by the revenue administration. The deadline by which the revenue administration must file an appeal with the Court of Cassation against the ruling in the Company's favor, regarding the ILOR and IRPEG assessments for the 1997 fiscal year has not yet expired. A provision for risks has been recognized in connection with these disputes.

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

The Regional Tax Commission of Lombardy upheld the decision of the Provincial Commission, thereby substantively voiding the tax assessment issued by the revenue administration. However, the deadline by which the revenue administration must file an appeal has not yet expired.
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

Edison Energia Spa, as the assign for EDF Energia Italia, filed an appeal before the Milan Provincial Tax Commission challenging a notice of assessment for VAT owed for 2001, 2002 and 2003, asking that it be totally voided. Even though the Provincial Commission heard oral arguments in October 2007, it has not yet handed down a decision.
In any case, any charges that may be incurred as a result of the abovementioned audits are covered by special guarantees provided by the seller (EDF International Sa) in connection with the sale of its interest in EDF Energia Italia for the purpose of holding the Company totally harmless in such cases.

Old Calcestruzzi Spa - Income Taxes for the 1991 and 1992 Fiscal Years

In 2009, following a ruling by the Court of Cassation that overturned decisions favorable to the Company issued in past years by the Regional Tax Commission of Emilia Romagna and returning the proceeding to the lower jurisdiction, the Company filed new challenges in the reinstated proceedings concerning the disputed notices of IRPEG and ILOR tax assessments for the 1991 and 1992 fiscal years owed by Calcestruzzi, of which Edison is the assign.
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. The Company believes that its position will be fully vindicated in the proceedings, as the details and merit of this issue are reviewed. However, 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 2009, Edison Spa and some of its subsidiaries executed 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	Impact %
			EDF Group	A2A Group	ENIA Group	SEL Group	Dolomiti Energia Group	Banca Popolare Milano	Mediobanca			
Balance sheet transaction												
Trade receivables	7	-	15	26	6	1	3	-	-	58	2,098	2.8%
Other receivables	1	20	10	-	-	-	-	-	-	31	512	6.1%
Trade payables	1	-	7	14	2	7	-	-	-	31	1,283	2.4%
Other payables	-	26	-	4	-	-	-	-	-	30	528	5.7%
Short-term borrowings	16	-	-	-	-	-	-	52	17	85	1,088	7.8%
Long-term borrowings and other financial liabilities	-	-	-	-	-	-	-	18	162	180	2,278	7.9%
Income statements transaction												
Sales revenues	30	-	96	77	2	3	4	-	-	212	4,589	4.6%
Other revenues and income	-	-	5	21	-	-	-	-	-	26	226	11.5%
Raw material and serviced used	5	-	44	24	1	9	-	-	-	83	3,967	2.1%
Financial Expense	-	-	-	-	-	-	-	1	3	4	107	3.7%
Other income	-	-	3	-	-	-	-	-	-	3	13	23.1%
Transaction with impact on cash flow												
Dividends paid	-	158	50	-	-	-	5	-	-	213	278	76.6%
Commitments and contingent risks												
Guarantees provided	-	-	-	-	-	-	-	15	-	15	1,320	1.1%
Colllateral provided	-	-	-	-	-	-	-	-	43	43	1,352	3.2%

A) Intercompany Transactions

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

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

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

Consolidated VAT Return - Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72.

Consolidated IRES Return - In June 2009, Transalpina di Energia Srl, their controlling company, renewed the option of filing a consolidated tax return for three years from 2009 to 2011. Bilateral agreements, with the same provisions for all companies, governing the relationships arising between the controlling company and the companies included in the consolidated tax return were executed on the same occasion.
Group companies that engage in the exploration for and production of hydrocarbons and in the production and distribution of electric power and, consequently, are subject to the 6.5% corporate income tax (IRES) surcharge must pay this surcharge directly, even if they are included in the consolidated IRES return. The Italian Parliament approved Legislative Bill No. 1441, which raised the IRES surcharge from 5.5% to 6.5%, but the bill is not definitive.

B) Other Transactions with Related Parties

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

1) Commercial Transactions

EDF Group

Transactions executed with the EDF Group included the following:

- Revenues from the sale of electric power and transmission service costs totaling about 7 million euros and electric power and transmission costs for 7 million euros under contracts for the supply of electric power, mainly with ENBW;
- With Fenice Spa, sales revenues of about 29 million euros, mainly from sales of natural gas and electric power and recovery of maintenance costs;
- With EDF Trading, sales revenues of 60 million euros and costs of 34 million euros stemming from purchases and sales of commodities by the trading operations;
- Prior-period income of 3 million euros from EDF International upon settlement for contractual guarantees related to the sale of an interest in EDF Italia to Edison Spa. The total amount of the transactions (4 million euros) was restated because 1 million euros had been recognized as goodwill.

A2A Group

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

- Sales revenues of 77 million euros from contracts to supply electric power and natural gas;
- Other revenues and income of 21 million euros from A2A Trading Srl for managing fuel procurement for some production sites, pursuant to the Tolling Agreement;
- Materials and services used totaling 24 million euros, broken down as follows: 15 million euros for dispatching services, 3 million euros for purchases of electric power and 6 million euros for electric power and natural gas transmission services.

ENIA Group

Transactions with Enìa Energia Spa resulted in revenues of 2 million euros from sales of natural gas, electric power and transmission services and costs of 1 million euros for purchases of natural gas.

SEL Group

Transactions with the SEL Group resulted in revenues of about 3 million euros from the sale of electric power and costs of about 9 million euros for purchases of electric power.

Dolomiti Energia Group

Transactions executed pursuant to contracts for the supply of electric power resulted in revenues of 4 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 was one of the lenders in a syndicated financing facility totaling 2 billion euros provided to Edipower in January 2007. At June 30, 2009, the portion of the facility underwritten by Banca Popolare di Milano was about 42 million euros (21 million euros attributable to Edison). At June 30, 2009, 42 million euros had been drawn against this credit line (21 million euros attributable to Edison). Banca Popolare di Milano also provided Edison with a 80-million-euro revocable line of credit that accrues interest at market rates. At June 30, 2009, this credit line was drawn for 50 million euros to short-term financing and current account overdrafts and for 15 million of euros to signature loans.
- In 2004, Mediobanca provided Edison Spa with 120 million euros in financing against EIB funds. A portion of this loan has been repaid in accordance with the amortization schedule and a balance of about 109 million euros was outstanding at June 30, 2009. Mediobanca was also one of the banks that provided Edipower with the abovementioned 2-billion-euro syndicated loan. At June 30, 2009, Mediobanca's share of the loan was 144 million euros (72 million euros attributable to Edison). Since this credit line was used only in part at June 30, 2009, Edipower's exposure toward Mediobanca was about 126 million euros (63 million euros attributable to Edison). Gever, an Edison Group company, holds lines of credit in a financing pool totaling about 7.4 million euros, of which about 5.2 million euros have been drawn down. Lastly, Mediobanca is a party to interest risk hedging transactions executed by Group companies

Significant Nonrecurring Events and Transactions

As required by the CONSOB Communication No. DEM/6064293 of July 28, 2006, the following disclosure lists the significant nonrecurring transactions that Edison executed in the first half of 2009:

- Establishment of a joint venture with Hellenic Petroleum, using as a vehicle Elpedison Bv. Information about this transaction is provided in the section of this Report entitled "Changes in the Scope of Consolidation Compared with December 31, 2008."
- Acquisition by Edison International Spa of the Abu Qir concession, located north of Alexandria, in Egypt, at a price of 1,011 million euros.
- Purchase for 25 million euros of an 80% interest in AMG Gas Srl, a company that distributes natural gas to customers in the Palermo metropolitan area.

Changes Resulting from Atypical and/or Unusual Transactions

Edison Group declares that in the first half of 2009 it did not execute any atypical and/or unusual transactions, as defined in the abovementioned Communication.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2009

Edison, Moody's Affirms Baa2 Ratings

On July 7, 2009, Moody's Investors Service affirmed, at the end of its annual review, Edison's senior unsecured debt ratings at Baa2. The rating outlook changed to "negative" from "stable" to reflect the significant drop in demand for electricity and gas in 2009 and the likely slowdown of the economic recovery in 2010.

Edison, BEH and DEPA Sign an Agreement to Build the Greece - Bulgaria Natural Gas Pipeline (IGB)

On July 14, 2009, meeting in Sofia, BEH (Bulgarian Energy Holding), DEPA (The Greek Public Gas Corporation) and Edison signed a Memorandum of Understanding concerning the construction of the IGB (Interconnector Greece-Bulgaria) natural gas pipeline.

Edison Medium Term Note (Bond)

On July 16, 2009 Edison Spa completed, on the Luxembourg Exchange, the placement of a five-year bond issue for a total amount of 700 million euros, sold exclusively to qualified investors.
The bonds, which have a minimum denomination of 50,000 euros and are due July 22, 2014, have a coupon of 4.250% having been offered at 99.841 issue price.
This bond issue is part of a European Medium-Term Note Program of up to 2 billion euros, approved by the Board of Directors on June 25, 2009, as announced to the market

SCOPE OF CONSOLIDATION

at June 30, 2009

SCOPE OF CONSOLIDATION AT JUNE 30, 2009
List of Equity Investments

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2009	12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)

A) Investments in Companies Included in the Scope of Consolidation
A.1) Companies Consolidated Line by Line

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2009	12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Parent Company										
Edison Spa	Milan (IT)	EUR	5,291,700,671							
Electric Power Operations										
Electric Power Business Unit										
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	SUB
Ecofuture Srl (Sole Shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	SUB
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	SUB
Hydro Power Energy Srl - Hpe Srl (Sole Shareholder)	Bolzano (IT)	EUR	50,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	SUB
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	(g)	SUB
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	55.00	55.00	55.00	Edison Spa	-	-	SUB
Sondel Dakar Bv	Rotterdam (NL)	EUR	18,200	100.00	100.00	100.00	Edison Internat. Holding Nv	-	-	SUB
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	(g)	SUB
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	(g)	SUB
Renewable Sources										
Edison Energie Speciali Spa (Sole Shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Edison D.G. Spa (Sole Shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Edison Idrocarburi Sicilia Srl (Sole Shareh.) (ex ISE Srl) (Sole Shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Edison International Spa	Milan (IT)	EUR	17,850,000	100.00	100.00	70.00 30.00	Edison Spa Selm Holding International Sa	-	(g)	SUB
Edison Stoccaggio Spa (Sole Shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	0.00 100.00	Edison Spa Selm Holding International Sa	-	-	SUB
Energy Management										
Energy Management Business Unit										
Edison Trading Spa (Sole Shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB

List of Equity Investments (continued)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2009	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Marketing and Sales										
Marketing and Sales Business Unit										
AMG Gas Srl	Palermo (I)	EUR	100,000	80.00	-	80,00	Edison Spa	-	(g)	SUB
Edison Energia Spa (Sole Shareholder)	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Eneco Energia Spa	Bolzano (IT)	EUR	222,000	100.00	100.00	90.00	Edison Spa	-	(g)	SUB
Corporate Activities										
Italian and Foreign Holding Companies										
Atema Limited	Dublino 2 (IE)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	SUB
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	SUB
Edison International Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	SUB
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	SUB
Edison International Finance Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	SUB
Edison International Holding Nv	Amsterdam (NL)	EUR	4,582,803	100.00	100.00	100.00	Edison Spa	-	-	SUB
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.00	100.00	99.95 0.05	Edison Spa Montedison Srl (Sole Shareholder)	-	-	SUB
Real Estate										
Montedison Srl (Sole Shareholder)	Milan (IT)	EUR	2,583,000	100.00	100.00	100.00	Edison Spa	-	(g)	SUB
Nuova Alba Srl (Sole Shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	(g)	SUB

A.2) Companies Consolidated by the Proportional Method

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2009	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Electric Power Operations										
Electric Power Business Unit										
Energiaki Thessalonikis Sa	Thessaloniki (Gr)	EUR	49,800,000	50.00	-	100.00	Elpedison Bv	-	-	JV
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	(l)	JV
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV
Seledison Net Srl (Sole Shareholder)	Castelbello Ciardes (BZ) (IT)	EUR	200,000	42.00	42.00	100.00	Sel Edison Spa	-	-	JV
Thisvi Power Generation Plant Sa	Athens (GR)	EUR	8,448,000	32,50	65.00	65.00	Elpedison Bv	-	-	JV
Renewable Sources										
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (Sole Shareholder)	-	-	JV
Other Electric Power Assets										
Edipower Spa	Milan (IT)	EUR	1,441,300,000	50.00	50.00	50.00	Edison Spa	-	-	JV

List of Equity Investments (continued)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 06.30.2009	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	-	50.00	Edison International Spa	-	-	JV
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa	-	-	JV
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Posei	Herakleio - Attiki (GR)	EUR	2,500,000	50.00	50.00	50.00	Edison Internat. Holding Nv	-	-	JV
Marketing and Distribution										
Marketing and Distribution Business Unit										
Ascot Srl	Bressanone (BZ) (IT)	EUR	10,330	50.00	50.00	50.00	Eneco Energia Spa	-	-	JV
Corporate Activities										
Italian and Foreign Holding Companies										
Elpedison Bv (ex Edison Nederland Bv)	Amsterdam (NL)	EUR	20,000	50.00	60.00	50.00	Edison Internat. Holding Nv	-	-	JV
Water										
International Water (Uk) Limited	London (GB)	GBP	2,601,001	50.00	50.00	100.00	International Water Holdings Bv	-	-	JV
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.00	50.00	50.00	Edison Spa	-	-	JV

List of Equity Investments (continued)

B) Investments in Companies Valued by the Equity Method

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
Electric Power Operations										
Electric Power Business Unit										
Centrale Elettrica Winnebach Società Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	ASS
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	ASS
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-	-	ASS
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	1,8	ASS
GTI Dakar Ltd	George Town Gran Caiman (GBC)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	5,4	ASS
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	16,1	ASS
Renewable Sources										
Fiumicino Energia Srl	Milan (IT)	EUR	391,795		40.57	Edison Spa	-	-	0,2	ASS
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205		40.57	Edison Spa	-	-	3,8	ASS
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Soc. Svil. Rea. Gest. Gasdot. Alg-Ita.V. Sardeg. Galsi Spa	Milan (IT)	EUR	34,838,000		20.81	Edison Spa			13,7	ASS
Marketing and Distribution										
Marketing and Distribution Business Unit										
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	2,2	ASS
Gasco Spa	Bressanone (BZ) (IT)	EUR	350,000		40.00	Edison Spa	-	-	0,2	ASS
Utilità Spa	Milan (IT)	EUR	2,307,692		35.00	Edison Spa	-	-	1,6	ASS
Corporate Activities										
Real Estate Companies										
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (Sole Shareholder)	-	-	4,4	ASS
Total Equity Investments Valued by the Equity Method									**49,4**	

List of Equity Investments (continued)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
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		30.00	Edison International Spa	-	-	0,1	ASS
Energy Management Business Unit										
Volta Spa (In liquid.)	Milan (IT)	EUR	130,000	51.00	51.00	Edison Spa	-	-	-	SUB
Corporate Activities										
Dormant Companies and other Companies										
Codest Srl	Pavia di Udine (UD) (IT)	EUR	15,600		33.33	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-	-	ASS
Finsavi Srl	Palermo (IT)	EUR	18,698		50.00	Edison Spa	-	-	-	ASS
Poggio Mondello Srl (Sole Shareh.)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	(g)	-	SUB
In Liquidation and Subject to Restrictions										
C.F.C. Consorzio Friulano Costruttori (In liquid.)	Udine (IT)	LIT	100,000,000		20.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-	-	ASS
Cempes Scrl (In liquid.)	Roma (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-	-	ASS
CI.FAR. Scarl (In bankruptcy)	Udine (IT)	LIT	20,000,000		60.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	(h)	-	SUB
Coniel Spa (In liquid.)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	ASS
Groupement Gambogi-Cisa (In liquid.)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	-	-	-	ASS
Inica Sarl (In liquid.)	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	ASS
Nuova C.I.S.A. Spa (In liquid.) (Sole Shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	(g)	2,4	SUB
Nuova I.S.I. Impianti Selez. Inerti Srl (In bankruptcy)	Vazia (RI) (IT)	LIT	150,000,000		33.33	Montedison Srl (Sole Shareholder)	-	-	-	ASS
Sistema Permanente di Servizi Spa (In bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	OC
Soc. Gen. per Progr. Cons. e Part. Spa (Under Extraordinary Administration)	Rome (IT)	LIT	300,000,000		59.33	Edison Spa	-	-	-	SUB
Sorrentina Scarl (In liquid.)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa	-	-	-	ASS
Water										
International Water Services Ltd (In liquid.)	Zug (CH)	CHF	100,000	50.00	100.00	International Water Holdings Bv	-	-	-	JV
Total Equity Investments in Liquidation or Under Permanent Restrictions									**2,5**	

List of Equity Investments (continued)

Name	Head office	Currency	Share capital	Consolidated Group interest % (a) 12.31.2008	Interest held in share capital % (b)	By	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)
D) Investments in Other Companies Valued at Fair Value										
D.1) Trading Investments										
Corporate Activities										
Publicly Traded Securities										
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	3,3	OC
Acsm-Agam Spa (Ex Acsm Spa)	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	1,8	OC
Amsc-American Superconductor Corp.	Westborough (US)	USD	19,128,000		0.84	Edison Spa	-	-	2,9	OC
D.2) Available-for-sale Investments										
Hydrocarbons Operations										
Hydrocarbons Business Unit										
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		10.00	Edison Spa	-	-	263,8	OC
Marketing and Distribution										
Marketing and Distribution Business Unit										
Prometeo Spa	Osimo (AN) (IT)	EUR	2,164,498		18.81	Edison Spa	-	-	0,5	OC
Corporate Activities										
Publicly Traded Securities										
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.02	Edison Spa	1.06	1.06	6,9	OC
Not Publicly Traded										
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0,2	OC
European Energy Exchange Ag - Eex	Leipzig (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0,7	OC
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3,5	OC
MB Venture Capital Fund I Partecipating Comp. e Nv	Amsterdam (NL)	EUR	50,000		7.00	Edison Spa	-	-	2,0	OC
Syremont Spa	Messina (IT)	EUR	750,000		40.00	Edison Spa	-	(i)	-	ASS
Others minor									1,2	
Total Investments in Other Companies Valued at Fair Value									**286,8**	
Total									**338,7**	

Notes

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

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

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

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

(e) 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 fair value, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, and only if it is equal to or greater than 1 million euros.

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

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

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

(l) The Company is a contractual joint venture.

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

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

SEMIANNUAL FINANCIAL REPORT OF EDISON SPA

at June 30, 2009

Balance Sheet at June 30, 2009

06.30.2008	(in millions of euros)	See Note	06.30.2009	12.31.2008
	ASSETS			
4,131	Property, plant and equipment	1	3,762	3,858
1	Investment property	2	4	4
2,632	Goodwill	3	2,632	2,632
225	Hydrocarbon concessions	4	202	213
30	Other intangible assets	5	28	29
1,817	Investments in associates	6	1,971	1,909
215	Available-for-sale investments	6	278	247
62	Other financial assets	7	22	21
-	Deferred-tax assets	8	-	-
35	Other assets	9	10	18
9,148	**Total non-current assets**		**8,909**	**8,931**
207	Inventories		180	258
820	Trade receivables		821	1,617
-	Current-tax assets		-	4
310	Other receivables		288	249
792	Current financial assets		2,532	946
2	Cash and cash equivalents		3	20
2,131	**Total current assets**	10	**3,824**	**3,094**
-	**Assets held for sale**	11	**-**	**-**
11,279	**Total assets**		**12,733**	**12,025**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
5,292	Share capital		5,292	5,292
72	Statutory reserve		91	72
576	Other reserves		557	408
623	Retained earnings (Loss carryforward)		711	623
263	Profit (Loss) for the period		362	374
6,826	**Total shareholders' equity**	12	**7,013**	**6,769**
34	Provision for employee severance indemnities and provision for pensions	13	30	31
311	Provision for deferred taxes	14	315	241
841	Provision for risks and charges	15	643	677
1,200	Bonds	16	1,201	1,198
134	Long-term financial debt and other financial liabilities	17	1,461	274
-	Other liabilities	18	23	23
2,520	**Total non-current liabilities**		**3,673**	**2,444**
26	Bonds		20	9
712	Short-term financial debt		809	1,018
846	Trade payables		877	1,225
18	Current taxes payable		9	16
331	Other liabilities		332	544
1,933	**Total current liabilities**	19	**2,047**	**2,812**
-	**Liabilities held for sale**	20	**-**	**-**
11,279	**Total liabilities and shareholders' equity**		**12,733**	**12,025**

An analysis of transactions with related parties is discussed in a separate disclosure provided in the section of this Report entitled "Intercompany and Related-Party Transactions."

Income Statement

2008 full year	(in millions of euros)	See Note	1st half 2009	1st half 2008
5,927	Sales revenues	21	2,699	2,823
399	Other revenues and income	22	111	226
6,326	**Total revenues**		**2,810**	**3,049**
(5,511)	Raw materials and services used (-)	23	(2,424)	(2,621)
(139)	Labor costs (-)	24	(69)	(69)
676	**EBITDA**	25	**317**	**359**
(445)	Depreciation, amortization and writedowns (-)	26	(183)	(225)
231	**EBIT**		**134**	**134**
(33)	Net financial income (expense)	27	(26)	(39)
350	Income from (Expense on) equity investments	28	314	290
(19)	Other income (expense), net	29	3	(33)
529	**Profit before taxes**		**425**	**352**
(165)	Income taxes	30	(63)	(101)
364	**Profit (Loss) from continuing operations**		**362**	**251**
10	Profit (Loss) from discontinued operations	31	-	12
374	**Profit (Loss) for the period**		**362**	**263**

An analysis of transactions with related parties is discussed in a separate disclosure provided in the section of this Report entitled "Intercompany and Related-Party Transactions."

Other Components of the Comprehensive Income Statement

2008 full year	(in millions of euros)	See Note	1st half 2009	1st half 2008
374	**Net profit for the period (before minority interest)**		**362**	**263**
	Other components of comprehensive income			
(267)	- Change in the cash flow hedge reserve	12	237	(8)
(16)	- Profit (loss) from available-for-sale financial assets	12	(1)	(12)
100	Income taxes attributable to other components of comprehensive income (-)		(87)	4
(183)	**Total other components of comprehensive income net of taxes**		**149**	**(16)**
191	**Total comprehensive profit for the period**		**511**	**247**

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half of 2009 (amounting to 3 million euros), compared with the corresponding data for the same period in 2008.

2008 full year	(in millions of euros)	1st half 2009	1st half 2008
364	Profit (Loss) of Edison Spa from continuing operations	362	251
10	Profit (Loss) of Edison Spa from discontinued operations	-	12
374	**Total profit (loss) of Edison Spa**	**362**	**263**
445	Amortization, depreciation and writedowns	183	224
(92)	(Gains) Losses on the sale of non-current assets	3	(54)
13	(Revaluations) Writedowns of non-current financial assets	10	7
(5)	Change in the provision for employee severance indemnities	(1)	(2)
(310)	Change in other operating assets and liabilities	577	(25)
425	**A. Cash flow from continuing operations**	**1,134**	**413**
(233)	Additions to intangibles and property, plant and equipment (-)	(85)	(92)
(299)	Additions to equity investments and other non-current financial assets (-)	(105)	(198)
44	Proceeds from the sale of intangibles and property, plant and equipment	6	20
375	Proceeds from the sale of equity investments and other non-current financial assets	-	237
(319)	Other current assets	(1,587)	(165)
(432)	**B. Cash used in investing activities**	**(1,771)**	**(198)**
211	Proceeds from new medium-term and long-term loans	1,350	60
(81)	Redemptions of medium-term and long-term loans (-)	(14)	(4)
-	Capital contributions provided by controlling companies or other shareholders	-	-
(268)	Dividends paid to controlling companies or minority shareholders (-)	(268)	(268)
143	Change in short-term debt	(448)	(23)
5	**C. Cash used in financing activities**	**620**	**(235)**
(2)	**D. Net change in cash and cash equivalents (A+B+C)**	**(17)**	**(20)**
22	**E. Cash and cash equivalents at the beginning of the period**	**20**	**22**
20	**F. Cash and cash equivalents at the end of the period (D+E)**	**3**	**2**

An analysis of transactions with related parties is discussed in a separate disclosure provided in the section of this Report entitled “Intercompany and Related-Party Transactions.”

Statement of Changes in Shareholders' Equity at June 30, 2009

(in millions of euros)	Share capital (a)	Statutory reserve (b)	Other reserves and ret. earnings (loss carryforward) (c)	Cash flow hedge reserve (d)	Investments available-for-sale (e)	Profit for the period (f)	Total (a+b+c+d+e+f)
Balance at December 31, 2007	**5,292**	**49**	**1,049**	**(3)**	**11**	**449**	**6,847**
Appropriation of the 2007 profit and dividend distribution	-	23	158	-	-	(449)	(268)
Adjustments required by IAS 32 and IAS 39	-	-	-	(5)	(11)	-	(16)
Profit for the first half of 2008	-	-	-	-	-	263	263
Balance at June 30, 2008	**5,292**	**72**	**1,207**	**(8)**	**-**	**263**	**6,826**
Adjustments required by IAS 32 and IAS 39	-	-	-	(164)	(4)	-	(168)
Profit for the second half of 2008	-	-	-	-	-	111	111
Balance at December 31, 2008	**5,292**	**72**	**1,207**	**(172)**	**(4)**	**374**	**6,769**
Appropriation of the 2008 profit and dividend distribution	-	19	87	-	-	(374)	(268)
Adjustments required by IAS 32 and IAS 39	-	-	-	151	(1)	-	150
Profit for the first half of 2009	-	-	-	-	-	362	362
Balance at June 30, 2009	**5,292**	**91**	**1,294**	**(21)**	**(5)**	**362**	**7,013**

NOTES TO THE SEMIANNUAL FINANCIAL REPORT OF EDISON SPA AT JUNE 30, 2009

Content and Presentation

The condensed semiannual financial statements of Edison Spa, the Group's Parent Company, at June 30, 2009 were prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures they provide are consistent with the provisions of IAS 34 "Interim Financial Reporting." The abovementioned financial statements comply with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).*

The accounting principles and the valuation criteria and estimates used are consistent with those applied in the preparation of the Separate Financial Statements at December 31, 2008, which should be consulted for additional information. Recent revisions of international accounting principles and interpretations, as published in the *O.J.E.U.* between the end of 2008 and June 30, 2009, did not have a material impact on the financial statements of Edison Spa. The most significant new pronouncements are reviewed below:

- "IAS 23 revised", which no longer allows the alternative treatment with regard to the capitalization of borrowing costs (method used by Edison Spa until December 31, 2008). As a result, starting on January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset must be capitalized when a significant period of time is required before the asset can be ready for its intended use or for sale.
- "IAS 1 revised", which introduces new disclosure requirements provided by means of a schedule showing "Other Components of the Comprehensive Income Statement." This schedule, which supplements the income statement, lists the profit components provisionally recognized in equity, such as the change in the cash flow hedge reserve and the result from available-for-sale financial assets. Earlier, information about any changes in these components could only be gleaned by analyzing the respective equity reserves.
- IFRS 8 "Operating Segments," which replaced IAS 14 "Segment Reporting." The required disclosure has been expanded to include an analysis of the products and services supplied by the enterprise and, if applicable, about major customers.
- Amendment to IFRS 2 "Share-based Payments," which introduces changes regarding plan vesting conditions and the accounting treatment of cancellations.
- IFRIC 13 "Customer Loyalty Programs," pursuant to which the fair value of obligations for credits awarded to customers under loyalty programs, when buying goods or services, must be deducted from revenues and deferred until the corresponding obligations toward customers have ended.
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction," which clarifies the provisions of IAS 19, specifically with regard to the so-called "asset-ceiling test."

The following international accounting principles and interpretations published in the *O.J.E.U.* during the first half of 2009 will go into effect in 2010:

- IFRS 3 revised, which introduces changes on how goodwill from business combinations carried out in multiple phases should be valued.
- IAS 27 revised, pursuant to which minority interest in comprehensive profit must be recognized even if this produces a loss.
- IFRIC 12 "Service Concession Arrangements," which introduces changes to the accounting treatment of regulated activities operated under a concession arrangement.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation."

The condensed semiannual financial statements of Edison Spa, the Group's Parent Company, at June 30, 2009 were the subject of a limited audit.

Presentation Format of the Financial Statements Adopted by Edison Spa

The presentation format of the financial statements adopted by Edison Spa are the same as those used for the annual financial statements, except for the additional disclosures required by the adoption of IAS 1 revised. More specifically:

- In the Statement of Changes in Shareholders' Equity, flows affecting the cash flow hedge reserve and the reserve for available-for-sale financial investments are shown separately;
- A disclosure of "Other Components of the Comprehensive Income Statement" has been added.

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

FINANCIAL RISK MANAGEMENT BY THE GROUP'S PARENT COMPANY

This chapter provides an overview of the policies and principles adopted by Edison Spa to manage and control the commodity price risk that arises from the price volatility of energy commodities and environmental securities (CO_2 emissions certificates, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). A more detailed disclosure of these issues may be found in the notes to the separate financial statements of Edison Spa at December 31, 2008.
In accordance with IFRS 7 and consistent with the disclosures provided in the Interim Report on Operations, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

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

Consistent with its Energy Risk Policies, Edison Spa manages this risk consistent with the limit on the economic capital involved - measured in terms of Profit at Risk (PaR[1]) - approved by the Board of Directors for the industrial portfolio, which includes activities carried out to hedge contracts to buy and sell commodities, the Group's production and its assets. The economic capital represents the at-risk capital, stated in millions of euros, available to hedge market risks.
A simulation is carried out for the financial derivatives that hedge the industrial portfolio to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives.
The table below shows the maximum expected negative variance in fair value (146 million euros) for the outstanding financial contracts over the time horizon of the current year for a level of probability of 97.5%, compared with their fair value at June 30, 2009. In other words, the probability that the negative variance compared with the fair value of the outstanding financial contracts measured at June 30, 2009 will be greater than 146 million euros by the end of 2009 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	1st half 2009		1st half 2008	
(in millions of euros)	Level of probability	Expected negative varinace in fair value	Level of probability	Expected negative varinace in fair value
Total	97.5%	146	97.5%	48.1

The main reasons for the significant increase that occurred compared with June 30, 2008 include: a higher volume of financial hedges required for the industrial portfolio, due mainly to an increase in sales at a fixed price; longer time horizons of hedging contracts, which reflect increased liquidity in the Italian electric power market for maturities beyond the reporting year; and, lastly, greater volatility in the financial markets.

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

2. Foreign Exchange Risk not Related to Commodity Risk

Except for the issues mentioned above in connection with the commodity risk, the Company has no significant exposure to the foreign exchange risk, the remaining portion of which arises mainly from the translation of the financial statements of certain foreign subsidiaries and cash flows in foreign currencies of a limited amount concerning purchases of equipment. As a rule, foreign subsidiaries use the same currencies in the invoices they issue and the invoices they pay.

3. Interest Rate Risk

Edison Spa is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs.

(in millions of euros)	06.30.2009			12.31.2008		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	701	851	24%	702	911	36%
- variable rate portion	2,790	2,640	76%	1,798	1,589	64%
Total gross financial debt	**3,491**	**3,491**	**100%**	**2,500**	**2,500**	**100%**

As shown by the breakdown in the preceding table, 76% of the Company's total gross exposure is at variable interest rates, up from 64% at December 31, 2008. This is due mainly to an increase in gross financial debt, which was negotiated and is held at variable interest rates. As a result, the percentage of the debt exposure at fixed interest rates decreased from 36% at December 31, 2008 to 24% at June 30, 2009.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity of a hypothetical shift of the curves of plus or minus 50 basis points compared with the rates actually applied in the first half of 2009.

Sensitivity analysis	1st half 2009			06.30.2009		
(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	44	36	27	-	-	-

Sensitivity analysis	1st half 2008			12.31.2008		
(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	-	-	(1)

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.

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

A program for the assignment of trade receivables without recourse on a monthly revolving basis got under way last year.

The receivables assigned without recourse totaled about 566 million euros in the first half of 2009. At June 30, 2009, assigned receivables that were still exposed to recourse risk did not represent a material amount.

Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Company deals only with entities with a high credit rating. At June 30, 2009, there was no significant exposure to risks related to a possible further deterioration of the overall financial environment.

The table below shows an overview of trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The decrease, compared with the amount outstanding at December 31, 2008, reflects for the most part the seasonality of natural gas consumption by residential users.

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)	06.30.2009	12.31.2008
Gross trade receivables	862	1,641
Allowance for doubtful accounts (-)	(41)	(24)
Trade receivables	**821**	**1,617**
Guarantees held	269	139
Receivables 9 to 12 months in arrears	4	6
Receivables more than 12 months in arrears	32	10

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

5. 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 depicts a worst-case scenario, showing undiscounted future cash flows, both for principal and accrued interest, required for financial liabilities, including trade accounts payable and interest rate derivatives. Assets, including both liquidity and trade receivables, were not taken into account and financing facilities were treated as if repayable on the first contractual due date when repayment can be demanded or as repayable on demand, in the case of revocable lines of credit.

(in millions of euros)	06.30.2009			12.31.2008		
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	3	44	1,253	7	50	1,266
Financial debt and other financial liabilities	657	44	1,613	261	134	302
Trade account payable	852	25	-	1,201	24	-
Total	**1,512**	**113**	**2,866**	**1,469**	**208**	**1,568**

The strategic goal to ensure that Edison Spa has access at all times to sufficient committed facilities to meet its financial obligations over the ensuing 12 months is pursued concurrently with the objective of lengthening the average life of its debt, thereby stabilizing and consolidating its sources of funds.
Consistent with this approach, at June 30, 2009, while gross financial debt due within one year totaled 701 million euros, the Company had access to unused committed lines of credit amounting to 600 million euros, consisting of the available portion of the 1,500-million-euro syndicated facility maturing in 2013, including a 250-million-euro undrawn during the month of July.
Lastly, the increase in financial debt due after one year, amounting to more than 1,300 million euros, reflects the utilization for 650 million euros of the abovementioned 1,500-million-euro syndicated credit line. In addition, in May 2009, Edison obtained a 600-million-euro facility, provided on a Club Deal basis by a pool of Italian and international banks. This three-year line, which has been fully utilized and is repayable in a lump sum, helped lengthen the average maturity of the Company's financial debt.

(in millions of euros)	06.30.2010	06.30.2011	06.30.2012	06.30.2013	06.30.2014	After 5 years	Total
Bonds	20	701	500	-	-	-	1,221
Financial debt and other financial liabilities owed to outsiders	763	26	701	664	68	-	2,222
Gross borrowings owed to outsiders	**783**	**727**	**1,201**	**664**	**68**	**-**	**3,443**
Gross intra-Group financial debt	48	-	-	-	-	-	48
Totale gross borrowings	**831**	**727**	**1,201**	**664**	**68**	**-**	**3,491**

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which the Company 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 Edison Spa issues of debt securities (Euro Medium-term Notes), with a total face value of 1,200 million euros, were outstanding at June 30, 2009 (see table below):

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	2.010%

Lastly, the Company is a party to non-syndicated loan agreements with a total face value of 243 million euros and syndicated loan agreements with a total face value of 2,100 million euros.
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 other proceedings with a similar effect.
In addition to the obligations and restrictions mentioned above, the loan agreement for the 600-million-euro facility provided to Edison, in May 2009, by a pool of Italian and international banks on a Club Deal basis also sets forth requirements concerning compliance with financial ratios (financial covenants). Specifically, the ratio of EBITDA to financial expense and the ratio of net financial position to EBITDA must be higher or lower, respectively, than predetermined thresholds. The threshold levels were determined conservatively, based on the Group's industrial plan.

At present, there is no information available indicating that the Company may be in default or in violation of any financial or other covenants included in the various loan agreements.

Analysis of Forward Transactions and Derivatives

Whenever possible, the Company uses hedge accounting to recognize derivative contracts executed to hedge the risk of fluctuations in the prices of energy commodities and in the relevant foreign exchange parities, as well as the risk of interest rate volatility, as it applies to its indebtedness, provided the corresponding 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*: insofar as the management of interest rate and foreign exchange risks on energy commodities is concerned, 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, 2009

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

- Derivatives that were outstanding at June 30, 2009, classified by maturity;
- The value at which these contracts are reflected on the balance sheet, which is their fair value.
- The pro rata share of the fair value referred to above that was recognized on the income statement from the date of execution.

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 Rate and Foreign Exchange Rate Derivatives

(in millions of euros)	Notional amount (*)	Notional amount (*)	Notional amount (*)	Balance sheet amount (**)	Cumulative impact on the income statement at 06.30.2009 (***)
	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	-	-	(1)	(1)
- contracts that do not qualify as hedges in accordance with IAS 39	1,200	403	36	22	22
Total interest rate derivatives	**1,400**	**403**	**36**	**21**	**21**
Foreign exchange rate risk management					
- contracts that qualify as hedges in accordance with IAS 39					
- On commercial transactions	757	187	-	(43)	-
- On financial transactions	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39					
- On commercial transactions	92	-	-	(7)	(7)
- On financial transactions	47	-	-	-	-
Total foreign exchange rate derivatives	**896**	**187**	**-**	**(50)**	**(7)**

(*) 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 Derivatives

	Unit of measure of notional amount	Notional amount due within one year (*)	Notional amount due within two years (*)	Notional amount due after two years (*)	Balance sheet value (**) (in millions of euros)	Cumulative impact on the income statement at 06.30.2009 (***) (in millions of euros)
Price risk management for energy products						
A. Cash flow hedges pursuant to IAS 39, broken down as follows:					**10**	**1**
- Electric power	TWh	-	-	-	-	-
- Natural gas	millions of terms	-	-	-	-	-
- LNG and oil	barrels	8,957,840	2,672,110	14,100	10	1
- 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:	**-**	**-**	**-**	**-**	**14**	**14**
C.1 Margin hedges		**-**	**-**	**-**	**14**	**14**
- Electric power	TWh	-	-	-	-	-
- LNG and oil	barrels	(56,195)	34,000	5,000	15	15
- Coal	millions of tons	0,04	-	-	(1)	(1)
C.2 Trading contracts		**-**	**-**	**-**	**-**	**-**
- Electric power	TWh	-	-	-	-	-
- LNG, oil	barrels	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**24**	**15**

(*) + 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.

Effects of Derivative Transactions on the Income Statement and Balance Sheet in the First Half of 2009

The table below provides an analysis of the financial results of derivative transactions at June 30, 2009. Purchases of natural gas included in "Materials and services used" include 20 million euros representing the positive impact of the effective portion of commodity-related foreign exchange hedges.

(in millions of euros)	Realized in the 1st half of 2009 (A)	Fair Value recognized for contracts outstanding at 12.31.2008 (B)	Portion of (B) contracts realized in 2008 (B1)	Fair value recognized for contracts outstanding at 06.30.2009 (C)	Change in fair value in the 1st half of 2009 (D=C-B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	3	-	-	2	2	5
- not definable as hedges pursuant to IAS 39	8	9	9	23	14	22
Exchange risk hedges for commodities	-					
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	-	1	1	1	-	-
Total (A)	**11**	**10**	**10**	**26**	**16**	**27**
Raw materials and services used (see Note 23 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(140)	(5)	(5)	(1)	4	(136)
- not definable as hedges pursuant to IAS 39	(13)	(17)	(17)	(8)	9	(4)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	20	1	1	-	(1)	19
- not definable as hedges pursuant to IAS 39	-	-	-	(8)	(8)	(8)
Total (B)	**(133)**	**(21)**	**(21)**	**(17)**	**4**	**(129)**
TOTAL INCLUDED IN EBITDA (A+B) = (C)	**(122)**	**(11)**	**(11)**	**9**	**20**	**(102)**
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	13	16	5	26	9	22
Total financial income (D)	**14**	**16**	**5**	**26**	**9**	**23**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	(1)	-	-	(1)	(1)	(2)
- not definable as hedges pursuant to IAS 39	(17)	(7)	(2)	(4)	3	(14)
Total financial expense (E)	**(18)**	**(7)**	**(2)**	**(5)**	**2**	**(16)**
Margin on interest rate hedging transactions (D+E)=(F)	**(4)**	**9**	**3**	**21**	**11**	**7**
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	3	-	-	-	-	3
Total foreign exchange gains (G)	**3**	**-**	**-**	**-**	**-**	**3**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	(7)	-	-	-	-	(7)
- not definable as hedges pursuant to IAS 39	(5)	(1)	-	-	1	(4)
Total foreign exchange losses (H)	**(12)**	**(1)**	**-**	**-**	**1**	**(11)**
Margin on foreign exchange hedging transactions (G+H)= (I)	**(9)**	**(1)**	**-**	**-**	**1**	**(8)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (F+I) (see Note 27 to the Income Statement)	**(13)**	**8**	**3**	**21**	**12**	**(1)**

The table below provides a breakdown of the amounts recognized in the balance sheet following the measurement at fair value of the derivatives outstanding at June 30, 2009:

(in millions of euros)	06.30.2009		12.31.2008	
	Receivables	Payables	Receivables	Payables
Interest rate transactions	26	(5)	11	(1)
Foreign exchange transactions	6	(56)	24	(56)
Commodity transactions	81	(57)	10	(261)
Fair value recognized as current asset or current liability	**113**	**(118)**	**45**	**(318)**
Broken down as follows:				
- recognized as "Other receivables and payables"	87	(113)	34	(316)
- recognized as "Current financial assets" and "Short-term borrowings"	26	(5)	11	(2)

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 34 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, 2009.

Edison has chosen not to adopt the fair value option and, consequently, as the table shows, neither financial debt 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	Investment in unlisted securities valued at cost	**Carryng value at 06.30.2009**	Fair value at 06.30.2009
Financial instrument type	earnings (1)	(2)	equity (3)	(4)	(5)		
ASSETS							
Available-for-sale equity investments, including:							
- unlisted securities	-	-	-	-	271	**271**	n.d.
- publicly traded securities	-	-	7	-	-	**7**	7
						278	n.d.
Other financial assets [8]	-	-	-	22	-	**22**	22
Other assets [8]	-	-	-	10	-	**10**	10
Trade receivables [8]	-	-	-	821	-	**821**	821
Other receivables [8]	26	61	-	201	-	**288**	288
Current financial assets [7] [8]	26	-	-	2,506	-	**2,532**	2,532
Cash and cash equivalents [8]	-	-	-	3	-	**3**	3
LIABILITIES							
Long and short-term bonds	-	-	-	1,221	-	**1,221**	1,250
Long and short-term financial debt [6] [8]	4	1	-	2,265	-	**2,270**	2,276
Trade payables [8]	-	-	-	877	-	**877**	877
Other liabilities [8]	18	95	-	219	-	**332**	332

(1) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.
(2) Cash flow hedges.
(3) Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.
(4) Loans, receivables and financial liabilities valued at amortized cost.
(5) Available-for-sale financial assets consisting of investments in unlisted securities the fair value of which cannot be measured reliably are valued at cost, reduced by any impairment losses.
(6) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(7) Includes equity investments held for trading.
(8) 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.

NOTES TO THE BALANCE SHEET

Assets

1. Property, Plant and Equipment

Property, plant and equipment, which comprises the Company's production assets, totaled 3,762 million euros, or 96 million euros less than at December 31, 2008. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2009:

(in millions of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/08 (A)	**467**	**3,228**	**6**	**3**	**154**	**3,858**
Changes in the first half of 2009:						
- Additions	1	25	-	-	54	80
- Disposals (-)	(6)	(2)	-	-	(1)	(9)
- Depreciation (-)	(11)	(155)	(1)	-	-	(167)
- Other changes	1	33	-	-	(34)	-
Total changes (B)	**(15)**	**(99)**	**(1)**	**-**	**19**	**(96)**
Balance at 6/30/09 (A+B)	**452**	**3,129**	**5**	**3**	**173**	**3,762**

The total value of these assets includes "Construction in progress and advances" totaling 173 million euros attributable mainly to the repowering of the Marghera Azotati thermoelectric power plant (46 million euros) and the development of several fields by the hydrocarbons operations (about 74 million euros).

Additions include 59 million euros by the **electric power operations** (22 million euros for the repowering of the Marghera Azotati power plant), and 20 million euros by the **hydrocarbons operations,** used mainly to develop some hydrocarbon fields.

Disposals of 9 million euros refer mainly to the sale of some non-industrial properties, which in the aggregate had a positive impact of 2 million euros on the income statement.

Depreciation decreased to 167 million euros, or 29 million euros less than in the first half of 2008, due mainly to the conveyance of business operations, consisting of five thermoelectric power plants and 10 hydroelectric power plants, in 2008. More detailed information about these transactions is provided in the note to the corresponding income statement item.

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

- **Assets transferable at no cost** valued at 142 million euros (155 million euros at December 31, 2008), attributable mainly to Edison's hydroelectric operations, which hold 24 concessions (the same as at December 31, 2008). The decrease reflects primarily the depreciation for the period.
- **Assets acquired under finance leases** totaling 2 million euros, which are recognized in accordance with the IAS 17 (revised) method. The balance outstanding on finance leases, which amounts to less than 1 million euros, is shown under "Short-term financial debt."

2. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, totaled 4 million euros. Depreciation for the first half of 2009 amounted to less than 1 million euros.

3. Goodwill

Goodwill totaled 2,632 million euros, unchanged compared with December 31, 2008. 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 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 2009.

4. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which include 47 hydrocarbon production leases in Italy (the same as at the end of 2008), were valued at 202 million euros. The amortization for the period accounts for most of the decrease of 11 million euros compared with December 31, 2008.

5. Other Intangible Assets

The balance of 28 million euros includes 21 million euros for patents, licenses and similar rights, consisting mainly of software licenses, and work in progress valued at 7 million euros.
Hydrocarbon research and exploration costs, which are charged in full to income in the year they are incurred, totaled 2 million euros.

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

Investments in associates totaled 1,971 million euros, including 833 million euros in investments in subsidiaries and 1,138 million euros in investments in affiliated companies and joint ventures. Available-for-sale investments were valued at 278 million euros, including 264 million euros for a 10% interest in Terminale GNL, which is the company that owns an offshore regasification terminal near the coast of Porto Viro (RO).
The table below shows the main changes that occurred in the first half of 2009:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12/31/08 (A)	**1,909**	**247**	**2,156**
Changes in the first half of 2009:			
- Acquisitions	25	-	25
- Changes in share capital and reserves	2	32	34
- Coverage of losses	46	-	46
- Reval. (+) /Writed. (-) recog. in earnings	(11)	-	(11)
- Reval. (+) /Writed. (-) recog. in equity	-	(1)	(1)
Total changes (B)	**62**	**31**	**93**
Balance at 6/30/09	**1,971**	**278**	**2,249**

An analysis of the changes is provided below:

- The largest component of **acquisitions**, which totaled 25 million euros, is the purchase of an 80% interest in AMG Gas Srl, a company that distributes natural gas in the Palermo area;
- **Changes in share capital and reserves** consist mainly of capital contributions provided to Terminale GNL Adriatico Spa (32 million euros);
- The amount shown for **coverage of losses** reflects contributions of 29 million euros, 16 million euros and 1 million euros provided to Edison International Spa, Edison Energia Spa and Nuova Alba, respectively;
- **Writedowns** include:
  - 11 million euros mainly to restate the carrying amounts of some investments in subsidiaries;
  - an adjustment of 1 million euros to the investment in RCS Mediagroup Spa, with the offsetting entry posted to a special equity reserve.

7. Other Financial Assets

The net carrying amount of 22 million euros, unchanged compared with December 31, 2008, includes loans receivable due in more than one year and long-term investment securities.
Specifically, this item includes:

- 14 million euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa, the disbursement of which is predicated upon changes in CIP 6/92 regulations;
- 8 million euros concerning mainly the Gever Spa subsidiary.

This account also includes a receivable for an escrow deposit of 17 million euros provided for IPSE 2000, which is offset by an allowance for doubtful accounts of an equal amount.

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

Other assets, which totaled 10 million euros, or 8 million euros less than the 18 million euros reported at the end of 2008, consist mainly of receivables owed by the internal revenue administration.
Collections of tax refunds accounts for most of the abovementioned decrease.

10. Current Assets

(in millions of euros)	06.30.2009	12.31.2008	Change
Inventories	180	258	(78)
Trade receivables	821	1,617	(796)
Current-tax assets	-	4	(4)
Other receivables	288	249	39
Current financial assets	2,532	946	1,586
Cash and cash equivalents	3	20	(17)
Total current assets	**3,824**	**3,094**	**730**

An analysis of these accounts is provided below:

- **Inventories,** which decreased to 180 million euros, or 78 million euros less than at December 31, 2008, due mainly to a reduction in stored natural gas, consist for the most part of hydrocarbon products (145 million euros) and supplies and equipment used to maintain and operate the Company's facilities (35 million euros).
- **Trade receivables, which** totaled 821 million euros, down sharply (-796 million euros) compared with December 31, 2008, stem primarily from contracts to supply electric power and steam, contracts to supply natural gas and contracts to sell natural gas at virtual exchange facilities. They are shown net of an allowance for doubtful accounts of 41 million euros. A breakdown by business segment is provided below:

(in millions of euros)	06.30.2009	12-31-08	Change
Electric power	519	822	(303)
Hydrocarbons	302	795	(493)
Total trade receivables	**821**	**1.617**	**(796)**
Broken down as follows:			
- amount owed by outside customers	634	1.073	(439)
- amount owed by subsidiaries and affiliated companies	187	544	(357)
Allowance for doubtful accounts	(41)	(24)	(17)

Among the trade receivables from subsidiaries and affiliated companies, the largest amounts are owed by Edison Trading (146 million euros), Edison Energia (18 million euros) and Termica Milazzo (13 million euros).

The decrease, compared with December 31, 2008, is due to a reduction in unit sales revenues and reflects the impact of the amounts collected in the first half of 2009. Collections booked in the first six months of 2009 included receivables owed by the Electric Power Industry Equalization Fund for refunds of CO_2 and Green Certificate costs due in accordance with AEEG Resolutions No. 77/08 and No. 80/08 (53 million euros).
Lastly, during the first half of 2009, Edison Spa executed transactions assigning without recourse receivables totaling 566 million euros. Among the assigned receivables, those that at June 30, 2009 were still subject to a recourse risk did not represent a material amount.

- The balance in the **current-tax asset** account decreased to zero, because the credit toward the tax administration that existed at December 31, 2008 for estimated payments of regional taxes (IRAP) made in 2008, net of the liability for the first half of 2009, was fully utilized.
- **Other receivables** amounted to 288 million euros, or 39 million euros more than at December 31, 2008, net of an allowance for doubtful accounts totaling 16 million euros. A breakdown of the components of this account is provided below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Receivables from the valuation of derivatives	87	34	53
Receivables due by Group companies for the provision of technical, administrative and financial services	33	34	(1)
Dividends receivable from subsidiaries	28	31	(3)
Amounts owed by partners and associates in hydrocarbon exploration projects	22	27	(5)
Advances to suppliers	30	25	5
Prepaid insurance premiums	16	14	2
Amounts receivable from local government entities	12	11	1
Credits toward the social security administration	9	11	(2)
Amounts receivable from the tax administration	2	10	(8)
Prepaid hydroelectric concession fees	6	1	5
Sundry items	43	51	(8)
Total	**288**	**249**	**39**
Broken down as follows:			
- amount owed by outside customers	226	180	46
- amount owed by subsidiaries and affiliated companies	62	69	(7)

The largest receivables from subsidiaries and affiliated companies were those owed by Termica Milazzo (29 million euros), Sel Edison (6 million euros), Sarmato Energia (5 million euros), Edison Trading (3 million euros) and Gever (2 million euros).

- **Current financial assets** grew to 2,532 million euros, up sharply compared with December 31, 2008, due mainly to an increase in loans receivable. A breakdown is provided below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Equity investments held for trading	8	7	1
Loans receivable	2,498	928	1,570
Derivatives	26	11	15
Total current financial assets	**2,532**	**946**	**1,586**

Equity Investments Held for Trading

These are investments in the following publicly traded companies: ACEGAS APS Spa (3 million euros), AMCS American Superconductor Spa (3 million euros) and ACSM Spa (2 million euros). The carrying values of these investments are marked to market at the end of the period.

Loans Receivable

Loans receivable of 2,498 million euros reflect financial transactions with subsidiaries and affiliated companies and represent the balances in the corresponding intra-Group current accounts.
The largest amount reflects indebtedness owed by the Edison International Spa subsidiary in connection with the acquisition of the Abu Qir concession, in January, for 1,011 million euros.

Derivatives

The entire amount reflects the effect of measurement at fair value of derivatives hedging interest rate and foreign exchange risks that were outstanding at June 30, 2009.
More detailed information about the effect of financial derivatives is provided in the "Risk Management" section of this Report.

- **Cash and cash equivalents,** which totaled 3 million euros, consist of deposits in postal and bank accounts and other liquid assets.

11. Assets Held for Sale

This account had a zero balance at June 30, 2009.

Liabilities and Shareholders' Equity

12. Shareholders' Equity

Edison's shareholders' equity amounted to 7,013 million euros, for a gain of 244 million euros compared with December 31, 2008. This increase is the net result of the profit earned in the first half of 2009 (362 million euros) and a positive change in the Reserve for cash flow hedge transactions (151 million euros), offset in part by a dividend distribution of 268 million euros (equal to a dividend of 0.05 euros per common share and 0.08 euros per savings share).

Other reserves reflects primarily a reserve established to recognize fair value adjustments to the carrying amounts of property, plant and equipment for 467 million euros.

The capital stock of Edison Spa consisted of shares with a par value of 1 euro each, regular ranking for dividends. A breakdown is as follows:

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

The table below shows the changes that occurred in the Reserve for cash flow hedge transactions related to the adoption of IAS 32 and IAS 39 to value derivatives that hedge price and foreign exchange risks in energy commodities:

Reserve for cash flow hedge transactions

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at December 31, 2007	(272)	100	(172)
- Changes in the first half of 2008	238	(87)	151
- Reserve at June 30, 2008	**(34)**	**13**	**(21)**

The gross fair value amount of 34 million euros refers to hedging transactions executed in connection with:

- Commodity purchases, with a positive impact of 9 million euros;
- Foreign exchange rates affecting commodity purchases, with a negative impact of 43 million euros.

The following changes occurred in the Reserve for available-for-sale investments:

Reserve for available-for-sale investments

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
- Reserve at December 31, 2008	(4)	-	(4)
- Changes in the first half of 2009	(1)	-	(1)
- Reserve at June 30, 2009	**(5)**	**-**	**(5)**

13. Provision for Employee Severance Indemnities and Provisions for Pensions

The balance of 30 million euros, about the same as at the end of 2008, reflects the accrued severance indemnities and other benefits owed to employees at June 30, 2009. A valuation in accordance with the criteria of IAS 19 was performed only for the liability corresponding to the provision for employee severance indemnities that is still held by the Company.
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 quarter of 2009:

(in millions of euros)	06.30.2009
Balance at 12.31.2008 (A)	**31**
Changes in the first half of 2009	
- Utilizations (-)	(1)
- Actuarial (gains) losses (+/-)	(1)
- Financial expense (+)	1
- Other changes	-
Total changes (B)	**(1)**
Total at 06.30.09 (A+B)	**30**

At June 30, 2009, the Company had 1,724 employees, 27 more than at December 31, 2008 (1,697 employees). The average payroll for the first half of 2009 numbered 1,714 employees.

14. Deferred-tax Liabilities

This item, which had a balance of 315 million euros, met the requirements of IAS 12 and, consequently, was offset against the Deferred-tax assets account.

These provisions reflect mainly the deferred tax liability from the use during the IFRS transition of fair value as deemed cost. The following table shows a breakdown of this provision:

(in millions of euros)	06.30.2009	12.31.2008	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	334	351	(17)
- Adoption of the standard on finance leases (IAS 17)	29	28	1
- Adoption of the standard on fin. instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	-	-
- Other deferred taxes	-	4	(4)
Total deferred-tax liabilities (A)	**363**	**383**	**(20)**
Offsettable deferred-tax assets:			
- Taxed provisions for risks	33	39	(6)
- Adoption of the standard on fin. instruments (IAS 39) with impact on:			-
- the income statement	1	2	(1)
- shareholders' equity	13	100	(87)
- Other prepaid taxes	1	1	-
Total deferred-tax assets (B)	**48**	**142**	**(94)**
Total provision for deferred taxes (A-B)	**315**	**241**	**74**

The data at June 30, 2009 reflect the impact of Legislative Bill No. 1441 (see Article 56), which has been approved by Parliament but has not yet been enacted. This bill amends Decree Law No. 112 of June 25, 2008, raising the corporate income tax surcharge (the so-called “Robin Hood Tax”) from 5.5% to 6.5%. As a result, the Company’s tax burden increased by 9 million euros in the first half of 2009, specifically affecting deferred-tax liabilities for differences in property, plant and equipment values.

15. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, decreased to 643 million euros, or 34 million euros less than at December 31, 2008, as a result of the following changes:

(in millions of euros)	12.31.2008	Additions	Utilizations	06.30.2009
- Disputed tax items	54	1	-	55
- Risks for disputes, litigation and contracts	140	3	(1)	142
- Charges for contractual guarantees on the sale of equity investments	82	-	-	82
- Provisions for decommissioning and site remediation	288	6	(1)	293
- Environmental risks	13	-	-	13
- Provision for CO_2 emissions quotas and Green Certificates	9	-	(9)	-
- Other risks and charges	91	3	(36)	58
Total at June 30, 2009	**677**	**13**	**(47)**	**643**

The main changes that occurred in the first half of 2009 are reviewed below:

- **Additions** of 13 million euros included financial expense on decommissioning provisions (6 million euros), accrued statutory interest and interest on tax liabilities attributable to some provisions (4 million euros) and, lastly, additional amounts set aside to cover various environmental, legal and tax risks (3 million euros).
- The main **utilizations,** which totaled 47 million euros, included the settlement of a dispute with UBS

concerning savings shareholders (29 million euros) and outlays for Green Certificates (7 million euros) and CO_2 emissions rights (2 million euros).

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 Condensed Semiannual Consolidated Financial Statements entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2009."

16. Bonds

The balance of 1,201 million euros represents the non-current portion of the bonds issued by the Company, valued at amortized cost.
The table below shows the balance outstanding at June 30, 2009 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	19	750
Edison Spa	Luxembourg Exchange	EUR	500	Quarterly in arrears	2.020%	07.19.2011	501	1	500
Total for the Group			**1,200**				**1,201**	**20**	**1,250**

17. Long-term Financial Debt and Other Financial Liabilities

A breakdown of these liabilities is as follows:

(in millions of euros)	06.30.2009	12.31.2008	Change
Due to banks	1,460	273	1,187
Due to other lenders	1	1	-
Total at 06.30.2009	**1,461**	**274**	**1,187**

The increase compared with December 31, 2008 is due mainly to:

- the utilization of committed credit lines to provide the Edison International Spa subsidiary with the resources needed to cover a payment of 1,011 million euros for the acquisition of the Abu Qir concession, in Egypt;
- in May 2009, the signing of a three-year loan agreement for a 600-million euro facility provided by a pool of international banks. This facility, which is repayable in a lump sum in May 2012, accrues interest at an interest rate indexed to the Euribor plus a spread consistent with the best market terms currently available.

18. Other Liabilities

The balance of 23 million euros reflects the suspension of the gain earned by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy Srl, while agreements providing both parties with put and call options are in effect.

19. Current Liabilities

Current liabilities totaled 2,047 million euros, or 765 million euros less than at December 31, 2008. A breakdown of current liabilities is as follows:

(in millions of euros)	06.30.2009	12.31.2008	Change
Bonds	20	9	11
Short-term financial debt	809	1,018	(209)
Trade payables	877	1,225	(348)
Current taxes payable	9	16	(7)
Other liabilities	332	544	(212)
Total current liabilities	**2,047**	**2,812**	**(765)**

The main current liability accounts are reviewed below:

- **Bonds** payable of 20 million euros represent mainly the accrued coupons payable at June 30, 2009.
- The main components of **short-term financial debt,** which decreased to 809 million euros, or 209 million euros less than at December 31, 2008, are 755 million euros due to banks, 49 million euros owed to subsidiaries and affiliated companies and 5 million euros generated by the measurement at fair value of interest rate and foreign exchange derivatives.
- **Trade payables** totaled 877 million euros, for a decrease of 348 million euros compared with December 31, 2008. A breakdown by business segment is provided below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Electric power operations	537	450	87
Hydrocarbon operations	321	752	(431)
Corporate activities	19	23	(4)
Total trade payable	**877**	**1,225**	**(348)**

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 9 million euros, net of estimated payments, represent the liability for the regional tax (IRAP) and corporate income tax (IRES) amounting to 3 million euros and 6 million euros, respectively. As explained earlier in these notes, the IRES liability reflects the IRES surcharge introduced with Decree Law No. 112 of June 25, 2008, as recently amended by Legislative Bill No. 1441. The resulting liability was classified under taxes payable because the abovementioned surcharge must be paid separately by the companies to which it applies and cannot be included in the national consolidated tax return.
- **Other liabilities** amounted to 332 million euros, or 212 million euros less than at December 31, 2008. A breakdown of the main components of this account is provided below:

(in millions of euros)	06.30.2009	12.31.2008	Change
Valuation of derivatives	113	316	(203)
Amounts owed to joint holders of permits and concessions for the production of hydrocarbons	35	66	(31)
Consulting and other services	46	53	(7)
Amounts owed to employees	20	20	-
Amounts owed to social security institutions	20	18	2
Royalties payable	11	11	-
Sundry and excise taxes	8	10	(2)
Customer advances	5	10	(5)
VAT in pool with subsidiaries	7	10	(3)
Amount owed to the controlling company (Transalpina di Energia) for the consolidated tax return	21	8	13
Miscellaneous liabilities	46	22	24
Total	**332**	**544**	**(212)**

20. Liabilities Held for Sale

This account had a zero balance at June 30, 2009.

NET FINANCIAL DEBT

At June 30, 2009, net financial debt totaled 956 million euros, or 578 million euros less than the 1,534 million euros owed at December 31, 2008. This reduction is mainly the net result of the following items:

decreases:
- 804 million euros from the operating cash flow;
- 313 million euros from the collection of dividends from subsidiaries;

increases:
- 268 million euros for dividend payments;
- 104 million euros for new equity investments;
- 85 million euros for additions to property, plant and equipment;
- 67 million euros for tax payments;
- 21 million euros for borrowing costs.

Consistent with the practice followed at the end of 2008, the table below provides a simplified breakdown of the Company's net financial debt:

(in millions of euros)	Balanc sheet note ref.	06.30.2009	12.31.2009	Change
Long-term financial debt				
Bonds - non-current portion	16	1,201	1,199	2
Non-current bank loans	17	1,460	273	1,187
Amounts due to other lenders - non current portion	17	1	1	-
Total long-term financial debt		**2,662**	**1,473**	**1,189**
Short-term financial debt				
Bonds - current portion	19	20	9	11
Current loans payable	19	809	1,018	(209)
Current financial assets	10	(2,532)	(946)	(1,586)
Cash and cash equivalents	10	(3)	(20)	17
Total short-term financial debt		**(1,706)**	**61**	**(1,767)**
Net financial debt		**956**	**1,534**	**(578)**

Net financial debt includes 160 million euros stemming from transactions with related parties (109 million euros owed to Mediobanca and 51 million euros owed to Banca Popolare di Milano). In the balance sheet, these items are classified as "Long-term financial debt and other financial liabilities" and as "Short-term financial debt."

NOTES TO THE INCOME STATEMENT

The **net profit** earned by Edison Spa in the first half of 2009 grew to 362 million euros, or 99 million euros more than the 263 million euros reported at June 30, 2008.

A comparison of 2009 first-half data with those for the same period last year shows that **sales revenues** were down about 4% as the net result of the following factors:

- a decrease by the **electric power operations** (-23%) that reflects a reduction in unit sales caused in part by the change in the scope of consolidation that resulted from the divestment of thermoelectric and hydroelectric power plants in 2008;
- an increase by the **hydrocarbons operations** (+20%), which benefited from higher sales prices that more than offset the impact of lower unit sales.

EBITDA totaled 317 million euros, for a decrease of 42 million euros (-12%), compared with the 359 million euros earned in the first half of 2008. Lower EBITDA were reported both by the hydrocarbons operations (-17%) and the electric power operations (-1%). In the case of the electric power operations, EBITDA were reduced by charges from hedging foreign exchange and commodity derivatives amounting to 102 million euros.

Lastly, the following factors account for the difference in reported **net profit** compared with the first half of 2008:

- a decrease of 42 million euros in depreciation and amortization caused by the change in scope of consolidation that resulted from the divestment of thermoelectric and hydroelectric power plants in 2008;
- an increase of 24 million euros in net income from equity investments that reflects higher dividend payments by the subsidiaries;
- a decrease of 13 million euros in net financial expense made possible both by a reduction in the average borrowing rate (which, however, was higher on average than in the first half of 2008) and an increase in financial income from subsidiaries;
- a decrease of 38 million euros in income tax expense, despite an increase of one percentage point in the corporate income tax surcharge (the Robin Hood Tax). This decrease is due mainly to the fact that at June 30, 2008, following the introduction of the Robin Hood Tax, the deferred-tax amounts recognized at that time were adjusted accordingly, with a negative effect of 51 million euros.

21. Sales Revenues

Sales revenues totaled 2,699 million euros, for an overall decrease of 124 million euros (-4.4%) compared with the first half of 2008.

A breakdown by type of the Company's sales revenues, which were booked mainly in Italy, is provided below:

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Revenues from the sale of:				
- Electric power	1,158	1,514	(356)	(23.5%)
- Natural gas	1,441	1,163	278	23.9%
- Steam	40	52	(12)	(23.1%)
- Oil	19	58	(39)	(67.2%)
- Water and other utilities	-	1	(1)	n.m.
Revenues from the sale of products	**2,658**	**2,788**	**(130)**	**(4.7%)**
Revenues from services provided	33	26	7	26.9%
Revenues from power plant maintenance	5	6	(1)	(16.7%)
Transmission revenues	3	3	-	n.m.
Revenues from the provision of services	**41**	**35**	**6**	**17.1%**
Sales revenues of Edison Spa	**2,699**	**2,823**	**(124)**	**(4.4%)**

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

Breakdown of Revenues by Business Segment

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Electric power operations	1,213	1,584	(371)	(23.4%)
Hydrocarbon operations	1,473	1,227	246	20.0%
Corporate activities	13	12	1	8.3%
Total for Edison Spa	**2,699**	**2,823**	**(124)**	**(4.4%)**

More specifically:

- The main reason for the 23.4% decrease in revenues reported by the **electric power operations** is a drop in unit sales caused both by a reduction in demand for electric power and the divestment of some thermoelectric and hydroelectric power plants in 2008.
  Electric power revenues also reflect the positive impact of Resolution No. 77/08 (38 million euros), which defined the criteria for refunds covering the costs incurred by companies with CIP 6/92 power plants to comply with emissions rights requirements.
- The 20% gain in revenues achieved by **hydrocarbons operations,** despite a reduction in unit sales, was made possible by an increase in unit prices that resulted from the time lag with which changes in the benchmark markets are reflected in the pricing formulas.

22. Other Revenues and Income

Other revenues and income totaled 111 million euros. A breakdown is as follows:

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Out of period income	28	83	(55)	(66.3%)
Commodity derivatives	27	15	12	80.0%
Revenues from the sale of miscellaneous materials	13	1	12	n.m.
Insurance settlements	9	14	(5)	n.m.
Utilizations of allowances for doubtful accounts and sundry provisions for risks	8	49	(41)	(83.7%)
Recovery of costs from partners in hydrocarbon exploration projects	7	9	(2)	(22.2%)
Recovery of payroll costs	4	3	1	33.3%
Contractual penalties earned	4	3	1	33.3%
Swaps and exchanges of natural gas	2	33	(31)	n.m.
Contractutal compensation - free energy	2	-	2	n.m.
Leases of Company-owned property	2	2	-	n.m.
Recovery of sundry costs	2	5	(3)	(60.0%)
Gains from the sale of property, plant & equip.	-	8	(8)	n.m.
Sundry items	3	1	2	n.m.
Total for Edison Spa	**111**	**226**	**(115)**	**(50.9%)**

Out of period income reflects the portion attributable to previous years (12 million euros) of the positive impact produced by AEEG Resolutions No. 30/09 and No. 80/08, which provided refunds for the costs incurred to purchase green certificates.

Insurance settlements refer mainly to accidents that occurred in previous years at the Candela power plant and the Giovanna field.

Utilizations of provisions for risks refer mainly to the disposal of some industrial sites and the recognition of risks related to trade receivables.

Contractual penalties earned of 4 million euros stem from delays in the delivery of new equipment.

23. Raw Materials and Services Used

Raw materials and services used totaled 2,424 million euros, or 7.5% less than in the first half of 2008. This decrease is the net result of a 50% reduction for the electric power operations, offset in part by a 4% rise for the hydrocarbons operations. A breakdown is as follows:

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
- Natural gas	1,664	1,805	(141)	(7.8%)
- Electric power	3	3	-	0.0%
- Blast furnace, recycled and coke furnace gas	118	220	(102)	(46.4%)
- Oil and fuel	17	41	(24)	(58.5%)
- Demineralized industrial water	17	18	(1)	(5.6%)
- Green certificates	45	43	2	4.7%
- CO_2 emissions rights	14	36	(22)	n.m.
- Coal, utilities and other materials	10	-	10	n.m.
Total	**1,888**	**2,166**	**(278)**	**(12.8%)**
- Facilities maintenance	42	55	(13)	(23.6%)
- Transmission of electric power and natural gas	176	138	38	27.5%
- Professional services	33	36	(3)	(8.3%)
- Insurance services	9	8	1	12.5%
- Writedowns of trade and other receivables	19	5	14	n.m.
- Commodity derivatives	129	7	122	n.m.
- Additions to provisions for miscellaneous risks	1	122	(121)	n.m.
- Change in inventories	79	15	64	n.m.
- Use of property not owned	23	29	(6)	(20.7%)
- Sundry charges	25	40	(15)	(37.5%)
Total for Edison Spa	**2,424**	**2,621**	**(197)**	**(7.5%)**

The amount shown for **natural gas** reflects the positive impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (20 million euros). The total amount includes the cost of natural gas purchased to operate the Company's thermoelectric power plants.

The decrease in costs for **CO_2 emissions rights,** which decreased from 36 million euros in the first half of 2008 to 14 million euros in the same period this year, reflects both a drop in the level of emissions generated and a reduction in the unit cost paid to purchase the certificates.

The sharp increase shown for **commodity derivatives** is consistent with the price and foreign exchange trends for the hedged commodities, as discussed in the Risk Management section.

Additions to provisions for miscellaneous risks were down significantly compared with June 30, 2008, when they included 119 million euros for the Phase II (2008-2012 period) emissions rights charges accrued during the first half of 2008.

The main components of **sundry charges** are out of period charges (6 million euros), advertising expenses (3 million euros) incurred mainly for institutional communications, corporate expenses (3 million euros), losses on disposals of property, plant and equipment (2 million euros) and income taxes and indirect taxes (3 million euros).

Breakdown of Raw Materials and Services Used by Business Segment

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Electric power operations	284	570	(286)	(50.2%)
Hydrocarbon operations	2,090	2,004	86	4.3%
Corporate activities	50	47	3	n.m.
Total for Edison Spa	**2,424**	**2,621**	**(197)**	**(7.5%)**

24. Labor Costs

At 69 million euros, labor costs were in line with those incurred in the first half of 2008.

25. EBITDA

EBITDA decreased to 317 million euros, or 12% less than in the first six months of 2008, reflecting reductions reported both by the electric power operations (-1%) and the hydrocarbons operations (-17%). A breakdown by business segment is as follows:

(in millions of euros)	1st half 2009	as a % of sales revenues	1st half 2008	as a % of sales revenues	% change
Electric power operations	207	17.1%	210	13.3%	(1.4%)
Hydrocarbons operations	157	10.7%	189	15.4%	(16.9%)
Corporate activities	(47)	n.m.	(40)	n.m.	17.5%
Total for Edison Spa	**317**	**11.7%**	**359**	**12.7%**	**(11.7%)**

The decrease in EBITDA is basically the net result of the following contrasting factors:

Positive factors:

- Lower prices paid by the Thermoelectric Division for the main components of the cost of production and a greater use of hydroelectric facilities;
- The positive impact produced by AEEG Resolutions No. 30/09 and No. 80/08 (12 million euros), which provided refunds for the costs incurred in previous years to purchase green certificates;
- The positive impact of Resolution No. 77/08 (38 million euros), which defined the criteria for refunds covering the costs incurred by companies with CIP 6/92 power plants to comply with emissions rights requirements.

Negative factors:

- Lower unit sales by both the electric power operations and the hydrocarbons operations;
- The conveyance of assets to Co Energy Power, Dolomiti Edison Energy and Hydros during the first six months of 2009;
- Charges related to financial derivatives hedging foreign exchange and commodity price fluctuations (102 million euros).

26. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 183 million euros, is as follows:

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Depreciation of property, plant and equipment	167	196	(29)	(14.8%)
Amortization of hydrocarbon concessions	11	10	1	10.0%
Amortization of other intangible assets	5	19	(14)	(73.7%)
Total for Edison Spa	**183**	**225**	**(42)**	**(18.7%)**

Breakdown by Business Segment

(in millions of euros)	1st half 2009	1st half 2008	Change	% change
Electric power operations	147	178	(31)	(17.4%)
Hydrocarbon operations	32	42	(10)	(23.8%)
Corporate activities	4	5	(1)	(20.0%)
Total for Edison Spa	**183**	**225**	**(42)**	**(18.7%)**

An analysis of the main changes that occurred during the first half of 2009 is provided below:

- The decrease shown for the **electric power operations** is the net result of the following factors:

  Decreases:
  - On September 1, 2008, conveyance to Hydros Srl of seven hydroelectric power plants in the province of Bolzano (12 million euros);
  - End of depreciation of equipment replaced at a thermoelectric power plant (10 million euros);
  - Expiration of the CIP 6/92 contract for a thermoelectric power plant (7 million euros);
  - On May 1, 2008, conveyance to Dolomiti Edison Energy Srl of three hydroelectric power plants in the province of Trent (6 million euros);
  - Disposal of five thermoelectric power plants that operated under CIP 6/92 contracts (1 million euros).

  Increases:
  - Commissioning of repowered hydroelectric power plants (4 million euros).

- The main reason for the decrease shown for the **hydrocarbons operations** in the first half of 2009 is a reduction in exploration costs.

Amortization of other intangible assets refers almost exclusively to patents, trademarks and similar rights (3 million euros) and hydrocarbon exploration costs (2 million euros).

27. Net Financial Income (Expense)

Net financial expense amounted to 26 million euros. The main reason for the decrease of 13 million euros compared with the first half of 2008 is a sharp drop in benchmark interest rates, offset only in part by an increase in average net financial debt.
A breakdown of net financial expense is as follows:

(in millions of euros)	1st half 2009	1st half 2008	Change
Financial income			
Financial income from financial derivatives	23	16	7
Financial income from Group companies	39	21	18
Bank interest earned	-	1	(1)
Interest earned on trade receivables	3	-	3
Other financial income	-	1	(1)
Total financial income	**65**	**39**	**26**
Financial expense			
Interest paid on bond issues	(25)	(30)	5
Financial expense from financial derivatives	(16)	(22)	6
Financial expense paid to Group companies	(1)	(4)	3
Interest paid to banks	(25)	(16)	(9)
Bank fees paid	(3)	(1)	(2)
Financial expense on decommissioning projects	(6)	(6)	-
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest paid to other lenders	(1)	-	(1)
Other financial expense	-	(4)	4
Total financial expense	**(78)**	**(84)**	**6**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	38	13	25
Foreign exchange translation losses	(51)	(7)	(44)
Net foreign exchange translation gain (loss)	**(13)**	**6**	**(19)**
Net financial income (expense) of Edison Spa	**(26)**	**(39)**	**13**

More specifically:

- Information about other **transactions involving financial derivatives** is disclosed in a separate section of this Report;
- **Financial expense on decommissioning projects** are offset by the provisions for risks on the decommissioning and remediation of industrial sites;
- **Interest paid to other lenders** includes charges incurred for transactions involving the assignment of receivables without recourse;
- The **net foreign exchange loss** includes 3 million euros in net losses realized on commercial transactions and 10 million euros in losses on derivative transactions related mainly to contracts executed to hedge foreign exchange risks.

28. Income from (Expense on) Equity Investments

The table below provides a breakdown of this account's credit balance of 314 million euro:

(in millions of euros)	06.30.2009	06.30.2008	Change
Income from equity investments			
Dividends	324	270	54
Revaluation of trading securities	1	1	-
Gain on the sale of equity investments	-	27	(27)
Total income from equity investments	**325**	**298**	**27**
Expense on equity investments			
Writedowns of equity investments	(11)	(7)	(4)
Writedowns of trading securities	-	(1)	1
Total expense on equity investments	**(11)**	**(8)**	**(3)**
Net income from equity investments of Edison Spa	**314**	**290**	**24**

29. Other Income (Expense), Net

Net other income of 3 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 14 million euros, which includes 8 million euros from settlements with several insurance companies of claims related to occupational risk policies and 4 million euros in compensation for breech of contractual guarantees in connection with the acquisition of EDF Energia Italia;
- **Expense** of 11 million euros, which includes 4 million euros related mainly to adjustments to some provisions for risks and 4 million euros in charges incurred in connection with the settlement of claims.

30. Income Taxes

Income taxes totaled 63 million euros, for a decrease of 38 million euros compared with the tax burden incurred in the first half of 2008.

The total tax liability at June 30, 2009 reflects the impact of an increase of one percentage point in the corporate income tax surcharge (the Robin Hood Tax) recently introduced by Legislative Bill No. 1441 approved, but not issued yet, which had a negative impact of 11 million euros. A significant portion of this amount (about 9 million euros) is represented by deferred-tax liabilities. At June 30, 2008, the restatements of deferred-tax assets and liabilities required by the introduction of the Robin Hood Tax resulted in a charge of 51 million euros.

A breakdown of income taxes and a comparison with the first half of 2008 is provided below:

(in millions of euros)	1st half 2009	1st half 2008	Change
Current taxes	75	84	(9)
Net deferred-tax liabilities (assets)	(12)	17	(29)
Total for Edison Spa	**63**	**101**	**(38)**

Current taxes include 63 million euros for corporate income taxes (IRES), 2 million euros of which are attributable to the surcharge increase, 12 million euros for regional taxes (IRAP) and a benefit of about 1 million euros generated by the filing of the consolidated income tax return.
The effective tax rate for the period was 14%. The difference compared with the nominal tax rate of 37.9% is the net result of the positive effect of the participation exemption on dividends, partially offset by the abovementioned increase of the "Robin Hood Tax".
The table that follows provides a breakdown of **deferred-tax liabilities and assets** and shows the changes that occurred in the first half of 2009:

(in millions of euros)	12.31.2008	Additions	Utilizations	Restatement for new rates	06.30.2009
Provision for deferred taxes:					
Valuation differences of property, plant and equipment	351	-	(26)	9	334
Adoption of IAS 17 to value finance leases	28	-	-	1	29
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	-	-	-	-	-
- impact on shareholders' equity	-	-	-	-	-
Other deferred taxes	4	-	(4)	-	-
	383	**-**	**(30)**	**10**	**363**
Offsets	(142)	(21)	116	(1)	(48)
Provision for deferred taxes net of offsets	**241**	**(21)**	**86**	**9**	**315**
Deferred-tax assets:					
Taxed reserves for risks	39	7	(14)	1	33
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	2	-	(1)	-	1
- impact on shareholders' equity	100	13	(100)	-	13
Other deferred-tax assets	1	1	(1)	-	1
	142	**21**	**(116)**	**1**	**48**
Offsets	(142)	(21)	116	(1)	(48)
Deferred-tax assets net of offsets	**-**	**-**	**-**	**-**	**-**

31. Profit (Loss) from Discontinued Operations

This account had a zero balance at June 30, 2009, as against a net profit of 12 million euros a year earlier, generated by the sale of the business operations consisting of five thermoelectric power plants operating under CIP 6/92 contracts and of Termica Boffalora and Termica Celano (the "Disposal Group").

OTHER INFORMATION

Commitments and Contingent Risks

(in millions of euros)	06.30.2009	12.31.2008	Change
Guarantees provided	1,264	1,274	(10)
Collateral provided	1,162	1,164	(2)
Other commitments and risks	578	604	(26)
Total	**3,004**	**3,042**	**(38)**

Guarantees Provided

The balance of 1,264 million euros is determined based on the undiscounted amount of the contingent commitment on the balance sheet date.
Guarantees provided include the following:

- 376 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, which totaled 1,162 million euros, or 2 million euros less than at December 31, 2008, represents the value of the assets or rights provided as collateral on the balance sheet date. This item includes collateral provided for liabilities carried on the balance sheet, such as a pledge on Edipower shares (1,066 million euros) provided to a pool of banks to secure a loan. Encumbrances provided to secure other loans (65 million euros) account for the remaining balance.

Other Commitments and Risks

This item, which totaled 578 million euros, reflects primarily commitments undertaken to complete investment projects under construction in Italy and abroad.

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

1) 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.
   In previous years, the abovementioned clauses were activated, as the Company sought to take advantage of price opportunities temporarily available in the spot market and, as a result, was required to pay specific amounts to the affected counterparties. However, the natural gas volumes used in 2008 were large enough to cover most of the advances paid to the counterparties; gas delivery profiles are updated once a year, at the end of the financial year.
   The import contracts with Russia, Libya, Norway and Algeria (a supply contract with Sonatrach for about 2 billion cubic meters a year went into effect in October 2008), which are already operational, provide total supplies of 9.4 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 supply contract with RasGas (Qatar) that calls for deliveries to begin upon the commissioning

of the Isola di Porto Viro LNG terminal, which is expected to go on stream in the coming months. When this agreement is fully operational, RasGas will supply a total of 6.4 billion cubic meters of natural gas per year.
- A contract to import natural gas from Algeria (*Protocolle d'accord*) with Sonatrach in November 2006 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 payments are made at a price proportionate to that of the supply contract price, which is indexed to current market conditions. The duration of these contracts ranges between 2 and 25 years and, when all of them are fully implemented, will supply the Group with about 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% interest 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) In the **thermoelectric area,** Edison has granted to Cartiere Burgo Spa a call option on 51% of the Gever shares it holds. This option is exercisable when the existing contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the pro rata interest of Edison Spa in the company's shareholders' equity.

3) In the **hydroelectric area,** agreements executed in connection with the sale of a 51% interest in Dolomiti Edison Energy Srl provide Edison with a call option, which may be exercised only if the hydroelectric concessions have not extended by March 31, 2018.

In addition, the following contracts were signed to address the deficit in CO_2 emission rights:
- A limited number of 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 Clean Development Mechanism (CDM) projects for a total of about 5 million CERs during the 2008-2012 period. Under the agreements, payment will be due upon the delivery of the CERs between December 1 and March 1 of each year. The projects are at different stages in the registration process required 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 emissions certificates) on terms that are defined in the Investment Guidelines. Edison's interest in the fund will amount to up to 30 million euros during a period of 5 years. As of June 30, 2009, 8,930 CERs were delivered at a cost of 91,979 euros.
- On June 30, 2008, Edison Spa entered into an agreement with Natsource by which it joined the Natsource Carbon Asset Pool (NAT-CAP), a fund established to purchase CO_2 emissions reduction credits generated by CDM (Clean Development Mechanism)/JI (Joint Implementation) projects. Edison's investment in the fund will amount to 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 extended to June 30, 2010 the 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, 2010 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, 2010 Edison communicates in a Confirmation Letter its firm decision to build the facility and subsequently decides to abandon this project, Edison will incur penalties of up to 20 million euros.

Intercompany and Related Parties Transactions

During the first half of 2009, Edison Spa and some of its subsidiaries entered into commercial and financial transactions with the Company's shareholders and/or their subsidiaries. In all cases, the abovementioned transactions were executed in the normal course of business and always on contractual terms that were consistent with standard market practices.
The amounts involved by these transactions are listed below:

(in millions of euros)	With Group companies	With the controlling company	Other related parties				Total related parties	Total for financ. statement item	% Impact on financ. statement item
			EDF Group	A2A Group	Banca Popolare Milano	Mediobanca			
Balance sheet transactions									
Trade receivables	190	-	3	-	-	-	193	821	23.5%
Other receivables	61	-	10	-	-	-	71	288	24.7%
Trade payables	285	-	-	-	-	-	285	877	32.5%
Other payables	16	23	-	-	-	-	39	331	11.8%
Current financial assets	2,498	-	-	-	-	-	2,498	2,532	98.7%
Short-term debt	47	-	-	-	51	11	109	809	13.5%
Long-term debt and other financial liabilities	-	-	-	-	-	98	98	1,461	6.7%
Income statement transactions									
Sales revenues	719	-	5	5	-	-	729	2,699	27.0%
Other sales revenues	5	-		-	-	-	5	111	4.5%
Raw materials and services used	17	-	-	-	-	-	17	2,424	0.7%
Financial income	38	-	-	-	-	-	38	65	58.5%
Financial expense	2	-	-	-	1	2	5	78	6.4%
Income from equity investments	323	-	-	-	-	-	323	325	99.4%
Expense from equity investments	11	-	-	-	-	-	11	11	100.0%
Other non-operating income	-	-	4	-	-	-	4	14	28.6%
Transactions with impact on cash flow									
Dividends declared	-	159	-	-	-	-	159	268	59.3%
Commitments and contingent risks									
Guarantees provided	-	-	-	-	15	-	15	1,264	1.2%

A) Intercompany Transactions

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

- Commercial transactions involving the buying and selling of electric power and natural gas, green certificates and CO_2 emissions rights.
- 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).

With the exception of transactions related to the VAT Pool and the consolidated corporate income tax return, which are executed pursuant to law, all of the transactions listed above are governed by contracts with conditions that are consistent with market terms, i.e., the terms that would be applied by two independent parties.

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, while the rate paid is the Marginal Refinance Rate, both rates being those set by the European Central Bank.

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 2009 shows that the Group had a net credit toward the tax administration of about 2 million euros.

Consolidated Corporate Income Tax (IRES) Return - In June 2009, Transalpina di Energia Srl, the Group's controlling company, renewed the option of filing a consolidated income tax return for three years from 2009 to 2011. Bilateral agreements, with the same provisions for all companies, governing the relationships arising between the controlling company and the companies included in the consolidated tax return were executed on the same occasion.
Group companies that engage in the exploration for and production of hydrocarbons and in the production and distribution of electric power are subject to the 6.5% corporate income tax (IRES) surcharge and are required to pay this surcharge directly, even if they are included in the consolidated IRES return. The Italian Parliament approved Legislative Bill No. 1441, which raises the IRES surcharge from 5.5% to 6.5%, but the new law has not yet been enacted.

B) Transactions with Other Related Parties

During the first half of 2009, 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.

1) Commercial Transactions

As shown in the summary schedule, these transactions refer mainly to revenues generated by sales of natural gas, electric power and transmission services and the rebilling of maintenance costs.

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 an 80-million-euro revocable line of credit that accrues interest at market rates. At June 30, 2009, about 50 million euros in short-term borrowings and current account overdrafts and 15 million euros in sureties had been drawn against this credit line.
- In 2004, Mediobanca provided Edison Spa with 120 million euros in financing against EIB funds, which has been partially repaid in accordance with the amortization plan. At June 30, 2009, the outstanding balance was about 109 million euros.

3) Other Transactions

In May 2009, further to the acquisition in 2006 of the entire share capital of EDF Energia Italia (later merged by absorption into Edison Energia) from EDF International and, in subsequent years, the filing by Edison of compensation claims for breaches of the contractual guarantees provided by the seller, the parties reached a settlement pursuant to which EDF International paid Edison 4 million euros.

Significant Nonrecurring Events and Transactions

The following significant nonrecurring transactions were executed in the first half of 2009:

- Financing facility in the amount of 1,011 million euros provided to the Edison International Spa subsidiary to fund the acquisition of the Abu Qir hydrocarbon concession, north of Alexandria, in Egypt.
- Purchase for 25 million euros of an 80% interest in AMG Gas Srl, a company that distributes natural gas to customers in the Palermo area.

Changes Resulting from Atypical and/or Unusual Transactions

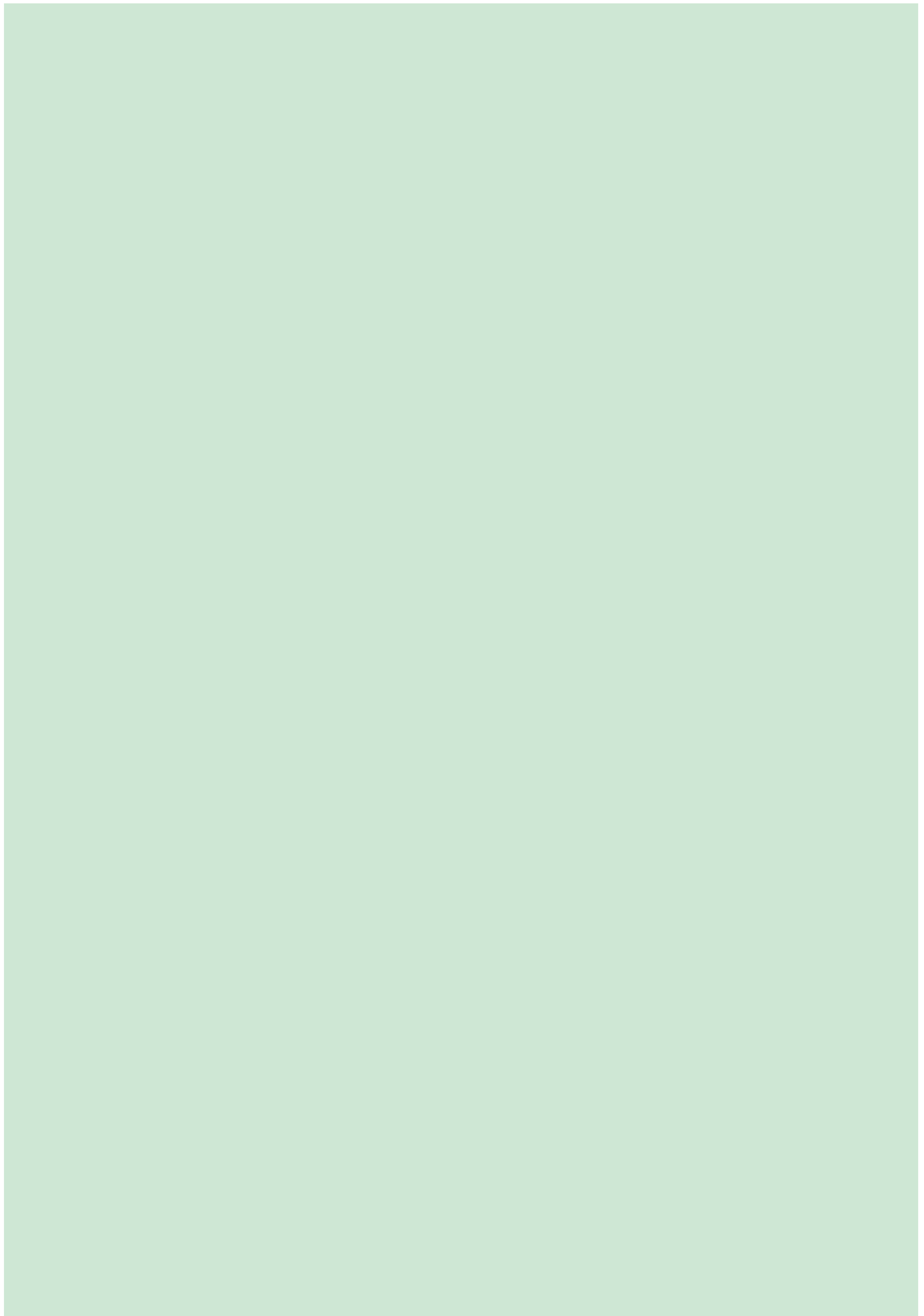
As required by CONSOB Communication No. DEM/6064293 of July 28, 2006, Edison Spa declares that in the first half of 2009 it did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2009

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

Milan, July 24, 2009

The Board of Directors
by Giuliano Zuccoli
Chairman



CERTIFICATION OF THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 1999, AS AMENDED

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 Condensed Semiannual Financial Statements for the period from January 1, 2009 to June 30, 2009:

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

2. We further certify that:

2.1. the Condensed Semiannual Financial Statements (semiannual consolidated financial report and semiannual financial report of Edison Spa)

   a) were prepared in accordance with applicable international accounting principles recognized by the European Union pursuant to Regulation (CE) No. 1606/2002 of the European Parliament and Council of July 19, 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer and of all of the companies included in the scope of consolidation;

2.2. the Interim Report on Operations includes a reliable analysis of significant developments that occurred during the first half of the year and of their impact on the Condensed Semiannual Financial Statements, together with a description of the main risks and contingencies for the remaining six months of the year. The Interim Report on Operations also provides a reliable analysis of transactions with related parties.

Milan, July 24, 2009

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

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 2009 and for the six months then ended, comprising the consolidated balance sheet, income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement 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.

The consolidated condensed interim financial statements show as comparatives the amounts of the prior year's consolidated financial statements and the prior year's consolidated condensed interim financial statements.
As illustrated in the explanatory notes, the directors modified the comparative amounts relating to the prior year's consolidated financial

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** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **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

statements and the prior year's consolidated condensed interim financial statements, which we, respectively, audited and reviewed and on which we reported on 20 February 2009 and 30 July 2008, to reflect the changes in financial statements introduced by IAS 1 (2007) and the different method of presentation of gains and losses on the business of electricity trading on a net basis.

We have reviewed the method applied to re-determine the comparative amounts relating to the prior year's consolidated financial statements and the prior year's consolidated condensed interim financial statements, and the disclosures made in the explanatory notes, as concerns the modifications made to the aforementioned comparatives, for the purposes of issuing our report on the consolidated condensed interim financial statements as of 30 June 2009.

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 as of 30 June 2009 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, 28 July 2009

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

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

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PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

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, income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement 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.

The condensed interim financial statements show as comparatives the amounts of the prior year's financial statements and the prior year's condensed interim financial statements.
As illustrated in the explanatory notes, the directors modified the comparative amounts relating to the prior year's financial statements and the prior year's condensed interim financial statements, which we, respectively, audited and reviewed and on which we reported on 20 February 2009 and 30 July 2008, to reflect the changes in financial statements introduced by IAS 1 (2007).

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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 as of 30 June 2009 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, 28 July 2009

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

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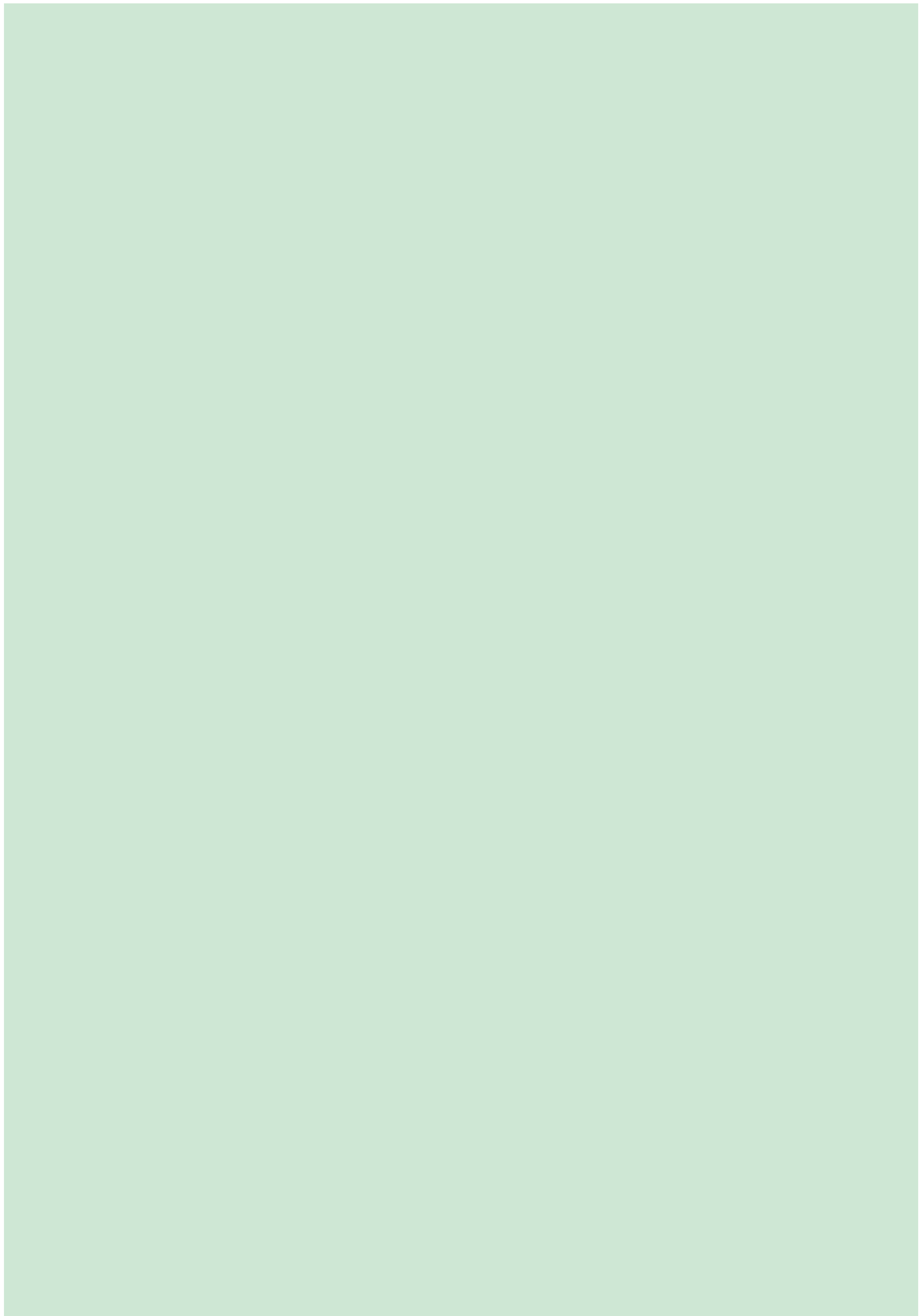

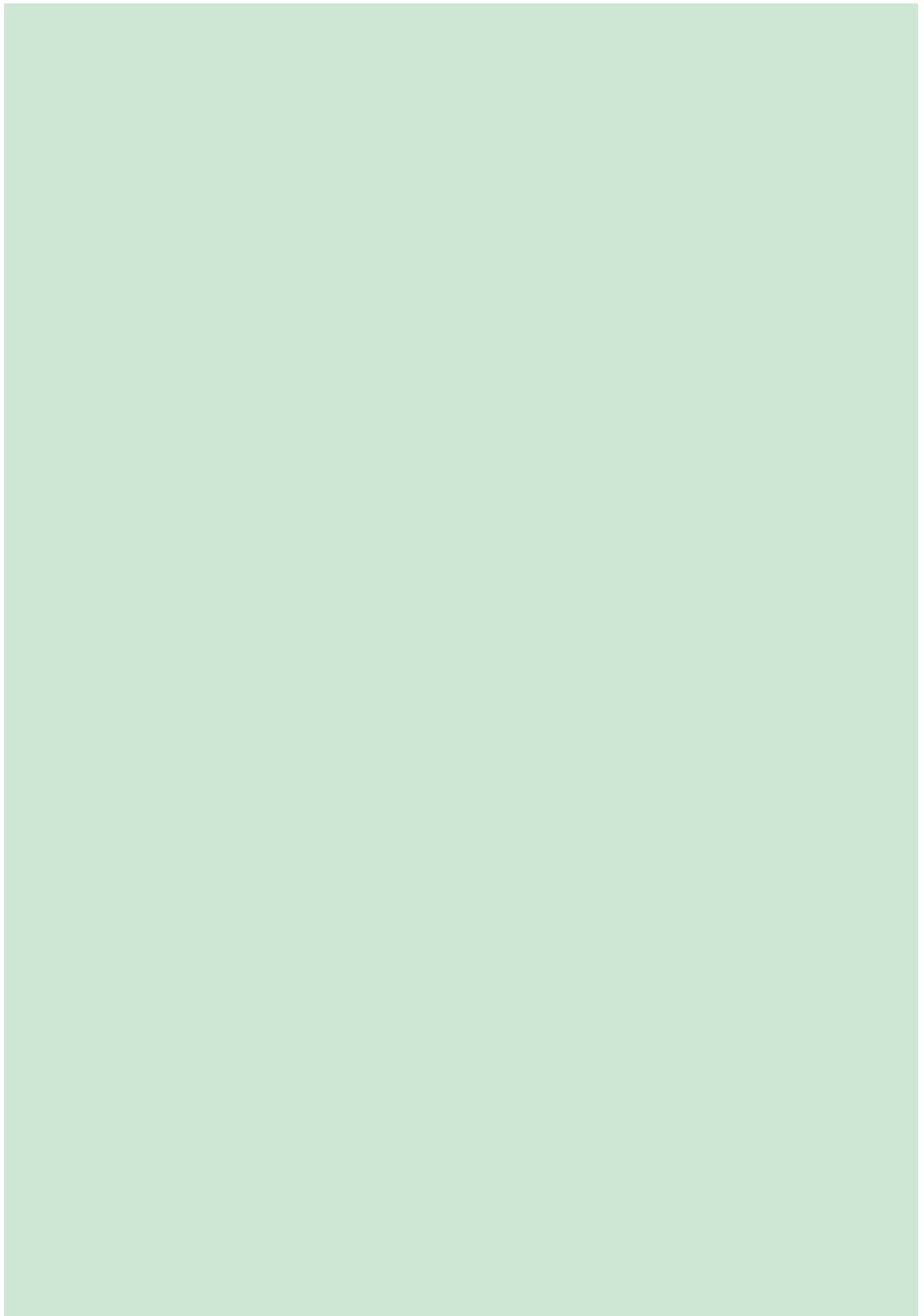

Edison Spa
31 Foro Buonaparte
20121 Milano
Italy

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Milano Company Register
and Tax I.D. No. 06722600019
VAT No. 08263330014
REA Milan No. 1698754

EDISON SPA
31 Foro Buonaparte
20121 Milan - Italy
Ph +39 02 6222.1
www.edison.it