


SEMIANNUAL REPORT

AT JUNE 30, 2012

EDISON

SEMIANNUAL REPORT

AT JUNE 30, 2012

REPORT ON OPERATIONS
AT JUNE 30, 2012

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 2012 (First half)		
Total Italian gross demand	160.8	TWh
Edison's gross sales in Italy (*)	22.7	TWh
incl.: - Deregulated market (*)	21.3	TWh
- CIP 6/92	0.9	TWh
- Captive	0.5	TWh

Facilities and Production Capacity in 2012 (First half)		
Edison's installed capacity	7.7	'000 MW
Net production of electric power – Total Italy	140.3	TWh
Net production of electric power – Edison	10.2	TWh
Share of total Italian production	7.3	%

(*) Including Power Exchange sales and sales to wholesalers, but excluding exports.

Sources: Pre-closing data by Terna and Edison estimated data.

Hydrocarbons

Italian Market in 2012 (First half)		
Total Italian demand	41.0	Bill. m^3
Edison's sales in Italy	7.9	Bill. m^3
Edison's sales/Total Italian demand	19.4	%

Facilities and Production Capacity in 2012 (First half)		
Natural gas production – Total Italy	4.1	Bill. m^3
Natural gas production – Edison (Italy)	0.3	Bill. m^3
Share of total production	7.8	%
Number of concessions and permits in Italy	59	
Number of storage-center concessions in Italy (*)	3	
Natural gas production – Edison (international)	1.0	Bill. m^3
Number of concessions, permits and licenses outside Italy	38	
Gas transmission network (low- and medium-pressure pipelines)	3.53	'000/Km
Gas transmission network (high-pressure pipelines)	0.08	'000/Km

(*) Two operational storage centers and one under development.

Sources: Pre-closing data by the Ministry of Economic Development and Edison estimated data.

SIMPLIFIED STRUCTURE OF THE GROUP AT JUNE 30, 2012

Organization and Activities of the Business Units and Main Consolidated Companies

Electric Power Operations
Management of facilities to generate thermoelectric and hydroelectric energy

- Hydros Srl
- Dolomiti Edison Energy Srl

Power International
Development and management of international thermoelectric power plants and electric power interconnector system

- Elpedison Bv
- Elite Spa

Renewable Sources
Development and management of facilities to generate energy from wind power and other renewable sources

- Edison Energie Speciali Spa
- Sistemi di Energia Spa

Energy Management
Dispatching and sales on the Power Exchange and to wholesalers

- Edison Trading Spa

Marketing & Distribution
Sales of electric power and natural gas to end users

- Edison Energia Spa

EDISON Spa [1]

Asset Idrocarburi
Hydrocarbon exploration and production and natural gas storage, trasmission and distribution in Italy and abroad

- Edison International Spa
- Abu Qir Petroleum Co

- Edison Stoccaggio Spa (*)
- Edison D.G. Spa (*)

Gas International
Development of international natural gas interconnector system

- IGI-Poseidon Sa
- Galsi Spa

Gas Supply & Logistics
Procurement management, logistics and sales to wholesalers and thermoelectric power plants

Energy Efficiency and Sustainable Development
Solutions for sustainable energy use

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

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

(*) Companies subject to functional unbundling requirements.

BOARD OF DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors [1]

Chairman		Henri Proglio [1][2]
Chief Executive Officer		Bruno Lescoeur [1][3]
Directors		Béatrice Bigois [4][6]
	Independent Director	Mario Cocchi [1][5][7]
		Bruno D'Onghia [4]
	Independent Director	Gregorio Gitti [1][5][7][8]
	Independent Director	Gian Maria Gros-Pietro [1][5][6][7][8]
		Adrien Jami [4]
		Jean-Louis Mathias [1][5]
		Jorge Mora [4]
		Thomas Piquemal [1][6]
		Nicole Verdier-Naves [4][5]
		Steven Wolfram [1]
Secretary to the Board of Directors		Lucrezia Geraci

Board of Statutory Auditors

Chairman	Alfredo Fossati [9]
Statutory Auditors	Giuseppe Cagliero [10]
	Leonello Schinasi [9]

Independent Auditors [11]

Deloitte & Touche Spa

(1) Elected by the Shareholders' Meeting of April 24, 2012 for a one-year period ending with the approval of the 2012 annual financial statements.
(2) Elected Chairman by the Board of Directors on June 4, 2012.
(3) Reappointed Chief Executive Officer by the Board of Directors on April 24, 2012.
(4) Coopted by the Board of Directors on June 4, 2012 and in office until the next Shareholders' Meeting as replacements, following the resignation of Mauro Miglio, Giovanni Polonioli, Renato Ravanelli, Paolo Rossetti and Andrea Viero, who were elected by the Shareholders' Meeting on April 24, 2012.
(5) Member of the Compensation Committee.
(6) Member of the Audit Committee.
(7) Member of the Committee of Independent Directors.
(8) Member of the Oversight Board.
(9) Elected by the Shareholders' Meeting of April 26, 2011 for a three-year period ending with the approval of the 2013 annual financial statements.
(10) Alternate Auditor who, following Angelomaria Palma's resignation, was named Statutory Auditor as of May 24, 2012 for a term of office ending with the next Shareholders' Meeting.
(11) Audit assignment awarded by the Shareholders' Meeting of April 26, 2011 for the nine-year period from 2011 to 2019.

INFORMATION ABOUT THE COMPANY'S SECURITIES

Number of shares at June 30, 2012

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

Shareholders with Significant Holdings at June 30, 2012

	% of voting rights	% interest held
Transalpina di Energia Srl	61.281%	60.001%
EDF Electricité de France Sa [1]	19.359%	18.954%
Carlo Tassara Spa [2]	10.025%	9.816%

(1) Interest held indirectly.
(2) Interest held directly.

KEY EVENTS

Growing Our Business

Agreement Between Edison and Confindustria Alessandria

On January 26, 2012, Edison and Confindustria Alessandria signed an agreement to develop energy efficiency projects for member companies.

Under the agreement, Edison will build, at its expense, photovoltaic systems at the industrial plants of interested member companies of Confindustria Alessandria that meet certain requirements. Edison will retain ownership of the systems and will be the recipient of the economic benefits provided under the "Energy Account" (national government incentives), while the companies will benefit from a reduction in the cost of the electric power used by their factories and from the consideration they will receive for the air rights they granted to Edison. Title to the photovoltaic systems will pass to the companies upon the expiration of the "Energy Account" (after 20 years) or earlier, under certain conditions. Pursuant to the agreement, Confindustria Alessandria has agreed to promote the project among its member companies and inform Edison of any interested companies.

Agreement Between Edison and Consorzio Multienergia to Promote Energy Efficiency Among the Consortium's Member Companies

On February 17, 2012, Edison and Consorzio Multienergia (an organization part of the Confartigianato system, supported by the associations in Arezzo, Florence, Lucca, Massa-Carrara, Pistoia, Pisa, Siena and Prato) signed an agreement to develop energy efficiency projects for member companies.

Under the agreement, Edison will build, at its expense, facilities for energy self-production with a low environmental impact, such as photovoltaic and cogeneration systems, and develop projects to optimize energy efficiency at the factories of interested member companies of Consorzio Multienergia that meet certain requirements. Edison will build, operate and maintain the equipment.

Pursuant to the agreement, Consorzio Multienergia, already an established Edison customer for the supply of electric power, has agreed to promote the project among its member companies and inform Edison of any companies interested in pursuing the objectives of the agreement.

Edison Is Awarded Three New Hydrocarbon Exploration Licenses in Norway: in the North Sea and the Norway Sea

On March 21, 2012, Edison, through its Edison International Spa subsidiary, was awarded three new hydrocarbon exploration licenses in the Norwegian Continental Shelf, which were put out for bids by the Norwegian Oil and Energy Ministry. The licenses include Block PL 616 in the North Sea, with Edison as operator at 25% in a joint venture with North Energy at 20%, Concedo at 20%, Noreco at 20% and Skagen 44 at 15%; Block PL 620, in the North Sea, with Edison at 25% in a joint venture with Faroe Petroleum Norge as operator at 50% and Noreco at 25%; and Block PL 643 in the Norway Sea, with Edison at 30% in a joint venture with VNG Norge as operator at 40% and Lotos at 30%.

The licenses call for an exploration period of three years, at the end of which a drill-or-drop decision will have to be made.

Edison is currently active in Norway with 13 licenses, including three as operator.

Edison Acquires New Offshore Licenses in the Falkland Islands

On June 26, 2012, Edison, through its Edison International Spa subsidiary, signed a partnership agreement with Falkland Oil and Gas Ltd (Fogl) to participate in deep-sea hydrocarbon exploration in the Falkland Islands. Under the agreement, Edison will have a 25% interest in the northern area, where two exploratory wells will be drilled starting in July, and a 12.5% interest in the southern area, for a total investment of about 100 million U.S. dollars in the two years 2012-2013.

Other Key Events

Edison: an Agreement for the Sale of Edipower and the Supply of Natural Gas Is Reached

On February 13, 2012, Edison's Board of Director, having heard the favorable opinion rendered by the alternative governance body equivalent to the Committee of Independent Directors, comprised of the independent Directors Gregorio Gitti and Gian Maria Gros-Pietro, approved the final contracts for the corporate restructuring of Edison and Edipower executed by the A2A, Delmi and EDF, each company within the scope of its jurisdiction, calling for the sale to Delmi of the equity interest held in Edipower and a contract for the supply of natural gas by Edison to Edipower, authorizing the Chief Executive Officer to finalize and execute the contracts.
Subsequently, on February 15, 2012, Edison, together with Alpiq, entered into an agreements to sell its equity interest in Edipower to Delmi for a price of about 605 million euros.
The implementation of the sales agreement is subject to the fulfillment of certain conditions precedent, the most important of which are approval by the antitrust authority and execution by Delmi of the sale of its 50% interest in Transalpina di Energia, as announced.

On March 16, 2012, Edison and Edipower signed a contract for the supply of natural gas, in accordance with the terms authorized by Edison's Board of Directors on February 13, 2012, after the contract's final version was resubmitted to the alternative governance body equivalent to the Committee of Independent Directors, comprised of the independent Directors Gregorio Gitti and Gian Maria Gros-Pietro.
More specifically, Edison and Edipower reached an agreement regarding all of the individual components of the parameters that the parties, or an independent expert if the parties fail to agree, will need to revise the gas supply price and keep it consistent with market terms.
The gas supply contract between Edison and Edipower, which will have a duration of six years (72 months), for a total volume estimated at about 1 billion standard cubic meters of gas, equal to 50% of the requirements of Edipower's thermoelectric power plants, will enable Edison to maintain unchanged the balance between its gas procurement sources and uses.
The contract will go into effect on the first day of the month following the date when Edison's sale to Delmi of its stake in Edipower closes. Concurrently with the signing of the abovementioned contract, the parties stipulated the terms and conditions of an agreement for the consensual termination of all incidental and instrumental contracts related to the operation of Edipower in tolling mode.
On May 5, 2012, Edison's Board of Directors accepted the amended offer received from Delmi, redefining the sales price of Edison's stake in Edipower (50% of Edipower's share capital) from the original amount of 604.4 million euros stated in the Sales Agreement to a total of 684 million euros. The transaction closed on May 24, 2012, generating a gain of about 80 million euros, as the amount at which this equity investment was carried in the 2011 Financial Statements had already been written down to the original amount of the Sales Agreement signed on February 15, 2012. The sale of the investment in and the concurrent deconsolidation of Edipower improved the net financial debt of the Edison Group by about 1.2 billion euros.

Standard & Poor's Revises Edison's Rating

On March 6, 2012, the Standard & Poor's rating agency revised Edison's long-term and short term credit rating from BBB-/A-3 to BB+/B, respectively, with Negative Credit Watch.
According to the rating agency, this revision reflected primarily the repeated delays in completing Edison's restructuring, which allegedly could have affected the Group's ability to meet its short-term refinancing needs.

Subsequently, on May 14, 2012, following the announcement of final agreements for Edison's restructuring, the rating agency removed the negative credit watch, assigning to Edison a positive outlook.

Moody's Confirms Edison's Credit Rating with Negative Outlook

On May 29, 2012, the Moody's rating agency confirmed Edison's Baa3 long-term credit rating, removed the on review for downgrade status and revised the outlook to negative.

Transalpina di Energia Launches a Tender Offer for Edison Spa

As stipulated in the Restructuring Agreement executed by A2A, Electricité de France Sa (EDF), Delmi and Edison on December 26, 2011, concurrently with the sale of Edipower to Delmi EDF acquired the 50% interest in Transalpina di Energia Srl (TdE) held by Delmi. As a result of this acquisition, EDF owns, through its wholly owned subsidiary WGRM Holding 4 Spa (WGRM), 100% of TdE's capital.
The purchase of 50% of TdE's capital triggered the joint obligation for EDF, WGRM, MNTC Holding Srl (MNTC) and TdE to launch a mandatory, all inclusive tender offer for all Edison Spa common shares.
This joint obligation was fulfilled by TdE, which, on May 25, 2012, pursuant to and for the purposes of Article 102 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Uniform Financial Code"), informed the Consob that it would launch a mandatory, all inclusive tender offer for all Edison Spa voting common shares not owned by the Offeror and MNTC at a price of 0.89 euros per share.
On June 27, 2012, by Resolution No. 18260, the Consob approved the Offer's information memorandum; the Offer acceptance period, as agreed with Borsa Italiana Spa, began on July 2 and will end on August 3.
The press release that Edison's Board of Directors was required to publish pursuant to Article 103, Section Three of the Uniform Financial Code, and Article 39 of the Issuers' Regulations, setting forth all appropriate data for evaluating the Offer and the Board's own detailed assessment of the offer, was approved on June 18, 2012.
More specifically, Edison's Board of Directors, reviewed the information provided in the TdE press release and the Offer Memorandum and, having received the opinion rendered by the Independent Directors pursuant to Article 39-*bis* of the Issuers' Regulations, approved the press release by a majority vote, with Director Mario Cocchi voting against the motion. As for the assessment of the fairness of the Offer price of 0.89 euros per common share, the Board of Directors could not achieve the majority required by Article 18 of the Bylaws. This was because the Directors Bruno Lescoeur, Béatrice Bigois, Bruno D'Onghia, Adrien Jami, Jean-Luis Mathias, Jorge Mora and Nicole Verdier-Naves abstained from voting in order to avoid the appearance of acting in the interest of EDF and TdE, due to their relationships with these parties. As a result of this situation, the unanimous vote of all remaining Directors, all independent, was required: while the Directors Gregorio Gitti e Gian Maria Gros-Pietro, considering the fairness opinions they obtained from Goldman Sachs and Rothschild, found the Offer's consideration to be fair, consistent with the opinion they had rendered, Director Mario Cocchi disagreed. In any event, the fact that the Board of Directors was unable to express an opinion regarding the fairness of the price does not prevent the implementation of the Offer.

Significant Events Occurring After June 30, 2012

Information about events occurring after the end of the six-month period covered by this Report is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Significant Events Occurring After June 30, 2012."

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 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.

In this Report on Operations, the effects generate by the sale of the equity stake in Edipower, which closed on May 24, 2012, are reflected in Profit (Loss) from discontinued operations.

This presentation was already applied in the 2011 Financial Report pursuant to IFRS 5, which requires the reclassification into separate line items of the assets, liabilities and profit or loss of activities held for sale; consequently, the data for the first half of 2011 were also reclassified.

Edison Group

2011 full year (*)	(in millions of euros)	**1st half 2012**	**1st half 2011** (*)(**)	**% change**
11,381	Sales revenues	5,809	5,325	9.1%
890	EBITDA	301	414	(27.3%)
7.8%	*as a % of sales revenues*	*5.2%*	*7.8%*	
2	EBIT	(50)	132	n.m.
n.m.	*as a % of sales revenues*	*n.m.*	*2.5%*	
(273)	Profit (Loss) from continuing operations	(100)	(18)	n.m.
(605)	Profit (Loss) from discontinued operations	50	(42)	n.m.
(871)	Group interest in profit (loss)	(49)	(62)	21.0%
482	Capital expenditures of continuing operations	157	228	(31.1%)
46	Investments in exploration	56	7	n.m.
11,030	Net invested capital (A + B)(1)	10,285	11,914	(6.8%)
3,884	Net financial debt (A)(1) (2)	3,189	3,866	(17.9%)
7,146	Total shareholders' equity (B)(1)	7,096	8,048	(0.7%)
6,988	Shareholders' equity attributable to the shareholders of the controlling company (1)	6,955	7,879	(0.5%)
n.m.	ROI (3)	n.m.	2.65%	
n.m.	ROE (4)	n.m.	n.m.	
0.54	Debt/Equity ratio (A/B)	0.45	0.48	
35%	Gearing (A/A+B)	31%	32%	
3,764	Number of employees (1)(5)	3,245	3,927	(13.8%)

(1) End-of-period data. The changes are computed against the data at December 31, 2011.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Notes to the Condensed Consolidated Semiannual Financial Statements.
(3) Annualized EBIT/Average net invested capital of continuing operations.
Net invested capital of continuing operations does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net profit/Average shareholders' equity attributable to the shareholders of the controlling company.
Average shareholders' equity is the arithmetic average of the shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line and Group interest in companies consolidated by the proportional method.

(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.
(**) Edipower's integrated contribution was reclassified into discontinued operations, pursuant to IFRS 5.

Edison Spa

2011 full year (*)	(in millions of euros)	1st half 2012	1st half 2011(*)	% change
5,833	Sales revenues	3,341	2,851	17.2%
111	EBITDA	(70)	56	n.m.
1.9%	*as a % of sales revenues*	*n.m.*	*2.0%*	
(486)	EBIT	(242)	(85)	n.m.
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
(372)	Profit (Loss) from continuing operations	(111)	(74)	(50.0%)
(524)	Profit (Loss) from discontinued operations	80	(22)	n.m.
(896)	Profit (Loss)	(31)	(96)	67.7%
177	Capital expenditures	118	70	68.6%
7,753	Net invested capital	7,361	8,738	(5.1%)
1,870	Net financial debt	1,492	1,965	(20.2%)
5,883	Shareholders' equity	5,869	6,773	(0.2%)
0.32	Debt/Equity ratio	0.25	0.29	
1,588	Number of employees	1,597	1,724	0.6%

(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.

Sales Revenues and EBITDA by Business Segment

2011 full year (*)	(in millions of euros)	1st half 2012	1st half 2011(*)(**)	% change
	Electric Power Operations(1)			
7,437	Sales revenues	3,217	3,495	(8.0%)
509	Reported EBITDA	255	325	(21.5%)
702	Adjusted EBITDA (***)	239	326	(26.7%)
	Hydrocarbons Operations (2)			
5,468	Sales revenues	3,391	2,560	32.5%
487	Reported EBITDA	99	139	(28.8%)
294	Adjusted EBITDA (***)	115	138	(16.7%)
	Corporate Activities and Other Segments (3)			
50	Sales revenues	25	24	4.2%
(106)	EBITDA	(53)	(50)	*(6.0%)*
	Eliminations			
	Sales revenues	(824)	(754)	(9.3%)
	EBITDA			
	Edison Group			
11,381	**Sales revenues**	**5,809**	**5,325**	**9.1%**
890	**EBITDA**	**301**	**414**	***(27.3%)***
7.8%	***as a % of sales revenues***	***5.2%***	***7.8%***	

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

(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.
(**) Edipower's integrated contribution was reclassified into discontinued operations, pursuant to IFRS 5.
(***) Adjusted EBITDA are the product of the reclassification of the results of commodity and foreign exchange hedges executed in connection with the physical contracts of the Edison portfolio. The results of the contracts that hedge natural gas importation contracts, which were executed with the aim of protecting the margins of the sales of electric power but recognized by the Hydrocarbons Operations, are being reclassified into the Electric Power Operations. This reclassification is being made to provide a consistent operational presentation of the Group's industrial results. The Adjusted EBITDA amount was not audited.

PERFORMANCE AND RESULTS OF THE GROUP IN THE FIRST HALF OF 2012

Operating Performance

In the first half of 2012, sales revenues grew to 5,809 million euros, or 9.1% more than in the same period last year.
At the individual sector level, revenues were up 32.5% for the Hydrocarbons Operations, due mainly to an increase in average sale prices that reflected trends in the benchmark scenario, but decreased by 8% for the Electric Power Operations, due to a contraction in sales volumes.

EBITDA totaled 301 million euros, or 113 million euros less (-27.3%) than in the first half of 2011. This decrease is the net result of the following items:

- A negative change in the adjusted EBITDA(1) of the Electric Power Operations (-87 million euros) caused by the limited availability of water resources during the period and the reduced profitability of sales in the deregulated market segment, mitigated in part by the effects of the early termination of the CIP 6/92 contract for the Piombino power plant, and the impact of a change in scope of consolidation resulting from the Taranto thermoelectric power plants that took place last october.
- A decrease in the adjusted EBITDA(1) of the Hydrocarbons Operations (-23 million euros) that, despite a major positive contribution provided by the exploration and production activities, reflects the impact of sharp deterioration in the result of the gas buying and selling business, which continues to be characterized by negative and still worsening margins. Moreover, the first half of 2011 EBITDA were boosted by a nonrecurring gain of 64 million euros from the renegotiation of the contract for the supply of gas from Russia (Promgas). A more detailed analysis of the results for the period is provided in the section of this Report that reviews the performance of the Group's businesses.

EBIT, negative by 50 million euros, show, in addition to the factors mentioned above, the impact of the volatility reflected in the net change in fair value of commodity derivatives (5 million euros compared with 40 million euros in the first half of 2011), depreciation and amortization expense for over 320 million euros, which includes 56 million euros for exploration costs (7 million euros in the first six months of 2011), and writedowns of 35 million euros attributable mainly to the Piombino thermoelectric power plant, due to a reduction in its expected profitability following the early termination of the CIP 6/92 contract.

The net result from continuing operations, which is after net financial expense of 49 million euros and 15 million euros in additions to provisions for tax risks related to non-core assets divested in 1997, was a loss of 100 million euros (loss of 18 million euros in the first half of 2011).

At June 30, 2012, net financial debt amounted to 3,189 million euros (3,866 million euros at June 30, 2011), for a decrease of 695 million euros up compared with the 3,884 million euros owed at December 31, 2011. The sale of the equity stake in Edipower, which had an impact of 1.2 billion euros, is the main reason for this improvement. Also worth mentioning is the cash absorbed by an increase in operating working capital, resulting partly from a reduced use of transactions involving the irrevocable assignment of receivables without recourse, due to some extent to seasonal factors, and partly from a lengthening of time to collection, reflective of a change in the customer mix and the development of the international operations.
More detailed information about the individual components of this item is provided in the "Net Financial Debt" section of the Condensed Consolidated Semiannual Financial Statements.

(1) See note on page 11.

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

2011 full year (*)	(in millions of euros)	1st half 2012	1st half 2011 (*)(**)
(3,708)	**A. Net Financial (Debt) at beginning of the Period**	**(3,884)**	**(3,708)**
890	EBITDA	301	414
(494)	Change in operating working capital	(534)	(252)
(184)	Income taxes paid (-)	(90)	(116)
(4)	Change in other assets (liabilities)	44	(5)
208	**B. Cash Flow from Operating Activities**	**(279)**	**41**
(528)	Investments in property, plant and equipment and intangibles (-)	(213)	(235)
(3)	Investments in non-current financial assets (-)	-	-
-	Acquisition price of business combinations (-)	-	-
259	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	688	92
-	Repayment of shareholder loan	550	-
11	Capital distribution from equity investments	3	9
5	Dividends received	2	1
(48)	**C. Free Cash Flow**	**751**	**(92)**
(160)	Financial income (expense), net	(49)	(85)
-	Contributions of share capital and reserves	-	-
(22)	Dividends paid (-)	(7)	(8)
(230)	**D. Cash Flow after Financing Activities**	**695**	**(185)**
54	Discontinued Operations	-	27
(176)	**E. Net Cash Flow for the Period**	**695**	**(158)**
(3,884)	**F. Net Financial (Debt) at end of the Period**	**(3,189)**	**(3,866)**

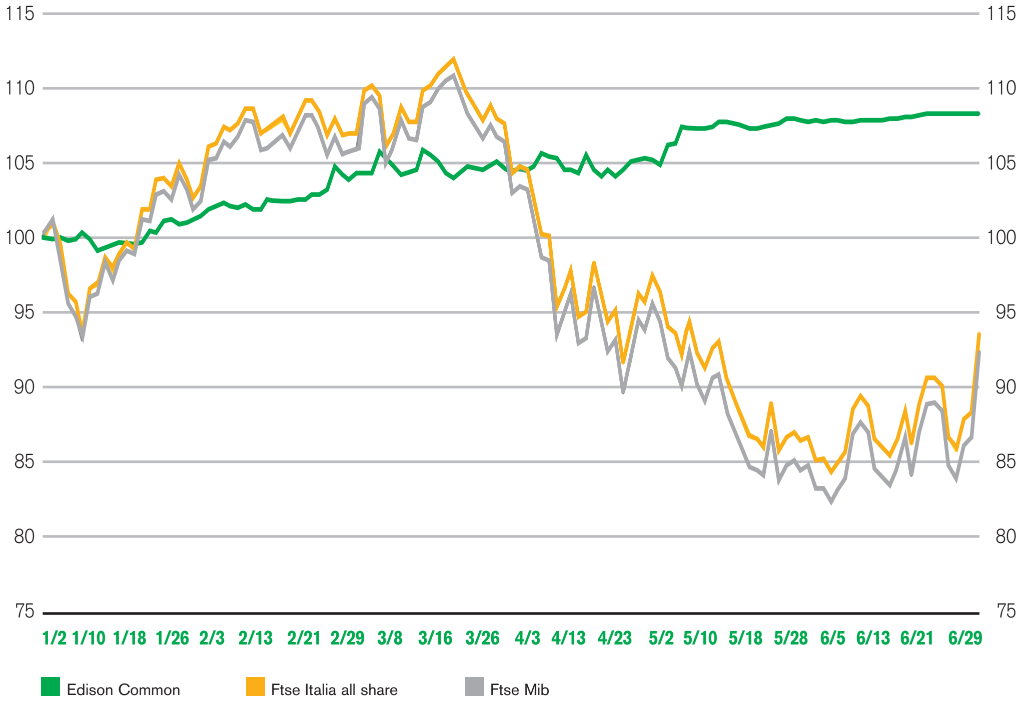
(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.
(**) Amounts reclassified in accordance with IFRS 5.

Outlook and Expected Year-end Results

Considering the presence of a persistent, strong competitive pressure, both in the electric power and natural gas sectors, and continuing demand weakness, Group EBITDA for the full year are expected to range between 1,100 and 1,200 million euros in 2012, including the full effect of the renegotiation of the contracts for the supply of gas from Libya and Qatar.

EDISON AND THE FINANCIAL MARKETS

Chart of the stock market prices of the Edison shares during the period from January 2 to June 30, 2012.



Stock Market Price and Other Per Share Data

	June 30, 2012	December 31, 2011
Edison Spa		
Stock market price (in euros) [1]:		
- common shares	0.8856	0.7954
- savings shares	0.7566	0.7701
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		
Profit (Loss) per share:		
basic earnings (loss) per common share [2]	(0.0100)	(0.1692)
basic earnings per savings share [2]	0.0250	0.0500
diluted earnings (loss) per common share [2]	(0.0100)	(0.1692)
diluted earnings per savings share [2]	0.0250	0.0500
Group interest in shareholders' equity per share (in euros)	1.314	1.321
Price/Earnings ratio (P/E) [3]	n.m.	n.m.

(1) Simple arithmetic average of the prices for the last calendar month of the period.
(2) Computed in accordance with IAS 33.
(3) Ratio of price per common share at the end of the period to basic earnings per share.

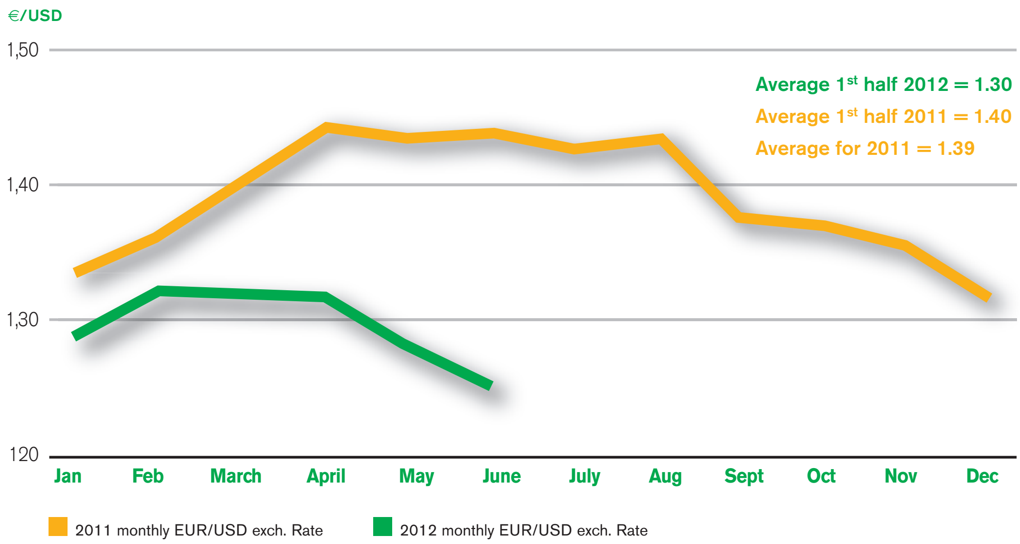
Other Financial Indicators

Rating	Current	December 31, 2011
Standard & Poor's		
Medium/long-term rating	BB+	BBB-
Medium/long-term outlook	Positive	Credit Watch Negative
Short-term rating	B-3	A-3
Moody's		
Rating	Baa3	Baa3
Medium/long-term outlook	Negative	On review for downgrade

ECONOMIC FRAMEWORK

Signs of weakness resurfaced in the economic scenario during the first half of the year.
In the United states, growth appears to be relatively anemic and the upturn in the job market stalled, starting in March, making unsustainable the current dynamics in consumer spending, which, consequently, is being fueled by a reduction in the propensity to save. The BRIC countries continue to drive the global economy but, here too, widespread signs of weakening internal demand are undeniable. As for the euro zone and the United Kingdom, the latest available indicators seem to point to a deepening of the recession owing both to a decline in production activity and lower orders in the manufacturing sector.
Moreover, the crisis of the euro is continuing, as a rising level of debt further undermines the future of the monetary union. After Greece, Ireland and Portugal, in June it was Spain's and Cyprus' turn to ask for economic aid from the European Union, the European Central Bank and International Monetary Fund: according to the most recent estimates, the capital needed by Spanish banks in serious financial trouble tops 100 billion euros; also in Cyprus' case, financial assistance is being sought only for the financial sector, which is heavily exposed to the Greek economy, even though this country's conditions are being monitored regarding its public finances and various macroeconomic imbalances. As for Athens, the new government that took over in June is desperately seeking an extension of the deadline for fixing the country's public finances, asking that the date by which it must achieve a primary budget surplus be shifted from 2014 to 2016. In this environment, the spreads versus the German bund have risen to worrisome levels, making the payment of interest on outstanding debt increasingly more onerous for the countries struggling with the sovereign debt crisis. However, there is hope that the agreement reached by the main leaders of the Eurogroup at the EU summit in Brussels on June 28 and 29 regarding the introduction of an "anti-spread" mechanism, the function of the "country saving" fund and the recapitalization of the banks will succeed in restoring stability to the euro and reassuring the markets.
The crisis that is engulfing the euro zone is beginning to have an impact also on the economy of Germany, a staunch supporter of the austerity policy: expectations are for German GDP to show a marginal decline in the second quarter of the year, while in the first quarter it was precisely the growth of the German economy (+0.5%) that prevented the euro zone from falling into negative territory.
In Italy, the situation appears to be increasingly critical, as the country is being weighed down by a drop in industrial production, higher unemployment, particularly among young people (at the overall level, the May data show a decrease of 0.1 percentage points compared with April, but the unemployment rate was still high at 10.1%) and, last, but only in terms of timing, the earthquake in the Emilia region, which brought to their knees several important manufacturing sectors. At the same time, the measures implemented by the government to restore the health of public finances and enable the country to meet its European Union's commitments, while necessary, further weakened domestic demand, within a framework in which international trade has been losing momentum. As a result, the pace of Italian exports has been slowing, but the trend is still up, with the May data showing healthy growth in exports to non-EU countries. In the forecasts for all of 2012, net exports represent the only positive GDP component.
Lastly, the weakness of the euro zone is adversely affecting the Asian market: fear of a recession in Europe, coupled with the lack of confidence in the ability of leaders in the Old Continent to resolve the debt crisis (which, however, the latest EU summit of June 28 and 29 should have dispelled), had a negative impact on Asian investors.

In the first half of 2012, the euro/U.S. dollar exchange rate averaged 1.30 USD for one euro, with the high reached in February, when the monthly average rose to 1.32 USD for one euro. The exchange rate held at this level until the end of March, after which it began a slow decline that brought it to a monthly average of 1.25 USD for one euro, owing to a worsening of the EU debt crisis. Overall, in the first half of 2012, the euro/U.S. dollar exchange rate decreased by 7.6% compared with the same period last year (1.40 USD for one euro).

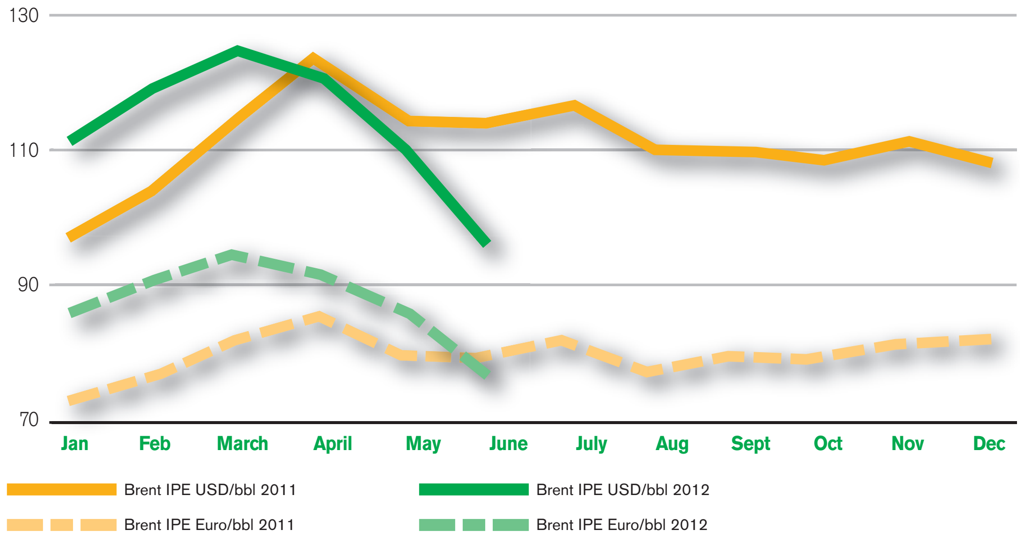


As for the oil market, the decline in the price of Brent crude reflects the deterioration of the economic outlook. After a steady rise in the first quarter, which peaked in March when the monthly average rose to 124.5 USD per barrel, the price began to decline in April, falling to a monthly average of 95.9 USD per barrel in June, owing in part to a production surplus triggered by the expected impact of the embargo on Iranian oil imports in effect as of July 1, 2012. Overall, stated in U.S. dollars, the price of Brent crude averaged 113.6 USD per barrel in the first half of 2012, roughly in line (+2%) compared with the first six months of 2011, when it amounted to 111.1 USD per barrel.
The fluctuation in the price of a barrel of Brent crude is more pronounced when stated in euros, due to the loss in value of the euro versus the greenback. Compared with the first half of 2011, the price of crude oil in euros increased by 10.6% compared with the first six months of 2011, reaching an average of 87.6 EUR per barrel.

The table and chart that follow show the average first-half data and the monthly trends for 2012 and 2011:

2011 full year		1st half 2012	1st half 2011	% change
110.8	Oil price in USD/bbl [(1)]	113.6	111.1	2.2%
1.39	USD/EUR exchange rate	1.30	1.40	(7.6%)
79.6	Oil price in EUR/bbl	87.6	79.2	10.6%

(1) Brent IPE



On the other hand, coal prices followed the opposite trend, falling by 22.9% compared with the first six months of 2011. The same was true for the price of CO_2 emissions credits, which plummeted by 54%. The downward trend prevailing in both markets was the result of a weak demand scenario, in which a decrease in thermoelectric production caused reductions both in consumption of solid fuels and CO_2 emissions. In addition, the market for emissions credits was adversely affected by regulatory uncertainty about the upcoming Phase III of the market (2013-2020).

THE ITALIAN ENERGY MARKET

Demand for Electric Power in Italy and Market Environment

2011 full year	TWh	1st half 2012	1st half 2011	% change
289.2	Net production:	140.3	143.8	(2.5%)
217.4	- Thermoelectric	101.9	108.8	(6.4%)
47.7	- Hydroelectric	19.8	25.0	(20.8%)
24.1	- Other renewables (1)	18.6	10.0	85.1%
45.6	Net imports	21.9	22.8	(3.6%)
(2.5)	Pumping consumption	(1.4)	(1.2)	14.6%
332.3	**Total demand**	**160.8**	**165.4**	**(2.8%)**

Source: Analysis of 2011 data and pre-closing 2012 Terna data, before line losses.
(1) Includes production from geothermal, wind power and photovoltaic facilities.

In the first half of 2012, gross total demand for electric power from the Italian grid decreased to 160.8 TWh (TWh = 1 billion kWh), or 2.8% less than in the same period last year, consistent with the overall decline in economic activity. On a seasonally adjusted basis (i.e., eliminating the impact of changes in the number of business days), the decrease in demand grows to 3.3%, due to the fact that 2012 is a leap year.

Net national production declined by 3.5 TWh as the combined result of a contraction of 4.6 TWh in demand for electric power, a reduction of 0.9 TWh in net electric power imports and an increase of 0.2 TWh in pumping consumption. National production, net of pumping consumption, was equal to 86% of demand, about the same as in the first half of 2011, with net imports covering the remaining 14%.

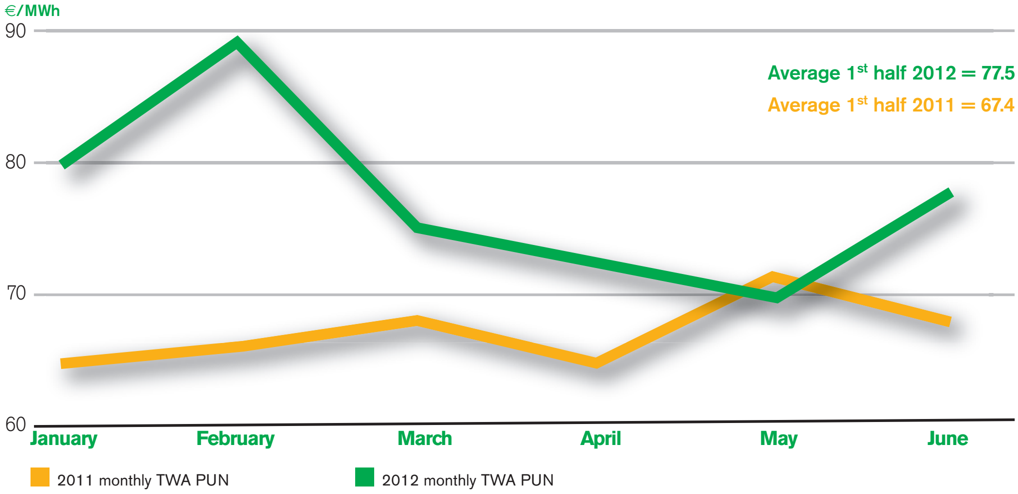
The following factors contributed to the decrease of 3.5 TWh in national production:

- a contraction of 5.2 TWh in hydroelectric generation (-20.8%) due to a reduced availability of water resources compared with the first six months of 2011;
- a strong increase in production from other renewable sources amounting to 8.6 TWh (+85.1%);
- a reduction of 6.9 TWh (-6.4%) in thermoelectric production, due to the reasons mentioned above.

Specifically with regard to renewable energy sources other than hydroelectric facilities, there was a remarkable increase in production by photovoltaic facilities (+6.6 TWh) and a sharply higher output by wind farms (+2.0 TWh), thanks to a surge in installed capacity in 2011. The production of geothermal facilities was little changed compared with the same period last year.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) increased to 77.5 euros per MWh at June 30, 2012, for a gain of about 14.9% compared with the first six months of 2011 (67.4 euros per MWh).
The higher level of the PUN can be explained by a steady rise in the price of gas, consistent with the upward trend of crude oil, which more than offset the impact of a demand for electric power that, on average, was lower than a the previous year. When looking at individual months, it is worth mentioning that, early in February 2012, exceptionally cold weather throughout Europe and a "gas emergency" in Italy contributed to driving up prices, which rose by about 23 euros per MWh compared with February 2011. Temperatures above the seasonal average had an impact on the PUN in June 2012, pushing it above both the previous month and June 2011.
An analysis by hourly periods shows that, compared with the same period last year, the increase was greater during daytime hours, Monday to Friday, (+16.4%) than at night and on weekends (+13.9%). A breakdown of the data by the F1, F2 and F3 hourly time periods shows that, starting in February, the monthly average demand during the F2 period was steadily higher than in the F1 period. This anomaly can be explained by the increase in production from renewable sources, photovoltaic manly, which helped lower prices during the central daytime hours, shifting peak prices to the early evening hours. The F1, F2 and F3 hourly periods showed increases of 14.9%, 24.3% and 8.8%, respectively.

The chart below shows a year-over-year comparison of the monthly trend for the TWA PUN.



On the other hand, the price of electric power was down considerably in other market in Europe, particularly in France and Germany. The German market benefited from a reduction in generating costs from facilities using spot gas and coal and a successful effort to make up the reduction in nuclear generation, thanks in part to an increase in generating capacity from renewables, which helped lower prices on the Power Exchange by 18.7% compared with the first half of 2011. Prices were down in France as well, but by a smaller percentage (-4.2%), despite a spike in the price of electric power in February.
As a result, Italy's price differential widened both with France, from 16.4 euros per MWh in the first half of 2011 to 28.6 euros per MWh in the first half of 2012, and with Germany, from 14.7 euros per MWh to 34.6 euros per MWh.

Demand for Natural Gas in Italy and Market Environment

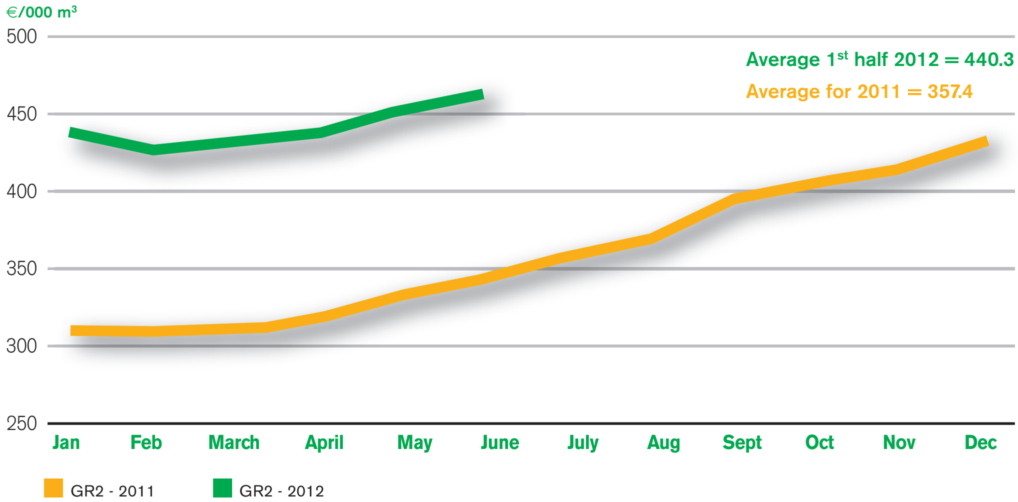
2011 full year	in billions of m^3	1st half 2012	1st half 2011	% change
30.8	Services and residential customers	18.8	18.3	3.1%
17.0	Industrial users	9.1	8.8	3.6%
27.8	Thermoelectric power plants	12.3	14.0	(12.4%)
1.8	System usage and leaks	0.8	0.9	(11.2%)
77.4	**Total demand**	**41.0**	**42.0**	**(2.3%)**

Source: 2011 data and 2012 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the first half of 2012, Italian demand for natural gas contracted by 2.3% compared with the same period last year to a total of about 41.0 billion cubic meters, for an overall reduction of about 1 billion cubic meters. The main reason for this decrease is a contraction in thermoelectric production from gas (down by about 1.7 billion cubic meters, or 12.4%, compared with the first half of 2011) that reflects lower demand and the growing contribution that renewable-source generating facilities are providing. In the industrial sector (+3.6%), demand was about the same as in the first half of last year, still far below the pre-crisis levels of 2008. Lastly, consumption by the service sector and residential customers improved slightly (+3.1%) compared with the same period last year due to weather temperatures that were colder on average.
In the first half of 2012, fluctuations in weather temperature had a major impact on the monthly trend of demand for natural gas: compared with the first six months of 2011, the weather was quite cold in February and April and gas consumption rose accordingly, but was down in March, due to warmer weather.

The following developments characterized supply sources in the first half of 2012:
- higher domestic production (+0.3 billion cubic meters; +6.8% compared with the first half of 2011);
- lower gas imports compared with the first six months of 2011 (-1.3 billion cubic meters; -3.4%);
- increase in inventories of stored gas compared with the first half of 2011, reflecting favorable price dynamics and an increase in national storage capacity.

With regard to the pricing scenario at June 30, 2012, it is important to keep in mind that, because of the time lag with which the effect of the changes in the crude oil market discussed above is reflected in natural gas prices, the increase that it produced on index formulas was even greater than the gain shown by the formulas indexed to Brent crude priced in euros per barrel. Specifically, in the first six months of 2012, natural gas prices, which were affected only to a limited extent by changes in crude prices during the same period, reflected to a greater extent the impact of the deterioration in the euro/U.S. dollar exchange rate.
When the monthly price quotes of the Gas Release 2 (depicted in the chart provided below) are used as a benchmark for the trend in the cost of indexed natural gas imported under long-term contracts, the result is an increase of 37.7% for the Gas Release 2 formula compared with the first half of 2011 resulting from the high price levels of Brent crude.



The rate component that corresponds to the Wholesale Distribution Charge (abbreviated as CCI in Italian), which is indicative of the prices charged in the residential market, reflects changes in the basket of benchmark fuels with a longer time lag than the Gas Release 2, due to a different indexing mechanism. The price determined in accordance with the computation method of Resolutions ARG/gas No. 77/11 and Resolution No. 117/12/R/gas was 384.6 euros per thousand cubic meters in the first half of 2012, for an increase of 28.7%, compared with 298.7 euros per thousand cubic meters in the first six months of 2011, computed in accordance with Resolution ARG/gas No. 89/10. The increase in the CCI rate component was somewhat mitigated by the introduction of an indexing quota (3%) for TTF gas.
In the first half of 2012, the different indexing mechanism and the use of the CCI formula as a quarterly yardstick, caused the differential between the two formulas to increase compared with the first six months of 2011, widening the gap to 55.7 euros per thousand cubic meters.

The table below shows average six-month prices for the Gas Release 2 and the CCI:

2011 full year		1st half 2012	1st half 2011	% change
357.4	Gas Release 2 – euros/000 m³ (1)	440.3	319.8	37.7%
323.6	CCI – euros/000 m³ (2)	384.6	298.7	28.7%

(1) Gas Release 2: Gas sold by ENI to competitors pursuant to a 2007 resolution by the Antitrust Authority. It reflects the trend of natural gas prices under long-term supply contracts. The price is the one quoted on the Virtual Exchange Facility.
(2) Wholesale Distribution Charge (CCI) set pursuant to Resolutions No. 134/06 and updated by Resolutions ARG/gas 192/08, ARG/gas 40/09, ARG/gas 64/09, ARG/gas 89/10, ARG/gas 77/11 and 117/2012/R/gas. The price is the one quoted at the border.

The increase in European gas prices was larger than that of Brent crude. On the TTF, Europe's main gas hub, prices were up 6.1% compared with the first half of 2012, while in Italy the price of gas on the Virtual Exchange Facility rose by 16.7%, reflecting the impact of cold weather in February and the effects of the "gas emergency" period.

LEGISLATIVE AND REGULATORY FRAMEWORK

The main legislative and regulatory measures enacted in the first half of 2012 that had an impact on the various businesses of the Group are reviewed below.

Electric Power

Production

Hydroelectric concessions: Article 37 of Decree Law No. 83/2012 ("Urgent Measures for the Country's Development") published on June 26, 2012 in issue No. 147 of the *Official Gazette of the Italian Republic,* amends the timing and award criteria of calls for tenders for hydroelectric concessions. More specifically, the length of the concessions is shortened to 20 years (from the current 30 years); it is established that predominant value should be attributed to the "economic offer" factor and the "increase in energy produced or installed capacity" factor, over the other qualitative/subjective factors of the offer (the law specifies that a portion of the economic offer must be earmarked for reducing the cost of the supply of energy to electric power users); the decree governs the transfer of business operations from the outgoing concession holder to the new concession holder so as to ensure continuity in the concession's operations; in other to maximize the value of the business operations, the outgoing concession holder must be guaranteed a return on the investments made, but not yet depreciated, in the items listed in Article 25, Section 1, of the Uniform Public Waters Code, plus the market value of the items listed in Article 25, Section 2, understood as the value of reconstruction to "as new" condition, less normal wear and tear; lastly, an interministerial decree shall be enacted defining the general criteria by which regional administrations will determine and update the maximum amounts of the fees for hydroelectric concessions, so as to ensure that homogeneous rules are applied throughout Italy to economic activities related to the use of public waters and equal treatment for business operators.
The process of converting this decree into law is currently under way.

Environment

Burden Sharing Ministry Decree: The Ministry Decree of March 15, 2012 was published on April 2, 2012 in issue No. 78 of the *Official Gazette of the Italian Republic.* This decree, which concerns the allocation on a regional basis of the burden required to meet the national target of increasing renewable-source production to 17% of final gross production by 2020, specifies regional objectives with regard to renewable sources and defines the modalities for handling instances when regions or autonomous provinces fail to achieve their targets.

Decree Law No. 83/2012 (so-called "Development Decree"): Decree Law No. 83 of June 22, 2012 "Urgent Measures for the Country's Development" was published on June 26, 2012 in issue No. 147 of the *Official Gazette of the Italian Republic* and went into effect the same day. Relevant environmental provisions are contained in Articles 35 and 36.
- Article 35 amends Article 6, Section 17, of the Uniform Environmental Code concerning hydrocarbon exploration and production: specifically, it sets a single (for oil and gas) and wider restricted zone for any new prospecting, exploration and production activities, increasing the minimum width from 5 miles to 12 miles from the coast line and from the outside perimeter of protected marine and coastal area. This new provision does not apply to procedures for granting offshore hydrocarbon concessions that were ongoing when Legislative Decree No. 128/2010 went into effect. Lastly, activities to protect the sea and ensure the safety of offshore activities are financed by increasing offshore royalties by more than 40% (from 7% to 10% for gas and from 4% to 7% for oil).
- Article 36 amends Article 276, Section 6, of Legislative Decree No. 152/2006. As a result of the abovementioned amendments, facilities that include fuel storage and distribution systems that produce emissions into the atmosphere are required to obtain permits to emit emissions into the atmosphere pursuant to Article 296 of the abovementioned legislative decree only if they were not upgraded to comply with the requirements of Annex VII, Part V, to the Uniform Environmental Code.

Wholesale Market

Facilities that are essential for the electrical system's safety: Terna is implementing must-run rules for the San Quirico, Porcari and Milazzo power plants. Edison opted for the alternative modalities for San Quirico (increasable reserve offered on the Dispatching Services Market at administrated prices, with payment of a bonus by Terna), but chose the regular status (reimbursement of variable costs only for the must run hours) for Porcari and Milazzo.

Reform of the electric power market: The implementation of the pay-as-bid system introduced by Law No. 2/09, originally scheduled for April 2012, will not take place. In the meantime, under Article 21 of Decree Law No. 1/2012 (converted into Law No. 27/2012) the Ministry of Economic Development is required to publish new guidelines and amend the implementation provisions of Law No. 2/09 with the aim of minimizing costs and ensure the safety and quality of the electric power supplied to users, while respecting market criteria and principles.

Dispatching for renewable sources: Until December 2011, generating facilities connected to medium voltage (MV) and low voltage (LV) distribution networks received the CTR rate component for avoided transmission costs as an incentive for the development of distributed generating facilities. With the start of the 2012-2015 regulatory period (Resolution ARG/elt 199/11), the Authority decided that producers no longer needed CTR compensation, since the level of penetration of distributed power generation system is now high enough to make the use of rate-based incentives no longer justified. In addition, by Resolution No. 175/2012/R/eel, the Authority lowered the loss coefficients applied to MV and LV generating facilities: the new percentages (2.4% for MV units and 5.1% for LV units) are applicable as of July 1, 2012. Lastly, with the publication of DCO No. 35/12, the Authority indicated its intention to hold facilities fueled with renewable sources responsible for any imbalances in the electrical system they may cause, introducing imbalance compensation penalties for scheduling errors above a certain exemption.

Guarantees for grid capacity reservation for the connection of new production facilities in critical areas: At the end of May 2012, the Council of State suspended as a precautionary measure the system of guarantees for grid capacity reservation for the connection of new production facilities in critical areas. While this administrative dispute was pending, the AEEG published Resolution No. 226/2012/R/eel permanently cancelling these guarantees, providing as an alternative the availability of capacity reservation at the end of the authorization process.

Retail Market

Indemnification system: Following the complaint filed by Edison in 2011 with the Regional Administrative Court of Lombardy challenging Resolution ARG/elt No. 219/10 (Provisions Governing the Implementation of the Indemnification System), the AEEG published two resolutions (No. 99/2012/R/eel and No. 195/2012/R/eel) which introduced measures to mitigate the adverse effects that some operators suffered and listed in the complaints they filed. Contrary to expectations, these new measures further increased the managerial and economic burden faced by incoming operators.

Consequently, in response to these latest measures, the primary complaint currently pending was amended with the inclusion of additional grounds. A hearing has been scheduled for October 4, 2012.

Unfair business practices: The AEEG published Resolution No. 153/2012/R/com, which went into effect on June 1, 2012, with the aim of addressing the issue of "unsolicited contracts" with preventive measures (voluntary adoption of a Self-regulation Protocol, specific identification of sales personnel, new methods for confirming acceptance of the contract) and allowing customers to go back to their earlier supplier on the same contract terms that they enjoyed before the unsolicited activation by means of reinstating mechanisms (adoption of the Reinstatement Procedure). The AEEG will provide at a later date answers to questions raised by operators.

Integrated Information System: The Single Buyer is continuing to work on the implementation of the trading platform for operators. Thus far, it has published the technical specifications for population of the databases by electric power and gas distributors.

Delinquencies by natural gas customers: Resolution No. 166/2012/R/gas carries out, as of May 1, 2012, an initial implementation of the provisions concerning delinquencies by natural gas customers set fort in the Amended Gas Delinquencies Document (Resolution ARG/gas No. 99/11).
This resolution introduces temporary rules for turning off a delivery point for delinquency-related interruptions affecting disconnectable delivery point for which the disconnect action is economically feasible (i.e., when its cost is lower than the product of an amount determined by the AEEG, currently set at 270 cents of a euro per standard cubic meter, and the annual consumption volume used by the distributor to compute consumption profiles).
This resolution also introduces a mechanism to cover the costs incurred by distributors for disconnecting activities (Article 12-*bis*). This mechanisms requires the establishment within the Adjustment Fund of an account funded with the proceeds from a new distribution rate component called UG3 (stated in cents of a euro per standard cubic meter), the amount of which will be determined by the AEEG in a future resolution.
In addition, this resolution postponed the effective date of the rules governing the default service, the implementation of the standard communication flows required by the Amended Gas Delinquencies Document and of the checks for consistency with the timing defined for switching procedures, administrative disconnection and activation of last resort services.

Hydrocarbons

Rates and Market

The AEEG published Resolution No. 263/2012/R/gas, by which it defined the modalities for determining the gas raw material rate component (CCI) starting on October 1, 2012. This resolution concerns:

- The determination of the CCI as the sum of the component covering natural gas procurement costs (QEt) and a fixed consideration covering the costs to market gas at the wholesale level (QCI).
- The quarterly update of the QEt component determined based on a weighting criterion that takes into account the take-or-pay index (95%) and the PMKT market index (5%).
- The QCI wholesale distribution component, which is confirmed at 0.930484 €/GJ, but is broken down into two items, one tied to the use of the infrastructures (0.461667 €/GJ) and the other one reflecting the remaining distribution costs (0.468817 €/GJ).
- The launch of a discovery process aimed at assessing procurement conditions for sales companies in the wholesale market. The AEEG reported that the input it received in response to this process shows that a situation of excess supply of natural gas in the Italian wholesale market "would generate strong competitive pressure in the wholesale market and on the procurement terms applied to retailers, including in the case of gas earmarked for supply to customers with protected status" and that "in many cases, these conditions would result in price levels significantly lower that the CCIt component." The purpose of the discovery process is to "award to retailers a remuneration consistent with the procurement terms they pay in the wholesale market, avoiding potential unjustified excess profits and allowing the transfer to end customers of any additional benefits generated by a favorable trend in spot market prices." This process should be completed by the end of September 2012 and could result in the adoption of additional measures to adjust the CCI as early as April 2013.

Balancing Market:

- Gas emergency: On February 7, 2012, by Resolution No. 32/12/R/gas, the AEEG amended the rules of the economic merit balancing market, requiring that, under emergency situations caused by gas shortages, charges for operator imbalances be determined based on the highest market price, corresponding to the unauthorized use of the strategic reserve. The gas emergency that affected the

Italian system in February 2012 caused Edison to incur significant imbalance costs, due mainly to the unavailability of gas from the ALNG terminal.
The Ministry of Economic Development issued an authorization to access the strategic reserve due to the terminal's failure in February. Currently, the Company is engaged in discussions with the AEEG and Snam Rete Gas to define the modalities for implementing the authorization to use the strategic reserve.

- Amended document setting forth provisions governing the physical and economic items of the natural gas balancing service (settlement): Resolution No. 229/2012/R/gas reforms, starting in January 2013, the current rules governing the allocation of natural gas, revising completely the process and attributing in unambiguous terms the obligations and responsibilities of the operators involved.
The procedure entail 12 balancing sessions, one for each month of the year, and annual adjustment sessions, which deal with the adjustment payments attributable to each year and are held the following year. The settlement price of these items will be the balancing price. Important innovations concern the method applied to redelivery points, for which daily or monthly meter readings will be used, if available.
The redelivery points where metering data are collected at different time intervals will be subject to load profiling, in accordance with new criteria that include unambiguous modalities to determine annual consumption to which simplified standard load profiles can be applied.
There is also greater order and transparency in the definition of transactions that allow a correct attribution of consumption to each user of the balancing service, with the determination of a direct link between balancing user and individual redelivery point. Each user of the balancing service will be able to identify in advance the distribution users for whose consumption it is responsible, within the framework of a correspondence matrix for the system's users defined and updated monthly by the system's users themselves, before the beginning of each month. The first monthly balancing session, corresponding to the previous month of January, will be held in February 2013 to allow operators to adjust to the new rules.

Infrastructures

Gas Storage: With Legislative Decree No. 93/2011, which introduced important new developments with regard to strategic storage and modulation storage, the Ministry of Economic Development defined new methods to computes the annual total volume of the strategic reserve. For the 2012-2013 storage contract year, the strategic storage was set at 4.6 billion cubic meters, down from 5.1 billion cubic meters the previous year.

Gas Transmission: With regard to the obligation to segregate Edison Stoccaggio – Transmission Operations in accordance with Legislative Decree No. 93/2011, Edison Stoccaggio – Transmission Operations informed the AEEG that it elected to adopt the ITO model (maintaining the ownership and management of the transmission infrastructure, with the obligation to secure a certification of the status of independent operator of the natural gas transmission system) and submitted the paperwork required to begin the certification procedure. In February 2012, Edison Stoccaggio announced that its parent company decided to transfer the natural gas transmission operations to a newly established company.

Issues Affecting Multiple Business Segments

Law No. 35/2012 converting Decree Law No. 5/2012 ("Simplifications" Decree): Decree Law No. 5/2012 (published on February 9, 2012 in Issue No. 33 of the *Official Gazette of the Italian Republic*), setting forth urgent simplification and economic development provisions, was converted into Law No. 35 of April 4, 2012 (published on April 6 in Issue No. 82 of the *Official Gazette of the Italian Republic*). The main provisions of interest to the Group's businesses are mentioned below:
- E&P (Article 24): This article introduces the possibility of providing additional extensions of existing permits for activities involving offshore exploration, prospecting and production with regard to liquid and gaseous hydrocarbons;

- AEEG powers (Article 58): This article amends the powers of the AEEG, which, in urgent cases, can order autonomously, but motivating its actions, the adoption of precautionary measure even before the start of the penalty process. It also introduces the option of adopting a streamlined procedures for imposing administrative fines, with the approval of the target company.

Law No. 56/2012 ("Special Powers in Strategic Sectors"): Law No. 56 of May 11, 2012, which converted into law with amendments Decree Law No. 21 of March 15, 2012, which set forth rules governing special powers concerning the corporate structure of companies in the defense and national security sectors and strategic relevant activities in the energy, transportation and communications sectors, was published on May 14, 2012 in Issue No. 111 of the *Official Gazette of the Italian Republic.*
More specifically, Article 2 of the Decree regulates special powers with regard to strategic assets in the energy sectors. One or more regulations will be enacted identifying the networks, facilities, assets and relationships that are strategically relevant to the nation's interest in the energy sectors and the types of action or transactions within each group to which the new rules will not apply. Basically, with regard to any resolution, action or transaction by companies that own one or more strategic assets, liable of jeopardizing national interest with regard to procurement and the safety and operation of networks and facilities, the government is being granted, under exceptional circumstances that present a real threat of serious injury to national interest, veto power or the power to grant a conditional authorization to implement the abovementioned resolution, action or transaction.

Prime Minister's Decree on SNAM/ENI Ownership Separation: On May 25, 2012, in implementation of the provisions of Article 15 of Law No. 27/2012 of March 24, 2012 ("Growth for Italy" Decree), the Presidency of the Council of Ministers published a decree that defines the methods and timing for the separation of the ownership of SNAM Spa from that of ENI Spa. More specifically, under this decree, ENI is required to reduce its ownership stake in SNAM, relinquishing control within shorter deadline, compatibly with market conditions and, in any event, within the 18 month deadline specified in the "Growth for Italy" Decree. ENI is also required to transfer to Casa Depositi e Prestiti (CDP) a stake of not less than 25.1%. The terms of this sale will be defined by the Boards of Directors of the two companies involved.

Decree Law No. 83/2012 (so called "Development Decree"): A decree law containing "Urgent Measures for the Country's Development" was published on June 26, 2012 in issue No. 147 of the *Official Gazette of the Italian Republic.* In addition to the provisions about hydroelectric concessions (Article 37) and about hydrocarbon exploration and production (Article 35) discussed earlier in this Report, the following provisions are relevant to the Group:
- **Calls for tenders for the distribution of natural gas (Article 37):** With regard to natural gas distribution, the decree clarifies that any party can respond to a locally based call for tenders, except only for parties that, at the corporate group level, operate at the time of the call for tenders local public services by virtue of a direct assignment or a procedure lacking public transparency, and specifies that this prohibition does not apply to companies listed on regulated markets or companies directly or indirectly controlled by them.
- **Energy infrastructures and the natural gas market (Article 38):** If the regional approval required in cases of competing jurisdictions, or the denial thereof, is not issued even after an extremely long waiting period, the Prime Minister's Office can be petitioned for a final decision and, thus, arrive at a conclusion of the proceedings. The decree also introduces more efficient methods for the allocation of storage services earmarked for the importation system, the modulation service for residential customers and the storage service for industrial and thermoelectric customers, switching from a pro rata system with volumes segmented by type of user to a competitive bidding system for all of the available capacities. In addition, the decree introduces the possibility of setting limits to the storage capacities that a single operator or corporate group may acquire, so as to establish a more competitive access to them and avoid the risk of further strengthening dominant positions.

The process of converting this decree into law is currently under way.

European Regulations

European Union REMIT Regulation – New Rules for Insider Trading and market Abuse: The new Regulation No. 1227/2011 (REMIT) published by the European Commission on December 8, 2011 introduced, effective December 28, 2011, new provisions concerning the transparency and integrity of the wholesale energy markets (electric power and gas). The new Regulation prohibits the use of insider information and the practice of market abuse. It also introduces for market operators new obligations to disclose transaction data.

Responsibility for implementing this Regulation rests with the national regulatory authorities, which also have authority to levy fines, over whom ACER has coordination responsibility with monitoring and reporting powers.

Consistent with the provisions of the abovementioned Regulation (Article 16.2), ACER published a first draft of non-binding guidelines for the national regulatory authorities, which provide some interpretation guidance regarding the notions of insider information and market abuse. A second version of the ACER guidelines, which should be published at the end of the summer of 2012, will focus on the definitions of "market participant" and "wholesale energy product." The European Commission will then adopt, through implementation measures, specific rules regarding the registration of market operators and data collection systems for market monitoring purposes (probable adoption in mid-2013).

European Union Regulation EC/2009/715 – Amendment to Annex I on the Rules for Managing Congestions on Gas Transmission Lines: The final version of the Guidelines for managing contractual congestions at the interconnections of transmission networks, which amends the current Annex I to Regulation No. 715/2009, was approved on April 20, 2012 using a committee-based decision making process. The guidelines, which were strongly advocated by the European Commission to ensure a more efficient management of the available transmission capacity and punish anticompetitive conduct, call for measures designed to (1) maximize the capacity offered to the market on an ongoing basis by transmission operators (through a mechanism similar to that of overbooking) and (2) punish with use-it-or-lose-it mechanisms users who systematically underutilize their transmission capacity without offering it on the market at reasonable prices. The implementation of the mechanisms recommended in the Guidelines is expected to begin in October 2013.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2011 full year	GWh (*)	1st half 2012	1st half 2011	% change
26,416	**Production in Italy:**	**10,175**	**13,978**	**(27.2%)**
21,578	- Thermoelectric power plants	8,080	11,602	(30.4%)
4,128	- Hydroelectric power plants	1,626	2,019	(19.5%)
710	- Wind farms and other renewables	469	357	31.7%
45,737	**Other sources:**	**12,532**	**20,944**	**(40.2%)**
6,747	- Edipower (until 5/24/12)	2,391	3,295	(27.4%)
38,990	- other purchases (1)	10,141	17,649	(42.5%)
72,153	**Total sources in Italy**	**22,707**	**34,922**	**(35.0%)**
2,172	**Production outside Italy**	**940**	**1,037**	**(9.4%)**

(*) One GWh is equal to one million kWh in physical volume terms.
(1) Before line losses and excluding the trading portfolios.

Uses

2011 full year	GWh (*)	1st half 2012	1st half 2011	% change
4,738	**CIP 6/92 dedicated**	**883**	**2,964**	**(70.2%)**
3,321	**Captive and other customers**	**481**	**1,924**	**(75.0%)**
64,094	**Deregulated market** (Edipower until 5/24/12):	**21,343**	**30,034**	**(28.9%)**
23,522	- End customers (1)	9,096	11,564	(21.3%)
2,807	- IPEX and mandates	4,269	1,198	n.m.
28,204	- Wholesalers and industrial portfolio	5,239	12,687	(58.7%)
9,561	- Other sales (2)	2,739	4,585	(40.3%)
72,153	**Total uses in Italy**	**22,707**	**34,922**	**(35.0%)**
2,172	**Sales of production outside Italy**	**940**	**1,037**	**(9.4%)**

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

Financial Highlights

2011 full year (*)	(in millions of euros)	1st half 2012	1st half 2011 (*) (**)	% change
7,437	**Sales revenues**	**3,217**	**3,495**	**(8.0%)**
509	Reported EBITDA	255	325	(21.5%)
702	Adjusted EBITDA (1)	239	326	(26.7%)
168	Capital expenditures	23	77	(70.1%)
1,275	Number of employees (2)	1,272	1,281	(0.3%)

(1) See note on page 11.
(2) End-of-period data. The changes are computed against the data at December 31, 2011.
(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.
(**) Edipower's integrated contribution was reclassified into discontinued operations, pursuant to IFRS 5.

Production and Procurement

In the first half of 2012, Edison's portfolio changed drastically compared with the same period last year, due both to the effect on production of a change in the scope of consolidation and a different sources/uses optimization strategy.

Edison's net production decreased to 10,175 GWh, down about 3.8 TWh, or 27.2%, compared with the first six months of 2011, as a result of a 30.4% reduction in thermoelectric output. The divestment,

in October 2011, of the thermoelectric power plants serving ILVA's production facilities in Taranto is the main reason for the thermoelectric shortfall, which also reflects an across-the-board contraction in national demand for electric power that was particularly pronounced for generating facilities that use fossil fuels.
As for production from renewable sources, the first half of the year was characterized, on the one hand, by a contraction in hydroelectric production (-19.5%), in line with the national trend and reflective of the reduced availability of water resources during the period, and, on the other hand, by an increase in the output of wind farms and other renewable-source facilities (+31.7%) thanks to the completion of repowering and expansion programs at the San Giorgio and Foiano (BN) wind farms and more windy conditions during the period.
Other purchases carried out to round out the sources portfolio were cut almost in half compared with the first half of 2011, reflecting both the termination of the Tolling Agreement with Edipower, effective May 24, 2012, and a decision to reduce outside purchases, particularly on the IPEX, a segment in which the Group was a net seller in 2012, as explained below.
However, it is important to keep in mind that this category includes purchases that occur when facilities operate in bidding mode and other transactions with relatively low unit margins.

Production outside Italy, consisting of the output of the facilities operated by Elpedison Power in Greece, show a decrease of 9.4% in the first six months of 2012, due to the impact of nonrecurring events on the data reported in 2011, when a strike by operators of facilities fueled with lignite resulted in an increased rate of utilization for power plants fueled with natural gas.

Sales and Marketing

In the first half of 2012, domestic sales of electric power totaled 22,707 GWh.
Sales in the CIP 6/92 and Captive Customer segments contracted sharply (more than 70%), due to the abovementioned divestment of the thermoelectric power plants located in Taranto.
The sales volume was also down in the deregulated market, falling by 28.9%. However, this decrease reflects the absence of Edipower's contribution, effective May 24, 2012. This negative performance is the net result of different dynamics in the individual segments. Specifically, while sales to end business customers and wholesalers decreased, due to the compression of margins that competitive pressure is causing in this segment, sales to end residential customers and transactions on the IPEX increased. As mentioned above in the section on procurement, other sales in the deregulated market include volumes generated with the production facilities operating in bidding mode.

Operating Performance

Sales revenues totaled 3,217 million euros in the first half of 2012, for a decrease of 8% compared with the same period last year that reflects the impact of lower unit sales.
Adjusted EBITDA totaled 239 million euros at June 30, 2012 (326 million euros in the first six months of 2011). The decrease of 26.7% compared with the same period last year is attributable to the impact of sales to customers in the deregulated market, where margins were down sharply due to a reduction in hydroelectric production, caused by the limited availability of water resources, and the compression of thermoelectric generation and distribution margins resulting from the unrelenting, severe competitive pressure that characterizes the national electric power market. On the other hand, EBITDA for the first half of 2012 benefited from the net positive contribution resulting from the voluntary early termination of the CIP 6/92 contract for the CET 3 power plant and Piombino, effective as of January 1, 2013.

Capital Investments

Capital expenditures by the electric power operations, which totaled 23 million euros at June 30, 2012, were focused on completing projects started in 2011 in the wind energy sector (9 million euros), with scheduled maintenance of thermoelectric and hydroelectric power plants accounting for the balance.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2011 full year	in millions of m³ of natural gas	1st half 2012	1st half 2011	% change
520	Production in Italy (1)	321	232	38.5%
11,812	Imports (Pipeline + LNG)	6,126	6,391	(4.2%)
2,749	Domestic purchases	1,793	1,057	69.6%
124	Change in stored gas inventory (2)	(298)	110	n.m.
15,205	**Total sources in Italy**	**7,942**	**7,790**	**2.0%**
1,726	**Production outside Italy (3)**	**969**	**788**	**23.0%**

(1) Net of self-consumption and stated at Standard Calorific Power.
(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(3) Counting volumes withheld as production tax.

Uses of Natural Gas

2011 full year	in millions of m³ of natural gas	1st half 2012	1st half 2011	% change
2,152	Residential use	1,258	1,284	(2.0%)
1,484	Industrial use	884	768	15.2%
9,117	Thermoelectric fuel use	4,392	4,640	(5.3%)
2,452	Other sales	1,408	1,098	28.2%
15,205	**Total uses in Italy**	**7,942**	**7,790**	**2.0%**
1,726	**Sales of production outside Italy (1)**	**969**	**788**	**23.0%**

(1) Counting volumes withheld as production tax.

Crude Oil Production

2011 full year	in thousands of barrels	1st half 2012	1st half 2011	% change
2,142	Production in Italy	1,036	1,082	(4.3%)
1,366	Production outside Italy (1)	843	556	51.4%
3,508	**Total production**	**1,879**	**1,638**	**14.7%**

(1) Counting volumes withheld as production tax.

Financial Highlights

2011 full year (*)	(in millions of euros)	1st half 2012	1st half 2011 (*)	% change
5,468	**Sales revenues**	**3,391**	**2,560**	**32.5%**
487	Reported EBITDA	99	139	(28.8%)
294	Adjusted EBITDA (1)	115	138	(16.7%)
311	Capital expenditures	134	150	(10.7%)
46	Investments in exploration	56	7	n.m.
1,319	Number of employees (2)	1,317	1,352	(0.2%)

(1) See note on page 11.
(2) End-of-period data. The changes are computed against the data at December 31, 2011.
(*) The 2011 amounts reflect a new presentation of the net change in fair value of commodity derivatives.

Production and Procurement

Net production of natural gas, counting the combined output of the Italian and international operations, totaled 1,290 million cubic meters in the first half of 2012, for a gain of 26.6% compared with the same period last year. Production was up 38.5% in Italy, thanks to the sidetrack drilling projects implemented at some wells in 2011, and grew by 23% abroad, reflecting the contribution of wells that went on stream in 2011 at the Abu Qir concession in Egypt.

Production of crude oil increased to 1,879,000 barrels (1,638,000 barrels in the first six months of 2011). In Italy, production was down 4.3% compared with the same period last year due to the scheduled interruption of production, starting in May, from the Rospo field required to allow the replacement of the Alba Marina floating storage vessel. Outside Italy, production was up by 51.4%, as the output from the Abu Qir concession grew for the reasons mentioned above.

Gas imports were down 4.2%, consistent with a reduction in demand from residential customers and thermoelectric users.

Sales and Marketing

Unit sales of natural gas to customers in Italy totaled 7,942 million cubic meters, for an increase of 2% compared with the first half of 2011.
Specifically, sales to residential users decreased by 2%, reflecting monthly changes in weather temperature, and deliveries to thermoelectric users contracted by 5.3%, due mainly to lower gas consumption by the Group's thermoelectric power plants, offset only in part by higher sales to thermoelectric facilities of external customers, but sales to industrial users grew by 15.2% compared with the first six months of 2011.
Sales on the virtual trading facility and the balancing market totaled 1,408 million cubic meters (1,098 million cubic meters in the first half of 2011).

Operating Performance

In the first half of 2012, sales revenues grew to 3,391 million euros, up sharply (+32.5%) compared with the same period in 2011, benefiting from an upward trend in the benchmark scenario and an increase in unit sales.
Adjusted EBITDA totaled 115 million euros at June 30, 2012, for a decrease of 16.7% compared with the first half of 2011.
This negative performance is attributable to the results of the Group's activities that engage in the buying and selling of natural gas. The loss they reported in the first half of both years reflects, on the one hand, an acceleration of the contraction in unit margins and, on the other hand, the impact of a nonrecurring gain recognized in the first six months of 2011, amounting to 64 million euros, for the renegotiation of the procurement contract in Russia (Promgas) for the volumes supplied in 2009 and 2010. In this area, it is worth mentioning that Edison is confident that some arbitration proceedings currently pending will also have a positive outcome in 2012; however, the arbitration awards are not expected before the last quarter of this year.
The impact of the contraction in margins was mitigated in part by the higher EBITDA reported by the exploration and production operations, which benefited from rising oil prices and an increase in sales volumes both in Italy and abroad.

Capital Investments

Capital investments, which totaled about 134 million euros in the first half of 2012, focused on the E&P and Storage businesses. In Italy, the main investments included 7.5 million euros in the E&P segment to drill Well 7 in the Clara North field and 33.5 million euros in the Storage segment to complete a new storage well, as part of the project to increase the capacity of the San Potito and Cotignola field.
Investment projects outside Italy focused on the Abu Qir concession in Egypt (41.5 million euros), where work continued on the construction of the new NAQ PII platform and the renovation and expansion of the existing NAQ PI platforms, and included the acquisition of new licenses in the offshore areas north and south of the Falkland Islands (31.5 million euros).

Exploration Activities

In the first six months of 2012, the Group invested about 56 million euros in exploration projects in Norway to develop the Zidane 2 and Skarfjell 1 exploratory wells (22 million euros and 7 million euros, respectively) and in the Falkland Islands in connection with the recently acquired licenses (13 million euros).

Corporate Activities and Other Segments

Financial Highlights

2011 full year	(in millions of euros)	1st half 2012	1st half 2011	% change
50	**Sales revenues**	**25**	**24**	4.2%
(106)	EBITDA	(53)	(50)	(6.0%)
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
3	Capital expenditures	-	1	n.m.
642	Number of employees (1)	656	635	2.2%

(1) End-of-period data. The changes are computed against the data at December 31, 2011.

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

Sales revenues were substantially the same as in the first six months of 2011, but EBITDA were down slightly (-6%) compared with the first half of 2011.

Discontinued Operations

Financial Highlights

2011 full year	(in millions of euros)	1st half 2012	1st half 2011 (*)	% change
(605)	**Net profit (loss) from discontinued operations**	**50**	**(42)**	**n.m.**
21	Capital expenditures	-	8	n.m.
528	Number of employees (1)	-	659	n.m.

(1) End-of-period data. The changes are computed against the data at December 31, 2011.
(*) Edipower's integrated contribution was reclassified into discontinued operations, pursuant to IFRS 5.

The net profit of 50 million euros reported by the discontinued operations in the first half of 2012 is the result of an 80-million-euro redefinition in the sales price of the equity stake in Edipower Spa, net of the negative margin realized by the toller under the tolling agreement in effect until May 24, 2012. The first half of 2011 included, in addition to Edipower's integrated contribution, charges of 22 million euros related mainly to writedowns of the Taranto thermoelectric power plants subject of a sales agreement with Riva.

Reconciliation of the Parent Company's Profit (Loss) and Shareholders' Equity to the Corresponding Data for the Group

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, the schedules that follow provide a reconciliation of the Group interest in profit (loss) for the period and the shareholders' equity attributable to the Parent Company shareholders at June 30, 2012 to the corresponding data for Edison Spa, the Group's Parent Company.

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

(in millions of euros)	1st half 2012	1st half 2011
Profit (Loss) of Edison Spa	**(31)**	**(96)**
Intra-Group dividends eliminated in the consolidated financial statements	(120)	(94)
Results of subsidiaries, affiliated companies and joint ventures not recognized in the financial statements of Edison Spa	100	121
Other consolidation adjustments	2	7
Group interest in profit (loss)	**(49)**	**(62)**

Reconciliation of the Shareholders' Equity of Edison Spa to the Shareholders' Equity Attributable to Parent Company Shareholders

(in millions of euros)	6.30.2012	12.31.2011
Shareholders' equity of Edison Spa	**5,869**	**5,883**
Carrying value of investments in associates eliminated against the corresponding interests in the shareholders' equities of the investee companies, including:		
- Elimination of the carrying values of the consolidated investments in associates	(1,295)	(1,839)
- Recognition of the shareholders' equities of consolidated companies	2,407	2,973
Valuation of investments in associates measured by the equity method	13	10
Other consolidation adjustments	(39)	(39)
Shareholders' equity attributable to Parent Company shareholders	**6,955**	**6,988**

INNOVATION, RESEARCH AND DEVELOPMENT

The main topics pursued by Edison's Innovation, Research and Development organization are reviewed below.

Energy from Renewable Sources

Various photovoltaic technology were the subject of studies and experimental assessment both at the Trofarello Research Center and a field testing site established at the Group's Altomonte power plant.

Advanced Materials

The issues tackled by materials science are transversal to many innovation projects in the energy sector and, for this reason, the topic of materials was the subject of research projects both at the Group's laboratory specialized in "thin film" deposition techniques and through scientific collaborative projects.

Energy Efficiency

In order to monitor as effectively as possibly this topic, which involves a broad spectrum of constantly evolving technologies, Edison joined ECLEER, a European center focused on energy efficiency whose members include the Federal Polytechnic University of Lausanne, the Ecole des Mines in Paris and EDF's R&D organization. In addition, Edison monitors on an ongoing basis technologies for the delivery of energy efficiency services and performs specific tests in this area. Test projects focused on heat pumps for heating and air conditioning, solar thermal energy and small-scale cogeneration.

Smart Grid

Among the technologies for the delivery of energy efficiency services, a very broad area with significant potential in terms of technological innovation is represented by a series of solutions collectively identified as Smart Grid, which Edison is currently studying with a series of interconnected project.

Fuel Cells

Research in this area is being pursued by a dedicated laboratory at the Edison Research Center engaged in activities that may also be included in European projects, working in close collaboration with the EIFER Institute in Karlsruhe, Germany, the Chemistry and Energetics Departments of Turin's Polytechnic University and Milan's Polytechnic University.

HEALTH, SAFETY AND THE ENVIRONMENT

The main achievements of the first half of 2012 and projects under development are reviewed below.

Occupational Safety

Starting this year, with the aim of presenting comprehensively the effect of programs to promote occupational health safety, occupational safety indices are computed combining the data both for Edison's personnel and for employees of contractors and assigning to management consistent improvement objectives.

In this area, in the first half of 2012, the combined Injury Incidence Rate was 2.3, showing a significant improvement compared with the 2009-2011 average and the specific datum for 2011 (3.7), while the Lost Workday Incidence Rate was 0.07, compared with 0.04 for the first half of 2011.

Activities Concerning Occupational Health and Safety

The main activities carried out or launched in the first half of 2012 in this area are reviewed below:

- The Risk Assessment Documents were reviewed and updated. The results of the assessments were discussed at the periodic safety meetings required by current regulations (Article 35 of Legislative Decree No. 81/08), during which progress reports on the implementation of training processes and the macro-results of employee health monitoring programs were also presented.
- Work began on updating the assessment of risk from work-related stress, designed in accordance with the general guidelines of the European Agreement of October 8, 2004. The goal is to collect and verify data about the trend of the manifestation, risk and contrast indicators for 2011, with the aim of monitoring the potential risk level.
- The annual training program for Prevention and Protection Service Managers, which included issue-specific training sessions for a total of 20 hours a year per person, was started. The issues that are being addressed this year include assessment of confined spaces, accident analysis, audit management and change and communication management.
- Training and development programs about health and safety were developed in accordance with the requirements of the agreement between the central government and the regional administrations of December 21, 2011. The work carried out included completion of the training program for executives (started in 2011) and planning of the program on the role of managers and supervisors. Insofar as office staff is concerned, a program got under way to provide training through e-learning, while employees who work at operational sites attended a session on the specific risks of their jobs.
- The first year of the project called "Dicci la Tua" (Tell Us About it) was completed at the Foro Buonaparte headquarters in Milan and at the Rome and Bologna offices. This project, which is based on observing risky behavior and the use of a structured system to collect improvement suggestions, requires the involvement and participation of all employees at the abovementioned offices, with the aim of promoting a more widespread culture of safety and a greater acceptance of personal responsibility in this area. Over 250 instances of risky behavior/situations were reported, including 102 that included improvement recommendations. In addition to providing adequate feedback and implementing feasible recommendations, the Company carried out communication initiatives and honored the contribution of the employees who demonstrated the greatest commitment in terms of qualitative/quantitative involvement.
- Consistent with the safety organizational model of the Edison Group, the Trofarello Research and Development Center obtained the certification of its health and safety management system in accordance with the requirements of the BS OHSAS 18001 standard.

Environmental Activities

The main activities carried out or launched in the first half of 2012 in this area are reviewed below:

- The Sustainability Report of the Edison Group, which was published during the first half of 2012 to present the achievement of 2011, lists the main indicators of environmental performance (energy consumption, emissions into the atmosphere, water used and effluents discharged, waste generated, environmental accounting).

- Following the enactment of Legislative Decree No. 121/2011, which broadened the liability of legal entities referred to in Legislative Decree No. 231/2011 to include environmental crimes, the Company launched and is in the process of conducting an assessment of the potential crimes covered by Legislative Decree No. 231/2011, in order to determine Edison's position with regard to these risks. A training course on this topic is being planned for the environment and safety professional family at Edison.
- Site characterization, safety assurance and environmental remediation work continued. Most of these activities involve highly significant industrial sites potentially polluted by activities carried out in the past by various businesses.

Electric Power Business Unit

In June, a monitoring audit of the integrated environmental and safety management system of the Thermoelectric Division was performed by the CSQ-IMQ certification entity with a positive outcome. The Environmental Declarations were also verified and validated.

Hydrocarbons Business Unit

The procedure for managing potential emergencies affecting expatriate personnel in Egypt was consolidated in the first half of 2012. More specifically, new expatriates received appropriate training and those already on location attended refresher courses in such areas as operational procedures and practices that should be followed in case of an emergency. In addition, a process was established to convey health, safety and environmental information to anyone traveling to Egypt.
A training workshop open to Italian and foreign personnel from the safety and environment professional family was organized at the headquarters of Edison's Norwegian branch, in Stavanger.
As part of the Group's environmental improvement programs, a system was installed on the Vega offshore platform to collect and treat effluent and rain water flowing from area potentially affected by hydrocarbon contamination separately from water flowing from other non-classified areas.

Renewable Sources Business Unit

The following activities were carried out with regard to the implementation of integrated environmental and safety management systems:

- On the occasion of the monitoring inspection of the environmental management system of the biomass power plant operated in Castellavazzo by Compagnia Elettrica Bellunesee Spa, the system was broadened to cover health and safety and was thus certified in accordance with the requirements of the BS OHSAS 18001 standard.
- The first semiannual review of the integrated environmental and safety management system of Sistemi di Energia Spa (Cogno/La Rocca and Piancone hydroelectric power plants) was successfully completed.
- The integrated environmental and safety management system of Edison Energie Speciali Spa was updated with the addition of processes for production with photovoltaic systems.

It is also worth mentioning that in course of construction activity at the Delle Miste Dam (Piancone hydroelectric power plant) belonging to Sistemi di Energia Spa, some mud spilled into the Sessera River, but with no impact on the population and residential areas.

Marketing and Distribution Business Unit

A monitoring inspection of the quality management system of this Business Unit's organization, in accordance with the UNI EN ISO 9001 reference standard, was successfully completed in the first half of 2012. The certification entity completed its audit without issuing a statement of non-conformity or making minor recommendations.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Human Resources

At June 30, 2012, counting the staff of companies consolidated on a proportional basis, the Edison Group had a total of 3,245 employees on its payroll, 519 fewer than at the end of 2011. The deconsolidation of Edipower accounts for this decrease; on a comparable scope of consolidation basis, the Group's payroll was virtually unchanged.

Industrial Relations

In June, following the completion of the Company's share ownership restructuring process, the Company's management met with representatives of the National Secretariats of the Unions of Electrical Workers. At that meeting, the parties agreed on the need to begin a series of discussion to analyze the potential impact on production and the organization of the current market scenario, particularly with regard to the area of electric power generation by gas-fired, combined-cycle facilities. Please also note that at the end of the first half of 2012, the unions for the Group's employees gave formal notice of cancellation of the collective bargaining agreements for the electrical, energy-oil and gas-water sectors, which cover the majority of Edison's employees and expire in December 2012.

Organization

The main new developments concerning the Group's organization are reviewed below:

- Following the new stock ownership structure that went into effect on May 24, 2012, the following changes occurred in the internal organization of Edison Spa:
  - the Chief Executive Officer (CEO) was also named Chief Financial Officer (CFO) on an interim basis;
  - the Information Technology Department reports to the Chief Operating Officer (COO).
- With regard to the processes and activities for the management of retail customers, a specific interfunctional project was launched to redefine Customer Relationship Management processes and information systems and the credit management organization for this customer segment was reorganized and strengthened, establishing greater integration at the operational level with the sales organization that manages the customer portfolio.
- As required by Legislative Decree No. 93/11 and AEEG Resolution ARG/Com No. 153/11, Edison Stoccaggio Spa activated the procedure for its certification as an Independent Transmission Operator – ITO. This choice by the Group, which was made to ensure greater autonomy and independence for decision-making processes in the transmission business, will thus entail a corporate demerger from Edison Stoccaggio Spa, the plan for which has already been approved by the relevant corporate governance bodies, with the conveyance of the gas transmission operations to a newly established company by the end of 2012.

Training

Training and development activities carried out in the first half of 2012 reflected the Company's renewed commitment to professional training, including both competencies that are transversal to the energy business and "professional family" competencies.

Related to the first of these two areas is the "Specialization Course in the Energy Business and Utilities," the first edition of which was completed in February 2012 with the implementation of eight work projects on issues relevant to the Company by the first 30 professional who received a Specialization Diploma. The second edition of this program, carried out in partnership with Milan's Politecnico University for professionals with a crossfunctional vocation, which began in May 2012, saw a growing number of participants, due in part to the positive results of the first edition.

Work carried out with regard to "professional family" competencies included training programs designed for specific professional profiles and to address the corresponding existing needs. Projects in this area, in addition to the Edison Market Academy, a programmatic initiative for professionals and managers engaged in critical processes in sales, aftersale and customer relations management, included training programs developed for geologists engaged in hydrocarbon exploration and production, operators in linear energy commodity derivatives and Institutional Affairs specialists, the latter with focus on communication skills and stakeholder engagement. A feature common to all of the abovementioned programs is the strong involvement of line managers at the design and instructional level.

Projects carried out in the management training area in the first half of 2012 included a program for Area Managers in the Renewable Sources operations designed to broaden the technical-operational background of managers of wind farms, solar facilities and small-scale hydroelectric systems with the addition of useful competencies to effectively interact within the Company's organizational context and manage and empower employees.

The annual course for newly appointed managers got under way in June. This semiannual program is addressed to all manager who are being assigned responsibility for employee management and development.

Lastly, a seminar for executive level managers about the main new requirements introduced by REMIT (E.U. Regulation No. 1227/2011) concerning integrity and transparency in the wholesale energy market was held in September 2012.

RISKS AND UNCERTAINTIES

Risk Management at the Edison Group

Enterprise Risk Management

Edison developed an integrated risk management model based on the international principles of Enterprise Risk Management (ERM), 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 within an integrated framework 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.

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, and the related foreign exchange risk.

The specific objectives and operating procedures of the Energy Risk Management process are discussed in detail in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management," which should be consulted for additional information.

Risk Factors

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential source of significant risk for Edison is constant evolution occurring in the reference legislative and regulatory framework, which affects 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 national and local public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.

The main changes in the legislative framework, which are discussed in detail in the section of this Report entitled "Legislative and Regulatory Framework," are reviewed below:

- **Renewals of Hydroelectric Concessions**
  The award of concessions for large-scale diversions of water continues to be governed by the Bersani Decree, insofar as existing concessions are concerned, but there is still a gap in the legislation concerning the handling of expired concessions and the criteria and methods for calls for tenders.
  The regulatory gap was filled in part recently by Article 37 of Decree Law No. 83 of June 22, 2012 ("Urgent Measures for the Country's Development"), which amended in part the regulations governing hydroelectric concessions. However, under the new provisions, which, inter alia, call for the award of concessions for a period of 20 years based on a competitive bidding process and define criteria for the valuation of the business operations, there is no legislative coverage for the concessions that have expired or are about to expire, with significant injury for the current concession holders, who find themselves in a situation of potential (and further) regulatory uncertainty. However, this uncertainty can be overcome and resolved by amending the recently introduced statue upon conversion of the decree. Subsequent to the conversion of the decree, with the aim of completing the regulatory framework, a long-awaited ministry decree that specifies the criteria for responding to calls for tenders should also be published. This decree should be a source of reliable certainty for operators, also with regard to planning future investments and the submission of bids for the renewal of concessions.

- **Environmental Costs: CO_2 Emissions Rights**
  With regard to the reduction of CO_2 emissions, the current E.U. regulations (Directive No. 2009/29/EC, which amends Directive No. 2003/87/EC) governing the trading of CO_2 emissions rights (E.U. ETS) requires, effective January 1, 2013, that thermoelectric operators purchase for consideration the necessary CO_2 emissions rights. Specifically, the allocation of permits for consideration will be carried out by means of auctions. The impact on energy companies will depend on the prices of CO_2 emissions rights and the potential volatility of the market for these rights.

- **Provisions Concerning Incentives for Renewable Energy Sources**
  The Ministry of Economic Development, in concert with the Ministry of the Environment and the Ministry of Agricultural Policies, issued a decree that, by implementing the principles and guidelines of Legislative Decree No. 28/11, sets forth provisions concerning the incentive modalities for renewal source systems. More specifically:
  - Starting on January 1, 2013, newly commissioned facilities with a rated capacity up to 5 MW (20 MW for hydroelectric units) will have direct access to the incentives, without participating to competitive bidding process, but will have to meet the capacity quotas set for the 2013-2015 period differentiated by technology (registers). The incentive will remain constant over time (feed-in tariff) for a period 20 years.
  - For new facilities commissioned after December 31, 2012 with an installed capacity greater than 5 MW (20 MW for hydroelectric units), the incentive (feed-in tariff) will be awarded through low bid auctions (managed by the GSE). Appropriate capacity quotas for the 2013-2015 period differentiated by source have been defined for these auctions as well. The value of the feed-in tariff varies for each type of facility and is different by capacity class. The incentive is also for 20 years.
  - Facilities that are the subject of partial or total renovation or complete rebuilding and hybrid power plants with a total capacity that does not exceed the threshold set for the renewable source used by the facility are also eligible for the incentive.
  - Existing facilities (commissioned before December 31, 2012) will continue to benefit from green certificates and the fixed, all-inclusive tariff system until 2015. Green certificates may be converted into feed-in after 2015 based on the following conversion formula: $I = k * (180 - Re) * 0.78$, if the validity of the green certificates extends beyond 2015 and for the remainder of the incentive period, so as to guarantee the profitability of the investments made.
  - The GSE will take back surplus green certificates at a price equal to 78% of the reference price (listed in Law No. 244/07).

Price Risk and Foreign Exchange 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 foreign exchange rate risk.
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, and the use of financial derivatives that are commonly available in the market for the purpose of containing the risk exposure within preset limits.
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 by means of strict risk limits and compliance with these limits is verified by an organizational unit independent of those who execute the transactions.
A more detailed analysis of these risks is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management."

Foreign Exchange Risk

The foreign exchange risk arises from the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through indexed contractual components. Revenues and expenses denominated in a foreign currency can be influenced by fluctuations in exchange rates, with an impact on sales margins (economic risk), while trade and financial receivables and payables can be affected by the translation rates used, with an impact on the economic results (transactional risk). Lastly, fluctuations in exchange rates have an effect also on the consolidated result and the interest in shareholders' equity attributable to Parent Company shareholders, due to the fact that the financial statements of some investee companies are denominated in currencies other than the euro and need to be translated into euros (translational risk).
The objectives pursued when managing the exchange rate risk are set forth in specific Exchange Risk Policies, depending on the different nature of the risk in question. For a detailed analysis of this risk please see the IFRS 7 disclosure provided in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management."

Interest Rate Risk

Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest rates and uses derivatives to hedge its positions. The Group's main interest rate exposure is to the Euribor.
A more detailed analysis of the interest rate risk is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management."

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. The Edison Group's exposure to the credit risk is related to sales of electric power and natural gas, the investment of temporary excess liquidity and financial derivative positions.
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 disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management."

Competitive Pressure

The energy markets in which the Group operates are subject to intense competition. Specifically, in the Italian electric market, Edison competes with other Italian and international producers and traders who sell electric power to industrial, commercial and residential customers. In order to address the risks entailed by its involvement in the domestic electric power market, the Group has been pursuing in recent years lines of action aimed mainly at developing a portfolio of customers in the deregulated segment of the market, consistent with a strategy of gradual downstream integration, geographic diversification, optimization of the production mix, and development of renewable energy sources.

In the Italian natural gas market, Edison is faced with an increase in competition from Italian and international operators, which has caused a steady erosion of natural gas sales margins. In addition, some foreign producers from countries with abundant hydrocarbon reserves are planning to sell natural gas directly to end customers in Italy. This threatens the market position of companies that, like Edison, resell to end customers natural gas that they buy in other countries. Moreover, the natural gas market is currently going through a phase of excess supply that developed due to a number of concomitant factors, including the full availability of new importation infrastructures started in previous years, an ample supply of LNG and the development of major reserves of non-conventional gas in the United States, which resulted in an increase in the availability of gas in an environment characterized by falling consumption.

Among the various actions taken to minimize the competitive pressure risk in the hydrocarbon area, a major contractual tool is the enforcement of clauses allowing the renegotiation of prices, based on changes in the benchmark energy scenario and market conditions, which are included in long-term natural gas supply contracts. In this respect, Edison is engaged in activities specifically focused on renegotiating existing contracts with all its current suppliers of natural gas. The success of these negotiations is essential to relieve over the near term the pressure on sales margins that the Group is currently experiencing in the natural gas area. For some of its suppliers, the Group filed for arbitration proceedings with the aim of asserting Edison's right to obtain reasonable margins that are commensurate with its long-term commitments, without the immediate need to achieve short-term fixes that could prove detrimental over the medium term. In 2011, an agreement was reached with Promgas, the Group's Russian supplier, adjusting the price of natural gas to the changed conditions of the Italian market. This agreement provides an indication that Edison is beginning resolve the problems that are being faced by all major European gas companies with similar commitments.

Technological Innovation

Radical changes in the electric power generation technologies currently in use or under development could make them more competitive than the otherwise excellent technologies currently represented in the Group's production mix. In addition, changes to the regulatory framework could affect the order of preference for power generation facilities. To minimize these risks, Edison monitors on an ongoing basis the development of new technologies both in the electric power and the hydrocarbon sectors. The Company is also engaged in the assessment of innovative technologies in the fields of energy efficiency and generation from renewable sources. Additional information about activities in this area is provided in the section of this Report on Operations entitled "Innovation, Research and Development."

Demand for Electric Power and Natural Gas

Generally, demand for electric power and natural gas is tied to changes in GDP. The situation created by the global economic crisis that started in the last quarter of 2008 produced a drastic reduction in consumption of electric power, particularly in 2009. During the ensuing years, overall consumption of electric power was up slightly on an annual basis, even though demand remained well below the levels achieved before the global crisis. In the first quarter of 2012, the demand trend reversed itself and consumption of electric power decreased compared with the same period the previous year. Given this environment, it seems reasonable to assume that it will take a few additional years before demand can return to its pre-crisis levels.

Demand for natural gas was also affected by the global economic crisis, as shown by the consumption levels recorded starting in 2009, when demand was down sharply compared with 2008. During the ensuing years, demand for natural gas followed an alternating trend, picking up in 2010 only to fall back in 2011, which ended with overall demand at about the same level as in 2009. In the first half of 2012, the overall demand for natural gas resumed its downward trend, due mainly to lower demand from thermoelectric power plants.

The reduction in the overall level of demand for energy put significant pressure on sales margins, already adversely affected by the competitive pressure developments described in the preceding paragraph, particularly in the natural gas area, and could have an impact on the Group's exposure to take-or-pay clauses in long-term contracts for the supply of natural gas. Under these clauses, Edison is required to take delivery each year of contractually determined volumes of natural gas or, should it fail to do so, pay the full amount, or a portion thereof, owed for the undelivered volumes up to the contractual minimum. However, under the take-or-pay clauses, Edison can take delivery of the abovementioned prepaid volumes in subsequent contract years. Based on internally developed forecasts, management believes that it will be able to take delivery, within the applicable contract terms, of the gas volumes prepaid at June 30, 2012, thereby recovering the cash advances paid, net of the finance charges associated with the abovementioned advances.

The sovereign debt crisis currently affecting some euro-zone countries, including Italy, raises serious concerns about an economic recovery, over the short term, in Italy, with potential consequences also for an upturn in energy consumption. The domestic economy is characterized by a credit squeeze, increased tax pressure and a contracting GDP, as a result of the newly enacted fiscal policy. A resurgence in the future of the negative trend in the demand for energy, or the possibility of Italy facing a period of slow growth, could have an impact in terms of lower sales volumes of electric power and natural gas by Edison and, consequently, reduce the Group's overall sales margins.

Among the activities carried out in this area, in addition to specific initiatives aimed at renegotiating the prices of the abovementioned long-term contract for the importation of natural gas (see the "Competitive Pressure" section above), the Group monitors both trends in electrical load and natural gas consumption (on a daily basis) and the Italian and international macroeconomic scenario, based on the updates published by major economic and financial forecasting entities. This information is analyzed in order to spot, as early as possible, potential changes in electric power and natural gas demand trends and optimize the production scenario accordingly. In addition, the adoption of a strategy of commercial diversification makes it possible to counter, up to a point, the effects of an unfavorable market scenario.

Country Risk

The Edison Group operates in the international markets, focusing mainly on the Balkans and Southeast Europe, with foreign branches in Bulgaria, Hungary, Romania, Slovakia and the Czech Republic that engage in the marketing of electric power. It is also present in Greece, where it produces and markets electric power through a joint venture with Hellenic Petroleum, its Greek partner. In addition, the Edison Group is active in hydrocarbon exploration and production, with a particularly important presence in Egypt, where it produces natural gas and crude oil as the operator of the Abu Qir offshore concession, and with smaller operations in the Ivory Coast and other countries. Because of its presence in these international markets, the Group is exposed to the so-called "country risk," i.e., a whole series of risks deriving mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. These risks can vary widely from those faced when operating exclusively in the domestic market and, consequently, can have a negative effect on the profitability and valuation of foreign investments.

In this regard, the deepening economic crisis that affected Greece in 2011 continued during the first half of 2012. In February, the resulting difficult macroeconomic scenario, combined with ongoing uncertainty in the political environment, caused the Standard and Poor's rating agency to downgrade to "selective default" the rating of Greece's long-term sovereign debt, which, however, was raised back to "CCC" in May, after the 53.5% face-value "haircut" applied to private-sector holders of sovereign

bonds. The deterioration of Greece's credit rating had already been recognized in 2011, when the Group's Parent Company decided to increase the country risk premium component of the discount rate applied to investments in Greece. It is worth mentioning that, under the current crisis conditions, the stability of the regulatory framework of the Greek electric power market is also threatened and, consequently, continues to be carefully monitored by the Group's Parent Company. More specifically, working in collaboration with the Greek association of independent producers, the Group monitors on an ongoing basis the structure of the safeguard mechanism approved within the permanent system in the fourth quarter of 2010, which ensures coverage of the costs of electric power production facilities. Despite the uncertainties in the overall macroeconomic environment, the Company is confident that the aid package agreed upon with the European Union, the European Central Bank and the International Monetary Fund can be implemented and believes that this action, coupled with the strict fiscal policies that the new Greek government is in the process of defining, should make it possible to support the Greek economy, leading to the country's recovery.
Similarly, the events that have been occurring for more than a year in some North African countries, including Egypt, have heightened internal social and political unrest, and their potential repercussions on Edison's ability to continue operating under economically viable conditions are being closely monitored by the Group's Parent Company, which conservatively increased the country-risk premium component of the discount rate applied to investments in this North African country at the end of 2010. While the situation remains unstable and tense, the recent presidential election in Egypt should enable the newly elected president to form a stable government, as the starting point for the country's democratization. It is also worth mentioning that, from an operational standpoint, three years after acquisition, natural gas and crude oil production from the Abu Qir concession is continuing to generate positive economic results, with rising production volumes, thanks in part to the completion of the forth well of the P-II platform and despite the internal social and political unrest that characterized this challenging period.

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 or facilities of critical importance for the production process caused by damaging events, including material damages to the equipment or specific components of it, that cannot be fully covered or transferred by means of insurance policies.
Therefore, Edison pursues an industrial risk management policy that includes risk prevention and control activities, the adoption of specific security standards developed by international recognized entities, such as the National Fire Protection Association (NFPA) and Factory Mutual (FM), implementation of the upgrades required by national laws and local entities with regulatory authority over such issues, and frequently scheduled equipment overhauls, contingency planning, inventory management and maintenance activities. When appropriate, an effective industrial insurance and expert evaluation strategy that includes the use of Erection All-Risk and Property All-Risk policies that also provide coverage for indirect damages or delays in the availability of new facilities can help minimize the potential consequences of such damage events.
Additional information about the management of environmental and occupational safety risks is provided in the section of this Report on Operations at June 30, 2012 entitled "Health, Safety and the Environment."

Information Technology

The Group's operations are supported by complex information systems, specifically with regard to the technical, commercial and administrative areas. Risks issues also exist with regard to the adequacy of these systems and the integrity and confidentiality of data and information. The continuous development of IT solutions to support business activities, the adoption of strict security standards and of authentication and profiling systems help mitigate these risks. In addition, 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. Specifically, with regard to the services provided by the outsourcer, the Group is studying the possibility of switching from a disaster recovery service to a business continuity service that would guarantee the continuity of processes even in case of a disaster event at the main data processing center.

Liquidity

Managing the liquidity risk means addressing 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 Group's strategic objective is to minimize the impact of financial debt maturities by maintaining access to existing credit lines and adequate liquidity, implementing on a timely basis negotiations for the funding of maturing financing facilities and scheduling the placement of bond issues.
A more detailed analysis of this risk is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 entitled "Group Financial Risk Management."

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 in the electric power sector are concerned, the Edison Group is constantly engaged in programs to develop new power plants and upgrade older facilities in order to increase their profitability, efficiency and operating flexibility. In addition, the average age of the thermoelectric power plants in Edison's portfolio of production facilities is quite low, because in recent years the Group completed an ambitious program to expand electric power generating capacity, adding a total of about 7,000 MW in Italy. Moreover, also in the areas of electric power distribution and production, the Group is engaged in the development of investments outside Italy, focusing on the Balkans and Southeast Europe.
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 foreign countries where it operates or plans to operate in the future (see the "Country Risk" section above).
As for direct investments in the hydrocarbon sector, the Group is engaged in exploration, development and production in the natural gas and crude oil areas, with the aim of increasing its hydrocarbon reserves and develop its asset portfolio as an integrated energy operator, while pursuing projects for the development of gas storage fields and thus increase the reliability of Italy's gas system. The investment made in 2009 in the Egyptian oil and gas market with the acquisition of the Abu Qir offshore concession is consistent with this approach.
With regard to the hydrocarbon development and production activities, in addition to the remarks provided above concerning investments made to develop the Electric Power Operations and the considerations about country risk (disclosed in a special section of this chapter), please note that they are typically subject to uncertainties with regard to estimates of proven reserves, projections of future production rates and the timing of development investments, due to the fact that estimates of proven reserves depend on a long series of factors, assumptions and variables. Moreover, between the exploration phase and the start of subsequent phases involving the development and commercial exploitation of the discovered hydrocarbon reserves there is usually a significant time lag needed to assess the commercial viability of the discovered hydrocarbon deposits, authorize the development project and build and put into service the necessary equipment (time to market). During this time period, a project's profitability can be affected by volatility in oil and gas prices and by the variability of

development and production costs. However, in the specific case of the Abu Qir concession, the very characteristics of the existing infrastructures are such that they mitigate the exposure to this risk.
Moreover, future hydrocarbon production levels will depend on the Group's ability to access new reserves through new discoveries made possible by its exploration activities, the success of its development activities and its ability to negotiate concession agreements with the countries that possess known hydrocarbon reserves.
Additional investment and some carefully selected divestments, implemented as part of a strategy to streamline the overall portfolio, 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. As mentioned above, this development strategy also 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 could be less stable.
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 could help the growth of the Group's core businesses at an acceptable cost. In this area, there can be no absolute guarantee that Edison will be able to achieve the benefits initially expected from such transactions. Specifically, this could result from an ineffective integration of the acquired assets or from losses and costs not originally anticipated. Moreover, acquisition also entail the financial risk of being unable to cover purchasing costs, due to the occurrence of a protracted weakness in prices and the benchmark scenario.
In order to minimize these risks, Edison adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to requiring the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and strict project management and project control activities.

Policies and Management Tools Adopted by the Group

Energy Risk Policy

Governance

Pursuant to the rules governing Energy Risks Management, 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 industrial margins 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 a Risk Self Assessment process, the results of which are presented on predetermined dates at meetings of the Audit Committee and the Board of Directors. 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 overall impact, the probability of occurrence and the level of control.
The overall results for the first six months of 2012 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 and Charges

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 Condensed Consolidated Semiannual Financial Statements). 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 entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2012," within the "Commitments and Contingent Risks" chapter of the Condensed Consolidated Semiannual Financial Statements.

OTHER INFORMATION

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

- At June 30, 2012, 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 period, either directly or indirectly through nominees or other third parties.
- In the first half of 2012, the Group executed significant transactions with related parties, a description of which is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Intercompany and Related-Party Transactions."
- No secondary registered offices have been established.

CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS

AT JUNE 30, 2012

Income Statement

2011 full year (**)		(in millions of euros)		1st half 2012		1st half 2011(*)(**)	
	of which related parties		See note		of which related parties		of which related parties
11,381	337	Sales revenues	1	5,809	88	5,325	225
633	13	Other revenues and income	2	230	6	246	8
12,014	**350**	**Total net revenues**		**6,039**	**94**	**5,571**	**233**
(10,910)	(196)	Raw materials and services used (-)	3	(5,630)	(145)	(5,047)	(65)
(214)	-	Labor costs (-)	4	(108)	-	(110)	-
890		**EBITDA**	5	**301**		**414**	
(3)		Net change in fair value of commodity derivatives	6	5		40	
(885)		Depreciation, amortization and writedowns (-)	7	(356)		(322)	
2		**EBIT**		**(50)**		**132**	
(160)	-	Net financial income (expense)	8	(49)	-	(85)	-
(5)	1	Income from (Expense on) equity investments	9	2	-	2	-
(14)	-	Other income (expense), net	10	(21)	-	(6)	-
(177)		**Profit (Loss) before taxes**		**(118)**		**43**	
(96)		Income taxes	11	18		(61)	
(273)		**Profit (Loss) from continuing operations**		**(100)**		**(18)**	
(605)	-	Profit (Loss) from discontinued operations	12	50	-	(42)	-
(878)		**Profit (Loss)**		**(50)**		**(60)**	
		Broken down as follows:					
(7)		Minority interest in profit (loss)		(1)		2	
(871)		**Group interest in profit (loss)**		**(49)**		**(62)**	
		Earnings (Loss) per share (in euros)	13				
(0.1692)		Basic earnings (loss) per common share		(0.0100)		(0.0125)	
0.0500		Basic earnings per savings share		0.0250		0.0250	
(0.1692)		Diluted earnings (loss) per common share		(0.0100)		(0.0125)	
0.0500		Diluted earnings per savings share		0.0250		0.0250	

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect a new presentation of the effects of net change in fair value of commodity derivatives.

Other Components of the Comprehensive Income Statement

2011 full year	(in millions of euros)	See note	1st half 2012	1st half 2011
(878)	**Profit (Loss)**		**(50)**	**(60)**
	Other components of comprehensive income:			
(83)	**A) Change in the Cash Flow Hedge reserve**	25	**17**	**8**
(132)	- Gains (Losses) arising during the period		27	12
49	- Income taxes (-)		(10)	(4)
4	**B) Change in reserve for available-for-sale investments**		**-**	**1**
-	- Gains (Losses) arising during the period not realized		-	1
4	- Reclassification to profit or loss		-	-
-	- Income taxes (-)		-	-
-	**C) Differences on the translation of assets in foreign currencies**		**4**	**2**
-	**D) Pro rata interest in other components of comprehensive income of investee companies**		**-**	**-**
(79)	**Total other components of comprehensive income net of taxes (A+B+C+D)**		**21**	**11**
(957)	**Total comprehensive profit (loss)**		**(29)**	**(49)**
	Broken down as follows:			
(7)	Minority interest in comprehensive profit (loss)		(1)	2
(950)	**Group interest in comprehensive profit (loss)**		**(28)**	**(51)**

Balance Sheet

06.30.2011	of which related parties	(in millions of euros)	See note	06.30.2012	of which related parties	12.31.2011	of which related parties
		ASSETS					
6,934	-	Property, plant and equipment	14	4,996	-	5,113	-
11	-	Investment property	15	10	-	10	-
3,534	-	Goodwill	16	3,231	-	3,231	-
952	-	Hydrocarbon concessions	17	992	-	1,040	-
95	-	Other intangible assets	18	120	-	95	-
49	49	Investments in associates	19	51	51	49	49
204	-	Available-for-sale investments	19	193	-	198	-
88	-	Other financial assets	20	78	-	82	-
199	-	Deferred-tax assets	21	132	-	111	-
202	-	Other assets	22	124	-	40	-
12,268		**Total non-current assets**		**9,927**		**9,969**	
287	-	Inventories		365	-	252	-
2,571	79	Trade receivables		3,330	47	3,152	117
26	-	Current-tax assets		28	-	28	-
756	99	Other receivables		677	145	681	113
62	-	Current financial assets		114	-	628	-
483	-	Cash and cash equivalents		453	-	291	-
4,185		**Total current assets**	23	**4,967**		**5,032**	
152	**-**	**Assets held for sale**	24	**1**	**-**	**1,430**	**-**
-		**Eliminations of assets from and to discontinued operations**	34	**-**		**(594)**	
16,605		**Total assets**		**14,895**		**15,837**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292	-	Share capital		5,292	-	5,292	-
2,560	-	Reserves and retained earnings (loss carryforward)		1,692	-	2,568	-
89	-	Reserve for other components of comprehensive income		20	-	(1)	-
(62)	-	Group interest in profit (loss)		(49)	-	(871)	-
7,879		**Total shareholders' equity attributable to Parent Company shareholders**		**6,955**		**6,988**	
169	-	Shareholders' equity attributable to minority shareholders		141	-	158	-
8,048		**Total shareholders' equity**	25	**7,096**		**7,146**	
60	-	Provision for employee severance indemnities and provisions for pensions	26	35	-	36	-
484	-	Provision for deferred taxes	27	169	-	215	-
868	-	Provisions for risks and charges	28	915	-	828	-
1,792	-	Bonds	29	1,795	-	1,793	-
1,137	-	Long-term financial debt and other financial liabilities	30	265	-	1,334	-
35	-	Other liabilities	31	29	-	29	-
4,376		**Total non-current liabilities**		**3,208**		**4,235**	
534	-	Bonds		107	-	71	-
1,030	15	Short-term financial debt		1,663	15	1,167	15
2,053	59	Trade payables		2,114	41	2,357	131
8	-	Current taxes payable		26	-	23	-
542	51	Other liabilities		681	113	603	86
4,167		**Total current liabilities**	32	**4,591**		**4,221**	
14	**-**	**Liabilities held for sale**	33	**-**	**-**	**829**	**-**
-		**Eliminations of liabilities from and to discontinued operations**	34	**-**		**(594)**	
16,605		**Total liabilities and shareholders' equity**		**14,895**		**15,837**	

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 2012. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in the Group's net financial debt.

2011 full year	of which related parties	(in millions of euros)	See note	1st half 2012	of which related parties	1st half 2011(*)	of which related parties
(177)		**Profit (Loss) before taxes**		**(118)**		**43**	
885	-	Depreciation, amortization and writedowns	7	356	-	322	-
13	-	Net additions to provisions for risks		73	-	10	-
(1)	(1)	Interest in the result of companies valued by the equity method (-)		(2)	-	-	-
1	1	Dividends received from companies valued by the equity method		1	1	1	1
(6)	-	(Gains) Losses on the sale of non-current assets		1	-	(6)	-
(3)	-	Change in the provision for employee severance indemnities and provisions for pensions	26	(1)	-	(1)	-
15	-	Change in fair value recorded in EBIT		(12)	-	(26)	-
(494)	34	Change in operating working capital		(534)	(20)	(252)	-
141	-	Financial income (expense)	8	65	-	65	-
(111)	-	Net financial expense paid		(47)	-	(49)	-
(184)	-	Income taxes paid		(90)	-	(116)	-
(18)	37	Change in other operating assets and liabilities		20	(5)	(30)	16
61		**A. Cash flow from continuing operations**		**(288)**		**(39)**	
(528)	-	Additions to intangibles and property, plant and equipment (-)	14-18	(213)	-	(235)	-
(3)	-	Additions to non-current financial assets (-)		-	-	-	-
14	-	Proceeds from the sale of intangibles and property, plant and equipment		4	-	10	-
245	-	Proceeds from the sale of non-current financial assets (**)		684	-	82	-
11	-	Repayment of capital contribution by non-current financial assets		3	-	9	-
(559)	6	Change in other current financial assets		514	-	7	6
(820)		**B. Cash used in investing activities from continuing operations**		**992**		**(127)**	
1,215	-	Receipt of new medium-term and long-term loans	29/30	403	-	299	-
(1,099)	-	Redemption of medium-term and long-term loans (-)	29/30	(803)	-	(27)	-
555	-	Change in short-term net financial debt		(135)	-	(31)	-
(22)	-	Dividends paid to controlling companies or minority shareholders (-)		(7)	-	(8)	
649		**C. Cash used in financing activities from continuing operations**		**(542)**		**233**	
-		**D. Cash and cash equivalents from changes in the scope of consolidation**		**-**		**-**	
-		**E. Net currency translation differences**		**-**		**-**	
(110)		**F. Net cash flow for the period from continuing operations (A+B+C+D+E)**		**162**		**67**	
(36)		**G. Net cash flow for the period from discontinued operations**		**(35)**		**(56)**	
(146)		**H. Net cash flow for the period (continuing and discontinued operations) (F+G)**		**127**		**11**	
472		**I. Cash and cash equivalents at the beginning of the year from continuing operations**		**291**		**472**	
-		**L. Cash and cash equivalents at the beginning of the year from discontinued operations**		**35**		**-**	
326		**M. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (H+I+L)**		**453**		**483**	
35		**N. Cash and cash equivalents at the end of the period from discontinued operations**		**-**		**-**	
291		**O. Cash and cash equivalents at the end of the period from continuing operations (M-N)**		**453**		**483**	

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2012 first half amount referred to proceeds from the sale of Edipower Spa.

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Rererves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income: Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' equity
Balance at December 31, 2010	**5,292**	**2,548**	**75**	**(4)**	**7**	**-**	**21**	**7,939**	**198**	**8,137**
Appropriation of the previous year's profit (loss)	-	21	-	-	-	-	(21)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(31)	(31)
Other changes	-	(9)	-	-	-	-	-	(9)	-	(9)
Total comprehensive profit (loss)	**-**	**-**	**8**	**1**	**2**	**-**	**(62)**	**(51)**	**2**	**(49)**
of which:										
- Change in comprehensive income for the period	-	-	8	1	2	-	-	11	-	11
- Profit (Loss) for 1st half 2011	-	-	-	-	-	-	(62)	(62)	2	(60)
Balance at June 30, 2011	**5,292**	**2,560**	**83**	**(3)**	**9**	**-**	**(62)**	**7,879**	**169**	**8,048**
Dividends distributed	-	-	-	-	-	-	-	-	(1)	(1)
Change in the scope of consolidation	-	(1)	-	-	-	-	-	(1)	(1)	(2)
Other changes	-	9	-	-	-	-	-	9	-	9
Total comprehensive profit (loss)	**-**	**-**	**(91)**	**3**	**(2)**	**-**	**(809)**	**(899)**	**(9)**	**(908)**
of which:										
- Change in comprehensive income for the period	-	-	(91)	3	(2)	-	-	(90)	-	(90)
- Profit (Loss) for 2nd half 2011	-	-	-	-	-	-	(809)	(809)	(9)	(818)
Balance at December 31, 2011	**5,292**	**2,568**	**(8)**	**-**	**7**	**-**	**(871)**	**6,988**	**158**	**7,146**
Appropriation of the previous year's profit (loss)	-	(871)	-	-	-	-	871	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(16)	(16)
Other changes	-	(5)	-	-	-	-	-	(5)	-	(5)
Total comprehensive profit (loss)	**-**	**-**	**17**	**-**	**4**	**-**	**(49)**	**(28)**	**(1)**	**(29)**
of which:										
- Change in comprehensive income for the period	-	-	17	-	4	-	-	21	-	21
- Profit (Loss) for 1st half 2012	-	-	-	-	-	-	(49)	(49)	(1)	(50)
Balance at June 30, 2012	**5,292**	**1,692**	**9**	**-**	**11**	**-**	**(49)**	**6,955**	**141**	**7,096**

NOTES TO THE CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS AT JUNE 30, 2012

Content and Presentation

Declaration of Conformity and Group Accounting Policies

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2012 was prepared in accordance with Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 - Interim Financial Reporting.

The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the *Official Journal of the European Union (O.J.E.U.).*

Methods Applied to the Preparation of the Financial Statements

The presentation formats of the financial statements (except for a different presentation of a portion of the change in the fair value of derivatives recognized in the Income Statement, described in Section "Comparability" below), the accounting principles and consolidation criteria, the consolidation of foreign companies and the criteria used to translate financial statements denominated in foreign currencies and the valuation criteria used to prepare these Condensed Consolidated Semiannual Financial Statements are consistent with those applied in the preparation of the Consolidated Financial Statements at December 31, 2011, which should be consulted for more detailed information.

An amendment to the international accounting principles governing the disclosures required by IFRS 7 was adopted as of January 1, 2012. The amendment requires additional quantitative and qualitative analyses for fully or partly derecognized financial assets in which the Company retains a residual involvement.

For the sake of complete information, it is worth mentioning that some amendments to the international accounting principles published in the *O.J.E.U.* in the first half of 2012 will be applicable starting in 2013:

- **IAS 1**: some amendments requiring new disclosures and some other accounting principles;
- **IAS 19 "Employee Benefits"**: the main change made to this standard involves the elimination of the optional "corridor" method (not applied by Edison), which made it possible to defer the recognition of actuarial losses. The elimination of the "corridor" method required minor changes to the disclosures provided about defined benefit plans and multi-employer plans and the revision of some other international accounting principles to make them consistent with the amended version of IAS 19.

These amendments had no impact on the Group's results.

The publication of the Condensed Consolidated Semiannual Financial Statements at June 30, 2012 was authorized by the Board of Directors on July 30, 2012. The Condensed Consolidated Semiannual Financial Statements were the subject of a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to Legislative Decree No. 39 of January 27, 2010.

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

Comparability

Reclassification pursuant IFRS 5

On May 24, 2012 Edison Spa sold its 50% equity stake in Edipower Spa. Please note that in the 2011 Financial Report and in the Quarterly Report at March 31, 2012 this transaction was recognized as involving assets and liabilities held for sale because it was deemed to be highly probable. Moreover, given the significance of the assets that were being divested, the transaction was presented as part of discontinued operations.

The following items were included into "Profit (Loss) from discontinued operations":

- in the first half of 2011 the contribution provided by Edipower's CGUs to the integrated net Group results of the Edison system;
- in the first six months of 2012 the positive effect of the redefinition of the sale price following the agreement executed in May 2012 and the negative margin attributable to Edipower's tolling operations.

For further information, please see the section entitled "Disclosure pursuant to IFRS 5".

New presentation of "Net Change in Fair Value of Commodity derivatives"

Starting with the Condensed Consolidated Semiannual Financial Statements at June 30, 2012, the Group changed the presentation in the Income Statement of the change in fair value for the period on commodity and foreign exchange derivatives, except for those used in Trading Activities.

This change, which consists of segregating the volatility effect of derivatives from the EBITDA line and showing it separately in the line item "Net change in fair value of commodity derivatives", provides a better understanding of the Group's operating performance. This income statement line item reflects the change in fair value accrued during the period on derivatives executed as economic hedges of purchases or sales of commodities and, if the commodities are denominated in a foreign currency, of the corresponding foreign exchange risk. It also includes the ineffective portion of Cash Flow Hedge derivatives on commodities and foreign exchange.

The following tables show the effects on the first half of 2011 and 2011 full year Edison Group Income Statement and Cash Flow Statement of the reclassification pursuant IFRS 5 and the new presentation of derivatives.

Income Statement - First half 2011

(in millions of euros)	1st half 2011 Published	IFRS 5	Reclassification of the net change in fair value of commodity derivatives	1st half 2011 Reclassified (*)(**)
Sales revenues	5,662	(337)	-	5,325
Other revenues and income	313	1	(68)	246
Total net revenues	**5,975**	**(336)**	**(68)**	**5,571**
Raw materials and services used (-)	(5,353)	278	28	(5,047)
Labor costs (-)	(131)	21	-	(110)
EBITDA	**491**	**(37)**	**(40)**	**414**
Net change in fair value of commodity derivatives	-	-	40	40
Depreciation, amortization and writedowns (-)	(385)	63	-	(322)
EBIT	**106**	**26**	**-**	**132**
Net financial income (expense)	(94)	9	-	(85)
Income from (Expense on) equity investments	5	(3)	-	2
Other income (expense), net	(6)	-	-	(6)
Profit (Loss) before taxes	**11**	**32**	**-**	**43**
Income taxes	(49)	(12)	-	(61)
Profit (Loss) from continuing operations	**(38)**	**20**	**-**	**(18)**
Profit (Loss) from discontinued operations	(22)	(20)	-	(42)
Profit (Loss)	**(60)**	**-**	**-**	**(60)**
Broken down as follows:				
Minority interest in profit (loss)	2	-	-	2
Group interest in profit (loss)	**(62)**	**-**	**-**	**(62)**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

Cash Flow Statement - 1st half 2011

(in millions of euros)	1st half 2011 Published	IFRS 5	Reclassification of the net change in fair value of commodity derivatives	1st half 2011 Reclassified (*)
A. Cash flow from continuing operations	(9)	(30)	-	(39)
B. Cash used in investing activities	(131)	4	-	(127)
C. Cash used in financing activities	151	82	-	233
D. Cash and cash equivalents from changes in the scope of consolidation	-	-	-	-
E. Net currency translation differences	-	-	-	-
F. Net cash flow for the period (A+B+C+D+E)	**11**	**56**	**-**	**67**
G. Net cash flow for the period from discontinued operations	-	(56)	-	(56)
H. Net cash flow for the period (continuing and discontinued operations) (F+G)	**11**	**-**	**-**	**11**
I. Cash and cash equivalents at the beginning of the year	472	-	-	472
L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (H+I)	**483**	**-**	**-**	**483**
M. Cash and cash equivalents at the end of the period from discontinued operations	-	-	-	-
N. Cash and cash equivalents at the end of the period from continuing operations (L-M)	**483**	**-**	**-**	**483**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

Income Statement 2011

(in millions of euros)	2011 full year Published	Reclassification of the net change in fair value of commodity derivatives	2011 full year Reclassified (*)
Sales revenues	11,381	-	11,381
Other revenues and income	652	(19)	633
Total net revenues	**12,033**	**(19)**	**12,014**
Raw materials and services used (-)	(10,932)	22	(10,910)
Labor costs (-)	(214)	-	(214)
EBITDA	**887**	**3**	**890**
Net change in fair value of commodity derivatives	-	(3)	(3)
Depreciation, amortization and writedowns (-)	(885)	-	(885)
EBIT	**2**	**-**	**2**
Net financial income (expense)	(160)	-	(160)
Income from (Expense on) equity investments	(5)	-	(5)
Other income (expense), net	(14)	-	(14)
Profit (Loss) before taxes	**(177)**	**-**	**(177)**
Income taxes	(96)	-	(96)
Profit (Loss) from continuing operations	**(273)**	**-**	**(273)**
Profit (Loss) from discontinued operations	(605)	-	(605)
Profit (Loss)	**(878)**	**-**	**(878)**
Broken down as follows:			
Minority interest in profit (loss)	(7)	-	(7)
Group interest in profit (loss)	**(871)**	**-**	**(871)**

(*) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

Changes in the Scope of Consolidation Compared with December 31, 2011

The changes in the Group's scope of consolidation that occurred in the first half of 2012 are reviewed below:

Electric Power Operations:

- The merger by absorption of Sarmato Energia Spa in Edison Spa, already fully controlled, effective vis-à-vis third parties as of March 1, 2012.
- In April a new company called Edison Gas and Power Romania Srl, which is fully controlled by Edison Group, was established. This company, which is being consolidated line by line, is initially engaging in the development and construction of wind farms in Romania.

Held for Sale:

- Deconsolidation of Edipower Spa's balance sheet amounts, formerly classified as Held for Sale at December 31, 2011, as of the date of its sale on May 24, 2012.

Financial Highlights for the first half of 2012 of Companies Consolidated by the Proportional Method

(Amounts in millions of euros, prorated based on the percentage interest held)

	Sel Edison Spa	Ibiritermo Sa	Parco Eolico Castelnuovo Srl	ED-Ina D.O.O.	Elpedison Bv	Elpedison Power Sa	Elpedison Trading Sa	Kinopraxia Thisvi	Abu Qir Petroleum Company	IGI Poseidon Sa	ICGB Ad	Fayoum Petroleum Co
% of proportional consolidation	42.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	65.00%	50.00%	50.00%	25.00%	30.00%
% interest held by the Group	42.00%	50.00%	50.00%	50.00%	50.00%	37.89%	50.00%	65.00%	50.00%	50.00%	25.00%	30,00%
INCOME STATEMENT												
Sales revenues	6	-	-	1	-	100	9	-	-	-	-	-
EBITDA	**2**	**-**	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**(1)**	**-**	**-**
as a % of sales revenues	*33.3%*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*9.0%*	*n.m.*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*n.a.*
Depreciation, amortization and writedowns (-)	(2)	-	-	-	-	(7)	-	-	-	-	-	-
EBIT	**-**	**1**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**(1)**	**-**	**-**
Profit (Loss)	**-**	**4**	**-**	**-**	**-**	**(5)**	**-**	**-**	**-**	**(1)**	**-**	**-**
of which minority interest in profit (loss)	-	-	-	-	-	(1)	-	-	-	-	-	-
BALANCE SHEET												
Total assets	**50**	**83**	**1**	**1**	**63**	**297**	**11**	**1**	**-**	**14**	**1**	**-**
Shareholders' equity	**34**	**20**	**1**	**-**	**63**	**57**	**1**	**-**	**-**	**10**	**1**	**-**
of which attributable to minority shareholders	-	-	-	-	-	16	-	-	-	-	-	-
Net financial debt (financial assets)	**10**	**(43)**	**-**	**-**	**-**	**161**	**-**	**-**	**-**	**(3)**	**(1)**	**-**

SEGMENT INFORMATION

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

INCOME STATEMENT (in millions of euros)	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
	1st half 2012	1st half 2011(**)	**1st half 2012**	1st half 2011(**)	**1st half 2012**	1st half 2011	**1st half 2012**	2011(**)	**1st half 2012**	1st half 2011(**)	**1st half 2012**	1st half 2011(**)
Sales Revenues	**3,217**	**3,495**	**3,391**	**2,560**	**25**	**24**	**-**	**-**	**(824)**	**(754)**	**5,809**	**5,325**
- third parties sales revenues	3,212	3,493	2,593	1,828	4	4	-	-	-	-	5,809	5,325
- intra-Group sales revenues	5	2	798	732	21	20	-	-	(824)	(754)	-	-
EBITDA	**255**	**325**	**99**	**139**	**(53)**	**(50)**	**-**	**-**	**-**	**-**	**301**	**414**
as a % of sales revenues	*7.9%*	*9.3%*	*2.9%*	*5.4%*	*n.m.*	*n.m.*	-	-	-	-	*5.2%*	*7.8%*
Net change in fair value of commodity derivatives	4	(1)	1	41	-	-	-	-	-	-	5	40
Depreciation, amortization and writedowns	(171)	(234)	(177)	(82)	(8)	(6)	-	-	-	-	(356)	(322)
EBIT	**88**	**90**	**(77)**	**98**	**(61)**	**(56)**	**-**	**-**	**-**	**-**	**(50)**	**132**
as a % of sales revenues	*2.7%*	*2.6%*	*(2.3%)*	*3.8%*	*n.m.*	*n.m.*	-	-	-	-	*(0.9%)*	*2.5%*
Net financial income (expense)											(49)	(85)
Interest in result of companies valued by equity method											2	-
Income taxes											18	(61)
Profit (Loss) from continuing operations											**(100)**	**(18)**
Profit (Loss) from discontinued operations							**50**	**(42)**			**50**	**(42)**
Minority interest in profit (loss)											**(1)**	**2**
Group interest in profit (loss)											**(49)**	**(62)**

BALANCE SHEET (in millions of euros)	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
	06.30.2012	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011
Total assets	**9,641**	**9,350**	**5,466**	**5,293**	**4,989**	**5,568**	**1**	**1,430**	**(5,202)**	**(5,804)**	**14,895**	**15,837**
Total liabilities	**3,635**	**3,787**	**3,245**	**3,060**	**4,926**	**5,102**	**-**	**829**	**(4,007)**	**(4,087)**	**7,799**	**8,691**
Net Financial Debt							**-**	**515**			**3,189**	**3,884**

OTHER INFORMATION (in millions of euros)	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
	1st half 2012	1st half 2011(**)	**1st half 2012**	1st half 2011(**)	**1st half 2012**	1st half 2011	**1st half 2012**	1st half 2011(**)	**1st half 2012**	1st half 2011(**)	**1st half 2012**	1st half 2011(**)
Capital expenditures	23	77	98	147	-	1	-	7	-	-	121	232
Investments in exploration	-	-	56	7	-	-	-	-	-	-	56	7
Investments in intangibles	-	-	36	3	-	-	-	1	-	-	36	4
Total capital investments	**23**	**77**	**190**	**157**	**-**	**1**	**-**	**8**	**-**	**-**	**213**	**243**

	Electric Power Operations		Hydrocarbons Operations		Corporate Activities and Other Segments		Discontinued Operations		Adjustments		Edison Group	
	06.30.2012	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011	**06.30.2012**	12.31.2011
Number of employees (*)	**1,272**	**1,275**	**1,317**	**1,319**	**656**	**642**	**-**	**-**	**-**	**-**	**3,245**	**3,236**

(*) 2011 amounts not included employees of Edipower Spa.
(**) 2011 amounts, pursuant to IFRS 5, are being reclassified and reflect a new presentation of the effects of net change in fair value of commodity derivatives.

Thus far, the Group has not viewed **geographic area** segment information as meaningful, since it is mainly located and operating in Italy. However, over the past years, the Group began to expand its international operations essentially through acquisitions and, at the end of the period, net non-current assets held outside Italy totaled 1,610 million euros, including 1,420 million euros for assets of the Hydrocarbons Operations, the largest component of which was located in Egypt, and 190 million euros for assets of the Electric Power Operations, mainly in Greece for thermoelectric power activities. At June 30, 2012, the contribution of foreign operations, owing to the combined impact of Edipower's divestment, important growth by the exploration and production activities and the partial effect of the renegotiation of gas contracts, accounted for about 16% of net invested capital and about 35% of EBITDA.
The evolution of the Group, resulting in part from the recent corporate restructuring and any eventual impacts on medium and long term strategies, could result in the future in a new presentation of Segment Information.

As for the disclosure about the so-called "**major customers**", the Group's sales are generally non concentrated, except for the Electric Power Operations, where one major customer, as defined by IFRS 8, generated sales revenues totaling 699 million euros in the period, equal to about 22% of the total sales revenues of Electric Power Operations and to about 12% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

The first half of 2012, viewed in comparison with the same period last year, was characterized by concurrent contractions in national consumption of electric power (-2.8%; -3.3% on a seasonally adjusted basis) and in demand for natural gas (-2.3%), the latter mainly due for thermoelectric and industrial uses. Moreover, the effects of these developments intensified in the second quarter of 2012. This situation, which is due to a worsening of the European economic crisis, exacerbated the negative effects of a continuing gas "bubble" situation and excess capacity in the electric power market, causing the pressure on margins to increase steadily. As for the natural gas market, in the first half of 2012, the extremely cold weather that affected all of Europe in February caused a short-lived procurement crisis, resulting in a temporary price spike at the main European hubs. Instead, in the electric power market, an increase in the production from renewable sources put additional pressure on margins.

Against this backdrop, the Group reported **EBITDA** of 301 million euros, for a decrease of 113 million euros (-27.3%) compared with the 414 million euros earned in the first half of 2011. Please note that EBITDA for the first half of 2011 included a positive contribution attributable to previous years from the successful renegotiation of the long-term contract for the supply of natural gas from Russia (64 million euros).

The adjusted EBITDA[1] of the **Hydrocarbons Operations** totaled 115 million euros, for a decrease compared with the same period last year (138 million euros) which included the abovementioned positive effect of the successful renegotiation of a long-term contract to import natural gas from Russia. When the data for both periods are made comparable, adjusted EBITDA for the first six months of 2012 show a solid upturn (+55%) thanks to a positive performance of the exploration and production activities. These positive results were offset in part by the loss of the Edison Group's activities that engage in buying and selling natural gas, as a result of the heightened pressure on sales margins.

It is also worth mentioning that the Group is in the process of renegotiating its contracts to import natural gas from Qatar, Libya and Algeria with the aim of restoring adequate operating margins.

The adjusted EBITDA[1] of the **Electric Power Operations** amounted to 239 million euros in the first half of 2012, down 26.7% compared with the same period of the previous year (326 million euros). This decrease reflects both a decline of the Group's sales volumes to industrial customers and a reduction in the availability of water resources of the period which caused a lower hydroelectric production. These effects are partially offset by a net gain of 28 million euros (benefit for 85 million euros net of a provision for future charges for 57 million euros), recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

The **Group's interest in the net result** was a loss of 49 million euros, in first six months of 2011 was a loss of 62 million euros. In addition to the negative effect of the industrial margins mentioned above, the loss for the period reflects the impact of the following contrasting factors:

- writedowns of property, plant and equipment for 33 million euros, mainly related to the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant and to startup delays of a hydrocarbon production plant;
- higher exploration costs up to from 7 million euros in the first half 2011 to 56 million euros in the first six months of 2012, mainly in Norway and Falkland Islands activities;

1) Adjusted EBITDA is the product of the reclassification of the results of commodity and foreign exchange hedges executed in connection with the physical contracts of the Edison portfolio. The results of the contracts that hedge natural gas importation contracts, which were executed with the aim of protecting the margins of the sales of electric power but recognized by the Hydrocarbons Operations, are being reclassified into the Electric Power Operations (-16 million euros in 2012; +1 million euros in 2011). This reclassification is being made to provide a consistent operational presentation of the Group's industrial results. The Adjusted EBITDA amount was not audited.

- a reduction of 36 million euros in financial expense, mainly attributable to net foreign exchange gains on fuel procurement transactions;
- an addition (15 million euros) to a provision for risks on tax disputes;
- the redefinition of the sales price of Edipower Spa generated a benefit of 80 million euros, net of cost to sell, that is recognized in the "Profit (Loss) from discontinued operations".

1. Sales Revenues

Sales revenues totaled 5,809 million euros, or 9.1% more than the 5,325 million euros reported at June 30, 2011, mainly affected by commodity prices trend.

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

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
Revenues from the sales of:				
- Electric power	2,538	2,865	(327)	(11.4%)
- Natural gas	2,364	1,649	715	43.4%
- Steam	63	64	(1)	(1.6%)
- Oil	138	109	29	26.6%
- Green certificates	90	73	17	23.3%
- CO_2 emissions rights	9	50	(41)	(82.0%)
- Other sales revenues	22	15	7	46.7%
Total sales revenues	**5,224**	**4,825**	**399**	**8.3%**
Revenues from services provided	10	10	-	-
Storage services	29	26	3	11.5%
Margin on physical trading activities	30	17	13	76.5%
Transmission revenues	503	434	69	15.9%
Other revenues from sundry services	13	13	-	-
Total for the Group	**5,809**	**5,325**	**484**	**9.1%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

Breakdown by Business Segment

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
Electric Power Operations	3,217	3,495	(278)	(8.0%)
Hydrocarbons Operations	3,391	2,560	831	32.5%
Corporate Activities and Other Segments	25	24	1	4.2%
Eliminations	(824)	(754)	(70)	9.3%
Total for the Group	**5,809**	**5,325**	**484**	**9.1%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

An analysis of sales revenues is provided below:

- The **Electric Power Operations** reported a decrease (-8.0%) in sales revenues compared with the first six months of 2011, as a result of a slump in sales volumes (-34%) caused by:
  - lower sales to end customers (-21%) and wholesalers (-59%), which reflected in part national demand dynamics;
  - the sale of two thermoelectric power plants in the last quarter of 2011.

  The effect of these developments was offset in part by an increase in unit sales prices, driven by conditions in the benchmark scenario and by the growing contribution provided by the renewable energy activities, thanks to the commissioning of new wind farms.
- The sales revenues of the **Hydrocarbons Operations** were up, rising by 32.5% compared with the first half of 2011, as the combined result of higher sales prices, driven by conditions in the benchmark scenario, and volumes. More specifically, sales were up for wholesalers and industrial customers that more than offset the decrease in the consumption in thermoelectric uses. The contribution of the

exploration and production activities increased, thanks to higher production (oil +15% and natural gas +27%) made possible by the startup during the 2011 of new production facilities in Italy and abroad, and rise in crude oil prices.

2. Other Revenues and Income

Other revenues and income totaled 230 million euros (246 million euros in the first half of 2011). A breakdown is as follows:

(in millions of euros)	1st half 2012	1st half 2011(*)(**)	Change	% change
Realized commodity derivatives	71	83	(12)	(14.5%)
Out-of-period income	16	97	(81)	(83.5%)
Recovery of costs from partners in hydrocarbon exploration projects	15	12	3	25.0%
Net reversals in earnings of provisions for risks on receivables and other risks	7	9	(2)	(22.2%)
Income from CIP 6/92 contracts early termination	85	-	85	n.m.
Sundry items	36	45	(9)	(20.0%)
Total for the Group	**230**	**246**	**(16)**	**(6.5%)**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

The income from **realized commodity derivatives**, which should be analyzed together with the same item included in "**Raw materials and services used**" (which increase from 59 million euros to 87 million euros) and "**Net change in fair value of commodity derivatives** " (which decrease from 40 million euros to 5 million euros), reflect primarily the results of commodities and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used in Edison Group portfolios and gas earmarked for direct sales.
This performance is due to the scenario effect on the hedged physical commodities: in the first half of 2012, a spike in commodity prices in the benchmark markets had a net positive effect on the underlying physical commodities, offset by the negative results reflected in the performance of commodity derivatives.
A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

Out-of-period income in the first half 2011 included the effects referred to previous years from successfully renegotiation of the contract for the supply of natural gas from Russia (64 million euros).

Income from CIP 6/92 contracts early termination of 85 million euros refers to the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant pursuant to the Ministry Decree of December 2, 2009 and June 23, 2011. At this benefit are opposed provisions for future charges (57 million euros) and writedowns of property, plant and equipment (21 million euros).

Sundry items in the first half 2011 included insurance settlements totaling 12 million euros, mainly due to Italian extraction wells.

3. Raw Materials and Services Used

Raw materials and services used totaled 5,630 million euros, or 11.6% more than in the same period in 2011 (5,047 million euros) affected by the price and volume trends already mentioned in the note "Sales revenues".

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

(in millions of euros)	1st half 2012	1st half 2011(*)(**)	Change	% change
Purchases of:				
- Natural gas	2,923	2,037	886	43.5%
- Electric power	1,318	1,343	(25)	(1.9%)
- Blast-furnace, recycled and coke-oven gas	27	222	(195)	(87.8%)
- Oil and fuel	1	10	(9)	(90.0%)
- Demineralized industrial water	3	19	(16)	(84.2%)
- Green certificates	34	62	(28)	(45.2%)
- CO_2 emissions rights	8	59	(51)	(86.4%)
- Coal, utilities and other materials	32	37	(5)	(13.5%)
Total	**4,346**	**3,789**	**557**	**14.7%**
- Facilities maintenance	60	67	(7)	(10.4%)
- Transmission of electric power and natural gas	833	762	71	9.3%
- Regasification fee	52	52	-	-
- Professional services	74	66	8	12.1%
- Writedowns of trade and other receivables	27	20	7	35.0%
- Realized commodity derivatives	87	59	28	47.5%
- Margin on financial trading activities	3	4	(1)	(25.0%)
- Additions to provisions for miscellaneous risks	74	23	51	n.m.
- Change in inventories	(116)	45	(161)	n.m.
- Use of property not owned	54	46	8	17.4%
- Losses on sales of property, plant and equipment	1	1	-	-
- Sundry items	135	113	22	19.5%
Total for the Group	**5,630**	**5,047**	**583**	**11.6%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

Breakdown by Business Segment

(in millions of euros)	1st half 2012	1st half 2011(*)(**)	Change	% change
Electric Power Operations	3,063	3,192	(129)	(4.0%)
Hydrocarbons Operations	3,345	2,565	780	30.4%
Corporate Activities and Other Segments	54	48	6	12.5%
Eliminations	(832)	(758)	(74)	9.8%
Total for the Group	**5,630**	**5,047**	**583**	**11.6%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

The increase in the amount shown for **natural gas** (886 million euros more than in the first half of 2011) is due to the higher prices paid for natural gas (both in the spot market and under long-term procurement contracts). This item reflects the effects of policies to optimize supply sources and should be analyzed together with the item "**Change in inventories**". The amount of natural gas purchases also reflects the negative impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (23 million euros).

The divestment of thermoelectric power plants in the fourth quarter of 2011 is the reason for the decrease in purchases of **blast-furnace, recycled and coke-oven gas**, decreased from 222 million euros in the first half of 2011 to 27 million euros in the first half of 2012.

The decrease of 28 million euros in the cost of **green certificates** reflects the combined effect of a reduction in Group requirements, caused by a decrease in output by thermoelectric systems and the abovementioned sale of two thermoelectric power plants, and an increase in green certificate production by renewable-source facilities.

The higher costs paid for **transmission of electric power and natural gas** (71 million euros) compared with the first half of 2011 is mainly due to the effect of higher rates for electric power, offset by a reduction in volumes.

The **regasification fee** (52 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (27 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific utilizations. In addition, allowances for doubtful accounts in excess, totaling 1 million euros, were reversed in earnings in the first half of 2012. This item is included in "Net reversals in earnings of provisions for risks on receivables and other risks" listed in Note 2 **Other Revenues and Income**.

Additions to provisions for miscellaneous risks (74 million euros) mainly include the already abovementioned addition of 57 million euros to a provision for future charges recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. A breakdown of additions to provisions for miscellaneous risks is provided in the note to provisions for risks and charges (Note 28).

Margin on Trading Activities

The table below shows the results from trading in physical and financial energy commodity contracts held in Trading Portfolios included in revenues and in raw materials and services used.
Compared with the same period of previous year, volumes increased, mainly due to the growth of natural gas trading activities.

(in millions of euros)	See Note	1st half 2012	1st half 2011	Change	% change
Margin on physical contracts included in trading portfolios					
Sales revenues		2,258	1,700	558	32.8%
Raw materials and services used		(2,228)	(1,683)	(545)	32.4%
Total included in sales revenues	1	**30**	**17**	**13**	**76.5%**
Margin on financial contracts included in trading portfolios					
Other revenues and income		45	40	5	12.5%
Raw materials and services used		(48)	(44)	(4)	9.1%
Total included in raw materials and services used	3	**(3)**	**(4)**	**1**	**(25.0%)**
Total margin on trading activities		**27**	**13**	**14**	**n.m.**

A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

4. Labor Costs

Labor costs totaled 108 million euros, or 1.8% less than in the same period in 2011, when they amounted to 110 million euros.

A lower average payroll, essentially due to the sale of some thermoelectric power plants in the fourth quarter of 2011, is the main reason for this decrease.

5. EBITDA

EBITDA totaled 301 million euros, or 113 million euros less (-27.3%) than the 414 million euros earned in the first half of 2011.

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

(in millions of euros)	1st half 2012	as a % of sales revenues	1st half 2011 (*)(**)	as a % of sales revenues	EBITDA % change
Reported EBITDA					
Electric Power Operations	255	7.9%	325	9.3%	(21.5%)
Hydrocarbons Operations	99	2.9%	139	5.4%	(28.8%)
Corporate Activities and Other Segments	(53)	n.m.	(50)	n.m.	(6.0%)
Total for the Group	**301**	**5.2%**	**414**	**7.8%**	**(27.3%)**
Adjusted EBITDA					
Electric Power Operations	239	7.4%	326	9.3%	(26.7%)
Hydrocarbons Operations	115	3.4%	138	5.4%	(16.7%)
Corporate Activities and Other Segments	(53)	n.m.	(50)	n.m.	(6.0%)
Total for the Group	**301**	**5.2%**	**414**	**7.8%**	**(27.3%)**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

The performance of the individual business segments is reviewed below:

- The adjusted EBITDA of the **Hydrocarbon Operations** totaled 115 million euros, for a decrease compared with 138 million euros in the same period last year, when EBITDA included a benefit of 64 million euros, attributable to previous years, from the successful renegotiation of the long-term contract for the supply of natural gas from Russia. With data restated without the effect of this benefit, the Hydrocarbons' Operations show growing results, due to a positive performance by the exploration and production activities, thanks to a rise both in natural gas and oil. The effect of these positive developments was offset in part by the results of Edison's activities engaged in buying and selling natural gas, as a result of the heightened pressure on sales margins.
- The adjusted EBITDA of the **Electric Power Operations** was sharply down, falling by 26.7%, from 326 million euros in the first half of 2011 to 239 million euros in the first six months of 2012. This decrease reflects both a decline of the Group's sales volumes to industrial customers and a reduction in the availability of water resources of the period which caused a lower hydroelectric production. These effects are partially offset by a net gain of 28 million euros (benefit for 85 million euros net of a provision for future charges for 57 million euros) recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

6. Net Change in Fair Value of Commodity Derivatives

A breakdown of this item, which decreased from 40 million euros in first half of 2011 to 5 million euros in first six months of 2012, is provided below:

(in millions of euros)	1st half 2012	1st half 2011(**)	Change	% change
Change in fair value in hedging the price risk on energy products:	**4**	**42**	**(38)**	**(90.5%)**
- definable as hedges pursuant to IAS 39 (CFH) (*)	-	8	(8)	n.m.
- not definable as hedges pursuant to IAS 39	4	34	(30)	(88.2%)
Change in fair value in hedging the foreign exchange risk on commodities:	**1**	**(2)**	**3**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(1)	-	(1)	n.m.
- not definable as hedges pursuant to IAS 39	2	(2)	4	n.m.
Total for the Group	**5**	**40**	**(35)**	**(87.5%)**

(*) Referred to the ineffective portion.
(**) 2011 amounts reflect the new presentation of the effects of net change in fair value of commodity derivatives.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives, excluding those that are part of the Trading Activities, executed as economic hedges of the Industrial Portfolio.
The purpose of this presentation is to segregate the effects of the volatility of derivatives from the EBITDA line.

7. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 356 million euros, is provided below:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
Depreciation and amortization of:	**321**	**260**	**61**	**23.5%**
- property, plant and equipment	204	214	(10)	(4.7%)
- hydrocarbon concessions	48	33	15	45.5%
- other intangible assets (**)	69	13	56	n.m.
Writedowns of:	**35**	**62**	**(27)**	**(43.5%)**
- property, plant and equipment	33	62	(29)	(46.8%)
- other intangible assets	2	-	2	n.m.
Total for the Group	**356**	**322**	**34**	**10.6%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.
(**) Included the exploration costs.

Breakdown by Business Segment

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
Electric Power Operations:	**171**	**234**	**(63)**	**(26.9%)**
- depreciation and amortization	147	177	(30)	(16.9%)
- writedowns of property, plant and equipment	22	57	(35)	(61.4%)
- writedowns of other intangible assets	2	-	2	n.m.
Hydrocarbons Operations:	**177**	**82**	**95**	**n.m.**
- depreciation and amortization	169	77	92	n.m.
- writedowns of property, plant and equipment	8	5	3	60.0%
Corporate Activities and Other Segments:	**8**	**6**	**2**	**33.3%**
- depreciation and amortization	5	6	(1)	(16.7%)
- writedowns of property, plant and equipment	3	-	3	n.m.
Total for the Group	**356**	**322**	**34**	**10.6%**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

The decrease of 63 million euros for the **Electric Power Operations** is the combined result of:

- lower writedowns of property, plant and equipment for 35 million euros, an amount that should be viewed keeping in mind that it includes 21 million euros for the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant;
- lower depreciation and amortization, reflecting to the effect of writedowns and divestments of facilities carried out in 2011.

The increase of 95 million euros for the **Hydrocarbons Operations** is essentially due to the combined result of:

- a rise of 49 million euros in exploration costs, up from 7 million euros in the first half of 2011 to 56 million euros in the first six months of 2012, due essentially to increased exploration activities in Norway and new projects in the Falkland Islands;
- an increase in depreciation and amortization mainly due to effect of the startup of new production facilities and to the different hydrocarbon production profiles.

In **Corporate Activities and Other Segments**, a writedown of 3 million euros was recognized to adjust the carrying amount of some plots of land to the market value shown in an appraisal prepared by an outside company.

8. Net Financial Income (Expense)

Net financial expense totaled 49 million euros, or 36 million euros less than in the first half of 2011 (85 million euros).
A breakdown of net financial expense is as follows:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change
Financial income			
Financial income from financial derivatives	50	23	27
Interest earned on finance leases	7	7	-
Interest earned on bank and postal accounts	1	1	-
Interest earned on trade receivables	2	-	2
Other financial income	17	7	10
Total financial income	**77**	**38**	**39**
Financial expense			
Interest paid on bond issues	(35)	(38)	3
Fair Value Hedge adjustment on bonds	(18)	10	(28)
Financial expense from financial derivatives	(30)	(27)	(3)
Interest paid to banks	(21)	(15)	(6)
Bank fees	(10)	(9)	(1)
Financial expense on decommissioning projects and provisions for risks	(13)	(12)	(1)
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest paid to other lenders	(7)	(7)	-
Other financial expense	(7)	(4)	(3)
Total financial expense	**(142)**	**(103)**	**(39)**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	54	60	(6)
Foreign exchange translation losses	(38)	(80)	42
Net foreign exchange translation gains (losses)	**16**	**(20)**	**36**
Net financial income (expense) for the Group	**(49)**	**(85)**	**36**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

The main reason for the 36-million-euro decrease in net financial expense for the period is an improvement in the results from foreign exchange transactions (net gains of 16 million euros, as against a net losses of 20 million euros in the first half of 2011), due mainly to the foreign exchange gains generated by derivative transactions executed to hedge purchases of natural gas in foreign currencies which more than offset the lower foreign exchange gains earned on commercial transactions.
The decrease in net financial debt for the period, made possible by the proceeds from the sale of Edipower Spa, enabled the Edison Group to contain net financial expense in the period.

9. Income from (Expense on) Equity Investments

A breakdown of the positive balance of 2 million euros is shown below:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change
Income from equity investments			
Dividends	2	3	(1)
Revaluations and valuations of investments by the equity method	2	1	1
Gains on the sale of equity investments	-	7	(7)
Total income from equity investments	**4**	**11**	**(7)**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	-	(1)	1
Writedowns of investments available for sales	(2)	(6)	4
Writedowns of trading securities	-	(2)	2
Total expenses on equity investments	**(2)**	**(9)**	**7**
Total Group income from (expense on) equity investments	**2**	**2**	**-**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

10. Other Income (Expense), Net

Net other expense of 21 million euros (expense for 6 million euros the first half of 2011) is the result of nonrecurring items that are not directly related to the Group's industrial operations. Please note that in the first half of 2012 an addition (15 million euros) was made to a provision for risks on tax disputes.

11. Income Taxes

The income-tax balance was positive by 18 million euros, for a positive change of 79 million euros compared with the first half of 2011, when the balance was negative by 61 million euros. A breakdown of income taxes is provided below:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change
Current taxes	56	103	(47)
Net deferred-tax liabilities (assets)	(75)	(38)	(37)
Income taxes attributable to previous years	1	(4)	5
Total for the Group	**(18)**	**61**	**(79)**

(*) Pursuant to IFRS 5, the first half 2011 amounts are being reclassified.

Current taxes include 78 million euros for corporate income taxes (IRES) and 11 million euros for regional taxes (IRAP), offset only in part by a tax benefit of 33 million euros generated by filing a consolidated income tax return and by the recovery of foreign taxes.

The tax burden for the period reflects primarily the recognition of a tax asset from the tax loss for the period and non-deductible expenses.

The table below provides a breakdown of **deferred-tax liabilities** and **deferred-tax assets** and shows the changes that occurred in the period:

(in millions of euros)	12.31.2011	Additions	Utilizations	IAS 39 to shareholders' equity	Other changes/ Reclassifications/ Offsets	06.30.2012
Provision for deferred taxes:						
Valuation differences of property, plant and equipment and intangibles	263	1	(28)	-	(12)	224
Adoption of IAS 17 to value finance leases	24	1	-	-	(1)	24
Adoption of IAS 39 to value financial instruments with impact:						
- on the Income statement	-	1	-	-	-	1
- on shareholders' equity	-	-	-	7	-	7
Other deferred-tax liabilities	9	-	(1)	-	12	20
	296	**3**	**(29)**	**7**	**(1)**	**276**
Offsets	(81)	-	-	-	(26)	(107)
Provision for deferred taxes net of offsets	**215**	**3**	**(29)**	**7**	**(27)**	**169**
Deferred-tax assets:						
Tax-loss carryforward	14	7	(3)	-	4	22
Taxed provisions for risks	114	32	(8)	-	5	143
Adoption of IAS 39 to value financial instruments with impact:						
- on shareholders' equity	3	-	-	(3)	-	-
Valuation differences of property, plant and equipment and intangibles	54	7	(1)	-	(6)	54
Other deferred-tax assets	7	17	(2)	-	(2)	20
	192	**63**	**(14)**	**(3)**	**1**	**239**
Offsets	(81)	-	-	-	(26)	(107)
Deferred-tax assets net of offsets	**111**	**63**	**(14)**	**(3)**	**(25)**	**132**

12. Profit (Loss) from Discontinued Operations

The net profit from discontinued operations in the first half of 2012, which totaled 50 million euros, reflects the effect of the redefinition of the sales price of the equity stake in Edipower Spa (80 million euros, net of cost to sell) and the margin attributable to Edipower's tolling operations (negative by 30 million euros, net of tax effect).

The data for the first half of 2011 include the contribution provided by Edipower's CGUs to the integrated net Group result of the Edison system (negative by 20 million euros).

For further information, please see the section entitled "Disclosure pursuant to IFRS 5".

13. Earnings (Loss) per Share

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

2011 full year			1st half 2012		1st half 2011	
Common shares	Savings shares (1)	(in millions of euros)	Common shares	Savings shares (1)	Common shares	Savings shares (1)
(871)	(871)	Group interest in profit (loss)	(49)	(49)	(62)	(62)
(877)	6	Profit (Loss) attributable to the different classes of shares (A)	(52)	3	(65)	3
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108.251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110.592,420	- diluted (C) (2)	5,181,108,251	110,592,420	5.,181,108,251	110,592,420
		Earnings (Loss) per share (in euros)				
(0.1692)	0.0500	- basic (A/B)	(0.0100)	0.0250	(0.0125)	0.0250
(0.1692)	0.0500	- diluted (A/C) (2)	(0.0100)	0.0250	(0.0125)	0.0250

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

The tables below show earnings (loss) per share for continuing and discontinued operations:

2011 full year			1st half 2012		1st half 2011	
Common shares	Savings shares	(in millions of euros)	Common shares	Savings shares	Common shares	Savings shares
(266)	(266)	Group interest in profit (loss) from continuing operations	(99)	(99)	(20)	(20)
(272)	6	Profit (Loss) attributable to the different classes of shares (A)	(102)	3	(23)	3
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings (Loss) per share from continuing operations (in euros)				
(0.0524)	0.0500	- basic (A/B)	(0.0197)	0.0250	(0.0044)	0.0250
(0.0524)	0.0500	- diluted (A/C)	(0.0197)	0.0250	(0.0044)	0.0250

2011 full year			1st half 2012		1st half 2011	
Common shares	Savings shares	(in millions of euros)	Common shares	Savings shares	Common shares	Savings shares
(605)	(605)	Group interest in profit (loss) from discontinued operations	50	50	(42)	(42)
(605)	-	Profit (Loss) attributable to the different classes of shares (A)	50	-	(42)	-
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,108,251	110,592,420	- basic (B)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
5,181,108,251	110,592,420	- diluted (C)	5,181,108,251	110,592,420	5,181,108,251	110,592,420
		Earnings (Loss) per share from discontinued operations (in euros)				
(0.1168)	n.a.	- basic (A/B)	0.0097	n.a.	(0.0081)	n.a.
(0.1168)	n.a.	- diluted (A/C)	0.0097	n.a.	(0.0081)	n.a.

NOTES TO THE BALANCE SHEET

Assets

14. Property, Plant and Equipment

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

(in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets acquired under finance leases	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2011 (A)	**498**	**4,022**	**168**	**36**	**5**	**8**	**376**	**5,113**
Changes in the first half of 2012:								
- Additions	-	35	1	-	-	-	85	121
- Disposals (-)	-	(5)	-	-	-	-	-	(5)
- Depreciation (-)	(8)	(176)	(17)	(1)	(1)	(1)	-	(204)
- Writedowns (-)	(4)	(28)	(1)	-	-	-	-	(33)
- Decommissioning costs	-	3	-	-	-	-	-	3
- Other changes	5	89	(2)	-	-	-	(91)	1
Total changes (B)	**(7)**	**(82)**	**(19)**	**(1)**	**(1)**	**(1)**	**(6)**	**(117)**
Balance at 06.30.2012 (A+B)	**491**	**3,940**	**149**	**35**	**4**	**7**	**370**	**4,996**

A breakdown by business segment of **additions** totaling 121 million euros is as follows:

(in millions of euros)	1st half 2012	1st half 2011
Electric Power Operations	**23**	**77**
broken down as follows:		
- Thermoelectric area	7	24
- Hydroelectric area	7	16
- Renewable sources area (wind power, photovoltaic, etc.)	9	37
Hydrocarbons Operations	**98**	**147**
broken down as follows:		
- Hydrocarbon fields in Italy	17	31
- Hydrocarbon fields outside Italy	45	93
- Transmission and storage infrastructures	36	23
Corporate Activities and Other Segments	**-**	**1**
Total for Continuing Operations	**121**	**225**
Discontinued Operations	**-**	**7**
Total for the Group	**121**	**232**

Projects carried out during the period included the following:

- for the **Electric Power Operations**: the putting into service of the new San Giorgio wind farm;
- for the **Hydrocarbons Operations**: in the exploration and production area, start of production from the new fields in Italy and, abroad, drilling of production wells at Abu Qir, in Egypt. In the gas storage area, further investment in the current projects for the San Potito and Cotignola field, in Italy.

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

Writedowns of 33 million euros reflect essentially the effects of early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant and startup delays of a hydrocarbon production plant.

The change in **decommissioning costs** (3 million euros) reflects mainly the putting into service of the abovementioned new wind farm.

Assets transferable at no cost are attributable to the concession held by the Edison Group (38 in the hydroelectric area).

For the **assets acquired under finance leases**, recognized in accordance with the IAS 17 Revised method, the balance of the remaining financial liability, which amounts to 30 million euros, is shown part under “Long-term financial debt and other financial liabilities” (27 million euros) and part under “Short-term financial debt” (3 million euros).

15. Investment Property

The Group’s investment property, which consists of land and buildings that are not used for production purposes, has a total carrying amount of 10 million euros, unchanged compared with December 31, 2011.

16. Goodwill

Goodwill totaled 3,231 million euros, unchanged compared with December 31, 2011.
The table below provides a breakdown of goodwill by business segment:

(in millions of euros)	06.30.2012	12.31.2011
Electric Power Operations	2,528	2,528
Hydrocarbons Operations	703	703
Total for the Group	**3,231**	**3,231**

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.
Please see the next section (Note 18) for comments about the impairment test in accordance with IAS 36.

17. Hydrocarbons Concessions

Concessions for the production and extraction of hydrocarbons, which consist of 87 mineral leases in Italy and abroad (including 3 storage concessions), were valued at 992 million euros. The net decrease of 48 million euros, compared with December 31, 2011, reflects the amortization for the period. In the first half of 2012 the Group was awarded three new hydrocarbon exploration concessions in Norway but two exploration permits expired, one in Italy and one in Iran.

18. Other Intangible Assets

The table below shows the main changes that occurred in the first half of 2012:

(in millions of euros)	Concessions, licenses, patents and similar rights	CO_2 emissions rights	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2011 (A)	**84**	**4**	**-**	**7**	**-**	**95**
Changes in the first half of 2012:						
- Additions	35	-	56	-	1	92
- Amortization (-)	(13)	-	(56)	-	-	(69)
- Writedowns (-)	-	(2)	-	-	-	(2)
- Other changes	(2)	5	-	-	1	4
Total changes (B)	**20**	**3**	**-**	**-**	**2**	**25**
Balance at 06.30.2012 (A+B)	**104**	**7**	**-**	**7**	**2**	**120**

Please note that, in the first half of 2012, the Group entered into a farm-in agreement by which it acquired an interest in some licenses in the Falkland Island Basin.
This agreement resulted in the recognition of:

- the acquisition value of the licenses, amounting to about 31 million euros, under **Concessions, licenses, patents and similar rights**; this amount is being amortized systematically on a straight-line basis over the remaining lives of the licenses and were recorded amortizations for about 6 million euros;
- **exploration costs** of about 13 million euros, amortized in full during the period.

Please note that the item **Concessions, licenses, patents and similar rights** includes the infrastructures used by the Group to distribute natural gas, under the 62 concessions it holds in this area of business, as required by IFRIC 12.

CO_2 emissions rights (7 million euros) include the rights exceeding the Group's requirements. This amount reflects a valuation at market prices, which required a writedown of 2 million euros.

The **exploration costs** incurred in the first half of 2012 totaled 56 million euros, up from 7 million euros in the same period of 2011. The entire amount was amortized during the period and no exploration costs were capitalized in connection with successful exploration project subsequently leading to production.

Impairment Test of Assets in Accordance with IAS 36

In the first half of 2012, as required by IAS 36, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected.
Insofar as goodwill is concerned, because the Group has not yet developed a new industrial plan, taking also into account the recent corporate restructuring, an analysis of the short-term economic and scenario variables failed to produce, also with regard to the 2012 budget, specific triggers pointing to issues impacting the recoverability of goodwill.
Consistent with the estimates applied at the end of 2011, recoverable value was determined based on the value in use of the assets, estimated based on the present value of the operating cash flows before taxes, taking into account the useful lives of the assets and their terminal values, when appropriate.

The cash flow amounts used, which were based on the best estimates of Top Management, are the same as those used to perform an impairment test at the end of 2011, updated when necessary if specific triggers were detected. The discount rates applied are also consistent with those used to perform an impairment test at the end of 2011.

As for the Greece Thermoelectric CGU (41 million euros for Edison's pro rata interest), no macroeconomic elements indicating a deterioration compared with the end of 2011 were detected. In such a highly complex context, the achievement of medium and long-term economic results is based on future hypotheses and assumptions currently characterized by a high degree of uncertainty. Therefore, considering the country's contingent political/economic and financial context, management concluded that it would be best to confirm the results of the tests performed at the end of 2011, while monitoring future evolutions.

The tests performed using the process described above showed that values of a thermoelectric CGU and a hydrocarbon production field were impaired, requiring a writedown of 29 million euros.

Specifically with regard to the **thermoelectric CGU**, the writedown (21 million euros) was required by the effects of the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant.

In the case of the **hydrocarbons CGU**, the writedown recognized in the amount of 8 million euros was required due to a delay in the startup of a production field outside Italy.

Other writedowns of property, plant and equipment recorded in addition to those listed above, include 4 million euros recognized to adjust the carrying amount of some plots of land to the market value.

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

The total includes 51 million euros in investments in associates and unconsolidated subsidiaries and affiliated companies and 193 million euros in available-for-sale investments. The latter amount includes investments in Terminale GNL Adriatico Srl (184 million euros) and RCS Mediagroup Spa (4 million euros). The table below shows the main changes that occurred in the first half of 2012:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2011 (A)	**49**	**198**	**247**
Changes in the first half of 2012:			
- Changes in shareholders' equity reserves	-	(3)	(3)
- Valuations at equity	2	-	2
- Valuations at fair value	-	(2)	(2)
Total changes (B)	**2**	**(5)**	**(3)**
Balance at 06.30.2012 (A+B)	**51**	**193**	**244**

Changes in shareholders' equity reserves, negative by 3 million euros, refer to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl.

Valuations at fair value, negative by 2 million euros, refer to Terminale GNL Adriatico Srl and RCS Mediagroup Spa. In particular, the factors taken into account to value the investment held in Terminale GNL Adriatico Srl, which is the company that operates an offshore regasification terminal near Porto Viro (RO), include both the duration of the current regasification contract with Edison and the gradual decrease over time of Edison's pro rata share of the company's shareholders' equity caused by any distributions of share capital and/or reserve received. The result of this approach is thought to approximate fair value, given that a valuation based on market criteria is not practicable, due to the unique nature of the regasification terminal and the contractual terms of the regasification service provided to Edison.

20. Other Financial Assets

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

(in millions of euros)	06.30.2012	12.31.2011	Change
Loan receivables from Ibiritermo (IFRIC 4) (*)	74	77	(3)
Bank deposits that secure project financing facilities	4	4	-
Sundry items	-	1	(1)
Total other financial assets	**78**	**82**	**(4)**

(*) Referred to a fully captive thermoelectric power plant in Brazil and acting as a financial lease.

21. Deferred-tax Assets

Deferred-tax assets, which were valued based on assumptions that they would be probable realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies, amounted to 132 million euros (111 million euros at December 31, 2011). They reflect differences in the valuation of:

- taxed provisions for risks of 56 million euros;

- property, plant and equipment and intangibles of 46 million euros;
- a tax-loss carryforward of 10 million euros;

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

22. Other Assets

Other assets totaled 124 million euros, or 84 million euros more than December 31, 2011. This account includes:

- 110 million euros for the non-current portion of advances paid under long-term natural gas supply contracts for gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses. Please note that, in the first half of 2012, the Group paid advances totaling 85 million euros, due to activation of the abovementioned clauses in 2011 (77 million euros) and in 2012 (8 million euros). In the period the Group recovered the 42-million-euro advance paid in previous years on Norway long-term contract that expired on March 31, 2012 (please see Note 23).
- 5 million euros (net of an allowance for doubtful accounts of 1 million euros) in tax refunds receivable, including accrued interest through June 30, 2012.
- 9 million euros in sundry receivables, consisting mainly of security deposits.

23. Current Assets

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

(in millions of euros)	06.30.2012	12.31.2011	Change
Inventories	365	252	113
Trade receivables	3,330	3,152	178
Current-tax assets	28	28	-
Other receivables	677	681	(4)
Current financial assets	114	628	(514)
Cash and cash equivalents	453	291	162
Total current assets	**4,967**	**5,032**	**(65)**

A review of the individual components is provided below:

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

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	CO_2 emission rights	Other	Total at 06.30.2012	Total at 12.31.2011	Change
Electric Power Operations	13	-	1	7	27	48	45	3
Hydrocarbons Operations	31	277	9	-	-	317	207	110
Total for the Group	**44**	**277**	**10**	**7**	**27**	**365**	**252**	**113**

The increase for the period refers mainly to stored natural gas (120 million euros). Inventories also include 24 million euros in strategic reserves of natural gas, the use of which is restricted.

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

(in millions of euros)	06.30.2012	12.31.2011	Change
Electric Power Operations	2.284	1.959	325
Hydrocarbons Operations	1.257	1.273	(16)
Corporate Activities and Other Segments and Eliminations	(211)	(80)	(131)
Total trade receivables	**3.330**	**3.152**	**178**
Of which Allowance for doubtful accounts	**(154)**	**(141)**	**(13)**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, Power Exchange transactions and, for 200 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolios, attributable for 168 million euros to the Electric Power Operations and for 32 million euros to Hydrocarbons Operations. The higher amount shown for trade receivables compared with December 31, 2011 (178 million euros) reflects the impact of the price and volume trends discussed in the note to "Sales revenues", as well as a lengthening of the time to collection resulting from a change in the customer mix, the expansion of the Group's international activities and an increase in the fair value of the Trading Portfolios (41 million euros).
In the first half of 2012, the Hydrocarbons Operations recovered a receivable recognized in 2011 pursuant to the make-up capacity clause of the long-term contracts for the importation of natural gas.
During the period, the Electric Power Operations recognized a receivable of 85 million euros originating from the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.
Lastly, transactions involving the irrevocable assignment of receivables without recourse on a revolving (monthly and quarterly) and spot basis, totaled 2,482 million euros (2,638 million euros at June 30, 2011). As required by its credit policies, the Group uses these transactions on a regular basis to control and minimize credit risks. The residual risk of recourse associated to trade receivables is about 1 million euros.

- **Current-tax assets** of 28 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company.

- A breakdown of **other receivables**, which totaled 677 million euros, is provided in the table below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Receivables arising from the valuation of derivatives	195	175	20
Amounts owed by partners and associates in hydrocarbon exploration projects	55	85	(30)
Advances to suppliers	21	10	11
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	133	100	33
Advances paid under take-or-pay contracts	-	42	(42)
VAT credit	3	64	(61)
Sundry items	270	205	65
Total other receivables	**677**	**681**	**(4)**

The increase shown for **receivables arising from the valuation of derivatives**, which should be analyzed in conjunction with the corresponding liability included in **Current liabilities** (down from 179 million euros to 174 million euros), primarily reflects changes in the market price scenario compared with December 31, 2011, specifically regarding Brent crude and EUR/USD exchange rate. A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

The Group's ability to accept increased deliveries of natural gas enabled it to recover in full the **advances for take-or-pay contract** paid in previous years and recorded in this account.

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

(in millions of euros)	06.30.2012	12.31.2011	Change
Loans receivable	19	571	(552)
Derivatives	91	53	38
Equity investments held for trading	4	4	-
Total current financial assets	**114**	**628**	**(514)**

The repayment of 550 million euros by Edipower Spa to Edison Spa for a shareholder loan provided in December 2011 is the main reason for the decrease in **Loans receivable**.

- **Cash and cash equivalents** of 453 million euros (291 million euros at December 31, 2011) consist of short-term deposits in bank and postal accounts and other short-term investments.

24. Assets held for sale

Assets held for sale totaled 1 million euros, down from 1,430 million euros at December 31, 2011. The sale of Edipower Spa, which closed on May 24, 2012, accounts for this decrease.

For further information, see the Section entitled "Disclosure pursuant to IFRS 5", provided later in these Notes.

Liabilities and Shareholders' Equity

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

Shareholders' equity attributable to Parent Company shareholders amounted to 6,955 million euros, for a decrease of 33 million euros compared with December 31, 2011 (6,988 million euros). This reduction is mainly due to the net loss for the period, for 49 million euros, offset by the positive change in the reserve for Cash Flow Hedge (17 million euros).

Shareholders' equity attributable to minority shareholders decreased to 141 million euros, or 17 million euros less than at December 31, 2011 (158 million euros), due mainly to the effect of dividend distribution resolutions by companies with minority shareholders (16 million euros) and to the net loss for the period (1 million euros).

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

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

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

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

Cash Flow Hedge reserve

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2011	(11)	3	(8)
Changes in the first half of 2012	27	(10)	17
Reserve at June 30, 2012	**16**	**(7)**	**9**

26. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 35 million euros, reflect the accrued severance indemnities and other benefits owed to employees. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held at the Company.

The table below shows the changes that occurred in the first half of 2012:

(in millions of euros)	Provision for employee severance indemnities	Provisions for pensions	Total
Balance at 12.31.2011 (A)	**36**	**-**	**36**
Changes in the first half of 2012:			
- Financial expense	1	-	1
- Utilizations (-)/Other changes	(2)	-	(2)
Total changes (B)	**(1)**	**-**	**(1)**
Total at 06.30.2012 (A+B)	**35**	**-**	**35**

27. Provision for Deferred Taxes

The balance of 169 million euros (215 million euros at December 31, 2011) reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as the deemed cost of property, plant and equipment.

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

(in millions of euros)	06.30.2012	12.31.2011	Change
Deferred-tax liabilities:			
- Valuation differences of property, plant and equipment and intangibles	224	263	(39)
- Adoption of IAS 17 to value finance leases	24	24	-
- Adoption of IAS 39 to value financial instruments with impact:			
- on the Income Statement	1	-	1
- on shareholders' equity	7	-	7
- Other deferred-tax liabilities	20	9	11
Total deferred-tax liabilities (A)	**276**	**296**	**(20)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	87	65	22
- Tax-loss carryforward	12	7	5
- Adoption of IAS 39 to value financial instruments with impact on shareholders' equity	-	3	(3)
- Valuation differences of property, plant and equipment and intangibles	8	1	7
- Other deferred-tax assets	-	5	(5)
Total deferred-tax assets (B)	**107**	**81**	**26**
Total provision for deferred taxes (A-B)	**169**	**215**	**(46)**

28. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 915 million euros, for an increase of 87 million euros compared with December 31, 2011 (828 million euros).

The table below shows the changes that occurred in the first half of 2012:

(in millions of euros)	12.31.2011	Additions	Utilizations	Other changes	06.30.2012
Disputed tax items	69	25	(2)	-	92
Risks for disputes, litigation and contracts	138	4	(4)	1	139
Charges for contractual guarantees on sale of equity investments	80	-	-	-	80
Provisions for decommissioning and remediation of industrial sites	385	9	-	5	399
Environmental risks	39	-	(2)	-	37
Other risks and charges	117	64	(8)	(5)	168
Total for the Group	**828**	**102**	**(16)**	**1**	**915**

More specifically:

- The main components of **additions** of 102 million euros include an addition to a provision for future charges in connection with the early termination of a CIP 6/92 contract (57 million euros), an addition to a provision for disputed tax (15 million euros), financial expense on decommissioning provisions (9 million euros), statutory and tax interest accrued on existing provisions (4 million euros) and legal and tax related risks for the balance.
- **Utilizations** of 16 million euros refer to the settlement of legal disputes and tax disputes (4 million

euros), the coverage of costs incurred for the remediation and decommissioning of some industrial sites (2 million euros) and the reversals of the portions of provisions for risks that exceeded the actual charges (6 million euros).

- **Other changes**, positive by 1 million euros, include mainly the recognition of a provision for expected decommissioning costs related to the startup of a new wind farm.

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 these Notes entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2012".

29. Bonds

The balance of 1,795 million euros (1,793 million euros at December 31, 2011) represents the noncurrent portion of the bonds valued at amortized cost.
The table below shows the balance outstanding at June 30, 2012 and indicates the fair value of each bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value Non-current portion	Current portion	Total	Fair value
Edison Spa	Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	07.22.2014	699	49	748	748
Edison Spa	Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	03.17.2015	499	13	512	509
Edison Spa	Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	597	45	642	624
Total for the Group			**1,800**				**1,795**	**107**	**1,902**	**1,881**

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

30. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account is as follows.

(in millions of euros)	06.30.2012	12.31.2011	Change
Due to banks	223	1,290	(1,067)
Due to other lenders	42	44	(2)
Total for the Group	**265**	**1,334**	**(1,069)**

The decrease in the amount due to banks refers mainly to a reclassification to current liabilities of a syndicated standby credit line held by Edison Spa (face amount of 1,500 million euros and expiring in April 2013) that had been drawn for 1,050 million euros at December 31, 2011.
A detailed analysis of these changes is provided in the "Liquidity Risk" paragraph of the Section entitled "Group Financial Risk Management".

31. Other Liabilities

Other liabilities of 29 million euros represent sundry liabilities, including the suspension of a gain on the 2008 sale of a 51% interest in Dolomiti Edison Energy Srl (which continues to be consolidated line by line) while agreements providing both parties with put and call options are in effect.

32. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Bonds	107	71	36
Short-term financial debt	1,663	1,167	496
Trade payables	2,114	2,357	(243)
Current taxes payable	26	23	3
Other liabilities	681	603	78
Total current liabilities	**4,591**	**4,221**	**370**

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 107 million euros, including the total accrued interest at June 30, 2012.

- **Short-term financial debt**, which totaled 1,663 million euros, includes:
  - 1,518 million euros due to banks, 18 million euros of which represent the effect of measuring interest rate derivatives at fair value. The total amount includes 1,450 million euros for the utilization of a committed credit line held by Edison Spa. Please note that the club-deal credit line (face value of 700 million euros) was repaid in full in the first half of 2012, thanks to the proceeds collected from the divestment of Edipower Spa;
  - 121 million euros due to other lenders;
  - 21 million euros owed to minority shareholders of consolidated companies;
  - 3 million euros due to leasing companies.

- **Trade payables** totaled 2,114 million euros. A breakdown by business segment is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Electric Power Operations	1,479	1,652	(173)
Hydrocarbons Operations	812	763	49
Corporate Activities and Other Segments and Eliminations	(177)	(58)	(119)
Total trade payables	**2,114**	**2,357**	**(243)**

  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 174 million euros for the fair value of the physical energy commodity contracts held in the Trading Portfolios, attributable for 143 million euros to the Electric Power Operations and for 31 million euros to Hydrocarbons Operations.
  The decrease in trade payables compared with December 31, 2011 (243 million euros) is mainly attributable to the price and volume dynamics commented earlier in these notes partially offset by an increase in the fair value of the Trading Portfolios (29 million euros).

- **Current taxes payable** of 26 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Srl). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 681 million euros, is as follows:

(in millions of euros)	06.30.2012	12.31.2011	Change
Amounts owed to shareholders	19	10	9
Amount owed to the controlling company in connection with the filing of a consolidated tax return	112	85	27
Amounts owed to joint holders of permits for hydrocarbon exploration	149	160	(11)
Payables for consulting and other services	51	32	19
Payables owed to Tax Administration (other than current tax payables)	52	11	41
Amount owed to employees	25	26	(1)
Liabilities stemming from the measurement at fair value of derivatives	174	179	(5)
Payables owed to social security institutions	22	21	1
Sundry items	77	79	(2)
Total other liabilities	**681**	**603**	**78**

33. Liabilities Held for Sale

This account, which totaled 829 million euros at the end of 2011, had a zero balance at June 30, 2012. The sale of Edipower Spa on May 24, 2012 accounts for this decrease.

For further information, see the Section entitled "Disclosure pursuant to IFRS 5", provided later in these Notes.

34. Eliminations of Assets and Liabilities from and to Discontinued Operations

The amounts recorded in December 31, 2011 were related to transaction with Edipower Spa, company sold on May 24, 2012.

(in millions of euros)	06.30.2012	12.31.2011	Change
Eliminations of assets			
Trade receivables	-	(15)	15
Other receivables	-	(1)	1
Current financial assets	-	(550)	550
Assets held for sale	-	(28)	28
Total eliminations of assets	**-**	**(594)**	**594**
Eliminations of liabilities			
Trade payables	-	(16)	16
Liabilities held for sale	-	(578)	578
Total eliminations of liabilities	**-**	**(594)**	**594**

NET FINANCIAL DEBT

At June 30, 2012, net financial debt totaled 3,189 million euros, or 695 million euros less than the 3,884 million euros owed at the end of 2011. Please note that about 684 million euros in proceeds from the sale of 50% of Edipower and 550 million euros from the repayment of a shareholders loan, provided by Edison Spa to Edipower at the end of December 2011, were collected in May 2012.

Consistent with the practice followed at the end of 2011, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	See note	06.30.2012	12.31.2011	Change
Bonds - non-current portion	29	1,795	1,793	2
Non-current bank loans	30	223	1,290	(1,067)
Amounts due to other lenders - non-current portion	30	42	44	(2)
Other non-current financial assets (*)	20	(74)	(77)	3
Medium/long-term net financial debt		**1,986**	**3,050**	**(1,064)**
Bonds - current portion	32	107	71	36
Short-term financial debt	32	1,663	1,167	496
Current financial assets (**)	23	(114)	(628)	514
Cash and cash equivalents	23	(453)	(291)	(162)
Short-term net financial debt		**1,203**	**319**	**884**
Financial debt held for sale	33	-	550	(550)
Financial asset held for sale	24	-	(35)	35
Net financial debt		**3,189**	**3,884**	**(695)**

(*) Included the long-term portion of financial receivables, as required by the adoption of IFRIC 4.
(**) At December 31, 2011 included a loan of 550 million euros owed to Edison Spa by Edipower Spa.

In addition to being driven by the collection of the proceeds from the sale of Edipower, the decrease in net financial debt (695 million euros) reflects the combined effect of the following factors:
- outlays for the period's capital expenditures (213 million euros);
- tax payments (90 million euros);
- net advances paid due to the activation of take-or-pay clauses in natural gas procurement contracts (43 million euros).

These factors, in addition to an increase in operating working capital (534 million euros) due partially to seasonal factors and to a lengthening of the time to collection, resulting from a change in the customer mix, could be offset in part by the period's cash flow from operating activities.

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

DISCLOSURE PURSUANT TO IFRS 5

Edipower Spa

Please note that, further to the agreement in principle for the corporate restructuring of Edison and Edipower reached by A2A, EDF, Delmi and Edison on December 26, 2011, Edison executed a preliminary agreement to sell its 50% equity interest in Edipower at a price of about 600 million euros. This sale transaction, which, pursuant to the relevant CONSOB Regulation qualifies as a highly material related-party transaction, is part of a more complex restructuring project that concerns Edison's control structure. One of the purposes of this transaction is the acquisition of control of Edison by EDF, through the purchase of the remaining equity stake in Transalpina di Energia. Basically, the transaction called for:

- EDF's purchase of 50% of Transalpina di Energia from Delmi Spa;
- purchase by Delmi Spa of 70% of Edipower sold (i) 50% by Edison for a price of about 600 million euros; (ii) 20% by Alpiq Energia Italia for a price of 200 million euros;
- the execution of a gas supply contract by Edison (supplier) and Edipower (customer), at market prices and with a term of six years, for a quantity of gas equal to 50% of Edipower's gas needs.

The execution of the agreement, following the approval of the sale of Edipower by the Board of Directors on January 24, 2012 and February 13, 2012, based on the favorable opinion rendered by the Independent Directors, who, in turn, relied on a fairness opinion provided by independent advisors, is conditional, in addition to receiving the approval of the relevant Antitrust Authorities, on the concurrent purchase by EDF of Delmi's 50% equity interest in Transalpina di Energia.

Please note that on April 4, 2012, the CONSOB addressed the issue of the restructuring transaction, recommending that the price of the tender offer for the Edison shares be set within an interval ranging between 0.84 euros per share and 0.95 euros per share, in the belief that the midpoint provides a useful reference point for balancing the interest of both parties.
Consequently, on May 5, 2012, the partners of Transalpina di Energia reconsidered the terms of the agreement and-having obtained a favorable ruling by the CONSOB, which, in a new communication dated May 3, 2012, found the choice of a price of 0.89 euros per share for the tender offer for the Edison shares "consistent with the adoption of the statutory criterion for the determination of the price for mandatory tender offers"-finalized an agreement calling for:

- A redefinition of Edipower's price, as result of which the consideration for the transfer to Delmi of the equity stake held by Edison in Edipower was set at about 684 million euros.
- The acquisition of a 50% stake in Transalpina di Energia at a price corresponding to 0.89 euros per Edison share.

Following the approval of the restructuring transaction by the relevant Antitrust Authorities on May 24, 2012, Edison sold its equity stake in Edipower to Delmi and, concurrently, EDF gained control of Edison through the acquisition of the entire capital of Transalpina di Energia, due to Delmi's sale of its equity stake in this company.

The redefinition of the sales price generated an economic benefit of 80 million euros, net of cost to sell, recognized in the first half 2012 in "Profit (Loss) from discontinued operations." The balance in this account also reflects the impact of the negative contribution from the tolling operations of Edipower Spa. The following table shows the "Profit (loss) from discontinued operations" at June 30, 2012.

Income Statement - 1st half 2012

(in millions of euros)	Discontinued Operations	Eliminations from and to Continuing Operations	1st half 2012	of which related and significant parties (*)
Sales revenues	238	-	238	-
Other revenues and income	-	-	-	-
Total net revenues	**238**	**-**	**238**	**-**
Raw materials and services used (-)	(290)	-	(290)	-
Labor costs (-)	-	-	-	-
EBITDA	**(52)**	**-**	**(52)**	
Net change in fair value of commodity derivatives	-	-	-	-
Depreciation, amortization and writedowns (-)	80	-	80	
EBIT	**28**	**-**	**28**	**-**
Net financial income (expense)	-	-	-	-
Income from (Expense on) equity investments	-	-	-	-
Other income (expense), net	-	-	-	-
Profit (Loss) before taxes	**28**	**-**	**28**	
Income taxes	22	-	22	
Profit (Loss) from discontinued operations	**50**	**-**	**50**	
Broken down as follows:			-	
- Minority interest in profit (loss) from discontinued operations	-	-	-	
- Group interest in profit (loss) from discontinued operations	**50**	**-**	**50**	

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

The table that follows shows the contribution of the Edipower CGUs to the Group's interest in the net aggregate result of the Edison system in the first half of 2011.

Income Statement - 1st half 2011

(in millions of euros)	Discontinued Operations	Eliminations from and to Continuing Operations	1st half 2011	of which related and significant parties (*)
Sales revenues	341	(4)	337	-
Other revenues and income	-	(1)	(1)	-
Total net revenues	**341**	**(5)**	**336**	**-**
Raw materials and services used (-)	(283)	5	(278)	-
Labor costs (-)	(21)	-	(21)	-
EBITDA	**37**	**-**	**37**	
Net change in fair value of commodity derivatives	-	-	-	-
Depreciation, amortization and writedowns (-)	(63)	-	(63)	
EBIT	**(26)**	**-**	**(26)**	**-**
Net financial income (expense)	(9)	-	(9)	-
Income from (Expense on) equity investments	3	-	3	-
Other income (expense), net	-	-	-	-
Profit (Loss) before taxes	**(32)**	**-**	**(32)**	
Income taxes	12	-	12	
Profit (Loss) from discontinued operations	**(20)**	**-**	**(20)**	
Broken down as follows:			-	
- Minority interest in profit (loss) from discontinued operations	-	-	-	
- Group interest in profit (loss) from discontinued operations	**(20)**	**-**	**(20)**	

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

Cash Flow Statement - 1st half 2011

(in millions of euros)	1st half 2011	of which related and significant parties (*)
A. Cash flow from discontinued operations	30	-
B. Cash used in investing activities from discontinued operations	(4)	-
C. Cash used in financing activities from discontinued operations	(82)	(8)
D. Net cash flow for the period from discontinued operations (A+B+C)	**(56)**	**-**

(*) Included commercial transactions with A2A and IREN Group and financial transactions with Mediobanca and Banca Popolare di Milano.

COMMITMENTS AND CONTINGENT RISKS

(in millions of euros)	06.30.2012	12.31.2011	Change
Guarantees provided	1,228	1,312	(84)
Collateral provided	195	231	(36)
Other commitments and risks	358	473	(115)
Total for the Group	**1,781**	**2,016**	**(235)**

Guarantees provided totaled 1,228 million euros at June 30, 2012. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet date, includes 113 million euros in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax credits. Guarantees provided by the Group's Parent Company to secure the performance of contractual obligations by its subsidiaries account for most of the balance. The decrease is due in part to the cancellation of some guarantees provided in connection with sales of equity investments executed in previous years.

Collateral provided, which amounted to 195 million euros, reflects the carrying amounts of the assets or rights pledged as collateral on the balance sheet date. This account includes collateral provided for liabilities listed on the balance sheet consists for the most part of mortgages and encumbrances granted on facilities of the Electric Power Operations to secure financing.

Other commitments and risks, which totaled 358 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad.
The main commitments are reviewed below:

- Commitments for future investments of about 14 million euros were recognized in connection with the execution of a farm-in agreement in the Falkland Islands.
- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs) / Emission Reduction Units (ERUs), for the 2008-2012 period, Edison Spa, the Group's Parent Company, signed the following contracts, for a commitment of up to 40 million euros:
  - Emission Reductions Purchase Agreement (ERPA) to purchase CERs in China by 2013, a 14-million-euro commitment;
  - Management Agreement with EDF Trading Ltd (EDF Carbon Fund) for the fixed-price purchase of CERs and ERUs by 2013, a 23-million-euro commitment;
  - Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013, a 3-million-euro commitment.
- With regard to long-term contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated minimum quantities and the quantity actually used, at June 30, 2012, Edison Spa carried advances to suppliers included in "Other assets" (Note 22) for 110 million euros, while the commitments of 79 million euros carried at December 31, 2011 were paid to the counterparties during the first half of 2012. Risk profiles and the economic recoverability of these receivables are periodically updated during the year.
- Edison Spa granted to:
  - Cartiere Burgo Spa a call option to purchase a 51% interest in Gever Spa. 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 (12 million euros);
  - Petrobras an option to buy its interest in Ibiritermo Sa, exercisable in 2022.
- For 16 million euros, a commitment undertaken by Edison Spa in connection with companies sold in previous years.

Unrecognized Commitments and Risks

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

1) The **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar, for a total supply of 15.5 billion cubic meters of natural gas a year. The duration of these contracts ranges between 7 and 22 years. The contract to import natural gas from Norway expired during the period.
   The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		within 1 year	from 2 to 5 years	over 5 years	Total
Natural gas	Billions of m^3	13.5	53.9	157.0	**224.4**

The economic data are based on prospective pricing formulas.

   Furthermore, contracts to import additional quantities of natural gas in future years included agreement to import natural gas from Algeria (*Protocolle d'accord*), signed with Sonatrach in November 2006, that calls for the supply of 2 billion metric cubic meters of natural gas a year through a new pipeline that will be built by the associate Galsi Spa.

2) With regard to the investment in Terminale GNL Adriatico Srl, a natural gas regasification company in which Edison Spa holds an interest of about 7.3% interest, the agreement between shareholders include the right for the other shareholders to buy the 7.3% interest held by Edison, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.
   Pursuant to the regasification contract, Edison benefits from access to 80% of the terminal's regasification capacity for remaining 22 years for an annual regasification fee estimated at about 100 million euros. With regard to the regasification fee payable, Edison's risk is limited to the following situations:
   - Edison has the right to cancel the regasification contract for force majeure events affecting the chain (upstream and midstream) of Terminale GNL Adriatico by paying an amount that may not be greater than the regasification fee payable for three years;
   - if a force majeure event affects Terminale GNL Adriatico, Edison will no longer be required to pay the regasification fee and may terminate the regasification contract after 36 months without being required to pay any amount;
   - in the event of a breakdown of the terminal that does not constitute a force majeure event, Edison will not be required to pay any regasification fee.

   In addition, Edison will receive compensation for damages by RasGas, its supplier, which will include the regasification fee, based on circumstances set forth in the contract.

3) Insofar as the **Electric Power Operations** are concerned, pursuant to the terms stipulated with the counterparty in connection with the sale of 51% interest in Dolomiti Edison Energy Srl, Edison holds a call option exercisable only if no extension of the hydroelectric concession held by Dolomiti Edison Energy Srl is granted by March 31, 2018.

As part of the agreements among the shareholders of RCS Mediagroup Spa 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 Pending Legal and Tax Disputes at June 30, 2012

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 those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the notes to the financial statements.
Legal disputes that could give rise to a probable liability for which a provision for risks was recognized in the balance sheet are reviewed below.

A) Edison Spa

European Commission - Antitrust Proceedings Against Ausimont

By a motion filed on September 1, 2011 and received by the Company on September 8, the European Commission appealed before the Court of Justice of the European Union a decision published on June 16, 2011, by which the European Union Court upheld the challenge filed by Edison and, consequently, set aside the decision by which the European Commission, alleging 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, ordered Edison to pay a fine of 58.1 million euros, including 25.6 million euros payable jointly with Solvay Solexis. In the interim, Edison having paid on a provisional basis in 2006 the amount of 45.4 million euros, which is equal to the sum of the entire fine levied on it and one-half of the fine levied jointly on Edison and Solvay Solexis, obtained from the Commission, by virtue of the abovementioned Court decision, the repayment of 32.5 million euros, which is the portion of the fine attributable to Edison exclusively.
The appellate proceedings are still pending before the Court of Justice of the European Union, which has yet to schedule a hearing for oral arguments. In case, it seems likely that the final decision will be published later in 2012.
The status of these proceedings confirms that, due to the effects of the abovementioned Court decision, they qualify as a contingent asset pursuant to IAS 37.

Stava Dam Disaster

By a decision published on May 2, 2011, the Court of Milan decided the remaining action filed by a party injured by the collapse of the Prestavel Dams in 1985, dismissing this party's claims against Montedison (now Edison) and allocating court costs to both parties. This decision is being challenged in an appeal filed on June 14, 2012.

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

Cesano Maderno Plant - Civil Lawsuits against the Other Parties to the Proceedings

By a decision published on June 6, 2011, the Court of Milan decided a lawsuit between Bracco Imaging (formerly Dibra), Syndial (formerly EniChem) and Edison (formerly Montecatini) concerning damages stemming from the sale by Montecatini of a portion of the Cesano Maderno factory, ordering Edison to pay to Bracco Imaging the amount of 7.6 million euros, plus accrued interest. Edison believes that this decision is unfair and is challenging it before the Milan Court of Appeals, which has not yet scheduled the initial hearing.

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

By a decision published on December 27, 2010, the Court of Venice decided the lawsuit filed 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. 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 in connection with the abovementioned criminal proceedings. In its decision, the Court denied all of the claims put forth by the plaintiffs, ordering that they pay all court costs. The plaintiffs have filed an appeal. A similar lawsuit pending before the Venice Court of Appeals, in which the hearing for filing final motions has been held, continued without noteworthy developments.

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

The oral argument phase started in the criminal proceedings pending before the Court of Mantua against certain former Directors and executives of Montedison Spa (now Edison) for the alleged harm caused to the health of plant workers (former Montedison employees), who were exposed to benzene and asbestos at the local petrochemical complex through 1989. At the latest hearing held on June 19, 2012, the Public Prosecutor introduced new facts, never mentioned before, either in the preliminary hearing phase or during oral arguments, that have the potential of altering the charges against the defendants. In response to this development, the Company objected stating that this request was inadmissible, asking instead that the proceedings revert to the preliminary hearing phase and, if appropriate, redefine the charges. The Court reserved the right to rule on this matter and adjourned the proceedings to October 5, 2012.

Crotone Factory - Criminal Proceedings for Personal Injuries Caused by Exposure to Asbestos

In the è proceedings stemming from investigations occurred in the relatively distant past launched by the Public Prosecutor of the Court of Crotone targeting eight former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with involuntary manslaughter and personal injuries caused by exposure to asbestos. The oral argument phase got under way in January 2012 and is still continuing.

Crotone Factory - Criminal Proceedings for Environmental Damages

The Public Prosecutor of the Court of Crotone launched an investigation targeting 35 individuals, including five former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with environmental crimes (unauthorized waste management, disaster and poisoning of the aquifer) for activities carried out from 1986 to 1990, while operating a local plant formerly owned by Montecatini. In connection with these proceedings, the Public Prosecutor filed a motion asking to be allowed to introduce evidence developed during the discovery phase. During the first hearing, which was held on May 3, 2012 before the Judge for Preliminary Investigations, expert appraiser were appointed, who are expected to file their expert opinion by October 2012.

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 Spa (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: Challenge of the Resolution Approving the Merger of Edison into Italenergia and Claim of Compensation for Damages

In the lawsuit filed by UBS AG and the Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of Edison and Italenergia Spa, in which the Court of Milan handed down a decision on July 16, 2008 that led to a settlement with UBS AG in

June 2009, the settlement offer made by the Company to some savings shareholders who, even though they failed to take legal action or take any other action that may have legal consequences, are nevertheless claiming compensation was accepted by parties holding about 65% of the shares. However, other claimants filed a legal action with the Lower Court of Milan, which ruled upholding the plaintiffs' complaints. The Company is appealing this decision before the Milan Court of Appeals, which has not yet scheduled the initial hearing.

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

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

Industrial Site in Bussi sul Tirino

Within the framework of the site remediation process that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, is implementing in accordance with Ministry Decree No. 471/1999 in connection with the contamination of the Bussi sul Tirino industrial property, Solvay Solexis and Solvay Chimica Bussi, the former in its capacity as the owner of the property, following Ausimont's merger by absorption, and the latter in its capacity as the current operator of the property, served notice on Edison that they filed a series of administrative complaints with the Regional Administrative Court of Latium - Rome seeking, among other remedies, a stay and the subsequent voiding of the administrative decisions pursuant to which they are responsible for implementing activities to ensure the safety and remediation of the abovementioned property, insofar as these decisions fail to list Edison as a liable (or jointly liable) party in the abovementioned proceedings. Edison filed defense briefs contesting in fact and law the complainant's conclusions. In March 2011, the Regional Administrative Court of Latium handed down a decision ruling that part of the complaints filed by Solvay Chimica Bussi and Solvay Solexis were inadmissible and dismissed other complaints. In June 2011, Solvay Chimica Bussi and Solvay Solexis appealed this decision to the Council of State and Edison joined these proceedings putting forth the objections it already raised before the lower court. In the meantime, in the criminal proceedings filed by the Public Prosecutor of the Court of Pescara in connection with the environmental conditions at the abovementioned industrial site and the consequences on the aquifer, which is also used as a supply of drinking water, the Preliminary Hearing Judge, by a decision dated May 10, 2011, revised some the charges against the defendants (specifically, stating that they should be charged with polluting the aquifer and not with poisoning it) and ordered that they stand for trial before the Court of Pescara (instead of the Court of Chieti).

The first hearing, during which preliminary motions were filed, was held on March 12, 2012. At that hearing, the Public Prosecutor, concurring with the motion filed by the defendants, argued that the Court lacked jurisdiction with regard to these specific proceedings, due to fact that in the decree authorizing the trial there appear to be a contradiction between the section describing the actions of the defendants, with seem to be consistent with the charge of poisoning the aquifer, and the dispositive section, in which the same actions were defined as consistent with the charge of polluting it.

The Court ruled affirmatively with regard to the merit of Public Prosecutor's motion and, in finding that there was a contradiction, recognized its lack of jurisdiction.

Consequently, the Court handed down a decision ordering that the records of the proceedings be provided to the Public Prosecutor, so that, in order to ensure that the right of the defendants to defend themselves is fully protected, he may reword the motion for indictment and a new preliminary hearing be held.

Spinetta Marengo Industrial Site

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

Also with regard to this industrial site, the local court's Public Prosecutor began an investigation targeting several individuals, including three former managers of Montedison (now Edison), alleging that they may have committed environmental crimes.

In these proceedings, the Preliminary Hearings Judge, by a decree dated January 16, 2012, indicted several individuals, including three former Montedison (now Edison) executives, for crimes against public safety and environmental crimes, ordering them to stand for trial before the Court of Alessandria. The trial was scheduled to begin in July 2012.

The same judge, by a decision handed down on the same date, denied a motion to introduce evidence developed during the discovery phase filed by the defense counsel of some defendants.

Solvay - Edison Arbitration

On May 7, 2012, Edison received a notice that Solvay Sa and Solvay Speciality Polimers Italy Spa were filing for arbitration due to alleged violations of certain representations and environmental guarantees provided by Montedison Spa regarding the industrial sites of Bussi sul Tirino and Spinetta Marengo in the contract for the sale of Agorà (Ausimont) to Solvay executed in 2002. The proceedings are in the discovery phase and the parties are in the process of designating their arbitrators. The arbitration proceedings, which will be carried out in accordance with the procedure adopted by the International Chamber of Commerce, will be held in Geneva and will be decided in accordance with the Italian laws applicable to the contract.

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), formerly the 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 Court of Cassation 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 these properties, proceeded through the various levels of the judicial system.

Multiutility vs Edison Energia Spa

In the lawsuit filed by Multiutility Spa against Edison Energia Spa for alleged failure to comply with multiple obligations arising from contracts executed by the two companies in 2004, 2005 and 2006 involving the wholesale supply of electric power, the Court of Milan handed down a decision, on April 12, 2012, denying the claims put forth by the plaintiff and ordering the plaintiff to pay all court costs.

Montedison Srl - Property in Bussi sul Tirino

Within the framework of the administrative proceedings launched with regard to the state of contamination of an industrial property owned by Montedison Srl adjacent to the industrial site in Bussi sul Tirino operated by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, negotiations with the Delegated Commissioner appointed by the Council of Ministers, without Montedison Srl altering its claim to the status of guiltless owner, resulted in an agreement regarding the financial contribution provided for the emergency projects required to ensure the safety of the property. In addition, there were no significant new developments in the two separate appeals filed with the Regional Administrative Court by Montedison Srl, which never operated any activity at the property in question.

* * * * *

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”, as amended), 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 subjective 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 activities pursued 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 and Group’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

Following a ruling by which the Court of Cassation set aside a decision by the Court of Appeals of Turin in the trial for injuries caused by exposure to asbestos dust at a Verbania plant formerly owned by Montefibre Spa, the new trial pending before the Turin Court of Appeals ended in December 2011 with a full acquittal of the defendants. The Court has not yet filed the report detailing its decision.

Verbania Factory/2 - Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust

By a decision the conclusions of which were read and published on July 19, 2011, the Court of Verbania acquitted of all charges the defendants charged with the crimes of involuntary manslaughter and involuntary personal injuries caused in connection with the death or illness of other employees allegedly caused by exposure to asbestos in different forms at the Verbania factory. The deadline by which an appeal may filed has not yet expired.

ACEA Unfair Competition

There were no significant developments requiring disclosure in the lawsuit filed by ACEA Spa before the Court of Rome against several parties, including AEM Spa (now A2A Spa), EdF Sa, Edipower Spa and Edison Spa, which is still in the discovery phase. ACEA alleges that the acquisition of joint control of Edison by EdF and AEM constitutes a violation of the 30% ceiling in the ownership of Edipower 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 and EdF be ordered to pay damages and take the actions necessary to void the consequences of their actions (such as the proportional divestment of equity interests held in excess of the abovementioned ceiling and the prohibition to receive energy produced by Edipower in excess of the corresponding allowable quantity).

Pagnan vs Edison

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

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

In the proceedings filed by the Public Prosecutor of Modica against several parties, including some Edison Directors and executives, in connection with the alleged pollution caused by the Vega Oil vessel, the preliminary hearing phase ended on June 6, 2012 with a decree indicting the defendants. A hearing for oral arguments has been scheduled for October 15, 2012.

Meraklon/Edison - Edison Energia Spa Dispute

The lawsuit filed by Meraklon against Edison Energia Spa and Edison Spa in relation to a contract to supply electric power to Meraklon's plant in Terni, following Meraklon's challenge of an injunction issued by the Court of Milan in favor of Edison Energia Spa for the purpose of collecting receivables owed pursuant to the abovementioned contract was interrupted upon the plaintiff becoming eligible for extraordinary administration proceedings. In the course of the abovementioned proceedings, Meraklon sued Edison Energia Spa and Edison Spa (the original counterpart in the abovementioned supply contract), putting forth a series of counterclaims against both companies in connection with disputes concerning the supply of electric power, heat and other utilities to the Terni factory. At the request of the companies involved, the proceedings resumed before the Court of Milan.

Angelo Rizzoli/Edison et al.

On September 25, 2009, Angelo Rizzoli sued before the Court of Milan Edison (as assign for Iniziativa Meta Spa), RCS Media Group, Mittel and Giovanni Arvedi in connection with the purchase in 1984 by the abovementioned parties of a controlling interest in Rizzoli Editore (owner of the *Corriere della Sera* newspaper). Intesa San Paolo was also sued, in its capacity as assign for Banco Ambrosiano. The purpose of the lawsuit was to obtain that the contracts that resulted in the abovementioned purchase be found to be and declared null and void and that the defendants be ordered to make restitution by paying the financial equivalent of the rights and equity interests subject of the abovementioned contracts.

By a decision published on January 11, 2012, the Court of Milan denied all of the plaintiff's claims, ordering the plaintiff to refund all litigation costs incurred by the defendants, which, in Edison's case, were quantified at about 1.3 million euros. The Court also ordered Angelo Rizzoli, for liability aggravated by unlawful court conduct pursuant to Article 96 of the Code of Civil Procedure, to pay to each of the defendants, including Edison, the sum of 1.3 million euros.

The losing party is challenging this decision before the Milan Court of Appeals and both parties are now waiting for a hearing to be scheduled.

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

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

Cartel Damage Claims - Ausimont: Claim for Damages

In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Dusseldorf in which Cartel Damage Claims Hydrogen Peroxide Sa, a Belgian company specialized in class action lawsuits, is claiming compensation for alleged damages to competition caused by the members of a cartel for the production and distribution of peroxides and perborates on which the European Commission levied a fine in 2006.

Edison is being sued due to Ausimont's involvement in the antitrust proceedings launched by the Commission. The proceedings are currently in the preliminary phase, in the course of which the judge decided that the complex jurisdictional issues raised by all parties to the proceedings should be submitted to the European Court of Justice.

* * * * *

The developments that affected the status of the main tax disputes in the first half of 2012 are reviewed below. The Consolidated Financial Statements at December 31, 2011 should be consulted for a complete description.

Old Calcestruzzi Spa - Tax Assessments for 1991 and 1992

The disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years of Calcestruzzi Spa (absorbed by and now part of Edison Spa) were reinstated before the Regional Tax Commission of Emilia Romagna following a ruling handed down by the Court of Cassation in 2008 overturning an earlier decisions by the Regional Tax Commission that was favorable to the Company and reinstating the proceedings before the lower court.

Oral arguments concerning the reinstated complaints were heard in May. The decision that was handed down on July 9, 2012 was substantially unfavorable for the company because, beside allowing some minor recoveries, found that the transaction involving the beneficial ownership of shares executed at the intercompany level could not be used a shield against the Revenue

Administration and upheld in full the penalties, as the judges failed to take into consideration recent decisions in which the Court of Cassation acknowledged that administrative penalties are not applicable to “abuse of law” situations, when objections to such situations are raised in the course of judicial proceedings. The Company, based on the advice of counsel, will consider the possibility of again petitioning the Court of Cassation, but not merely with regard to the issue of the upheld penalties. The existing provision was increased to cover all of the effects of the abovementioned court decision, even though it has not yet become final.

Edison Spa - Disputed Municipal Property Taxes on Offshore Hydrocarbon Production Platform

In past years, some municipal administrations on the Adriatic coast (Termoli and Porto Sant’Elpidio) charged Edison Spa with having failed to pay municipal property taxes on some hydrocarbon production platforms located in territorial waters of the Adriatic Sea at locations facing the abovementioned towns. The Company, comforted also by the position taken by the Territorial Agency on some issues, contested the claims of the municipal administrations before the relevant Tax Commissions arguing, inter alia, the lack of taxing power beyond the shoreline by the municipal administration, the fact that the platform cannot be listed on the cadastral rolls and, consequently, are not subject to property tax. All of the decisions handed down thus far by the Provincial Tax Commissions have been in the Company’s favor. Tax claims for some years have not yet been reviewed by the Tax Commissions and, in some other cases, the proceedings are pending before a Regional Commission, following appeals by the municipal administration. Based in part on the evolution of these disputes, the Company did not find it necessary to recognize a provision for risks.

Edison Spa - IRES and IRAP Assessments for 2005 and 2006

In December 2011, following the audit performed by the Revenue police and based on the issues formally raised in the official tax audit report at the end of the audit, the Revenue Agency – Regional Lombardy Division - Office of Major Taxpayers, served Edison Spa, both individually and as the corporate income tax consolidating entity, with corporate income tax (IRES) and regional taxes (IRAP) notices of assessment for 2005 contesting the deductibility of costs incurred with black-listed suppliers (mainly Swiss).

Also in December 2011, Edison Spa was served with IRES and IRAP notices of assessment for 2006, which disallowed expenses found to be “not attributable” to the year in which they were deducted, but nevertheless deductible in another tax period, and costs that were not deductible because they were incurred with black-listed suppliers (mainly Swiss).

A similar IRES notice of assessment was served on Transalpina di Energia Srl in its capacity as the lead company for the 2006 IRES consolidated return in which Edison Spa was included.

After unsuccessfully attempting to reach a negotiated settlement, the companies challenged all of the abovementioned assessments.

A provision for risks of 4.7 million euros was recognized to cover potential costs resulting from the abovementioned notice of assessment.

Edison Spa - Assessment of Registration Fees for 2008

In June 2011, the Milan Provincial Tax Commission upheld in its entirety the appeal filed by the Company challenging the payment notice for proportional registration, mortgage and cadastral fees, totaling about 11 million euros, in connection with a transaction involving the conveyance of business operations executed in 2008.

The Revenue Agency appealed this decision in January 2012; the Company duly joined the proceedings. A hearing in the appellate proceedings has been scheduled for November 2012.

Edison Trading Spa - IRES and IRAP Assessments for 2005 and VAT Assessments for 2005 and 2006

The IRES and IRAP assessments for 2005, which were notified in December 2010, concerned mainly expenses found to be "not attributable" to the year in which they were recognized deducted, but were nevertheless inherent and effective, were challenged by the Company before the Milan Provincial Tax Commission. A hearing to discuss this issue has not yet been scheduled.

In 2011, second-level assessments were notified to Edison Spa, in its capacity as lead company of the consolidated IRES return, which included Edison Trading Spa in 2005, and to Edison Trading itself. These assessment were also challenged and the Milan Provincial Tax Commission, by a decision filed at the end of June 2012, upheld the combined challenges, finding that the assessments were illegitimate, having been filed past the deadline by which the Revenue Administration may pursue assessment actions.

The VAT assessment for 2005, which was notified in 2010 and concerns the alleged failure to issue invoices for green certificates delivered for offsetting purposes by Edison Trading Spa to Edipower Spa in order to meet the requirements applicable to the energy produced pursuant to the Tolling Contract, was voided by a decision handed down in October 2011 by the Milan Provincial Tax Commission. The Revenue Agency appealed this decision in May 2012.

The Company is challenging the VAT assessment for 2006, which was notified in December 2011, concerning the alleged failure to issue invoices for green certificates delivered to Edipower pursuant to the Tolling Contract. Upon filing its complaint, the Company also filed a motion asking that the enforcement of the assessment be suspended. The Provincial Tax Commission granted the motion for suspension and scheduled a hearing for oral arguments for June 2012. The merit decision has not yet been filed.

A provision for risks of 6.3 million euros has already been established to cover potential charges. No provision was recognized with regard to the assessments for VAT and Green Certificates.

GROUP FINANCIAL RISK MANAGEMENT

This Section describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions credits, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). A more detailed description of these issues is provided in Consolidated Financial Statements at December 31, 2011.
In accordance with IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

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

Consistent with its Energy Risk Policies, the Edison Group manages this risk within the limit of an Economic Capital amount - measured in terms of Profit at Risk (PaR[2]) - approved by the Board of Directors for the Industrial Portfolio, including both transactions that hedge contracts to buy or sell commodities and the Group's production and assets. The Economic Capital represents the risk capital, stated in millions of euros, available to hedge market risks.

A simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedge) while others qualify as Economic Hedge, to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives.
The Italian forward market for electric power does not yet meet IFRS requirements to qualify as an active market. Specifically, both the Over The Counter (OTC) markets operated by brokerage firm (e.g., TFS) and those operated by *Borsa Italiana* (IDEX) and by the *Gestore dei Mercati Energetici* (MTE) lack sufficient liquidity for peak and off-peak products and for maturities longer than one year.
Consequently, market price data obtained from those markets should be viewed as input for the internal valuation model used at fair value the abovementioned products.

The table below shows the maximum negative variance in the fair value of outstanding financial derivatives expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at June 30, 2012, which is 126.5 million euros (106.8 million euros at June 30, 2011).

Profit at Risk (PaR)	1st half 2012		1st half 2011	
	Level of probability	Expected negative variance in fair value (in millions of euros)	Level of probability	Expected negative variance in fair value (in millions of euros)
Edison Group	**97.5%**	**126.5**	**97.5%**	**106.8**

The corresponding value at December 31, 2011 was 85.6 million euros.

In other words, compared with the fair value determined for hedging derivatives contracts outstanding at June 30, 2012, the probability of a negative variance greater than 126.5 million euros by the end of 2012 is limited to 2.5% of the scenarios.

The increase compared with the level measured at June 30, 2011 is due mainly to an increase in the net volume of financial contracts executed to hedge forward sales for 2012 and 2013.

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

The hedging strategy deployed in the period enabled the Group to comply with its risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital. Without hedging, the average amount of Economic Capital absorbed in the first half of 2012 by the Industrial Portfolio would have been equal to 55% of the approved limit, with a peak of 80% in January 2012. With hedging, the average amount of Economic Capital absorbed in the first half of 2012 by the Industrial Portfolio was 48%, with a peak of 74% in January 2012.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from the Group's Industrial Portfolio. Trading Portfolios are monitored based on strict risk ceilings. Compliance with these ceilings is monitored by an organizational unit independent of the trading unit. The daily Value-at-Risk (VaR[3]) limit with a 95% probability on the Trading Portfolios is 3.9 million euros at June 30, 2012, with a stop loss limit of 20.2 million euros. The VaR limit was 34% utilized at June 30, 2012, with an average utilization of 50% for the period.

As is the case for the Industrial Portfolio, an Economic Capital that represents the total risk capital available to support the market risks entailed by trading activities is allocated to the entire set of Trading Portfolios. In this case, the Economic Capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for possible illiquid positions. The Economic Capital ceiling for the entire set of Trading Portfolios is 60.5 million euros. This limit was 38% utilized at June 30, 2012, with an average utilization of 56% for the period.

2. Foreign Exchange Risk

The foreign exchange risk arises from the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through indexing formulas. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk). Lastly, fluctuations in foreign exchange rates have an impact on consolidated results and on shareholders' equity attributable to Parent Company shareholders because the financial statements of subsidiaries denominated in a currency other than the euro are translated into euros from each subsidiary's functional currency (translational risk).

The foreign exchange risk management objectives are described in specific Foreign Exchange Risk Policies. The exposure to the economic and transactional risk entailed by commodity trading activities is managed in accordance with specific limits and strategies (see the preceding section in this regard). Also with regard to the transactional risk, the Group manages centrally, under the coordination of the Finance Department, its exposure to the foreign exchange risk for some cash flows in foreign currencies (mainly U.S. dollars) concerning international investments in exploration and development projects by the hydrocarbons operations and, for limited amounts, purchases of other goods and services. Lastly, the Group is only marginally exposed to the translational risk in connection with the translation of the results, assets and liabilities in the financial statements of some foreign subsidiaries.

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs. Consequently, it values on a regular basis its exposure to the risk of fluctuations in interest rates, which it manages with hedging derivatives, some of which qualify for

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

hedge accounting under IAS 39 (Cash Flow Hedges and Fair Value Hedges), while others qualify as Economic Hedges. The Euribor is the interest rate to which the Group has the largest exposure.

Gross Financial Debt	06.30.2012			12.31.2011		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (included structures with CAP)	1,851	1,287	34%	1,855	1,297	30%
- variable rate portion	1,979	2,543	66%	2,510	3,068	70%
Total gross financial debt (*)	**3,830**	**3,830**	**100%**	**4,365**	**4,365**	**100%**

(*) This amount at December 31, 2011 does not include the current financial debt of Edipower Spa, amounting to 550 million euros, classified under "Liabilities held for sale".
For a breakdown of gross financial debt see the "Liquidity risk" section of this Report.

Considering that, at June 30, 2012, the Group held 453 million euros in liquid assets earning interest at market rates, when the abovementioned percentages are computed based on net financial debt, including outstanding derivative transactions, they become about 38% (fixed rate) and about 62% (variable rate), respectively.

The interest risk exposure analyzed in the preceding table can be explained when one takes into account the policy pursued by the Group to manage its financial structure and corresponding costs as it relates to the trend in market interest rates. The Group's strategy is to combine fixed-rate bond issues, which are the most stable source for the procurement of financial resources, a brief description of which is provided later in these Notes in the table included in the paragraph "Default Risk and Debt Covenants", with interest rate swaps, negotiated with a six-month Euribor benchmark and classified as Fair Value Hedges. In addition, in order to have a source of funds protected from a rise in interest rates without giving up the benefits provided by short-term rates, the Group negotiated derivative structures that currently enable it to stay floating within a contractually established cap and floor.
It is worth mentioning that against bond issues outstanding for a total notional amount of 1,800 million euros, the Group negotiated 1,325 million euros in Interest Rate Swap and 1,225 million euros in derivative structures, including 500 million euros in the second quarter of 2012.
This strategy made it possible to benefit from lower borrowing costs, as the variable short-term rate was lower than the fixed coupon rate of the outstanding bond issues.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2012 and provides a comparison with the same period in 2011.

Sensitivity analysis	1st half 2012			06.30.2012		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	**68**	**55**	**41**	**-**	**-**	**-**

Sensitivity analysis	1st half 2011 (*)			12.31.2011		
(in millions of euros)	Impact on the income statement (P&L)			Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	67	57	44	-	-	-

(*) Included Edison's pro rata share of Edipower Spa's amounts.

4. Credit Risk

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

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

Edison Group is currently a party to contracts assigning receivables without recourse on a monthly and quarterly revolving basis. The receivables assigned without recourse during the first half of 2012 totaled 2,482 million euros. At June 30, 2012, the amount of receivables that were exposed to the risk of recourse was not material.
Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison Group deals only with entities with a high credit rating. At June 30, 2012, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment.

The table below provides an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The increase in receivables outstanding at June 30, 2012, compared with December 31, 2011, is largely due to the price effect, the time required to collect receivables from customers in the Retail and Public Administration segments, which continues to be longer than contractually stipulated, and to the growth of the Group's international activities in Egypt and Greece, albeit penalized by the local economic and political situation.

(in millions of euros)	**06.30.2012**	**12.31.2011**
Gross trade receivables	3,484	3,293
Allowance for doubtful accounts (-)	(154)	(141)
Trade receivables	**3,330**	**3,152**
Guarantees held (*)	624	718
Receivables 9 to 12 months in arrears	57	68
Receivables more than 12 months in arrears	293	205

(*) Including 168 million euros to hedge receivables outstanding at June 30, 2012.

Specifically with regard to the past-due receivables owed in Egypt at June 30, 2012 by the Egyptian General Petroleum Corporation (EGPC) (172 million euros), the Group is currently negotiating extended payment terms with EGPC. Moreover, management decided that it was appropriate to discount these trade receivables to present value using a rate that adequately reflects the country risk for Egypt, with a total effect of 10 million euros, including about 7 million euros recognized as financial expense.
As for the activities operated in Greece, which show gross trade receivables of 82 million euros (Edison's pro rata share, including 60 million euros past due), even though at the operating working capital level the situation is balanced by the level of trade payables (Edison's pro rata share of 65 million euros at June 30, 2012), management decided that it was appropriate to recognize an allowance for doubtful accounts of 4 million euros (Edison's pro rata share).

5. Liquidity Risk

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

Worst case scenario (in millions of euros)	06.30.2012			12.31.2011		
	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	30	40	2,008	16	53	2,025
Financial debt and other financial liabilities	23	1,492	212	39	834	1,330
Trade payables	2,091	23	-	2,252	105	-
Total	**2,144**	**1,555**	**2,220**	**2,307**	**992**	**3,355**
Guarantees provided to third parties (*)	**682**	**265**	**281**	760	203	349

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

Financial debt due within one year, which amounted to 1,585 million euros, includes the following items:

- 1,450 million euros drawn from a syndicated standby credit line with a face amount of 1,500 million euros provided to Edison Spa that matures in April 2013;
- 70 million euros in accrued interest payable on outstanding bond issues;
- 65 million euros in principal repayments for facilities with an amortization plan and accrued interest payable on the entire debt amount.

At June 30, 2012, the Group held liquid assets totaling 453 million euros and had access to unused committed credit lines amounting to 754 million euros, of which 700 million euros originating from the club-deal facility provided to Edison Spa in June 2011 (expiration date at September 2012) and 50 million euros from a standby facility of 1,500 million euros provided to Edison Spa and expiring in 2013.

Financial debt due after one year totaled 2,220 million euros, including 2,008 million euros for bond issues (with a face amount of 1,800 million euros plus accrued interest) and 212 million euros for "Financial debt and other financial liabilities".

In June, following the corporate restructuring of this past May 24, Edison, acting in concert with EDF, its reference shareholder, launched a process to redefine its internal organizational model, which is still ongoing, and is laying the foundations to ensure that the Group's total debt can be refinanced with medium/long-term maturities. Please note that, in any event, the financial obligations maturing in 2012 can be easily covered with the existing liquidity and unused credit lines, which became available following the sale of the equity stake held in Edipower on May 24, 2012.

The table that follows provides a breakdown by maturity of the Group's gross financial debt at June 30, 2012. 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.

(in millions of euros)	06.30.2013	06.30.2014	06.30.2015	06.30.2016	06.30.2017	After 5 years	Total
Bonds	107	(2)	1,199	(1)	(1)	600	1,902
Financial debt and other financial liabilities:							
- due to banks	1,518	161	11	11	9	31	1,741
- due to other lenders	145	12	5	5	5	15	187
Gross financial debt	**1,770**	**171**	**1,215**	**15**	**13**	**646**	**3,830**

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" paragraph above). The following three bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at June 30, 2012:

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

Outstanding debt obligations of the Group include non-syndicated facilities totaling 875 million euros (including a 700-million-euro facility provided to Edison on a club-deal basis in June 2011 and fully available at June 30, 2012) and syndicated facilities amounting to 1,588 million euros, the unused portion of which was 54 million euros at June 30, 2012.

With regard to the transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing changed compared with December 31, 2011. Additional information can be found in the extensive remarks provided in the notes to the Consolidated Financial Statements at December 31, 2011.

At present, the Group is not aware of the existence of any default situation.

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

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

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

Fair Value Hierarchy According to IFRS 7

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

The IFRS 7 ranking is based on the following hierarchy:

- **Level 1**: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2**: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g., forward contracts or swaps in futures markets).
- **Level 3**: Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At the moment, there are two types of instruments that are included in this category, unchanged compared with December 31, 2011.

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

Instruments Outstanding at June 30, 2012

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

- fair value hierarchy;
- 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 Risk Management

(in millions of euros)	Fair Value Hierarchy (****)	Notional amount (*) due within 1 year	due between 2 and 5 years	due after 5 years	Balance sheet value (**)	Cumulative impact on the income statement at 06.30.2012 (***)
Interest rate risk management:						
- Cash Flow Hedges in accordance with IAS 39	2	2	2	-	-	-
- Fair Value Hedges in accordance with IAS 39	2	-	725	600	86	86
- contracts that do not qualify as hedges in accordance with IAS 39	2	507	779	-	(13)	(13)
Total interest rate derivatives		**509**	**1,506**	**600**	**73**	**73**

		due within 1 year receivable	due within 1 year payable	due between 2 and 5 years receivable	due between 2 and 5 years payable	due after 5 years receivable		
Foreign exchange rate risk management:								
- contracts that qualify as hedges in accordance with IAS 39:								
- on commercial transactions	2	1,213	(845)	477	(67)	-	(12)	(1)
- on financial transactions	-	-	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:								
- on commercial transactions	2	252	(80)	-	(1)	-	(4)	(4)
- on financial transactions	2	12	-	-	-	-	-	-
Total foreign exchange rate derivatives		**1,477**	**(925)**	**477**	**(68)**	**-**	**(16)**	**(5)**

(*) 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 of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 7."

B) Commodity Risk Management

	Fair Value Hierarchy (****)	Notional amount (*)				Balance sheet value (**)	Cumulative impact on the income statement at 06.30.2012 (***)
		Unit of measure	Due within one year	Due within two years	Due after two years	(in millions of euros)	(in millions of euros)
Price risk management for energy products							
A. Cash Flow Hedges pursuant to IAS 39, broken down as follows:						**28**	**1**
- Electric power	2/3	TWh	1.31	-	-	-	-
- Natural Gas	3	Millions of therms	(18.0)	(12.9)	-	-	-
- LNG and oil	2	Barrels	(633,575)	4,570,400	550,100	28	1
B. Contracts that qualify as Fair Value Hedges pursuant to IAS 39						**-**	**-**
C. Contracts that do not qualify as hedges pursuant to IAS 39, to hedge margins:						**6**	**6**
- Electric power	2/3	TWh	0.31	-	-	-	-
- LNG and oil	2	Barrels	(606,405)	-	-	2	2
- CO_2	2	Millions of tons	-	2.56	0.56	4	4
Total						**34**	**7**

(*) + 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 of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 7."

C) Trading Portfolios

	Fair Value Hierarchy (****)	Notional amount (*)				Balance sheet value (**)	Cumulative impact on the income statement at 06.30.2012 (***)
		Unit of measure	Due within one year	Due within two years	Due after two years	(in millions of euros)	(in millions of euros)
Derivatives						**3**	**3**
- Electric power	1/2	TWh	2.54	1.28	0.36	(2)	(2)
- LNG and oil	1/2	Barrels	(5,000)	(5,000)	-	-	-
- Natural Gas	2/3	Millions of therms	(23.2)	(2.3)	-	3	3
- CO_2	1/2	Millions of tons	(1.19)	0.10	-	2	2
Physical contracts						**26**	**26**
- Electric power	2/3	TWh	(1.54)	(1.03)	(0.40)	25	25
- Natural gas	2/3	Millions of therms	121.5	1.5	-	1	1
Total						**29**	**29**

(*) + 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 of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 7."

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the first half 2012

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at June 30, 2012, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair Value recognized for contracts outstanding at 31.12.2011 (B)	Portion of (B) contracts realized during the period (B1)	Fair Value recognized for contracts outstanding at 06.30.2012 (C)	Change in fair value in the period (D)=(C–B)	Amounts recognized in earnings (A+D)
Sales revenues, Other revenues and income and Net change in fair value of commodity derivatives (see Notes 1, 2 and 6 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	62	1	1	1	-	62
- not definable as hedges pursuant to IAS 39	7	21	20	7	(14)	(7)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	2	-	-	-	-	2
Margin on physical trading activities						
- Sales revenues from physical contracts included in the Trading Portfolios (***)	2.217	159	95	200	41	2,258
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(2,199)	(145)	(78)	(174)	(29)	(2,228)
Total margin on physical trading activities	*18*	*14*	*17*	*26*	*12*	*30*
Total (A)	**89**	**36**	**38**	**34**	**(2)**	**87**
Raw materials and services used and Net change in fair value of commodity derivatives (see Notes 3 and 6 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(74)	-	-	-	-	(74)
- not definable as hedges pursuant to IAS 39	(9)	(19)	(19)	(1)	18	9
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(23)	-	-	(1)	(1)	(24)
- not definable as hedges pursuant to IAS 39	(4)	(5)	(3)	(3)	2	(2)
Margin on financial trading activities						
- Other revenues and income from derivatives included in the Trading Portfolios (****)	42	78	31	81	3	45
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(40)	(70)	(32)	(78)	(8)	(48)
Total margin on financial trading activities	*2*	*8*	*(1)*	*3*	*(5)*	*(3)*
Total (B)	**(108)**	**(16)**	**(23)**	**(2)**	**14**	**(94)**
TOTAL INCLUDED IN EBIT (A+B)	**(19)**	**20**	**15**	**32**	**12**	**(7)**
Interest rate hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	6	48	2	86	38	44
- not definable as hedges pursuant to IAS 39	5	5	1	6	1	6
Total financial income (C)	**11**	**53**	**3**	**92**	**39**	**50**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(19)	-	-	-	-	(19)
- not definable as hedges pursuant to IAS 39	(5)	(13)	-	(19)	(6)	(11)
Total financial expense (D)	**(24)**	**(13)**	**-**	**(19)**	**(6)**	**(30)**
Margin on interest rate hedging transactions (C+D)=(E)	**(13)**	**40**	**3**	**73**	**33**	**20**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	30	1	1	-	(1)	29
Total foreign exchange gains (F)	**30**	**1**	**1**	**-**	**(1)**	**29**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(15)	-	-	(1)	(1)	(16)
Total foreign exchange losses (G)	**(15)**	**-**	**-**	**(1)**	**(1)**	**(16)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**15**	**1**	**1**	**(1)**	**(2)**	**13**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE)(E+H) (see Note 8 to the Income Statement)	**2**	**41**	**4**	**72**	31	33

(*) Includes the effective portion included in "Raw materials and services used" (Note 3 to the Income Statement) for purchases of natural gas.
(**) Includes the ineffective portion.
(***) Amounts included in "Sales revenues" (Note 1 to the Income Statement) under margin on physical trading activities.
(****) Amounts included in "Raw materials and services used" (Note 3 to the Income Statement) under margin on financial trading activities.
(&) Includes the fair value adjustment of trading inventories, the carrying amount of which was virtually nil at June 30, 2012.

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

(in millions of euros)	06.30.2012		12.31.2011	
	Receivables	Payables	Receivables	Payables
Foreign exchange transactions	35	(51)	23	(61)
Interest rate transactions	91	(18)	53	(13)
Commodity transactions	360	(297)	311	(263)
Fair value recognized as current assets or current liabilities	**486**	**(366)**	**387**	**(337)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	200	(174)	159	(145)
- recognized as "Other receivables and payables"	195	(174)	175	(179)
- recognized as "Current financial assets" and "Short-term financial debt"	91	(18)	53	(13)

With regard to these items, please note that a positive Cash Flow Hedge reserve amounting to 16 million euros, before the corresponding deferred-tax assets and liabilities, was recognized in connection with the receivables and payables shown above.

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 and their classification on the fair value hierarchy, 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, 2012.

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

Financial instrument type	Criteria applied to value financial instruments in the financial statements										
(in millions of euros)	**Financial instruments valued at fair value**							**Financial instruments valued at amortized cost**	**Equity investments valued at cost**	**Carrying value at 06.30.2012**	Fair Value at 06.30.2012
	with change in fair value recognized in:			**Total Fair Value**	Fair Value Hierarchy (notes a, b, c)						
	earnings	equity			1	2	3				
				(A)				**(B)**	**(C)**	**(A+B+C)**	
	(a)	(b)	(c)				(m)	**(d)**	**(e)**		
ASSETS											
Available-for-sale equity investments, including:											
- unlisted securities	184	-	-	**184**	-	-	184	**-**	**5**	**189**	n.a.
- listed securities	4	-		**4**	4	-	-	**-**	**-**	**4**	4
										193	
Other financial assets (g) (l)	-	-	-	**-**	-	-	-	**78**	**-**	**78**	78
Other assets (l)	-	-	-	**-**	-	-	-	**124**	**-**	**124**	124
Trade receivables (i) (l)	200	-	-	**200**	-	186	14	**3,130**	**-**	**3,330**	3,330
Other receivables (f) (l)	88	107	-	**195**	26	165	4	**482**	**-**	**677**	677
Current financial assets (f) (h) (l)	95	-	-	**95**	4	91	-	**19**	**-**	**114**	114
Cash and cash equivalents (l)	-	-	-	-	-	-	-	**453**	**-**	**453**	453
LIABILITIES											
Bonds (current and non-current)	1,861	-	-	**1,861**	-	1,861	-	**41**	**-**	**1,902**	1,881
Financial debt (current and non-current) (f) (l)	18	-	-	**18**	-	18	-	**1,910**	**-**	**1,928**	1,924
Trade payables (i) (l)	174	-	-	**174**	-	164	10	**1,940**	**-**	**2,114**	2,114
Other liabilities (f) (l)	83	91	-	**174**	26	147	1	**507**	**-**	**681**	681

(a) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.
(b) Cash flow hedges.
(c) Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.
(d) Loans, receivables and financial liabilities valued at amortized cost.
(e) 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.
(f) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(g) Includes 74 million euros in loans receivable classified as long term following the adoption of IFRIC 4.
(h) Includes equity investments held for trading.
(i) Includes receivables and payables from the measurement at fair value of physical contracts in Trading Portfolios.
(l) 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.
(m) The fair value classified at Level 3 is recognized, in the amount of 4 million euros, as part of the physical trading margin (14 million euros as revenues and 10 million euros as costs) and 3 million euros as part of the financial trading margin (4 million euros as revenues and 1 million euros as costs).

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related and significant parties(*) affecting the income statement and balance sheet that were outstanding at June 30, 2012 are reviewed below. The information provided is sufficient to meet the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms that were consistent with standard market practices.

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

Please note that, as a result of the corporate restructuring of the Edison Group completed on May 24, 2012, the Group's reference related parties have changed. More specifically, following the sale of Edipower Spa to Delmi and EDF's acquisition of the entire share capital of Transalpina di Energia through its purchase of the equity stake held by Delmi, EDF gained control of Edison and is now its reference shareholder. For further information, please see the section entitled "Disclosure pursuant to IFRS 5".
Consequently, the table below shows:
- income statement transactions executed with companies of the A2A Group, the IREN Group, the SEL Group, the Dolomiti Energia Group, Banca Popolare di Milano and Mediobanca only up to May 24, 2012;
- income statement and balance sheet transactions executed through June 30, 2012 with companies of the EDF Group, Transalpina di Energia and other unconsolidated Group companies.

(in millions of euros)	Related Parties pursuant to IAS 24					Other Related and Significant Parties						Total for related and significant parties	Total for financial statem. line item	Impact %
	With unconsolidated Group companies	With the controlling company	EDF Group	A2A Group (**)	Sub total	IREN Group (**) (***)	SEL Group (**) (***)	Dolomiti Energia Group (**)(***)	Banca Popolare di Milano (**)	Mediobanca (**)	Sub total			
Balance Sheet transactions:														
Investments in associates	51	-	-	-	**51**	-	-	-	-	-	-	**51**	**51**	**100.0%**
Trade receivables	1	-	46	-	**47**	-	-	-	-	-	-	**47**	**3,330**	**1.4%**
Other receivables	1	133	11	-	**145**	-	-	-	-	-	-	**145**	**677**	**21.4%**
Trade payables	1	-	40	-	**41**	-	-	-	-	-	-	**41**	**2,114**	**1.9%**
Other payables	-	112	1	-	**113**	-	-	-	-	-	-	**113**	**681**	**16.6%**
Short-term financial debt	15	-	-	-	**15**	-	-	-	-	-	-	**15**	**1,663**	**0.9%**
Income Statement transactions:														
Sales revenues	-	-	53	35	**88**	200	-	29	-	-	**229**	**317**	**5,809**	**5.5%**
Other revenues and income	-	-	5	1	**6**	1	-	-	-	-	**1**	**7**	**230**	**3.0%**
Raw materials and services used	4	-	91	50	**145**	65	18	-	-	-	**83**	**228**	**5,630**	**4.0%**
Financial expense	-	-	-	-	**-**	-	-	-	-	1	**1**	**1**	**142**	**0.7%**
Commitments and contingent risks:														
Other commitments and risks	-	-	23	-	**23**	-	-	-	-	-	-	**23**	**358**	**6.4%**

(*) Please see "2011 Corporate Governance".
(**) Income statement amounts from January 1, 2012 to May 24, 2012.
(***) Considered as Related Party in the "Procedure Governing Related-Party Transactions".

A) Intercompany Transactions

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

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

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

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT Group return for June 30, 2012 showed a debt of 14 million euros.

Consolidated IRES Return

For the three-year period from 2012 to 2014, Edison Spa and its principal subsidiaries again agreed to be included in the consolidated corporate income tax (IRES) return filed by Transalpina di Energia, their controlling company. The relationships between the filers of the consolidated tax return are governed by special agreements. The terms of the abovementioned agreements are in line with those applied for the previous three-year period, having been amended only to the extent necessary to comply with new provisions of the tax laws.
Consequently, the companies that agreed to be included in the consolidated IRES return will determine their IRES liability in coordination with Transalpina di Energia, their parent company.
Please note that, due to amendments introduced in 2011, Group companies that operate primarily in the sectors of hydrocarbon exploration and development, production and distribution, transmission or distribution of natural gas, and production and distribution of electric power, including power generated from renewable sources, are subject to a corporate income tax surcharge, which has been set at 10.5% for 2012 (regular rate of 6.5% increased to 10.5% for three years from 2011 to 2013). The affected companies are required to pay the surcharge directly, even if they are included in the filing of a consolidated IRES return.

B) Transactions with Other Related and Significant Parties

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

1) Commercial Transactions

EDF Group

Transactions executed with the EDF Group included the following:

- With Fenice Spa, sales revenues of about 22 million euros, mainly from sales of natural gas and recovery of maintenance costs for about 4 million euros.
- With EDF Trading Ltd, sales revenues of 34 million euros and costs of 89 million euros stemming from sales and purchases of commodities. In addition, were booked 1 million euros for recovery of costs incurred and 2 million euros for corporate services provided to EDF.

- With EDF Trading Ltd revenues of 155 million euros and costs of 158 million euros stemming from transactions executed during the period as part of the Trading Activity; these amounts are included in sales revenues on a net basis.
- With EDF Trading Ltd, commitments of up to 23 million euros within the EDF Carbon Fund to purchase CER/ERU.

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

As described above, transactions with other related and significant parties listed below referred only to income statement transactions executed from January 1, 2012 to May 24, 2012.

A2A Group

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

- Sales revenues of 35 million euros from contracts to supply electric power and steam to A2A Trading Srl and A2A Calore e Servizi Spa.
- Other revenues and income of 1 million euros from A2A Trading Srl, for the recovery of costs incurred.
- Materials and services used totaling 50 million euros, broken down as follows: 14 million euros for purchases of electric power by A2A Trading Srl, 34 million euros for electric power transmission services by A2A Reti Elettriche Spa and 2 million euros other utilities.
- With A2A Trading Srl, revenues of 19 million euros and costs of 19 million euros from transactions executed during the period as part of the Trading Activity; these amounts are included in sales revenues on a net basis.

IREN Group

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

- Sales revenues of 195 million euros from contracts to supply electric power and natural gas to Iren Mercato Spa.
- Other revenues and income of 1 million euros from Iren Mercato Spa, for the recovery of costs incurred.
- Raw material and services used of 65 million euros, mainly from the purchase of electric power and natural gas.
- With Iren Mercato Spa, revenues of 13 million euros and costs of 8 million euros from transactions executed during the period as part of the Trading Activity; these amounts are included in sales revenues on a net basis.

SEL Group

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

- Sales revenues of 2 million euros and costs for 18 million euros from contracts to supply electric power to SEL Spa.
- With SEL Spa, revenues of 1 million euros and costs of 3 million euros from transactions executed during the period as part of the Trading Activity; these amounts are included in sales revenues on a net basis.

Dolomiti Energia Group

Transactions executed pursuant to contracts for the supply of electric power resulted in sales revenues of 29 million euros, of which 25 million euros with Trenta Spa.

2) Financial Transactions

Please note that, following the corporate restructuring discussed earlier in these notes, no financial transactions with related parties were outstanding at June 30, 2012.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, the Edison Group announces that, on February 7, 2012, it agreed to the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, recognizing a net positive impact of 28 million euros at the EBITDA level (due to an income of 85 million euros net of a provision for future charges of 57 million euros) and writedowns of property, plant and equipment totaling 21 million euros. In addition, the sale to Delmi of the equity stake held in Edipower Spa closed on May 24, 2012 at a price of 684 million euros. Edison recognized a positive effect of 80 million euros in the income statement, net of transaction costs, in the line item "Profit (Loss) from discontinued operations" and a financial benefit of 1,2 billion euros.

Transactions Resulting from Atypical and/or Unusual Activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first half of 2012, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2012

No significant events after June 30, 2012 occurred.

SCOPE OF CONSOLIDATION AT JUNE 30, 2012
List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2012	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
A) Investments in companies included in the scope of consolidation											
A.1) Companies consolidated line by line											
Group Parent Company											
Edison Spa	Milan (IT)	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese CEB Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	S	-
Ecofuture Srl (single shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) Electric Power Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Calabria Spa (single shareholder)	Crotone (IT)	EUR	120,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Sicilia Srl (single shareholder)	Palermo (IT)	EUR	20,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Energie Speciali Spa (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Gas and Power Romania Srl Electric Power Activities	Bucuresti (RO)	RON	8,400,000	100.000	-	99.00	Edison International Holding Nv	-	-		
						1.00	Edison Spa				
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	S	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Parco Eolico San Francesco Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	90.00	90.00	Edison Spa	-	-	S	(i)
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	(i)
Sondel Dakar Bv	Breda (NL)	EUR	18,200	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	(i)
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	(i)
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Spa	-	-	S	(i)
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa - (single shareholder) Hydrocarbons Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Gas and Power Romania Srl Hydrocarbons Activities	Bucuresti (RO)	RON	8,400,000	100.00	-	99.00	Edison International Holding Nv	-	-		
						1.00	Edison Spa				
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison International Spa (single shareholder)	Milan (IT)	EUR	75,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	81,497,301	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
						0.00	Edison Spa	-	-	-	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2012	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Corporate Activities											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison International Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Finance Abu Qir Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	73,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Montedison Srl (single shareholder)	Milan (IT)	EUR	2,583,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	-	S	(i)

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2012	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	37.89	75.78	Elpedison Bv	-	-	JV	-
Elpedison Trading Sa	Marousi Athens (GR)	EUR	1,435,600	50.00	50.00	100.00	Elpedison Bv	-	-	JV	-
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	JV	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV	-
Hydrocarbons Operations											
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50,00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000	30.00	30.00	30.00	Edison international Spa (single shareholder)	-	-	JV	-
ICGB AD	Sofia (BG)	BGL	8,605,660	25.00	25.00	50,00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	-	-	JV	-
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	22,100,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Corporate Activities											
Elpedison Bv	Amsterdam (NL)	EUR	1,000,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
B) Investments in companies valued by the equity method											
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,000		50.00	Jesi Energia Spa	-	-	-	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	3.1	AC	-
Energia Senales Srl - Es Srl	Senales (BZ) (IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	3.3	AC	-
GTI Dakar Ltd	George Town Gran Caiman (KY)	EUR	14,686,479		30.00	Sondel Dakar Bv	-	-	-	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Montedison Srl (single shareholder)	-	-	4.3	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	20.1	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,242,300		20.81	Edison Spa	-	-	17.5	AC	-
Total investments in companies valued by the equity method									**48.3**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
C) Investments in companies in liquidation or subject to permanent restrictions											
Auto Gas Company S.A.E. (in liquidation)	Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa (single shareholder)	-	-	-	AC	-
Cempes Scrl (in liquidation)	Rome (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Compagnia Elettrica Lombarda Spa (in liquidation)	Milan (IT)	EUR	408,000		60.00	Sistemi di Energia Spa	-	-	-	S	-
Coniel Spa (in liquidation)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	AC	-
Groupement Gambogi - Cisa (in liquidation)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Inica Soc. de Iniciativas Mineiras e Industriais Sa	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	AC	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Montedison Srl (single shareholder)	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	-	-	S	-
Sorrentina Scarl (in liquidation)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.4**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes

D) Investments in other companies valued at fair value

D.1) Investments held for trading

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Acegas-Aps Spa	Trieste (IT)	EUR	283,690,763		1.30	Edison Spa	-	-	2.5	NG	-
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	0.9	NG	-
Amsc-American Superconductor	Devens (US)	USD	508,687		0.31	Edison Spa	-	-	0.5	NG	-

D.2) Available-for-sale investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2011	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0.2	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3.5	NG	-
MB Venture Capital Fund I Participating Comp. E Nv (in liq.)	Amsterdam (NL)	EUR	50,000		7.00	Edison Spa	-	-	-	NG	(iv)
Prometeo Spa	Osimo (AN) (IT)	EUR	2,292,436		17.76	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Cairo (ET)	EGP	20,000		10.00	Edison International Spa (single shareholder)	-	-	-	NG	-
RCS Mediagroup Spa	Milan (IT)	EUR	762,019,050		1.02	Edison Spa	1.06	1.06	4.1	NG	-
Syremont Spa	Messina (IT)	EUR	1,250,000		24.00	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		7.30	Edison Spa	-	-	183.6	NG	-
Other minor									0.2		
Total investments in other companies valued at fair value									**196.7**		
Total equity investments									**247.4**		

Notes

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

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

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

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

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

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

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

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

(iii) This company is a contractual joint venture.

(iv) Company for which cancellation has been requested but not yet removed from Dutch Trade Register

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

BGL Bulgarian lev

BRL Brazilian real

CHF Swiss franc

EGP Egyptian pound

EUR Euro

GBP British pound

HRK Croatian kuna

PTE Portuguese escudo

RON Romanian leu

USD U.S. dollar

XAF Central African franc

CONDENSED SEMIANNUAL FINANCIAL STATEMENTS OF EDISON SPA, THE GROUP'S PARENT COMPANY

AT JUNE 30, 2012

Income Statement

2011 full year (*)	(in millions of euros)	See note	1st half 2012	1st half 2011(*)
5,833	Sales revenues	1	3,341	2,851
528	Other revenues and income	2	177	209
6,361	**Total revenues**		**3,518**	**3,060**
(6,112)	Raw material and services used (-)	3	(3,520)	(2,933)
(138)	Labor costs (-)	4	(68)	(71)
111	**EBITDA**	5	**(70)**	**56**
(3)	Net change in fair value of commodity derivates	6	(2)	41
(594)	Depreciation, amortization and writedowns (-)	7	(170)	(182)
(486)	**EBIT**		**(242)**	**(85)**
(70)	Net financial income (expense)	8	(6)	(53)
71	Income from (expense on) equity investments	9	87	35
(13)	Other income (expense), net	10	(21)	(6)
(498)	**Profit (Loss) before taxes**		**(182)**	**(109)**
126	Income taxes	11	71	35
(372)	**Profit (Loss) from continuing operations**		**(111)**	**(74)**
(524)	Profit (Loss) net, from discontinued operations	12	80	(22)
(896)	**Profit (Loss) for the period**		**(31)**	**(96)**

(*) The amounts for 2011 reflect the new presentation of the net change in fair value of commodity derivatives.

Other Components of the Comprehensive Income Statement

2011 full year	(in millions of euro)	See note	1st half 2012	1st half 2011
(896)	**Net profit (loss) for the period**		**(31)**	**(96)**
	Other components of comprehensive income:			
(144)	- Change in the cash flow hedge reserve	24	27	7
4	- Change in reserves for available-for-sale investments	24	-	1
54	Income taxes attributable to other components of comprehensive income (-)	24	(10)	(3)
(86)	**Total other components of comprehensive income net of taxes**		**17**	**5**
(982)	**Total comprehensive profit (loss)**		**(14)**	**(91)**

Balance Sheet

06.30.2011	(in millions of euros)	See Note	06.30.2012	12.31.2011
	ASSETS			
3,209	Property, plant and equipment	13	2,965	3,096
1	Investment property	14	1	1
2,632	Goodwill	15	2,408	2,408
166	Hydrocarbon concessions	16	147	157
15	Other intangible assets	17	17	16
2,250	Investments in associates	18	1,329	1,274
204	Available-for-sale investments	18	193	198
7	Other financial assets	19	7	7
-	Deferred-tax assets	20	-	-
194	Other assets	21	118	32
8,678	**Total non-current assets**		**7,185**	**7,189**
166	Inventories		276	159
1,278	Trade receivables		1,728	1,527
18	Current-tax assets		18	18
587	Other receivables		351	502
2,180	Current financial assets		2,661	2,853
382	Cash and cash equivalents		381	198
4,611	**Total current assets**	22	**5,415**	**5,257**
151	**Assets held for sale**	23	**-**	**600**
13,440	**Total assets**		**12,600**	**13,046**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
5,292	Share capital		5,292	5,292
125	Statutory reserve		125	125
1,369	Other reserves and retained earnings		473	1,369
83	Reserves for other components of comprehensive income		10	(7)
(96)	Profit (Loss) for the period		(31)	(896)
6,773	**Total shareholders' equity**	24	**5,869**	**5,883**
26	Provision for employee severance indemnities and provisions for pensions	25	25	25
263	Provision for deferred taxes	26	88	131
651	Provision for risks and charges	27	782	712
1,792	Bonds	28	1,795	1,793
1,056	Long-term financial debt and other financial liabilities	29	127	1,186
23	Other liabilities	30	23	23
3,811	**Total non-current liabilities**		**2,840**	**3,870**
534	Bonds		107	71
1,143	Short-term financial debt		2,505	1,872
905	Trade payables		936	974
-	Current taxes payable		-	-
260	Other liabilities		343	376
2,842	**Total current liabilities**	31	**3,891**	**3,293**
14	**Liabilities held for sale**	32	**-**	**-**
13,440	**Total liabilities and shareholders' equity**		**12,600**	**13,046**

Statement of Cash Flows

The schedule that follows analyzes the cash flows as they apply to short-term liquid assets (i.e., due within 3 months) in the first half of 2012, compared with the corresponding data for 2011.

2011 full year	(in millions of euros)	See note	1st half 2012	1st half 2011
(372)	Profit (Loss) of Edison Spa from continuing operations		(111)	(74)
(524)	Profit (Loss) of Edison Spa from discontinued operations		80	(22)
(896)	**Total profit (loss) of Edison Spa**		**(31)**	**(96)**
594	Amortization, depreciation and writedowns	7	170	182
(38)	(Gains) Losses on the sale of non-current assets		1	(6)
18	(Revaluations) Writedowns of non-current financial assets		35	69
(3)	Change in the provision for employee severance indemnities and provisions for pensions	25	(1)	(1)
-	Change in fair value recognized in EBIT	6	(1)	43
(424)	Change in operating working capital		(356)	(308)
(74)	Change in other operating assets and liabilities		71	(191)
551	Change in other operating assets and liabilities from discontinued operations		(80)	-
(272)	**A. Cash from (used in) operating activities of continuing operations**		**(192)**	**(308)**
(177)	Additions to intangibles and property, plant and equipment (-)	13-17	(31)	(70)
(31)	Additions to equity investments and other non-current financial assets (-)		(87)	(15)
10	Proceeds from the sale of intangibles and property, plant and equipment		4	9
270	Proceeds from the sale of non-current financial assets and capital distributions		688	89
-	Merger of subsidiaries		3	-
(782)	Changes in other current assets		191	(109)
(710)	**B. Cash from (used in) in investing activities**		**768**	**(96)**
1.136	Proceeds from new medium-term and long-term loans	28-29	400	299
(531)	Redemptions of medium-term and long-term loans (-)	28-29	(793)	(15)
-	Capital contributions provided by controlling companies or minority shareholders		-	-
-	Dividends paid to controlling companies or minority shareholders (-)		-	-
290	Changes in short-term financial debt		-	217
895	**C. Cash from (used in) financing activities**		**(393)**	**501**
(87)	**D. Net change in cash and cash equivalents (A+B+C)**		**183**	**97**
285	**E. Cash and cash equivalents at the beginning of the year**		**198**	**285**
198	**F. Cash and cash equivalents at the end of the period (D+E)**		**381**	**382**
198	**G. Total cash and cash equivalents at the end of the period (F)**		**381**	**382**
-	**H. (-) Cash and cash equivalents from discontinued operations**		**-**	**-**
198	**I. Cash and cash equivalents from continuing operations (G-H)**		**381**	**382**

Statement of Changes in Shareholders' Equity

(in millions of euros)	Share capital	Statutory reserve	Other reserves and ret. earn. (loss carry-forward)	Reserve for other components of comprehensive income		Profit (Loss) for the period	Total shareholders' equity
				Cash flow hedge reserve	Reserve for available-for-sale investments		
Balance at December 31, 2010	**5,292**	**125**	**1,455**	**82**	**(4)**	**(86)**	**6,864**
Replenishment of the 2010 loss	-	-	(86)	-	-	86	-
Total comprehensive profit for the first half of 2011	**-**	**-**	**-**	**4**	**1**	**(96)**	**(91)**
including:							
- Change in comprehensive income for the period	-	-	-	4	1	-	5
- Profit (Loss) for the first half of 2011						(96)	(96)
Balance at June 30, 2011	**5,292**	**125**	**1,369**	**86**	**(3)**	**(96)**	**6,773**
Total comprehensive profit (loss) for the second half of 2011	**-**	**-**	**-**	**(93)**	**3**	**(800)**	**(890)**
including:							
- Change in comprehensive income for the period	-	-	-	(93)	3	-	(90)
- Profit (Loss) for the second half of 2011						(800)	(800)
Balance at December 31, 2011	**5,292**	**125**	**1,369**	**(7)**	**-**	**(896)**	**5,883**
Replenishment of the 2011 loss	-	-	(896)	-	-	896	-
Total comprehensive profit (loss) for the first half of 2012	**-**	**-**	**-**	**17**	**-**	**(31)**	**(14)**
including:							
- Change in comprehensive income for the period	-	-	-	17	-	-	17
- Profit (Loss) for the first half of 2012						(31)	(31)
Balance at June 30, 2012	**5,292**	**125**	**473**	**10**	**-**	**(31)**	**5,869**

NOTES TO THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS OF EDISON SPA, THE GROUP'S PARENT COMPANY, AT JUNE 30, 2012

Content and Presentation

Declaration of Conformity and Accounting Policies

The condensed semiannual financial statements of Edison Spa, the Group's Parent Company, at June 30, 2012, were prepared in accordance with 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.), and, because they are interim financial statements, comply with the provisions of IAS 34 "Interim Financial Reporting."

Methods Applied to the Preparation of the Financial Statements

The financial statement schedules adopted (except for a change in the presentation of the net change in the fair value of commodity derivatives recognized in profit or loss, described in the "Comparability" section below), 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, 2011, which should be consulted for additional information.

An amendment to the international accounting principles governing the disclosures required by IFRS 7 was adopted as of January 1, 2012. The amendment requires additional quantitative and qualitative analyses for fully or partly derecognized financial assets in which the Company retains a residual involvement. For the sake of complete information, it is worth mentioning that the following amendments to the international accounting principles published in the O.J.E.U. in the first half of 2012 will be applicable starting in 2013:

- IAS 1: some amendments requiring new disclosures and some other accounting principles;
- IAS 19 - Employee Benefits: the main change made to this standard involves the elimination of the optional "corridor" method (not applied by Edison), which made it possible to defer the recognition of actuarial losses. The elimination of the "corridor" method required minor changes to the disclosures provided about defined benefit plans and multi-employer plans and the revision of some other international accounting principles to make them consistent with the amended version of IAS 19.

These amendments had no impact on the Company's results.

With reference to the Sarmato Energia merger, with effect as of March 1, 2012, it is worth mentioning that the merger by absorption of a wholly owned subsidiary is a transaction excluded from the scope of implementation of IFRS 3 because it does not produce the achievement of control of the company subject of the business combination by the other participating company. The approach used in these transactions is to give precedence to the fact that the companies involved in the transaction belong to the same group and to the cost incurred by that group for the original acquisition of the absorbed company. The transaction was recognized on a "continuity of values" basis, absent an acquisition involving an actual transaction with a third-party economic entity.

The Board of Directors, meeting on July 30, 2012, authorized the publication of these separate condensed financial statements, which were subjected to a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to Legislative Decree No. 39 of January 27, 2010.

Unless otherwise stated, the amounts in these notes to the Condensed Semiannual Financial Statements are in millions of euros.

Comparability

Starting with the Semiannual Report at June 30, 2012, Edison Spa changed the presentation in the income statement of the change in fair value for the period tied to commodity and foreign exchange derivatives, except for those used in Trading Activities (commodity contracts and derivatives).

More specifically, this change, which consists of segregating the volatility effect of derivatives from the EBITDA line and showing it separately in the line item "Net change in fair value of commodity derivatives," provides a better understanding of the Group's operating performance. This income statement line item reflects the change in fair value accrued during the period on derivatives executed as economic hedges of purchases or sales of commodities and, if the commodities are denominated in a foreign currency, of the corresponding foreign exchange risk. It also includes the ineffective portion of cash flow hedge derivatives on commodities and foreign exchange.
The table below provides a breakdown of EBITDA that shows the change resulting from the adoption of the new presentation:

2011 full year	(in millions of euros)	1st half 2012	1st half 2011
111	EBITDA	(70)	56
(3)	Net change in the fair value of commodity derivatives	(2)	41
108	**EBITDA adjiusted for the net change in the fair value of commodity derivatives**	**(72)**	**97**

NOTES TO THE INCOME STATEMENT

Operating Performance in the First Half of 2012

Edison Spa reported a **net loss** of 31 million euros at June 30, 2012, compared with a net loss of 96 million euros in the first half of 2011.

In the first six months of 2012, **sales revenues** totaled 3,341 million euros, up 17.2% compared with the same period last year (2,851 million euros).
This positive result is attributable to the performance of the **hydrocarbons** operations (+41.7%) which benefited from higher sales prices. On the other hand, the **electric power** operations reported lower revenues (-24.2%) due to a reduction in unit sales (-38%) that reflects primarily the divestment of the Taranto power plants in the second half of 2011.

Edison Spa reported negative **EBITDA** of 70 million euros, down 126 million euros from positive EBITDA of 56 million euros in the first half of 2011 (amount that reflects the new presentation of the "Net change in fair value of commodity derivatives").

More specifically:
- The EBITDA of the **electric power operations** were positive by 47 million euros, for a decrease of 47.2% compared with the 89 million euros earned in the first six months of 2011. This result reflects the gain earned during the period (85 million euros), net of a provision for future charges of 57 million euros, in connection with the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, and the effects related to the sale last October of the thermoelectric power plants in Taranto. Other negative factors included a decrease in unit sales and a contraction in hydroelectric output (-22%) caused by a reduced availability of water resources.
- The EBITDA of the **hydrocarbons operations** were negative by 64 million euros, down from positive EBITDA of 17 million euros in the first half of 2011 (amount that reflects the new presentation of the "Net change in fair value of commodity derivatives"), due mainly to a contraction of unit sales margins caused for the most part by the current purchasing prices of the main long-term procurement contracts for natural gas, despite the renegotiation of the Russian gas contract in the first half of 2011. This negative result was offset in part by the positive performance of the Exploration & Production activities.

EBIT were negative by 242 million euros (negative by 85 million euros in the first half of 2011). The loss reflects the volatility effect related to net change in fair value of commodity derivatives (negative by 2 million euros in the period and positive by 41 million euros in the first half of 2011), depreciation and amortization of 144 million euros and a writedown of 21 million euros recognized in connection with the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

In addition to the industrial margin dynamics discussed above, the following factors affected the comparison of this year's performance with the first half of 2011:
- **Net financial expense** of 6 million euros, down 47 million euros compared with the first half of 2011 (53 million euros), which reflects mainly the effect of net foreign exchange gains earned on derivatives executed to hedge natural gas purchases.
- **Net income on equity investments,** which totaled 87 million euros at June 30, 2012 and includes 122 million euros in dividend income from subsidiaries, net of 35 million euros in writedowns of investments recognized to adjust the corresponding carrying amounts.
- **Other expense, net,** of 21 million euros, up compared with the first half of 2011, which consist mainly of legal costs and provisions for tax contingencies.
- **Income taxes,** positive by 71 million euros, up from a positive 35 million euros in the first six months of 2011. The main positive factors include the effect of participating in the filing of a national

consolidated tax return (benefit of 31 million euros) and the utilization of deferred taxes on non-current assets recognized upon transition to the IFRS (23 million euros) for the use of fair value as the deemed cost of the non-current assets.
- **Profit (Loss) from discontinued operations** includes a gain of 84 million euros, deriving from the revision of the sale price of Edipower.

1. Sales Revenues

Sales revenues totaled 3,341 million euros, or 17.2% more than in the first half of 2011 (2,851 million euros). A breakdown of sales revenues, which were earned mainly in Italy, is provided below:

(in millions of euros)	1st half 2012	1st half 2011	Change	% change
Revenues from the sale of:				
- Electric power	695	991	(296)	(29.9%)
- Natural gas	2,427	1,699	728	42.8%
- Steam	39	45	(6)	(13.3%)
- Oil	88	79	9	11.4%
- Green certificates	46	-	46	n.m.
- CO_2 emissions rights	4	-	4	n.m.
- Sundry items	1	1	-	n.m.
Revenues from the sale of products	**3,300**	**2,815**	**485**	**17.2%**
Revenues from services provided	21	24	(3)	(12.5%)
Revenues from power plant maintenance	6	6	-	n.m.
Transmission revenues	5	1	4	n.m.
Revenues from the provision of services	**32**	**31**	**1**	**3.2%**
Margin on physical trading activities	9	5	4	n.m.
Total sales revenues	**3,341**	**2,851**	**490**	**17.2%**
breakdown by business segment:				
Electric power operations	797	1,052	(255)	(24.2%)
Hydrocarbons operations	2,533	1,788	745	41.7%
Corporate activities	11	11	-	n.m.
Total	**3,341**	**2,851**	**490**	**17.2%**

An analysis by business segment is provided below:
- The sales revenues of the **electric power operations** decreased to 797 million euros, or 24.2% less than in the first half of 2011, due mainly to a reduction in unit sales that reflects in part the divestment of the Taranto power plants in October 2011. The increase in revenues from the sale of green certificates reflects market sales executed in the first half of 2012, whereas green certificates were used to cover company needs in the first half of 2011.
- The **hydrocarbon operations** reported sales revenues of 2,533 million euros, up sharply (+41.7%) compared with the first six months of 2011, thanks to the effect of an increase in sales prices, driven by a rising price of Brent crude, and despite a slight contraction in unit sales. A positive performance was also reported in the fuel oil area (+11.4%) due to an upward trend in benchmark prices.

2. Other Revenues and Income

A breakdown of this item, which totaled 177 million euros (209 million euros in 2011) is provided below:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
Realized commodity derivatives	52	75	(23)	(30.7%)
Out-of-period income	5	86	(81)	(94.2%)
Insurance settlements	1	11	(10)	(90.9%)
Sundry items	119	37	82	n.m.
Total other revenues and income	**177**	**209**	**(32)**	**(15.3%)**

(*) The 2011 amounts reflect the new presentation of the "Net change in fair value of commodity derivatives."

Realized commodity derivatives, which should be viewed concurrently with the corresponding cost included in Raw materials and services used (up from 50 million euros to 72 million euros) and the net change in fair value of commodity derivatives (reduced from a positive 41 million euros at June 30, 2011 to a negative 2 million euros at June 30, 2012), reflects mainly the results of Brent crude and foreign exchange hedges executed to mitigate the risk of price fluctuations on natural gas purchases. A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section entitled "Financial Risk Management by the Group's Parent Company."

Sundry items includes, for 85 million euros, the indemnification for the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, in accordance with the Ministry Decrees of December 2, 2009 and June 23, 2011.

3. Raw Materials and Services Used

Raw materials and services used totaled 3,520 million euros, up 20% compared with the first half of 2011 (2,933 million euros), reflecting the impact of changes in prices discussed when commenting Sales revenues. A breakdown is provided below:

(in millions of euros)	1st half 2012	1st half 2011(*)	Change	% change
- Natural gas	2,954	2,067	887	42.9%
- Green certificates	39	18	21	n.m.
- Blast-furnace, recycled and coke-oven furnace gas	27	221	(194)	(87.8%)
- CO_2 emissions rights	3	18	(15)	(83.3%)
- Demineralized industrial water	3	19	(16)	(84.2%)
- Electric power	3	4	(1)	(25.0%)
- Oil and fuel	1	3	(2)	(66.7%)
- Utilities and other material	28	34	(6)	(17.6%)
Total	**3,058**	**2,384**	**674**	**28.3%**
- Transmission of natural gas	217	209	8	3.8%
- Realized commodity derivatives	72	50	22	44.0%
- Additions to provisions for risks	63	9	54	n.m.
- Regasification fee	52	52	-	n.m.
- Facilities maintenance	41	51	(10)	(19.6%)
- Professional services	38	36	2	5.6%
- Change in inventories	(117)	46	(163)	n.m.
- Sundry charges	96	96	-	n.m.
Total materials and services used	**3,520**	**2,933**	**587**	**20.0%**
breakdown by business segment:				
Electric power operations	225	403	(178)	(44.1%)
Hydrocarbons operations	3,240	2,481	759	30.6%
Corporate activities	55	49	6	12.2%
Total	**3,520**	**2,933**	**587**	**20.0%**

(*) The amounts for 2011 reflect the new presentation of the net change in fair value of commodity derivatives.

The increase in the amount shown for **natural gas,** compared with the first six months of 2011, is due largely to the higher prices paid. This item also includes a charge of 23 million euros for the negative results from the effective portion of derivatives hedging foreign exchange risk on commodities (27 million euros in the first half of 2011).

The decrease in purchases of **blast-furnace, recycled and coke-oven-furnace gas** is due to the divestment of Taranto thermoelectric power plants in the second half of 2011.

CO_2 emissions rights, down by 15 million euros compared with the first six months of 2011, is due mainly to the smaller quantity required as a result of lower production volumes compared with the previous year, attributable primarily to the divestment of some thermoelectric power plants.

The increase in **green certificate** costs is due to market sales executed in the first half of 2012, which drove net demand higher than in the same period last year.

The **regasification fee** (52 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification of liquefied gas originating from Qatar.

The **additions to provisions for risks,** amounting to 63 million euros, include a provision for future charges of 57 million euros related to the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

Margin on Trading Activities

The table below shows the results of the trading activity, which are included in sales revenues and other revenues and income and are generated by trading in physical and financial energy commodity contracts held in the trading portfolios:

(in millions of euros)	Note	1st half 2012	1st half 2011	Change	% change
Margin on physical contracts included in trading portfolio					
Sales revenues		559	90	469	n.m.
Raw materials and services used		(550)	(85)	(465)	n.m.
Total included in sales revenues	1	**9**	**5**	**4**	**80.0%**
Margin on financial contracts included in trading portfolio					
Other revenues and income		4	-	4	n.m.
Raw materials and services used		-	-	-	n.m.
Total included in other revenues and income	2	**4**	**-**	**4**	**n.m.**
Total margin on trading activities		**13**	**5**	**8**	**n.m.**

The higher amount shown for physical trading reflects mainly an increase in volumes traded, due to the development of the natural gas trading business.
A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section entitled "Financial Risk Management by the Group's Parent Company."

4. Labor Costs

Labor costs decreased to 68 million euros, or about 3 million euros less than in the first half of 2011, due to the reduction in average staff that resulted from the abovementioned divestment of some thermoelectric power plants.

The table below shows the amount of labor costs, the number of employees at the end of the period and the average staff and provides a comparison with the data for the first half of 2011.

(in millions of euros)	1st half 2012			1st half 2011			Change					
	Labor costs	Number of employees at end of period	Average number of employees	Labor costs	Number of employees at end of period	Average number of employees	Labor costs	%	Number of employees at end of period	%	Average number of employees	%
Total	**68**	**1,597**	**1,590**	**71**	**1,724**	**1,726**	**(3)**	**(4.4%)**	**(127)**	**(8.0%)**	**(136)**	**(8.6%)**

5. EBITDA

Edison Spa reported negative **EBITDA** of 70 million euros, down 126 million euros from positive EBITDA of 56 million euros in the first half of 2011 (amount that reflects the new presentation of the "Net change in fair value of commodity derivatives"). This negative change reflects the combined effect of the negative margins of the natural gas operations and a reduction in volumes sold caused by the crisis that is affecting Italy's economy.

A breakdown by type of business is provided below:

(in millions of euros)	1st half 2012	as a % of sales revenues	1st half 2011 (*)	as a % of sales revenues	% change
Electric power operations	47	5,9%	89	8,5%	(47,2%)
Hydrocarbons operations	(64)	(2,5%)	17	1,0%	n.s.
Corporate activities	(53)	n.s.	(50)	n.s.	6,0%
Total	**(70)**	**(2,1%)**	**56**	**2,0%**	**n.s.**

(*) The 2011 amounts reflect the new presentation of the "Net change in fair value of commodity derivatives."

The performance of the different business segments is reviewed below:

- The EBITDA of the **electric power operations** were positive by 47 million euros, compared with 89 million euros in the same period last year. This result was adversely affected by a reduction in the EBITDA contribution of the CIP 6/92 operations, due to the early termination of some contracts, as well as to a contraction in unit sales margins and a decrease in production.

  Net production of electric power totaled 7,972 GWh, down from 12,989 GWh in the first half of 2011, due mainly to lower production by CIP 6/92 facilities. A significant factor in this area was a positive effect of 85 million euros generated by the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, offset in part by a provision for future charges of 57 million euros.

- The EBITDA of the **hydrocarbons operations** were negative by 64 million euros, as against positive EBITDA of 17 million euros in the same period last year (amount that reflects the new presentation of the "Net change in fair value of commodity derivatives") which included 64 million euros in one-off effects related to the renegotiation of long-term contracts to import natural gas from Russia. Unit sales margins continued to contract during the first six months of 2012, due primarily to the current terms of the main long-term supply contracts under which natural gas is currently purchased, offset only in part by the positive effects of the successful renegotiation of the long-term contracts to purchase natural gas from Russia and, for the first quarter 2012, from Norway.

At 7,942 million cubic meters, natural gas volumes were substantially in line with those of the first half of 2011 (7,790 million cubic meters +2%). Specifically, on the procurement side, an increase in purchases at the Virtual Exchange Facility was offset by reductions in domestic purchases (-83%), and pipeline imports under long-term contracts (-3%), imports of gas from Algeria (-11%) and gas regasified at the Roving LNG terminal (-6%). On the usage side, sales decreased by 5.3% in the thermoelectric area but increased by 11% in the industrial uses area.

The exploration and production activities continued to deliver a positive performance, thanks to a robust upturn in the price of oil, even though production of crude oil fell to 1,036,000 barrels, compared with 1,082,000 barrels in the first half of 2011.

In addition, the performance of the hydrocarbons operations reflects the impact of a significant unfavorable swing in the result from derivative transactions hedging foreign exchange and commodity risks, which turned negative by 11 million euros, as against a positive result of 27 million euros in the first half of 2011 (amount that does not reflects the "Net change in fair value of commodity derivatives").

6. Net Change in Fair Value of Commodity Derivatives

The net change in fair value of commodity derivatives was negative by 2 million euros, for a decrease of 43 million euros compared with the first six months of 2011, when it was positive by 41 million euros. A breakdown is provided below:

(in millions of euros)	1st half 2012	1st half 2011(**)	Change	% change
Change in fair value in hedging the price risk on energy products:	**(3)**	**43**	**(46)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	-	7	(7)	n.m.
- not definable as hedges pursuant to IAS 39	(3)	36	(39)	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**1**	**(2)**	**3**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(1)	-	(1)	n.m.
- not definable as hedges pursuant to IAS 39	2	(2)	4	n.m.
Total	**(2)**	**41**	**(43)**	**n.m.**

(*) Includes the ineffective portion.
(**) The amounts for 2011 reflect the new presentation of the net change in fair value of commodity derivatives.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives, excluding those that are part of the Trading Activities, executed as economic hedges of the Industrial Portfolio. The purpose of this presentation is to segregate the effects of the volatility of derivatives from the EBITDA line.

7. Depreciation, Amortization and Writedowns

(in millions of euros)	1st half 2012	1st half 2011	Change	% change
Depreciation of property, plant and equipment	130	146	(16)	(11.0%)
Amortization of hydrocarbon concessions	11	9	2	22.2%
Amortization of other intangible assets	3	5	(2)	(40.0%)
Writedowns of property, plant and equipment	25	22	3	n.m.
Writedowns of intangible assets	1	-	1	n.m.
Tot. depreciation, amortiz. and writedowns	**170**	**182**	**(12)**	**(6.6%)**
breakdown by business segment:				
Electric power operations	119	147	(28)	(19.0%)
Hydrocarbons operations	43	29	14	48.3%
Corporate activities	8	6	2	33.3%
Total	**170**	**182**	**(12)**	**(6.6%)**

A review by business segment is provided below:

- In the **electric power** segment:
  - **depreciation and amortization** decreased to 96 million euros, or 28 million euros less than in the first half of 2011, due mainly to the divestment of the Taranto power plants in the second half of 2011 and the effect of the writedowns recognized at December 31, 2011;
  - **writedowns,** which totaled 23 million euros, concern mainly the Piombino thermoelectric power plant (21 million euros, due to the early termination of the CIP 6/92 contract) and some housing land parcels (1 million euros). A detailed analysis of the impact of the writedowns is provided in the disclosure "Impairment test in accordance with IAS 36."

- In the **hydrocarbons** segment:
  - **depreciation and amortization** amounted to 43 million euros. The increase of 14 million euros compared with the first six months of 2011 reflects a change in the extraction profiles of hydrocarbon deposits and the investments in facilities commissioned in the second half of 2011. The amortization of exploration costs was less than 1 million euros.

8. Net Financial Income (Expense)

Net financial expense totaled 6 million euros, or 47 million euros less than in the first half of 2011 (53 million euros).

The improvement achieved during the first six months of 2012 is due mainly to higher foreign exchange gains (net gains of 13 million euros, as against a net losses of 19 million euros in 2011) that reflect the positive results generated by derivative transactions executed to hedge purchases in foreign currencies, which more than offset net foreign exchange losses on commercial transactions.

The following factors also had an impact on performance during the period:
- the cost of money was somewhat lower than in the first half of 2011;
- the average net financial debt for the period decreased due to the proceeds generated by the sale of Edipower.

A breakdown of the components of financial income and expense and a comparison with the first half of 2011 is provided below:

(in millions of euros)	1st half 2012	1st half 2011	Change
Financial income			
Financial income from financial derivatives	49	22	27
Financial income from Group companies	49	26	23
Other financial income	1	4	(3)
Total financial income	**99**	**52**	**47**
Financial expense			
Financial expense from financial derivatives	(29)	(26)	(3)
Interest paid on bond issues	(53)	(28)	(25)
Financial expense paid to Group companies	(4)	(6)	2
Interest paid to banks	(15)	(8)	(7)
Bank fees	(3)	(3)	-
Financial expense on decommissioning projects	(7)	(7)	-
Other financial expense	(7)	(8)	1
Total financial expense	**(118)**	**(86)**	**(32)**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	49	59	(10)
Foreign exchange translation losses	(36)	(78)	42
Total foreign exchange translation gains (losses)	**13**	**(19)**	**32**
Total net financial income (expense)	**(6)**	**(53)**	**47**

Please note that:

- **other financial expense** includes 3 million euros in financial charges to update provisions for risks;
- **foreign exchange translation gains (losses)** includes the effect of derivative transactions executed to hedge foreign exchange risks on purchases of commodities, which generated a net gain of 12 million euros in the first half of 2012;
- information about other **transactions in financial derivatives** is provided in a separate disclosure.

9. Income from (Expense on) Equity Investments

Net income from equity investments totaled 87 million euros, or 52 million euro more than in the same period last year (up by). Higher dividends from subsidiaries and a reduction in writedowns of investments in subsidiaries and affiliated companies account for this improvement. A breakdown is provided in the table below:

(in millions of euros)	1st half 2012	1st half 2011	Change
Income from equity investments			
Dividends	122	98	24
Gain on divestment	-	7	(7)
Total income from equity investments	**122**	**105**	**17**
Expense on equity investments			
Writedowns of equity investments	(33)	(68)	35
Writedowns of available-for-sale investments	(2)	(2)	-
Total expense on equity investments	**(35)**	**(70)**	**35**
Income from (Expense on) equity investments, net	**87**	**35**	**52**

More specifically:

- The largest **dividend** amounts were paid by Edison Trading (70 million euros) and Edison Stoccaggio (15 million euros);
- **Writedowns** recognized to align the carrying amounts of investments to the corresponding shareholders' equity values concerned mainly Edison International, Edison International Holding and Termica Milazzo. Writedowns also include a charge of 1 million euros to align the carrying amount of the investment in RCS Mediagroup to its stock market price.

10. Other Income (Expense), Net

Net other expense, which totaled 21 million euros, up by 15 million euros compared with the first half of 2011, is the result of nonrecurring items that are not directly related to the Group's core industrial businesses. The balance reflects primarily provisions for tax contingencies of 15 million euros, with settlements reached during the year and legal expenses incurred mainly for extraordinary transactions accounting for the remainder.

11. Income Taxes

Income taxes were positive by 71 million euros, for an increased benefit of 36 million euros, compared with a positive balance of 35 million euros in the first half of 2011, due mainly to the contraction of industrial margins discussed earlier in these notes.

(in millions of euros)	1st half 2012	1st half 2011	Change
Current taxes	(31)	(10)	(21)
Net deferred-tax liabilities (assets)	(40)	(20)	(20)
Income taxes attributable to previous years	-	(5)	5
Total	**(71)**	**(35)**	**(36)**

Current taxes include a benefit of 31 million euros resulting from the use of the corporate income tax losses contributed by the Company to the national consolidate income tax return filed by its controlling company Transalpina di Energia Srl.

Deferred-tax liabilities/(assets) include the recognition of the tax asset on the portion of the tax loss for the period that was not used in the consolidated income tax return. The utilization of deferred-tax assets recognized upon transition to the IFRSs for the use of fair value as the deemed cost of non-current assets amounted to 23 million euros.

12. Profit (Loss) from Discontinued Operations

The profit of 80 million euros reflects the revision of the sales price, net of cost to sell, of the investment held in Edipower.

A more detailed analysis of this transaction is provided in the section of these notes entitled "Disclosures Required by IFRS 5".

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment

Property, plant and equipment, which consist of the Company's production assets, totaled 2,965 million euros, or 131 million euros less than at December 31, 2011, due mainly to depreciation expense, which exceeded additions. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2012:

(in millions of euros)	Land and buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2011 (A)	**424**	**2.572**	**2**	**4**	**94**	**3,096**
Changes in the first half of 2012:						
- Additions	-	8	-	-	18	26
- Disposals (-)	(1)	(4)	-	-	-	(5)
- Depreciation (-)	(7)	(122)	-	(1)	-	(130)
- Writedowns (-)	(5)	(20)	-	-	-	(25)
- Decommissioning revision	-	1	-	-	-	1
- Other changes	-	15	-	1	(16)	-
- Mergers	1	1	-	-	-	2
Total changes (B)	**(12)**	**(121)**	**-**	**-**	**2**	**(131)**
Balance at 06.30.2012 (A+B)	**412**	**2,451**	**2**	**4**	**96**	**2,965**

The total amount of the assets includes 96 million euros for construction in progress and advances, attributable almost exclusively to the hydrocarbons operations, with about 66 million euros for the development of some gas fields in Italy and about 11 million euros for costs incurred to replace the FSO Alba Marina.

The main changes that occurred in the first half of 2012 are reviewed below:

- **Additions** of 26 million euros include the following:
  - 8 million euros for the **electric power operations,** mainly to complete the repowering some power plant and expand the Candela district heating system;
  - 18 million euros for the **hydrocarbons operations,** including about 12 million euros to develop some gas fields and about 6 million euros to acquire a double-hulled vessel as a replacement for the Alba Marina;
- **Disposals** refer mainly to the sale of the FSO Alba Marina;
- **Depreciation** decreased to 130 million euros, or 16 million euros less than in the first six months of 2011, due primarily to the divestment of the Taranto thermoelectric power plants;
- **Writedowns** of 25 million euros primarily include the Piombino thermoelectric plant for 21 million euros, due to early termination of the CIP6/92 contract;
- **Decommissioning revision** reflects a revision of some projected costs for the remediation of a hydrocarbon production field;
- **Mergers** refer to the merger by absorption of Sarmato Energia Spa.

As for **assets held under finance leases,** which are recognized by the method of IAS 17 Revised, the remaining financial debt of 25 million euros is shown under Long-term financial debt and other financial liabilities for 22 million euros and Current financial debt for 3 million euros.

14. Investment Property

The Company's investment property, which consists of land and buildings that are not used for production purposes, was valued at 1 million euros, unchanged from December 31, 2011.

15. Goodwill

Goodwill totaled 2,408 million euros, unchanged compared with December 31, 2011. The residual value of goodwill 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. The method applied to determine the value of goodwill is consistent with the criteria for allocation by business segment, which are set forth in the definition of cash generating units provided in the Notes to the Consolidated Financial Statements.

16. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which included 47 hydrocarbon production leases in Italy, were valued at 147 million euros, or 10 million euros less than at December 31, 2011, due mainly to the amortization for the period.

17. Other Intangible Assets

The main components of the balance of 17 million euros include:

- 9 million euros for patents, licenses and similar rights;
- 7 million euros for CO_2 emissions rights held in excess of the Company's overall requirements, the carrying amount of which is consistent with market prices.

Exploration costs totaling less 1 million euros were incurred during the first half of 2012 and charged in full to income. During the first six months of 2012, no costs were capitalized for successful explorations projects leading to development activities.

Impairment test applied to the Assets in accordance with IAS 36

In the first half of 2012, as already described in the correspondent paragraph of the Condensed consolidated semiannual financial statements, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected, as required by IAS 36.

Insofar as goodwill is concerned, because the Group has not yet developed a new industrial plan, taking also into account the recent change in stock ownership structure, an analysis of the short-term economic and scenario variables failed to produce, also with regard to the 2012 budget, specific triggers pointing to issues impacting the recoverability of goodwill.

Consistent with the estimates applied at the end of 2011, recoverable value was determined based on the value in use of the assets, estimated based on the present value of the operating cash flows before taxes, taking into account the useful lives of the assets and their terminal values, when appropriate.

The cash flow amounts used, which were based on the best estimates of top management, are the same as those used to perform an impairment test at the end of 2011, updated when necessary if specific triggers were detected. The discount rates applied are also consistent with those used to perform an impairment test at the end of 2011.

The tests performed using the process described above showed that values of a thermoelectric CGU was impaired, requiring a writedown of 21 million euros, attributable to the effects of the early termination of CIP 6/92 contract for the Piombino thermoelectric power plant.

In addition to those listed above other writedowns include 4 million euros recognized to adjust the carrying amount plots of land to the market value.

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

The balance of 1,522 million euros includes the following items:

- Investments in associates of 1,329 million euros, which includes 1,261 million euros in investments in subsidiaries and 68 million euros in investments in affiliated companies and joint ventures;
- Available-for-sale investments valued at 193 million euros, including 184 million euros for a 7.297% interest in Terminale GNL Adriatico Srl, the company that owns the offshore regasification terminal near Porto Viro (RO).

The table below shows the main changes that occurred in the first half of 2012:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2011 (A)	**1,274**	**198**	**1,472**
Changes in the first half of 2012:			
- Changes in share capital and reserves	85	-	85
- Distribution of share capital and reserve	-	(3)	(3)
- coverage of losses	2	-	2
- Reval. (+)/Writedowns (-) recog. in P&L	(32)	(2)	(34)
Total changes (B)	**55**	**(5)**	**50**
Balance at 06.30.2012 (A+B)	**1,329**	**193**	**1,522**

The main changes are reviewed below:

- **Changes in share capital and reserves** refers primarily the Edison Stoccaggio subsidiary.
- The entire amount of **distributions of share capital and reserves** refers to share capital distributions carried out by Terminale GNL Adriatico Srl.
- **Writedowns recognized in profit and loss** reflects for the most part adjustments made to the carrying values of some equity investments, as explained in "Note 9 - Income from (Expense on) Equity Investments."

With reference to Sarmato Energia, which was merged by absorption into Edison Spa effective as of March 1, 2012, at the merger date the figures were the followings:

Balance sheet

(in thousands of euros)	See note	03.01.2012 company	Intercompany balances with Edison Spa	03.01.2012 net balances
Fixed assets	13	36	-	36
Deferred tax assets	20	615	-	615
Other assets	21	16	-	16
Total non-current assets		**667**	**-**	**667**
Inventories		84	-	84
Treade receivable		536	4	532
Current tax receivables		2.088	-	2,088
Other receivables		263	125	138
Current financial assets		8.507	8,507	-
Total current assets	22	**11,478**	**8,636**	**2,842**
Total assets		**12,145**	**8,636**	**3,509**
Total shareholder's equity	24	**(26,152)**	**-**	**(3,270)**
Provision for employee severance indemnities and provisions for pensions	25	358	-	358
Provision for deferred taxes	26	68	-	68
Provision for risks and charges	27	493	-	493
Total non-current liabilities		**919**	**-**	**919**
Short term financial debt		5.025	-	5,025
Trade payables		11,208	10,651	557
Other liabilities		21,145	20,867	278
Total current liabilities	31	**37,378**	**31,518**	**5,860**
Total liabilities and shareholders' equity		**12,145**	**31,518**	**3,509**

19. Other Financial Assets

The net carrying amount of 7 million euros, virtually unchanged compared with December 31, 2011, represents loans receivable due in more than one year. A loan owed by the Gever subsidiary accounts for the balance in this account.

20. Deferred-tax Assets

As was done in the past, 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.

21. Other Assets

Other assets, which totaled 118 million euros, or 86 million euros more than at December 31, 2011 (32 million euros), include the following:

- 110 million euros in advances paid under long-term natural gas supply contracts for gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses. This amount includes 85 million euros paid during the period for the activation of clauses for the volumes attributable to the 2011 and 2012 reporting years. In addition, 42 million euros were recovered in the first half of 2012 against advances paid under the long-term Norwegian contract, which expired on March 31, 2012. The Company expects to make up these volumes over the remaining lives of the contracts.
- 5 million euros, unchanged compared with December 31, 2011, for income tax refunds receivable and accrued interest at June 30, 2012.

22. Current Assets

(in millions of euros)	06.30.2012	12.31.2011	Change
Inventories	276	159	117
Trade receivables	1,728	1,527	201
Current tax assets	18	18	-
Other receivables	351	502	(151)
Current financial assets	2,661	2,853	(192)
Cash and cash equivalents	381	198	183
Total current assets	**5,415**	**5,257**	**158**

A review of the individual components and a comparison with the corresponding items at December 31, 2011 is provided below:

- **Inventories** increased to 276 million euros, due mainly to a change in the inventory of stored natural gas (249 million euros at the end of the period). Supplies and equipment used to maintain and operate the Company's production facilities account for the balance.
- **Trade receivables** totaled 1,728 million euros. A breakdown by business segment is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Electric power operations	895	536	359
Hydrocarbons operations	833	991	(158)
Total trade receivables	**1,728**	**1,527**	**201**
Broken down as follows:			
- amount owed by outside customers	773	868	(95)
- amount owed by subsidiaries and affiliated companies	955	659	296
Total trade receivables	**1,728**	**1,527**	**201**
Allowance for doubtful accounts	**(28)**	**(29)**	**1**

They originate mainly from contracts to supply electric power, steam and natural gas and reflect, for 32 million euros, the fair value of physical contracts for energy commodities included in the trading portfolios, attributable exclusively to the hydrocarbons operations.

The increase in trade receivables compared with December 31, 2011 (+201 million euros) reflects primarily the price and volume dynamics discussed in the note to “Sales revenues” earlier in these notes and a lengthening of the time to collection.

In the hydrocarbons segment, receivables arising from the exercise in 2011 of the make-up-capacity clause in the long-term contracts to import natural gas were recovered during the period; moreover during the period, the electric power operations recognized a receivable of 85 million euros originating from the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

The largest trade receivables owed by subsidiaries and affiliated companies are those payable by Edison Trading (828 million euros), Edison Energia (111 million euros) and Termica Milazzo (6 million euros).

Please note that Edison Spa carries out on a regular basis transactions irrevocably assigning receivables without recourse, both on a revolving monthly and quarterly basis and on a spot basis, in implementation of a policy aimed at controlling and minimizing credit risk with such transactions. The total value of the assigned receivables amounted to 1,167 million euros (1,168 million euros at June 30, 2011) and there were no receivables exposed to the risk of recourse at June 30, 2012.

- **Current tax assets,** which totaled 18 million euros, include receivables for 2011 overpayments of corporate income taxes (IRES) and regional taxes (IRAP) amounting to 12 million euros and 6 million euros, respectively.

- **Other receivables,** which decreased to 351 million euros, or 151 million euros more than at December 31, 2011, are shown net of an allowance for doubtful accounts of 16 million euros.

(in millions of euros)	06.30.2012	12.31.2011	Change
Receivables arising from the valuation of derivatives	120	102	18
Amounts owed by Transalpina di Energia - consolidated tax return	104	73	31
Technical, administrative and financial services to Group companies	51	63	(12)
Amounts owed by partners and associates in hydrocarbon exploration projects	11	51	(40)
Hydroelectric concession fees	7	1	6
Employee benefit funds	6	6	-
Insurance premiums	5	11	(6)
Advances to suppliers	5	7	(2)
Receivables from the revenue administration	1	61	(60)
Receivables from local public entities	1	1	-
Advances paid under take-or-pay contracts	-	42	(42)
Dividends receivable from subsidiaries	-	2	(2)
Sundry items	40	82	(42)
Total other receivables	**351**	**502**	**(151)**
Allowance for doubtful accounts	**(16)**	**(16)**	**-**

The increase shown for receivables arising from the valuation of derivatives should be analyzed in conjunction with the corresponding liability included in "Current liabilities" (down from 117 million euros to 103 million euros). These effects reflect changes in the market price scenario compared with December 31, 2011, specifically regarding Brent crude and the EUR/USD exchange rate.
The advances for take-or-pay contract paid in previous years and recorded in this account were recovered in full.

- A breakdown of **current financial assets,** which increased compared with December 31, 2011 to a total of 2,661 million euros, is as follows:

(in millions of euros)	06.30.2012	12.31.2011	Change
Equity investments held for trading	4	4	-
Loans receivable	2,566	2,796	(230)
Derivatives	91	53	38
Total current financial assets	**2,661**	**2,853**	**(192)**

Loans receivable reflect financial transactions with subsidiaries and affiliated companies. They represent the balances in the corresponding intra-Group current accounts and loans provided to the abovementioned companies. The largest positions are owed by Edison International Spa (1,352 million euros), Edison Energia Spa (599 million euros), Edison Energie Speciali (286 million euros) and Edison Stoccaggio (258 million euros).

- **Cash and cash equivalents,** which totaled 381 million euros, consist of short-term deposits in bank and postal accounts and other readily available assets.

23. Assets Held for Sale

Differently from December 31, 2011, this account now has a zero balance, due to the sale of Edipower. Detailed information is provided in the section of these Notes entitled "Disclosures Required by IFRS 5."

Liabilities and Shareholders' Equity

24. Shareholders' Equity

Edison's shareholders' equity amounted to 5,869 million euros, down 14 million euros compared with December 31, 2011. This increase is the net result of the following items:

- 31 million euros for the loss for the period;
- 17 million euros for the positive change in the cash flow hedge reserve.

The main component of **Other reserves** is a reserve of 382 million euros recognized in connection with the adjustment to fair value as the deemed cost of property, plant and equipment upon transition to the IFRSs. The decrease of 85 million euros compared with December 31, 2011 reflects the replenishment of the loss for 2011, pursuant to the resolutions approved by the Ordinary and Extraordinary Shareholders' Meetings of April 24, 2012.
The share capital of Edison Spa consists of shares with a par value of 1 euro each, regular ranking for dividends. A breakdown is as follows:

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

The table below provides a breakdown of the change that occurred in the Cash flow hedge reserve due to the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities.

Reserve for cash flow hedge transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2011	**(11)**	**4**	**(7)**
- Change in the first half of 2012	27	(10)	17
Reserve at June 30, 2012	**16**	**(6)**	**10**

25. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which at 25 million euros was unchanged compared with December 31, 2011, reflects the accrued severance indemnities and other benefits owed to employees. A valuation in accordance with 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 2012:

(in millions of euros)	
Balance at 12.31.2011 (A)	**25**
Changes in the first half of 2012:	
- Utilizations (-)	(1)
- Financial expense (+)	1
Total changes (B)	**-**
Balance at 06.30.2012 (A+B)	**25**

26. Provision for Deferred Taxes

The balance of 88 million euros (131 million euros at December 31, 2011) reflects mainly the deferred tax liability from the use of fair value as the deemed cost of property, plant and equipment upon transition to the IFRSs.

The following table shows a breakdown of this provision by type of underlying temporary difference, keeping in mind that, since it met the requirements of IAS 12, this item was offset against available deferred-tax assets.

(in millions of euros)	06.30.2012	12.31.2011	Change
Deferred-tax liabilities:			
- Valuation differences of property, plant and equipment and intangibles	126	158	(32)
- Adoption of standard on finance leases (IAS 17)	27	27	-
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	7	-	7
- Other deferred taxes	-	-	-
Total deferred-tax liabilities (A)	**160**	**185**	**(25)**
Deferred-tax assets usable for offset purposes:			
- Tax asset for tax losses	13	7	6
- Taxed provisions for risks	59	42	17
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	3	(3)
- Other prepaid taxes	-	2	(2)
Total deferred-tax assets (B)	**72**	**54**	**18**
Total provision for deferred taxes (A-B)	**88**	**131**	**(43)**

27. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 782 million euros for an increase of 70 million euros compared with December 31, 2011 (712 million euros). The changes for the period are listed in the table that follows:

(in millions of euros)	12.31.2011	Additions	Utilizations	Other changes	06.30.2012
- Disputed tax items	61	19	-	-	80
- Risks for disputes, litigation and contracts	133	2	(4)	-	131
- Charges for contractual guarantees on sale of equity investments	80	-	-	-	80
- Provisions for decommissioning and remediation of industrial sites	333	8	(1)	3	343
- Environmental risks	31	-	(1)	-	30
- Risks on equity investments	12	-	-	(12)	-
- Provision for CO_2 emissions rights and Green Certificates	17	-	(17)	15	15
- Other risks and charges	45	60	(2)	-	103
Total	**712**	**89**	**(25)**	**6**	**782**

More specifically:

- The main components of **additions** of 89 million euros include 57 million euros for potential future charges related to the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, 7 million euros in financial expense on provisions for site decommissioning and remediation, 4 million euros for statutory and tax interest accrued on existing provisions and, lastly, 21 million euros in additions to provisions for environmental, legal and tax related risks.
- **Utilizations** of 25 million euros includes charges for contract disputes (4 million euros pro-rated), green certificates (17 million euros) and other risks (4 million euros).
- **Other changes** include 12 million euros for the elimination of a provision for risks established in connection with the investment held in Sarmato Energia Spa subsidiary, following its merger by

absorption effective April 1, 2012, and a 3-million-euro increase in decommissioning costs, offset by an addition of equal amount to property, plant and equipment. Green certificates account for the balance.

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 Consolidated Semiannual Financial Statements entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2012."

28. Bonds

The balance of 1,795 million euros (1,793 million euros at December 31, 2011) represents the non-current portion of bonds issues, valued at amortized cost.
The table below shows the balance outstanding at June 30, 2012 and indicates the fair value of each bond issue (in millions of euros):

Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value			Fair value
						Non-current portion	Current portion	Total	
Euro Medium Term Notes:									
Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	07.22.2014	699	49	748	748
Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	03.17.2015	499	13	512	509
Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	597	45	642	624
Total		**1,800**				**1,795**	**107**	**1,902**	**1,881**

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

29. Long-term Financial Debt and Other Financial Liabilities

A breakdown of long-term financial debt is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Due to banks	105	1,162	(1,057)
Due to other lenders	22	24	(2)
Total at 06.30.2012	**127**	**1,186**	**(1,059)**

The change in the amount due to banks reflects a reclassification to current liabilities (see Note 31) of a credit line expiring in April 2013.
The amount due to other lenders refers to a finance lease for a ship belonging to the hydrocarbons operations.

The main changes that occurred in the first half of 2012 are reviewed in the "Net Financial Debt" section of these Notes. Detailed information about the content is provided in "Liquidity Risk" section of the "Financial Risk Management by the Group's Parent Company" chapter.

30. 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 in 2008 while agreements providing both parties with put and call options are in effect.

31. Current Liabilities

Current liabilities totaled 3,891 million euros. A breakdown is as follows:

(in millions of euros)	06.30.2012	12.31.2011	Change
Bonds	107	71	36
Short-term financial debt	2,505	1,871	634
Trade payables	936	974	(38)
Current taxes payable	-	-	-
Other liabilities	343	377	(34)
Total current liabilities	**3,891**	**3,293**	**598**

The main current liability accounts are reviewed below:

- **Bonds** totaled 107 million euros, including the total accrued interest at June 30, 2012.

- **Short-term financial debt** amounted to 2,505 million euro. The table below shows the composition of this account and the changes compared with December 31, 2011:

(in millions of euros)	06.30.2012	12.31.2011	Change
Due to subsidiaries and affiliated companies	953	893	60
Due to factor companies	66	165	(99)
Due to banks	1,468	801	667
Interest rate and foreign exchange derivatives	15	10	5
Finance leases	3	3	-
Total current liabilities	**2,505**	**1,872**	**633**

The liabilities towards subsidiaries and affiliated companies include 810 million euros due to Edison Trading Spa, 53 million euros due to Jesi Energia, 27 million euros due to Edison International Holding and 21 million euros due to Termica Milazzo.

- **Trade payables** totaled 936 million euros. A breakdown by business segment is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Electric power operations	163	259	(96)
Hydrocarbons operations	751	694	57
Corporate activities	22	21	1
Totale	**936**	**974**	**(38)**

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 31 million euros for the fair value of physical energy commodity contracts included in the trading portfolios.

- A breakdown of **other liabilities,** which at 343 million euros were lower than at December 31, 2011, is provided below:

(in millions of euros)	06.30.2012	12.31.2011	Change
Valuation of derivative	103	117	(14)
Amounts owed to partners and associates in hydrocarbon exploration projects	56	94	(38)
VAT in pool with subsidiaries	38	47	(9)
Due to employees	19	20	(1)
Due to pension and social security institutions	17	17	-
Consulting and other services	32	17	15
Royalties payables	11	10	1
Sundry items	67	55	12
Total current liabilities	**343**	**377**	**(34)**

32. Liabilities Held for Sale

This account had a zero balance at June 30, 2012.

NET FINANCIAL DEBT

At June 30, 2012, net financial debt decreased to 1,492 million euros, or 378 million euros less than the 1,870 million euros owed at December 31, 2011, due mainly to the collection of 684 million euros in proceeds from the sale of Edipower, which were used to reduce the short-term debt exposure.

Consistent with the practice followed at the end of 2011, the table below provides a simplified breakdown of the Company's net financial debt:

(in millions of euros)	See note	06.30.2012	12.31.2011	Change
Bonds - non-current portion	28	1,795	1,794	1
Non-current bank loans	29	105	1,162	(1,057)
Amounts due to other lenders - non-current portion	29	22	23	(1)
Total net long-term financial debt		**1,922**	**2,979**	**(1,057)**
Bonds - current portion	31	107	71	36
Current loans payable	31	2,505	1,872	633
Current financial assets	22	(2,661)	(2,853)	192
Cash and cash equivalents	22	(381)	(199)	(182)
Total net short-term financial debt		**(430)**	**(1,109)**	**679**
Total net financial debt		**1,492**	**1,870**	**(378)**

The reclassification to current liabilities (see Note 29) of a credit line expiring in April 2013 is worth mentioning.
The main cash flows from operating activities that had a material impact in changing the composition of the Company's net financial debt include the following:

Positive items:
- 684 million euros from the abovementioned divestment of Edipower;
- 107 million euros from the collection of dividends from subsidiaries.

Negative items:
- 356 million euros for the negative effect of the change in the operating working capital, due in part to seasonal factors and in part to longer collection times;
- 85 million euros for an advance on capital contributions provided to the Edison Stoccaggio subsidiary;
- 70 million euros for negative EBITDA;
- 31 million euros for investments in property, plant and equipment.

DISCLOSURES REQUIRED BY IFRS 5

Edipower Spa

Please note that, further to the agreement in principle for the corporate restructuring of Edison and Edipower reached by A2A, EDF, Delmi and Edison on December 26, 2011, Edison executed a preliminary agreement to sell its 50% equity interest in Edipower at a price of about 600 million euros. This sale transaction, which qualifies as a highly material related-party transaction, is part of a more complex restructuring project that concerns Edison's control structure. One of the purposes of this transaction is the acquisition of control by EDF, through the purchase of the remaining equity stake in Transalpina di Energia. Basically, the transaction calls for:

- EDF's purchase of 50% of Transalpina di Energia from Delmi Spa;
- purchase by Delmi Spa of 70% of Edipower, sold (i) 50% by Edison for a price of about 600 million euros; (ii) 20% by Alpiq Energia Italia for a price of 200 million euros;
- the execution of a gas supply contract by Edison (supplier) and Edipower (customer), at market prices and with a term of six years, for a quantity of gas equal to 50% of Edipower's gas needs.

The execution of the agreement, following the approval of the sale of Edipower by the Board of Directors on January 24, 2012 and February 13, 2012, based on the favorable opinion rendered by the Independent Directors, who, in turn, relied on a fairness opinion provided by independent advisors, is conditional, in addition to receiving the approval of the relevant antitrust authorities, on the concurrent purchase by EDF of Delmi's 50% equity interest in Transalpina di Energia.

Please note that on April 4, 2012, the Consob addressed the issue of the restructuring transaction, recommending that the price of the tender offer for the Edison shares be set within an interval ranging between 0.84 euros per share and 0.95 euros per share, in the belief that the midpoint provides a useful reference point for balancing the interest of both parties.
Consequently, on May 5, 2012, the partners of Transalpina di Energia reconsidered the terms of the agreement and-having obtained a favorable ruling by the Consob, which, in a new communication dated May 3, 2012, found the choice of a price of 0.89 euros per share for the tender offer for the Edison shares "consistent with the adoption of the statutory criterion for the determination of the price for mandatory tender offers"- finalized an agreement calling for:

- A redefinition of Edipower's price, as result of which the consideration for the transfer to Delmi of the equity stake held by Edison in Edipower was set at about 684 million euros.
- The acquisition of a 50% stake in Transalpina di Energia at a price corresponding to 0.89 euros per Edison share.

Following the approval of the restructuring transaction by the relevant antitrust authorities on May 24, 2012, Edison sold its equity stake in Edipower to Delmi and, concurrently, EDF gained control of Edison through the acquisition of the entire capital of Transalpina di Energia, due to Delmi's sale of its equity stake in this company.

Please note that the price revision generated an economic benefit of 80 million euros recognized in "Profit (Loss) from discontinued operations."

Please note that, concurrently with the abovementioned transactions, Edipower repaid in full the shareholders loan of 550 million euros owed to Edison Spa, plus any accrued interest.

COMMITMENTS AND CONTINGENT RISKS

(in millions of euros)	06.30.2012	12.31.2011	Change
Guarantees provided	1,174	1,294	(120)
Collateral provided	83	85	(2)
Other commitments and risks	186	260	(74)
Total for Edison Spa	**1,443**	**1,639**	**(196)**

The balance of 1,174 million euros in **guarantees provided** is determined based on the undiscounted amount of the contingent commitments on the date of the financial statements.
Guarantees provided included the following:

- 113 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT 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.
- Guarantees 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, which totaled 83 million euros, or 2 million euros less than at December 31, 2011, represents the value of the assets or rights provided as collateral on the balance sheet date. This item includes collateral related mainly to encumbrances granted to secure other loans (55 million euros).

Other commitments and risks, which totaled 186 million euros, reflects primarily commitments undertaken to complete investment projects in progress.

The main commitments are reviewed below:

- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs), for the 2008-2012 period, Edison Spa signed the following contracts, for a remaining commitment of up to about 40 million euros (commitment ending on May 1, 2013, to satisfy 2012 compliance):
  - Emission Reductions Purchase Agreement (ERPA) to purchase CERs in China by March 2013 for a remaining commitment of up to 14 million euros;
  - Management Agreement with EDF Trading Ltd (EDF Carbon Fund) for the fixed-price purchase of CERs and ERUs by 2013 for a remaining commitment of up to 23 million euros;
  - Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013 for a commitment of 3 million euros.
- With regard to contracts for the importation of natural gas that contain take-or-pay clauses, 110 million euros was added to other assets at June 30, 2012, while commitments of 79 million euros that were carried at December 31, 2011 are no longer shown, having been settled in full. Updated risk profiles and economic recoverability are verified periodically during the year.
- In the electric power area Edison made the following commitments:
  - It granted to Cartiere Burgo Spa a call option on 51% of the Gever Spa 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 (i.e., 12 million euros);
  - It granted to Petrobras an option to buy its investment in Ibiritermo. The option is exercisable in 2022;
- 16 million euros for obligations undertaken by Edison with regard to companies sold in previous years.

Unrecognized Commitments and Risks

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

1) In the **hydrocarbon area,** the Company is a party to long-term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar, for a total supply of 15.5 billion cubic meters a year. These contracts have terms ranging from 7 to 22 years. The contract for the importation of natural gas from Norway ended in the first half of 2012.
   The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

	U.M.	within 1 year	between 2 and 5 years	after 5 years	Total
Natural gas (*)	Billion m^3	13.5	53.9	157.0	**224.4**

(*) The economic data are based on prospective pricing formulas.

2) With regard to the investment in Terminale GNL Adriatico Srl, a natural gas regasification company in which Edison Spa holds an interest of about 7.3%, the agreements between shareholders include the right for the other shareholders to buy the interest held by Edison, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.
   Pursuant to the regasification contract, Edison benefits from access to 80% of the terminal's regasification capacity for 22 years for an annual regasification fee estimated at about 100 million euros. With regard to the regasification fee payable, Edison's risk is limited to the following situations:
   - Edison has the right to cancel the regasification contract for force majeure events affecting the chain (upstream and midstream) of Terminale GNL Adriatico by paying an amount that may not be greater than the regasification fee payable for three years;
   - if a force majeure event affects Terminale GNL Adriatico, Edison will no longer be required to pay the regasification fee and may terminate the regasification contract after 36 months without being required to pay any amount;
   - in the event of a breakdown of the terminal that does not constitute a force majeure event, Edison will not be required to pay any regasification fee.

   In addition, Edison will receive compensation for damages by RasGas, its supplier, which will include the regasification fee, based on circumstances set forth in the contract.

3) In the **electric power 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 concession operated by the company has not been extended by March 31, 2018.

Lastly, 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.

FINANCIAL RISK MANAGEMENT BY THE GROUP'S PARENT COMPANY

Information about the policies and principles adopted to manage the risks to which Edison Spa is exposed and the methods applied to measure at fair value financial derivatives is provided in the Notes to the corresponding items in the Condensed Consolidated Semiannual Financial Statements.

For the purpose of this report, we wish to point out that Edison Spa, the Group's Parent Company, is exposed to the following risks:

- **Commodity price risk and exchange rates risk related to commodity transactions.** Edison Spa 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) because they have an impact on the revenues and costs of its production, storage and buying and selling activities.
  Insofar as the derivatives held by the Group's Parent Company that were outstanding at June 30, 2012 are concerned, the maximum negative variance in the fair value of financial instruments expected, over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at June 30, 2012, is 135.5 million euros (106.8 million euros at June 30, 2011), as shown in the table below:

Profit at Risk (PaR)	1st half 2012		1st half 2011	
(in millions of euros)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Spa	**97.5%**	**135.5**	**97.5%**	**106.8**

Please note that the value at December 31, 2011 was equal to 85.6 million euros.

  The increase compared with the level measured at June 30, 2011 is due mainly to an increase in the net volume of financial contracts executed to hedge forward sales for 2012 and 2013.
  Please note that in the first half of 2012, working pursuant to the risk mandates defined in accordance with the Group's Energy Risk Policies and the Business Risk Committee, Edison Energia requested financial hedges to mitigate the exposure of its margin to fluctuations in prices of energy commodities. The hedging transactions were executed by Edison Spa, consistent with its coordination and control function regarding the risk positions of the Group's entire industrial portfolio.

- **Foreign exchange risk.** The foreign exchange risk arises from the fact that some of Edison Spa's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through indexing formulas. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates, with an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (translational risk).

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

Gross Financial Debt	06.30.2012			12.31.2011		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (included structures with CAP)	1,825	1,225	27%	1,826	1,226	25%
- variable rate portion	2,708	3,308	73%	3,095	3,695	75%
Total gross financial debt (*)	**4,533**	**4,533**	**100%**	**4,921**	**4,921**	**100%**

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

Considering that, at June 30, 2012, the Edison Spa held 381 million euros in liquid assets earning interest at market rates, when the abovementioned percentages are computed based on net financial debt, including outstanding derivative transactions, they become 30% (fixed rate) and 70% (variable rate), respectively.
The interest risk exposure analyzed in the preceding table is consistent with the policy pursued by the Company to manage its financial structure and corresponding costs, as it relates to the trend in market interest rates. The Company's strategy is to combine fixed-rate bond issues (the most stable source for the procurement of financial resources, a brief description of which is provided later in these Notes, in the table included in the "Default Risk and Debt Covenants" section below) with interest rate swaps, negotiated with a six-month Euribor benchmark and classified as Fair Value Hedges. In addition, in order to have a source of funds protected from a rise in interest rates without giving up the benefits provided by short-term rates, the Company negotiated structured derivatives that currently enable it to stay floating within a contractually established cap and floor.
It is worth mentioning that against bond issues outstanding for a total notional amount of 1,800 million euros, the Company negotiated 1,325 million euros in Interest Rate Swaps and 1,225 million euros in structured derivatives, including 500 million euros executed in the first half of 2012.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2012 and shows a comparison with the corresponding data in same period in 2011:

Sensitivity analysis	**1st half 2012**			**06.30.2012**		
(in millions of euros)	Impact on financial expense (P&L)			Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	**58**	**46**	**33**	**-**	**-**	**-**

Sensitivity analysis	**1st half 2011**			**12.31.2011**		
(in millions of euros)	Impact on financial expense (P&L)			Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	48	40	28	-	-	-

- **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.
The receivables assigned without recourse during the first half of 2012 totaled 1,167 million euros. At June 30, 2012, there were no receivables that were exposed to the risk of recourse. The table below provides an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Company holds to secure its receivables. The growth in receivables outstanding at June 30, 2012, compared with December 31, 2011, is largely due to an increase in the volume of business, particularly in the hydrocarbons sector.

(in millions of euros)	**06.30.2012**	**12.31.2011**
Gross trade receivables	1,756	1,556
Allowance for doubtful accounts (-)	(28)	(29)
Trade receivables	**1,728**	**1,527**
Guarantees held (*)	330	409
Receivables 9 to 12 months in arrears	-	1
Receivables more than 12 months in arrears	28	32

(*) Including 58 million euros to hedge receivables outstanding at June 30, 2012.

- **Liquidity**: The liquidity risk is the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario. Specifically, the liabilities reflect all future cash outflows: in addition to principal and accrued interest, all interest payments estimated for the entire length of the underlying debt obligation are included and the effect of interest rate derivatives is taken into account. As a result, the aggregate liability amount is larger than the gross financial debt amount. In addition, assets (cash and cash equivalents, trade receivables, etc.) are not included and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst case scenario	06.30.2012			12.31.2011		
(in millions of euros)	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	30	40	2,008	16	53	2,025
Financial debt and other financial liabilities	6	1,467	82	17	806	1,191
Trade accounts payable	913	23	-	938	36	-
Total	**949**	**1,530**	**2,090**	**971**	**895**	**3,216**
Guarantees provided to third parties (*)	**696**	**251**	**227**	**806**	**235**	**375**

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

Financial debt due within one year, which amounted to 1,543 million euros, includes the following items:
- 1,450 million euros drawn from a standby syndicated credit line of 1,500 million euros provided to Edison Spa that matures in April 2013;
- 70 million euros in accrued interest payable on outstanding bond issues;
- 23 million euros in principal repayments for facilities with an amortization plan and accrued interest payable on the entire debt amount.

At June 30, 2012, Edison Spa held liquid assets totaling 381 million euros and had access to unused committed credit lines amounting to 750 million euros, including 700 million euros originating from the club-deal facility provided to Edison Spa in June 2011 (expiration date September 2012) and 50 million euros from a standby facility of 1,500 million euros provided to Edison Spa and expiring in 2013.

Financial debt due after one year totaled 2,090 million euros, including 2,008 million euros for bonds (notional amount of 1,800 million euros and accrued interest) and 82 million euros in "Long-term financial debt and other financial liabilities."

In June, following the corporate restructuring of this past May 24, in coordination with its reference shareholder EDF, Edison launched a process to redefine its internal organizational model, which is still ongoing and is laying the foundations to ensure that the Company's total debt can be refinanced with medium/long-term maturities. Please note that, in any event, the financial obligations maturing in 2012 can be easily covered with the existing liquidity and unused credit lines, which became available following the sale of the equity stake held in Edipower on May 24, 2012.

- **Default risk and debt Covenants:** This type of risk arises from the possibility that loan agreements or bond indentures to which Edison 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" paragraph above).

Three bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at June 30, 2012.

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face Value (in millions of euros)	Coupon	Current Rate
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	17.22.2014	700	Fixed annual	4.250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03.17.2015	500	Fixed annual	3.250%
EMTN 11/2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11.10.2017	600	Fixed annual	3.875%

Edison's outstanding debt obligations also include non-syndicated facilities for a total nominal amount of 822 million euros, including the 700-million-euro facility provided to Edison on a club-deal basis in June 2011, fully available at June 30, 2012, and syndicated facilities for a nominal amount of 1,500 million euros, the unused portion of which was 50 million euros at June 30, 2012.

With regard to the transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing has changed since the end of 2011 and additional information can be found in the Notes to the 2011 Separate Financial Statements.

At present, Edison Spa is not aware of the existence of any default situation.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Please note that, as a result of the corporate restructuring of the Edison Group completed on May 24, 2012, the Company's reference related parties have changed. More specifically, following the sale of Edipower Spa to Delmi and EDF's acquisition of the entire share capital of Transalpina di Energia through its purchase of the equity stake held by Delmi, EDF gained control of Edison and is now its reference shareholder. For further information, please see the section entitled "Disclosure Pursuant to IFRS 5."

Consequently, the table below shows:

- income statement transactions executed with companies of the A2A Group, the IREN Group, the Dolomiti Energia Group, Banca Popolare di Milano and Mediobanca only up to May 24, 2012;
- income statement and balance sheet transactions executed through June 30, 2012 with companies of the EDF Group, Transalpina di Energia and other unconsolidated Group companies.

This presentation format meets the disclosure requirements of IAS 24. These transactions were carried out in the normal course of business, based on contract terms mutually agreed upon by the parties that are consistent with market practice.
More detailed information about these transactions, which are detailed in the table below, is provided in the Condensed Consolidated Semiannual Financial Statements.

(in millions of euros)	Related parties pursuant to IAS 24					Other related and significant parties					Total	Total	%
	with Group companies	with the controlling company	EDF Group	A2A Group	**Total related parties**	Iren Group (**)	Dolomiti Energia Group (**)	Banca Popolare di Milano	Mediobanca	**Total significant parties**	**related and significant parties**	**fin. stat. line item**	**impact**
Balance Sheet transactions													
Investments in associates	1,329	-	-	-	1,329	-	-	-	-	-	1,329	1,329	100.0%
Other financial assets	7	-	-	-	7	-	-	-	-	-	7	7	100.0%
Trade receivables	955	-	2	-	957	-	-	-	-	-	957	1,728	55.4%
Other receivables	54	104	8	-	166	-	-	-	-	-	166	351	47.3%
Current financial assets	2,566	-	-	-	2,566	-	-	-	-	-	2,566	2,661	96.4%
Short-term financial debt	953	-	-	-	953	-	-	-	-	-	953	2,505	38.0%
Trade payables	51	-	-	-	51	-	-	-	-	-	51	936	5.4%
Other payables	7	-	1	-	8	-	-	-	-	-	8	343	2.3%
Income Statement transactions													
Sales revenues	1,285	-	8	36	1,329	195	27	-	-	222	1,.551	3,341	46.4%
Other revenues and income	6	-	-	-	6	-	-	-	-	-	6	177	3.4%
Raw materials and services used	42	-	3	1	46	56	-	-	-	56	102	3,520	2.9%
Financial income	36	-	-	-	36	-	-	-	-	-	36	99	36.4%
Financial expense	5	-	-	-	5	-	-	-	1	1	6	118	5.1%
Income from equity investments	120	-	-	-	120	-	-	-	-	-	120	122	98.4%
Expense on equity investments	31	-	-	-	31	-	-	-	-	-	31	35	88.6%
Commitments and contingent risks													
Guarantees provided	-	-	-	-	-	-	-	-	-	-	-	1,174	-
Other commitments and risks	-	-	23	-	23	-	-	-	-	-	23	186	12.4%

(*) Please see the "2011 Corporate Governance Report."
(**) Considered as Related Party in the "Procedure Governing Related-Party Transactions."

OTHER INFORMATION

As described in the section of these notes entitled "Disclosures Required by IFRS 5," the sale to Delmi of the equity stake held in Edipower closed on May 24, 2012 at a price of 684 million euros. The Company recognized a positive effect of 80 million euros in profit or loss, net of transaction costs (in the line item "Profit (Loss) from discontinued operations").

On February 7, 2012, Edison agreed to the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, recognizing a net positive impact of 28 million euros at the EBITDA level (due to an income of 85 million euros net of a provision for future charges of 57 million euros) and writedowns of property, plant and equipment totaling 21 million euros.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2012

No significant events requiring disclosure occurred since June 30, 2012.

Milan, July 30, 2012

The Board of Directors
by Bruno Lescoeur
Legal representative

CERTIFICATION OF THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

1. We, the undersigned Bruno Lescoeur, in my capacity as "Chief Executive Officer," and Roberto Buccelli, 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, 2012 to June 30, 2012:

   - were adequate in light of the Company's characteristics; and
   - were properly applied.

2. We further certify that:

   2.1. the Condensed Semiannual Financial Report (condensed consolidated semiannual financial statements and condensed semiannual financial statements of Edison Spa)

   a) were prepared in accordance with applicable international accounting principles recognized by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002;
   b) are consistent with the data in the books of accounts and other accounting records;
   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.

Bruno Lescoeur	Roberto Buccelli
	Il Dirigente Preposto alla redazione
Chief Executive Officer	dei documenti contabili societari

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

**AUDITORS' REVIEW REPORT
ON THE CONDENSED CONSOLIDATED SEMIANNUAL
FINANCIAL STATEMENTS FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2012**

**To the Shareholders of
EDISON S.p.A.**

1. We have reviewed the condensed consolidated semiannual financial statements, consisting of the balance sheet, the income statement, the other components of the comprehensive income statement, the cash flow statement and changes in consolidated Shareholder's equity, and related explanatory notes of Edison S.p.A. and subsidiaries (the "Edison Group") as of June 30, 2012. These condensed consolidated semiannual financial statements, prepared in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by European Union are the responsibility of the Edison S.p.A.'s Directors. Our responsibility is to issue this report based on our review.

2. We conducted our review in accordance with the standards recommended by CONSOB with Resolution n. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the condensed consolidated semiannual financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike in our auditors' report on the year-end consolidated financial statements, we do not express an audit opinion on the condensed consolidated semiannual financial statements.

   The condensed consolidated semiannual financial statements present for comparative purposes data of the consolidated financial statements and of the prior year condensed consolidated semiannual financial statements. As indicated in the notes to the condensed consolidated semiannual financial statements, the Directors have reclassified certain comparative data related to previous periods with respect to the figures previously reported and audited and reviewed by us, on which we had issued our auditors' report dated March 9, 2012 and our auditors' review report dated July 26, 2011. The methods adopted to reclassify the comparative financial data and the related disclosures reported in the notes to the condensed consolidated semiannual financial statements have been examined by us for the purpose of the limited review of the condensed consolidated semiannual financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated semiannual financial statements of the Edison Group as of June 30, 2012 are not prepared, in all material respects, in accordance with International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by

Piergiulio Bizioli
Partner

Milan, Italy,
July 31, 2012

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

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REVIEW REPORT
ON THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2012

To the Shareholders of
EDISON S.p.A.

1. We have reviewed the condensed semiannual financial statements, consisting of the balance sheet, the income statement, the other components of the comprehensive income statement, the cash flow statement and changes in Shareholder's equity, and related explanatory notes of Edison S.p.A. (the "Company") as of June 30, 2012. These condensed semiannual financial statements, prepared in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union are the responsibility of the Edison S.p.A.'s Directors. Our responsibility is to issue this report based on our review.

2. We conducted our review in accordance with the standards recommended by CONSOB with Resolution n. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the condensed semiannual financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedure of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike in our auditors' report on the year-end financial statements, we do not express an audit opinion on the condensed semiannual financial statements.

   The condensed semiannual financial statements present for comparative purposes data of the separate financial statements and of the prior year condensed semiannual financial statements. As indicated in the notes to the condensed semiannual statements, the Directors have reclassified certain comparative data related to previous periods with respect to the figures previously reported and audited and reviewed by us, on which we had issued our auditors' reports dated March 9, 2012 and our auditors' review report dated July 26, 2011. The methods adopted to reclassify the comparative financial data and the related disclosures reported in the notes to the condensed semiannual financial statements have been examined by us for the purpose of the limited review of the condensed semiannual financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed semiannual financial statements of the Edison S.p.A. as of June 30, 2012 are not prepared, in all material respects, in accordance with International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy,
July 31, 2012

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

This document is also available on the
Company website: www.edison.it

Editorial coordination
External Relations and Communications Department

Art direction by
In Pagina, Saronno

Photographs by
Archivio Edison
Renato Cerisola

Printed by
Grafiche Maggioni, Milano

Milan, september 2012

This publication has been printed on ecological paper with a low environmental impact.

Edison Spa
31, Foro Buonaparte
20121 Milan
Italy

Capital Stock: 5,291,700,671.00 euros, fully paid in.
Milan 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

EDISON