


SEPARATE FINANCIAL STATEMENTS 2008

EDISON

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EDISON

EDISON SPA
Balance Sheet

(in euros)	See Note	12/31/2008	12/31/2007
ASSETS			
Property, plant and equipment	1	3,857,556,798	4,322,470,010
Investment property	2	4,335,847	1,015,438
Goodwill	3	2,632,320,046	2,632,320,046
Hydrocarbon concessions	4	212,643,452	234,310,827
Other intangible assets	5	28,505,366	31,151,441
Investments in associates	6	1,908,831,692	1,670,565,960
Available-for-sale investments	6	247,450,535	179,642,261
Other financial assets	7	21,581,729	67,237,383
Deferred-tax assets	8	-	-
Other assets	9	17,837,839	36,737,904
Total non-current assets		8,931,063,304	9,175,451,270
Inventories		257,967,251	192,351,133
Trade receivables		1,616,799,526	788,873,190
Current tax assets		3,502,156	552,460
Other receivables		249,657,124	175,587,765
Current financial assets		945,976,496	627,285,742
Cash and cash equivalents		19,957,735	21,792,078
Total current assets	10	3,093,860,288	1,806,442,368
Assets held for sale	11	-	208,213,805
Total assets		12,024,923,592	11,190,107,443
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		5,291,700,671	5,291,664,500
Statutory reserve		71,608,395	49,164,075
Other reserves		408,887,905	592,482,578
Retained earnings (Loss carryforward)		623,119,343	464,578,260
Profit (Loss) for the period		374,103,915	448,886,400
Total shareholders' equity	12	6,769,420,229	6,846,775,813
Provision for employee severance indemnities and provision for pensions	13	30,981,502	35,760,384
Provision for deferred taxes	14	240,968,621	298,615,914
Provision for risks and charges	15	677,251,799	811,199,744
Bonds	16	1,198,301,050	1,200,731,683
Long-term borrowings and other financial liabilities	17	274,200,525	257,017,439
Other liabilities	18	22,342,857	-
Total non-current liabilities		2,444,046,354	2,603,325,164
Bonds		9,000,283	8,799,273
Short-term borrowings		1,017,969,464	573,585,943
Trade payables		1,224,606,486	856,379,168
Current taxes payables		16,106,734	-
Other liabilities		543,774,042	282,911,043
Total current liabilities	19	2,811,457,009	1,721,675,427
Liabilities held for sale	20	-	18,331,039
Total liabilities and shareholders' equity		12,024,923,592	11,190,107,443

The analyses of transactions with related parties required by Consob Resolution No. 15519 of July 27, 2006 are provided in a separate disclosure included in the section of this Report entitled “Intercompany and Related Parties Transaction”.

EDISON SPA
Income Statement

(in euros)	See Note	2008	2007
Sales revenues	21	5,927,329,414	4,746,670,642
Other revenues and income	22	399,138,242	236,472,064
Total revenues		6,326,467,656	4,983,142,706
Raw materials and services used (-)	23	(5,511,464,604)	(4,083,901,149)
Labor costs (-)	24	(138,978,698)	(139,501,894)
EBITDA	25	676,024,354	759,739,663
Depreciation, amortization and writedowns (-)	26	(445,440,179)	(416,483,005)
EBIT		230,584,175	343,256,658
Net financial income (expense)	27	(32,567,380)	(134,667,506)
Income from (Expense on) equity investments	28	350,676,715	218,352,422
Other income (expense), net	29	(19,355,821)	15,061,768
Profit before taxes		529,337,689	442,003,342
Income taxes	30	(165,161,184)	(1,569,591)
Profit (Loss) from continuing operations		364,176,505	440,433,751
Profit (Loss) from discontinued operations	31	9,927,410	8,452,649
Profit (Loss)		374,103,915	448,886,400

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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 2008, compared with the corresponding data for 2007.

(in euros)	2008	2007
Profit (Loss) of Edison Spa from continuing operations	364,176,505	440,433,751
Profit (Loss) of Edison Spa from discontinued operations	9,927,410	8,452,649
Total profit (loss) of Edison Spa	374,103,915	448,886,400
Amortization and depreciation	445,440,179	415,367,140
(Gains) Losses on the sale of non-current assets	(92,477,919)	(27,698,947)
(Revaluations) Writedowns of non-current assets	12,685,471	21,356,444
Change in the provision for employee severance indemnities	(4,778,882)	(1,840,000)
Change in other operating assets and liabilities	(309,619,912)	97,434,216
A. Cash flow from continuing operations	425,352,852	953,505,253
Additions to intangibles and property, plant and equipment (-)	(232,705,000)	(207,545,938)
Additions to equity investments and other non-current financial assets (-)	(298,774,716)	(345,772,711)
Proceeds from the sale of intangibles and property, plant and equipment	43,528,815	38,729,342
Proceeds from the sale of equity investments and other non-current financial assets	374,767,418	103,393,391
Other current assets	(318,578,258)	(72,887,500)
B. Cash used in investing activities	(431,761,741)	(484,083,416)
Receipt of new medium-term and long-term loans	210,520,000	312,118,317
Redemptions of medium-term and long-term loans (-)	(80,574,223)	(2,012,018,762)
Capital contributions provided by controlling companies or other shareholders	49,193	1,018,525,047
Dividends paid to controlling companies or minority shareholders (-)	(267,900,998)	(233,367,577)
Change in short-term debt	142,480,574	279,884,381
C. Cash used in financing activities	4,574,546	(634,858,594)
D. Net change in cash and cash equivalents (A+B+C)	(1,834,343)	(165,436,757)
E. Cash and cash equivalents at the beginning of the year	21,792,078	187,228,835
F. Cash and cash equivalents at the end of the year (D+E)	19,957,735	21,792,078

The analyses of transactions with related parties required by Consob Resolution No. 15519 of July 27, 2006 are provided in a separate disclosure included in the section of this Report entitled “Intercompany and Related Parties Transaction”.

EDISON SPA
Statement of Changes in Shareholders' Equity

(in euros)	Share capital (a)	Statutory reserve (b)	Other reserves and ret. earnings (loss carryforward) (c)	Profit for the year (d)	Total (a+b+c+d)=(e)
Balance at December 31, 2006	4,273,139,453	17,552,677	685,957,084	632,227,959	5,608,877,173
Appropriation of the 2006 profit and dividend distribution	-	31,611,398	367,248,984	(632,227,959)	(233,367,577)
Share capital increase due to the conversion of warrants	1,018,525,047	-	-	-	1,018,525,047
Merger surplus	-	-	7,292,233	-	7,292,233
Restatements for the adoption of IAS 32 and IAS 39	-	-	(3,437,463)	-	(3,437,463)
Profit for the year	-	-	-	448,886,400	448,886,400
Balance at December 31, 2007	5,291,664,500	49,164,075	1,057,060,838	448,886,400	6,846,775,813
Appropriation of the 2007 profit and dividend distribution	-	22,444,320	158,541,082	(448,886,400)	(267,900,998)
Share capital increase	36,171	-	13,022	-	49,193
Restatements for the adoption of IAS 32 and IAS 39	-	-	(183,607,694)	-	(183,607,694)
Profit for the year	-	-	-	374,103,915	374,103,915
Balance at December 31, 2008	5,291,700,671	71,608,395	1,032,007,248	374,103,915	6,769,420,229

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

at December 31, 2008

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Content and Format of the Financial Statements

Dear Shareholders:

We submit for your approval the separate financial statements of Edison Spa at December 31, 2008, which consist of a balance sheet, an income statement, a statement of cash flow, a statement of changes in shareholders' equity and the accompanying notes.
The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Standards Board (IASB), , as published in the *Official Journal of the European Union* (*OJEU*).

Following their publication in the *OJEU,* the international accounting principles and interpretations listed below are also being applied starting in 2008. However, they had no impact on the financial statements of Edison Spa:

- IFRIC 11 "Group and Treasury Share Transactions," which complements the principles set forth in IFRS 2 for the treatment of share-based payments.

- Regulation No. 1044/2008, which partially amends the content of IAS 39 and IFRS 7. According to this amendment, if certain requirements are met, some assets other than derivatives can be reclassified from "trading assets measured at fair value with impact recognized in earnings," to "available-for-sale assets with changes in fair value recognized in equity" or, in the case of held-to-maturity receivables, to "receivables" valued at cost (nominal rate or actual rate). Edison has chosen not to adopt this option.

The following international accounting principles and interpretations published in the *OJEU* up to January 2009 will become applicable in 2009. Their impact on the valuations used in the financial statements of Edison Spa is currently being assessed. The abovementioned principles and interpretations include:

- *amendment* to IFRS 2 "Share based payment" foresees changes in vesting conditions and cancellations;

- IFRS 8 "Operating Segments," which will replace IAS 14 "Segment Reporting." Compared with the current situation, the new disclosure also includes an analysis concerning the products and services supplied and large customers.

- IAS 23 eliminates the so-called alternative treatment concerning the capitalization of borrowing costs (method adopted by Edison). This principle requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset whenever a significant length of time is required to make the asset available for its intended use or for sale.

- IAS 1 requires the presentation of additional income statement disclosures in the "Statement of Comprehensive Income Attributable to Minority Shareholders and the Group." The other components of comprehensive income include changes in the cash flow hedge reserve, the currency translation reserve and the gain (loss) from available-for-sale financial assets. Until now, changes in these components were shown exclusively by changes in the corresponding equity reserves.

- IFRIC 13 "Customer Loyalty Programs", IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

- a number of marginal international accounting principles, modified with the objective of achieving an overall consistency between the IFRS international accounting principles and the accounting principles adopted internally in certain countries outside the European Union, the United States in particular (so-called "Improvements to IFRS 2007"). These new principles are applicable between 2009 and 2010.

The Board of Directors authorized the publication of these Separate Financial Statements on February 11, 2009.

The separate financial statements have been audited by PricewaterhouseCoopers Spa in accordance with a three-year assignment (from 2005 to 2007) it received by a resolution of the Shareholders' Meeting of April 19, 2005. On April 5, 2007, the assignment awarded to the abovementioned Independent Auditors was extended till the financial statements approval of December 31, 2010.

Unless otherwise stated, the amounts that appear in the Notes to the Separate Financial Statements are in thousands of euros.

Presentation Formats of the Financial Statements

The presentation formats chosen by Edison Spa for its financial statements have the following characteristics:

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

Valuation Criteria

Property, Plant and Equipment and Investment Property

Property, plant and equipment used in the production process are classified as “Property, plant and equipment.” Land and buildings that are not used in the production process are classified as “Investment property.”
In the financial statements, these assets are shown at purchase or production cost, or at their conveyance value, including any attributable incidental costs and direct costs deemed necessary to make them operable, net of any capital grants.
Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life. Under this principle, the value of a building and the value of the land over which it has been erected are recognized separately and only the building is depreciated.
Any costs that the Group expects to incur in the decommissioning of industrial sites are recognized as an amortizable asset component. The value at which these costs are recognized is equal to the present value of the costs that the Group expects to incur in the future.
Scheduled maintenance costs are charged in full to income in the year they are incurred.
Costs incurred for major maintenance that is performed at regular intervals are added to the respective assets and are written off over the remaining useful lives of the assets.
The estimated realizable value that the Group expects to recover at the end of an asset’s useful life is not depreciated. Property, plant and equipment is depreciated each year on a straight-line basis at rates based on technical and financial estimates of the assets’ remaining useful lives.

The range of depreciation rates applied is shown below:

	Electric Power		Hydrocarbons		Corporate	
	min.	max	min.	max	min.	max
Buildings	4.0%	11.1%	-	18.7%	-	2.0%
Plant and machinery	4.0%	23.1%	2.4%	42.9%	5.0%	22.2%
Manifacturing and distribution equipment	5.0%	10.0%	17.5%	35.0%	5.0%	25.0%
Other assets	6.0%	20.0%	6.0%	25.0%	6.0%	20.0%
Investment property	-	-	-	-	2.0%	2.4%

Items of property, plant and equipment appurtenant to hydrocarbon production concessions and the costs incurred to close well, abandon the site and decommission or remove equipment are recognized as assets and depreciated in accordance with the UOP method, which is also used to amortize the underlying concessions. Accordingly, depreciation is computed on the value determined by the ratio between the quantities produced during the year and the estimated remaining available reserves at the beginning of the year.
The depreciation method applied to thermoelectric power plants that sell energy under the CIP 6/92 rate schedule, which is based on the economic benefits produced, follows a step-down process, with straight line depreciation for each of the periods. This method reflects the differences between the amounts charged under the CIP 6/92 rate schedule for the 8-year incentivized period and the following 7-year contract period and the market terms applicable after the CIP 6/92 contract expires.
The depreciation of assets transferable free of charge is taken on a straight-line basis over the remaining term of the respective contracts or their estimated useful lives, whichever is less.
Assets acquired through financial leases must be booked under property, plant and equipment, with an offsetting entry of equal amount made to loans payable.
The liability is gradually eliminated in accordance with the principal repayment schedule of the respective lease agreement. The value of the asset is depreciated on a straight-line basis, based on technical and financial estimates of its useful life.

Upon initial adoption of the IAS/IFRS principles, the Company used fair value as deemed cost. As a result, accumulated depreciation and amortization and the provision for writedowns booked through January 1, 2004 were derecognized. The accumulated depreciation and amortization and the provision for writedowns discussed in the notes to the financial statements refer exclusively to depreciation, amortization and writedowns that accumulated after January 1, 2004.
If there are indications of a decline in value, assets are subjected to an impairment test in the manner described below under Impairment of Assets. When the reasons for a writedown no longer apply, the asset's cost is reinstated.
Financial expense is not capitalized.

Goodwill

Goodwill acquired for consideration, which for transition purposes had been recognized at the same amount as in the statutory financial statements at December 31, 2003, and other intangible assets with indefinite useful lives are not amortized on a straight-line basis, but the recoverability of the carrying amounts is checked annually (impairment test) for each Cash Generating Unit (CGU) or group of CGUs to which assets with indefinite lives can be reasonably allocated. The impairment test is described below in the section entitled Impairment of Assets. When the reasons for a writedown no longer apply, the asset's cost is not reinstated.
The decision to take the conservative approach of using for the transition to the IAS/IFRS principles on January 1, 2004 the same values as those used in the statutory financial statements prepared in accordance with Italian accounting principles is justified by the uncertainty that currently exists with respect to the accounting treatment that should be applied to these assets in the separate financial statements prepared in accordance with the IAS/IFRS principles.

Hydrocarbon Concessions and Other Intangible Assets

Only identifiable assets that are controlled by the Company and are capable of producing future benefits can be identified as intangible assets. Intangibles are recorded at purchase or internal production cost, including incidentals, in accordance with the same criteria used for property, plant and equipment. Development costs can be capitalized, provided they can be identified reliably and it can be demonstrated that the asset is capable of producing future economic benefits.
Intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives, starting when they are available for use.
The costs incurred to acquire mineral leases or extend the duration of existing permits are recognized as intangible assets. If an exploration project is later abandoned, the residual cost is charged immediately to income.
Exploration costs and costs incurred in connection with geological surveys, exploratory testing, geological and geophysical mapping and exploratory drilling are recognized as intangible assets but their full amount is amortized in the year they are incurred.
Development costs related to successful mineral wells and production costs incurred to build facilities to extract and store hydrocarbons are recognized as property, plant and equipment, depending on the type of asset, and are depreciated in accordance with the unit-of-product (UOP) method.
The costs incurred to close mineral wells, clear the well areas and dismantle or remove structures are recognized as assets and amortized in accordance with the UOP method.
Hydrocarbon production concessions are amortized in accordance with the unit-of-product method. The amortization rate is computed on the value determined by the ratio between the quantities produced during the fiscal year and the estimated remaining available reserves at the beginning of the fiscal year, taking into account any significant change to reserves that occurred during the fiscal year. In addition, a test is conducted each year to make sure that the carrying amounts of these assets are not greater than their realizable value computed by discounting future cash flows, which are estimated based on future production programs and market values.
Emissions rights are recognized as intangible assets at the cost incurred to acquire them if the rights

carried by the Company on the balance sheet date exceed the emissions released during the year. Rights assigned free of charge are recognized at a zero carrying value Since this asset is designed for instantaneous use, it cannot be amortized or tested for impairment. Its recoverable value is its value in use or its market value, whichever is greater. On the other hand, if, on the balance sheet date, the value of actual emissions is greater than the value of allocated emissions, including any purchased emissions, a provision for risks is set aside to cover the difference. Any emissions quotas that are turned back each year, based on the volume of polluting emissions released into the atmosphere each year, will be deleted using any reserves for risks set aside the previous year.

Environmental Securities (Emission Rights, Green Certificates, etc.)

The Group purchases environmental securities (emissions rights and green certificates, primarily) partly to meet the requirements of its industrial activities (own use) and partly for trading purposes. Different valuation criteria are applied, depending on the intended use at the time of purchase.
Specifically, emission rights and green certificates can be classified as other intangible assets and recognized at their purchase cost if, on the date of the financial statements, the Group has a surplus of rights or certificates compared with its projected needs, determined on the basis of the emissions it released during the years, for the rights, or the output generated, for the green certificates. Rights and green certificates that are allocated free of charge are recognized as having zero value. Because these assets are intended for instantaneous use, they are tested for impairment and not amortized. Their recoverable value is defined as their value in use or their market value, whichever is greater. However, if on the date of the financial statements the value of the emissions generated is greater than that of the missions allocated to the Group and any purchased emissions, a special provision for risks is recognize to cover the difference. The rights and certificates that are returned each year based on the volume of polluting gases released into the atmosphere in each calendar year or the output generated will be written off, concurrently utilizing the provision for risks established for this purpose the previous year.

Equity Investments in Subsidiaries and Affiliated Companies

Subsidiaries are companies with respect to which Edison has the power independently to make strategic corporate decisions for the purpose of obtaining the resulting benefits. As a rule, control is presumed to exist when the controlling company holds, directly or indirectly, more than half of the votes that can be cast at an Ordinary Shareholders' Meeting, also counting the so-called "potential votes" (i.e., votes conveyed by convertible instruments).
Affiliated companies are companies with respect to which Edison exercises a significant influence over the process of making strategic corporate decisions, even though it does not have control, when the so-called "potential votes" (i.e., votes conveyed by convertible instruments) are counted. A significant influence is presumed to exist when the controlling company holds, directly or indirectly, more than 20% of the votes that can be cast at an Ordinary Shareholders' Meeting.
Equity investments in subsidiaries and affiliated companies are valued at cost, written down to reflect any distributions of share capital or equity reserves or any impairment losses discovered as a result of an impairment test. If the reasons that justified the writedown cease to apply in subsequent years, the original cost is reinstated.

Impairment of Assets

IAS 36 requires that an entity test its property, plant and equipment and intangible assets for impairment when there are indications that an impairment has occurred.
In the case of goodwill and other assets with indefinite lives or assets that are not available for use, the impairment test must be conducted annually.
The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.
As a rule, value in use is the present value of future cash flows expected to be derived from an asset or a CGU and from its disposal at the end of its useful life.

CGUs, which have been identified in a way that is consistent with the Edison's organizational and business structure, are homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.

Translation of Items Denominated in Foreign Currencies

Transactions in foreign currencies are translated into euros at the exchange rate in force on the transaction date. At the end of the year, cash assets and liabilities are translated at the exchange rates in force on the balance sheet date. Any resulting foreign exchange translation differences are recognized in earnings. Non-cash assets and liabilities denominated in foreign currencies are valued at cost and translated at the exchange rates in force on the transaction date.

Financial Instruments

Financial instruments include equity investments (other than investments in subsidiaries, joint ventures and affiliate companies) that the Company plans to sell, such as trading investments and available-for-sale investments. They also include long-term loans and receivables, trade receivables and other receivables generated by the Company, and current financial assets, such as cash and cash equivalents. Cash and cash equivalents include bank and postal deposit accounts, readily marketable securities purchased as temporary investments of cash and loans receivable due within three months. This item also includes loans payable, trade and other payables, other financial liabilities and derivatives.
Financial assets and liabilities are recognized in the accounting records when the Company acquires the contractual rights and obligations conveyed by the underlying financial instrument.
The initial amount at which financial instruments are recognized should include the directly attributable transaction costs incurred upon purchase or the issuance costs that are included in the initial valuation of all those assets and liabilities that can be classified as financial instruments. Subsequent measurements will depend on the type of instrument, as follows:

- With the exception of derivatives, assets held for trading are valued at fair value, and any resulting gains or losses are recognized in the income statement. This class of assets consists mainly of trading securities.
- Available-for-sale assets, which consist of equity investments representing an interest of less than 20%, are valued at fair value, and any resulting gains or losses are recognized directly in equity until disposal, when they are transferred to the income statement.
- Provided they are not derivatives and equity investments, other financial assets and liabilities with fixed or determinable payments and fixed maturities are valued at their amortized cost. Purchasing/Selling costs (e.g., issue premiums or discounts, the costs incurred to secure loans, etc.) are posted directly as adjustments to the face value of the corresponding asset or liability. Financial income and expense are computed in accordance with the effective interest rate method. The value of financial assets is assessed on a regular basis to determine if there is any objective evidence that their value may have been impaired. More specifically, the valuation of receivables takes into account the solvency of creditors and the level of credit risk, which is indicative of individual debtors' ability to pay. Any losses are recognized in the income statement for the corresponding period. This category includes long-term loans and receivables, trade receivables and other receivables generated by the Company, as well as loans payable, trade and other payables and other financial liabilities.
- Available-for-sale assets are valued at fair value and any resulting gains or losses are recognized in equity until disposal, when they are transferred to the income statement. Losses that result from measurement at fair value are recognized directly in earnings when there is objective evidence that the value of a financial asset has been impaired, even though the asset has not been sold. Equity investments in companies that are not publicly traded, the fair value of which cannot be measured reliably, are valued at cost less impairment losses, but the original cost can be reinstated in subsequent years if the reasons for the writedowns are no longer applicable. This category also includes equity investments representing an interest of less than 20%.
- Derivatives are recognized at their fair value. Changes in fair value are recognized in earnings when a

derivative does not qualify as a hedging instrument because of the type of instrument or because the Company elects not to perform the effectiveness test. Derivatives can be classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, which must be tested periodically, is high pursuant to IAS 39. When derivatives hedge the risk of fluctuations in the cash flow of the hedged items (cash flow hedge), the effective portion of any change in the fair value of the derivatives is recognized directly in equity, while the ineffective portion is recognized directly in earnings. The amounts recognized in equity are transferred to the income statement in conjunction with the gains or losses generated by the hedged item. When derivatives hedge the risk of changes in the fair value of the hedged items (fair value hedge), any changes in the fair value of the derivatives are reflected directly in earnings. The carrying value of the hedged items is adjusted accordingly, to reflect changes in fair value associated with the hedged risk.

Financial assets are derecognized when they no longer convey the right to receive the related cash flows and substantially all of the risks and benefits conveyed by the ownership of the assets have been transferred or when an asset is deemed to be totally non-recoverable after all necessary recovery procedures have been carried out.

Financial liabilities are removed from the balance sheet when the corresponding contractual obligations have been satisfied.

The fair value of financial instruments that are traded on an active market is based on their market price on the date of the financial statements. The fair value of financial instruments that are not traded on an active market is determined using appropriate valuation techniques.

Inventories

Inventories are valued at the lesser of purchase or production cost, including incidental expenses, or estimated realizable value, based on market conditions. Cost is determined primarily by the FIFO method.

Employee Benefits

The provision for employee severance indemnities and the provision for pensions are computed on an actuarial basis. The value of benefits due to employees who have become vested during the year is charged to income under labor costs. The theoretical finance charge that the Company would incur if it were to borrow in the marketplace an amount equal to the provision for employee severance indemnities is posted to financial income (expense). Actuarial gains and losses that arise from changes in the actuarial assumptions used are reflected in the income statement, taking into account the average working lives of the employees.

Specifically, in accordance with Budget Law No. 296 of December 27, 2006, only the liability for the vested employee severance benefits that remained at the Company was valued for IAS 19 purposes, since the portion applicable to future vesting benefits is being paid to separate entities (supplemental pension funds or INPS funds). As a result of these payments, the Company has no further obligations with regard to the work that employees will perform in the future (the so-called *defined contibution plan*).

Stock option plans are valued at the time the options are awarded by determining the fair value of the option rights issued. This value, net of any subscription costs, is allocated over the plan's vesting period. The corresponding cost is recognized in earnings, with an offsetting entry posted to an equity reserve. (the so-called *equity settled*).

Provision for Risks and Charges

Provision for risks and charges are established exclusively to fund current obligations that arise from past events. These obligations can be legal or contractual in nature or can be the result of representations or actions of the Company that create valid expectations in the relevant counterparties that the Company will be responsible for complying or will assume the responsibility of causing others to comply with an obligation (implied obligations).

Recognition of Revenues and Expenses

Revenues and income and costs and expenses are reflected in the financial statements net of returns, discounts, allowances, bonuses and any taxes directly related to the sale of products or the provision of services. Sales revenues are recognized when title to the goods passes to the buyer. As a rule, this occurs when the goods are delivered or shipped. The amount shown for materials and services used includes the cost of green certificates and emissions quotas allocated to the period. Financial income and expense is recognized when accrued. Dividends are recognized when the shareholders are awarded the rights to collect them, which generally occurs in the year when the disbursing investee company holds a Shareholders' Meeting that approves a distribution of earnings or reserves.

Income Taxes

Income taxes for the fiscal year are determined on the basis of its taxable income, computed in accordance with the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and taking into account any applicable exemptions or available tax credits.
Deferred-tax assets and liabilities are computed on the temporary differences between the values attributed to assets and liabilities for statutory and tax purposes, using the tax rates that are expected to be in force when the temporary differences are reversed. Deferred-tax assets are recognized only when their future recovery is reasonably certain. Otherwise, their value is written down. The valuation of deferred-tax assets must be carried out taking into account future tax liabilities, as projected in approved Company industrial plans. When gains and losses are recognized directly in equity, the corresponding deferred-tax assets or liabilities must also be reflected under shareholders' equity.

Use of Estimated Values

The preparation of the financial statements and the accompanying notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events could differ from these estimates.
The estimates and assumptions used are revised on an ongoing basis and the impact of any such revisions is immediately recognized in the financial statements. The use of estimates has a material impact on the following items:

- Depreciation and amortization (for assets with a finite life) and impairment test for property, plant and equipment and for goodwill and other intangible assets. The process of determining depreciation and amortization expense entails revising on a regular basis the remaining useful lives of the assets, the available hydrocarbon reserves, dismantling and decommissioning costs and recoverable values. Information about the impairment test is provided in the section of this Report entitled "Impairment Test Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles," where the methods used and the assumptions made are explained.
- Valuation of derivatives and financial instruments in general. Additional information is provided in the "Valuation Criteria" section of this Report and quantitative data are available in the accompanying "Notes to the Financial Statements." Compared with previous years, the extreme turbulence that, in 2008 and the beginning of 2009, characterized the markets where the energy commodities handled by the Company and foreign exchange and interest rates are traded could increase the volatility of projected cash flows and results (see also the "Risk Management" chapter of this Report).
- Determination of certain sales revenues, the provisions for risks and charges, the allowances for doubtful accounts, employee benefits and income taxes. In these cases, the best estimates based on information currently available are used.

RISK MANAGEMENT

This chapter describes the policies and principles adopted by Edison Spa to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions certificates, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk). As required by 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.

Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

Edison Spa is affected by 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. These fluctuations affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the resulting exchange rate risk.

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

At December 31, 2008, outstanding financial derivatives were measured at fair value against the forward market curve on the reference date of the annual financial statements, when the underlying assets were traded on markets that provided a forward pricing structure.

As required by IFRS 7, a simulation is carried out for the financial derivatives that hedge the industrial portfolio to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives. The simulation is carried out for a length of time equal to the residual lives of outstanding financial contracts, the farthest maturity of which is currently December 31, 2011. For financial contracts maturing in 2009, the method requires the simulation of 10,000 scenarios, as they apply to each material price driver, taking into account the volatility data and correlations of the spot markets. For financial contracts maturing after 2009, the method requires the use of the volatilities and correlations of the forward markets. If available, the forward market curves on the date of the financial statements are used as a reference level.
Once a probability distribution for changes in the fair value of outstanding financial contracts is obtained with this method, it then becomes possible to extrapolate the maximum expected negative change in fair value over the length of a reporting year and the corresponding level of probability, which is set at 97.5%.

Based on the method explained above, insofar as the separate financial statements of Edison Spa are concerned, the maximum negative variance in the fair value of financial instruments expected, with a 97.5% probability, over the time horizon of the current year, compared with the fair value determined at December 31, 2008, is 205 million euros (42.9 million euros at December 31, 2007), as shown in the table below:

(in millions of euros)	12/31/2008		12/31/2007	
	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Spa	97.5%	205.0	97.5%	42.9

In other words, compared with the fair value determined for the financial contracts outstanding at December 31, 2008, the probability of a negative variance greater than 205 million euros by the end of 2009 is limited to 2.5% of the scenarios.
The significant change that occurred compared with December 31, 2007 is due to the fact the volume of financial hedges is much greater, as a result of an increase in sales at a fixed prices during a sales campaign and the effect of greater volatility in the financial markets.

Foreign Exchange Risk not Related to Commodity Risk

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

Interest Rate Risk

Edison Spa is exposed to fluctuations in interest rates primarily because they affect its debt service costs. The interest rate, the company is mainly exposed to, is the Euribor:

(in millions of euros)	12/31/2008			12/31/2007		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	702	911	36%	702	896	50%
- variable rate portion	1,798	1,589	64%	1,102	908	50%
Total gross borrowings (*)	2,500	2,500	100%	1,804	1,804	100%

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

As shown by the breakdown in the preceding table, at December 31, 2008, Edison's exposure to the risk of changes in interest rates was equivalent to about 64% of its total gross exposure (50% at December 31, 2007). The remaining 36% at fixed rates (50% at December 31, 2007), is the combined result of borrowings originally structured with a fixed rate and derivatives executed to hedge bank borrowings of bonds payable that are contractually indexed to a variable rate.

The guidelines that govern the policy applied to hedge the interest rate risk is reviewed below. First of all, Edison Spa does not execute derivatives for speculative purposes. On the contrary, the main objective is to reduce volatility-induced changes in financial expense. Some of the hedging transactions executed for this purpose qualify as hedges in accordance with IAS 39. Others qualify as economic hedges. In both cases, the purpose is to reduce the effect of increases in the Euribor on financial expense, while at the same time retaining some of the benefits associated with Euribor decreases. These goals are achieved by establishing, with the help of hedges, an appropriate mix of fixed and variable rates in the indebtedness portfolio.
The adoption of this principle is clearly visible in the main transactions included in the Edison's portfolio. Most of the hedges applied to bond issues, which constitute the most stable source of financing (for the main characteristics of the outstanding bond issues, see the table provided later in this Report in the section entitled "Default Risk and Debt Covenants"). Through the use of derivatives, the interest rate on a portion (350 million euros) of a 700-million-euro bond issue was changed from a 5.125% fixed rate to a variable rate. In addition, a 200-million-euro portion of a 500-million-euro bond issue with a variable rate was converted to fixed rate of 4.03% at December 31, 2008.

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

Sensitivity analysis (in millions of euros)	Financial year			As at December 31		
	Impact on financial expense (P&L)			Impact on cash flow hedge reserve (S/E)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
2008	88	79	71	-	-	-1
2007	146	138	130	4	3	2

Credit Risk

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

Edison's exposure to credit risk is related mainly to sales of electric power and natural gas in the deregulated market. To control this risk (a task specifically assigned to the Credit Management Office, which is part of the Central Finance Department), Edison has implemented procedures and programs designed to evaluate customer credit worthiness (using specially designed scoring grids) and subsequently monitor the expected cash flows and any collection actions. The policies and tools used to preventively assess credit worthiness and the monitoring and collection activities employed vary depending on the customer type and the consumption level profile. As required by internal credit policies and depending on the customer's credit worthiness, in some cases Edison may ask customers to provide it with guarantees. Generally, these are sight bank or insurance sureties issued by entities with a top credit rating. In addition, a program for the assignment without recourse of trade receivables on a monthly revolving basis got under way in February, which is, of the end of the year, resulted in the final sale of receivables with a total face value of 566 million euros. The assigned receivables that at December 31, 2008 were still subject to the risk of recourse did not represent a material amount.
Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison deals only with entities with a high credit rating. At December 31, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment.
The payment terms applied to most customers require payment within 30 days from the date of the invoice, which, as a rule, is issued monthly during the month that follows the month when the service was provided. In cases of late payment, Edison, consistent with express provisions of the underlying supply contracts, charges customers delinquent interest at the rate allowed under the applicable laws, reserving the right to termination, i.e., physically cutting off supply, for the most serious cases.
Trade receivables are shown in the financial statements net of any writedowns, which are recognized with a conservative approach using different rates that reflect the degree by which different groups of receivables were being disputed on the balance sheet date.
The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables.
The increase compared with the balance of receivables outstanding at December 31, 2007 is due to the substantial receivables owed by the Electrical Sector Adjustment Payments Fund for reimbursements of CO_2 and green certificates costs and to a higher exposure toward Italy's national electrical services manager (GSE Spa) for rate adjustments related to avoided fuel costs.

(in millions of euros)	12/31/2008	12/31/2007
Gross trade receivables	1,641	819
Allowance for doubtful accounts (-)	(24)	(30)
Trade receivables	1,617	789
Guarantees held	139	113
Receivables 9 to 12 months in arrear	6	2
Receivables more than 12 months in arrear	10	18

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

Liquidity Risk

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

Worst case	12/31/2008			12/31/2007		
(in millions of euros)	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	7	50	1,266	7	56	1,343
Borrowings and other financial liabilities	261	134	302	342	30	293
Trade accounts payable	1,201	24	-	804	52	-
Total	1,469	208	1,568	1,153	138	1,636

Insofar as cash flows are concerned, the goal is to ensure that the Edison has access at all times to sufficient committed facilities to repay indebtedness maturing over the ensuing 12 months. As for the composition of its short-term debt, 1,027 million euros of which are due within a year, it is worth mentioning that it includes 115 million euros that are part of a long-term financing facility provided with EIB funds, with respect to which the bank that acts as intermediary between Edison and the EIB has an exit option exercisable next semester. Most of the remaining indebtedness is used to finance working capital. Because of the turnover nature of such short-term assets, they are renewed on a continuing basis.

In any case, at December 31, 2008, Edison had access to unused committed lines of credit originally amounting to 1,500 million euros consisting of a syndicated standby credit line that expires in 2013, drawndown for 150 million euros and showed in the previous table as due after the end of the year.

In January 2009, and additional 750 million euros was drawn from this credit line to meet the obligations arising from the agreement with EGPC and the Egyptian government, pursuant to which Edison International is buying a hydrocarbon concession located in Abu Qir and paying to the Egyptian seller a signing bonus of US$1,405 million, equal to 1,010 million euros.

The table that follows provides a breakdown by maturity of Edison's gross borrowings at December 31, 2007. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk in that they do not reflect expected nominal cash flow, using instead amortized cost valuations and the fair value of derivatives, or the amounts at which financial liabilities were recognized in the accounting records at December 31, 2008.

Lastly, in the table below, the indebtedness arising from the drawdown of 150 million euros from the syndicated standby facility of 1,500 million euros is shown as being due on the final maturity date of the underlying credit line (April 2013) because, taking also into account the funding needs entailed by the industrial plan, the abovementioned amount is deemed to be part of the medium- and long-term funding sources.

(in millions of euros)	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	After 5 years	Total
Bonds	9	697	501	-	-	-	1,207
Borrowings and other financial liabilities owed to outsiders	552	17	17	86	153	2	827
Gross borrowings owed to outsiders	561	714	518	86	153	2	2,034
Gross intra-Group borrowings	466	-	-	-	-	-	466
Total gross borrowings	1,027	714	518	86	153	2	2,500

Default Risk and Debt Covenants

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

Description	Issuer	Market where traded	ISIN code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Curr. rate
EMTN 12/2003	Edison Spa	Luxembourg Stock Exch.	XS0181582056	7	12/10/2010	700	Fixed, annual	5.125%
EMTN 12/2003	Edison Spa	Luxembourg Stock Exch.	XS0196762263	7	7/19/2011	500	Variable, quarterly	5.690%

In addition, Edison Spa is a party to non-syndicated loan agreements with a total face value of 257 million euros and syndicated loan agreements with a total face value of 1,500 million euro. A balance of 1,350 million euros was unused at December 31, 2008.
Generally, consistent with international practice for financial transactions of this type, these agreements provide the lenders with the right to demand the payment of the indebtedness and terminate their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or another procedure with similar effects.
Specifically, the bond indentures, consistent with market practices, include a series of standard clauses that, in the event of non-performance, require that the issuer immediately redeem the bonds. The main clauses of this type are: (i) negative pledge clauses, by virtue of which the borrower undertakes to refrain to provide Company assets as collateral beyond a specific amount; and (ii) cross default/cross acceleration clauses, which establish an obligation to immediately repay the bonds in the event of material failures to perform obligations that arise from or are generated by other loan agreements that affect a significant portion of the indebtedness owed by the Company.
As for credit line agreements and bilateral or syndicated loan agreements to which Edison is a party, it is important to note that the agreement for a syndicated credit line of 1,500 million euros provided to Edison sets forth, among other clauses, Edison's obligation to comply with certain commitments, which include making sure that the lender banks are being afforded a treatment equal to the one offered under other unsecured loan agreements, as well as restrictions on Edison's ability to provide collateral to new lenders (negative pledge clause).

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

Analysis of Forward Transactions and Derivatives

With regard to derivatives that hedge risks of fluctuations in the prices and foreign exchange rates related to energy commodities and the impact of risk of interest rate volatility on borrowings, the Company, whenever possible, uses hedge accounting, provided the transactions comply with the requirements of IAS 39.

Derivative transactions can be classified as follows:

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

Instruments Outstanding at December 31, 2008

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

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

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

A) Interest Rates and Foreign Exchange Rates

(in thousands of euros)	Notional amount (*)	Notional amount (*)	Notional amount (*)	Balance sheet amount (**)	Cumulative impact on the income statement at 12/31/2008 (***)
	due within 1 year	due between 2 and 5 years	due after 5 years		
Interest rate risk management					
- cash flow hedges in accordance with IAS 39	200	-	-	201	600
- contracts that do not qualify as hedges in accordance with IAS 39	1,200	465	36	9,544	9,544
Total interest rate derivatives	1,400	465	36	9,745	10,144
Foreign exchange rate risk management					
- contracts that qualify as hedges in accordance with IAS 39					
- On commercial transactions	1,084,224	157,496	-	(32,532)	1,010
- On financial transactions	-	-	-	-	-
- contracts that do not qualify as hedges					
- On commercial transactions	12,992	-	-	919	858
- On financial transactions	11,099	-	-	(920)	(920)
Total foreign exchange rate derivatives	1,108,315	157,496	-	(32,533)	948

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

B) Commodities

(in thousands of euros)	Unit of measure of notional amount	Notional amount due within one year (*)	Notional amount due within two years (*)	Notional amount after two years (**)	Balance sheet value (**)	Cumulative impact on the income statement at 12/31/08 (***)
Price risk management for energy products						
A. Cash flow hedges pursuant to IAS 39, broken down as follows:					(241,824)	(4,926)
- Electric power	TWh	-	-	-	-	-
- Natural gas	millions of Terms	-	-	-	-	-
- LNG, oil	Barrels	10,415,000	1,402,296	57,400	(241,840)	(4,926)
- Coal	Millions of tons	0.01	-	-	16	-
- CO_2	Millions of tons	-	-	-	-	-
- Other commodities	-	-	-	-	-	-
B. Contracts that qualify as fair value hedges pursuant to IAS 39					-	-
C. Contracts that do not qualify as fair value hedges pursuant to IAS 39, broken down as follows:					(8,344)	(8,344)
C.1 Margin hedges					(8,344)	(8,344)
- Electric power	TWh	-	-	-	-	-
- LNG, oil	Barrels	(14,335)	36,000	21,000	(6,314)	(6,314)
- Coal	Millions of tons	0.07	-	-	(2,030)	(2,030)
C.2 Trading contracts		-	-	-	-	-
- Electric power	TWh	-	-	-	-	-
- LNG, oil	Barrels	-	-	-	-	-
TOTAL					(250,168)	(13,270)

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

Effects of Derivative Transactions on the Income Statement and Balance Sheet in 2008

The table below provides an analysis of the financial results of derivative transactions in 2008. Purchases of natural gas included in “Materials and services used” include 47,273,000 euros representing the positive impact of the effective portion of commodity-related foreign exchange hedges.

(in thousands of euros)	Realized in 2008 (A)	Fair value recognized for contracts outstanding at 12/31/2007 (B)	Portion of (B) contracts realized in 2008 (B1)	Fair value recognized for contracts outstanding at 12/31/2008 (C)	Change in fair value in 2008 (D=C-B)	Amounts recognized in earnings (A+D)
Other revenues and income (see Note 22 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	19,228	225	225	21	(204)	19,024
- not definable as hedges pursuant to IAS 39	4,306	498	498	9,080	8,582	12,888
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	62	62	62
- not definable as hedges pursuant to IAS 39	-	331	331	858	527	527
Total (A)	23,534	1,054	1,054	10,021	8,967	32,501
Raw materials and services used (see Note 23 in the Income statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH)	(58,619)	-	-	(4,947)	(4,947)	(63,566)
- not definable as hedges pursuant to IAS 39	(29,585)	(2,720)	(2,720)	(17,425)	(14,705)	(44,290)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH)	36,707	(9,738)	(9,738)	948	10,686	47,393
- not definable as hedges pursuant to IAS 39	(120)	(625)	(625)	-	625	505
Total (B)	(51,617)	(13,083)	(13,083)	(21,424)	(8,341)	(59,958)
TOTAL INCLUDED IN EBITDA (A+B)=(C)	(28,083)	(12,029)	(12.029)	(11,403)	626	(27,457)
Interest rates hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	2,284	432	432	600	168	2,452
- not definable as hedges pursuant to IAS 39	42,807	4,172	5,924	16,407	12,235	55,042
Total financial income (D)	45,091	4,604	6,356	17,007	12,403	57,494
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(48,617)	(18,620)	(3,251)	(6,863)	11,757	(36,860)
Total financial expense (E)	(48,617)	(18,620)	(3,251)	(6,863)	11,757	(36,860)
Margin on interest rate hedging transactions (D+E)=(F)	(3,526)	(14,016)	3,105	10,144	24,160	20,634
Foreign exchange rates hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	28	-	-	-	-	28
Total foreign exchange gains (G)	28	-	-	-	-	28
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(2,617)	-	-	(920)	(920)	(3,537)
Total foreign exchange losses (H)	(2,617)	-	-	(920)	(920)	(3,537)
Margin on foreign exchange hedging transactions (G+H)=(I)	(2,589)	-	-	(920)	(920)	(3,509)
TOTAL INCLUDED IN NET FINANCIAL INCOME (F+I) (see Note 27 in the Income statement)	(6,115)	(14,016)	3,105	9,224	23,240	17,125

The table below provides a breakdown of the amounts recognized in the balance sheet following the measurement at fair value of the derivatives outstanding at December 31, 2008:

	12/31/2008		12/31/2007	
(in thousands of euros)	Receivab.	Payables	Receivab.	Payables
Interest rate transactions	11,100	(1,356)	6,517	(17,584)
Foreign exchange transactions	23,845	(56,377)	554	(3,346)
Commodity transactions	10,332	(260,500)	4,309	(10,487)
Fair value recognized as current asset or current liability	45,277	(318,233)	11,380	(31,417)
Broken down as follows:				
- recognized as "Other receivables and payables"	34,177	(315,957)	4,863	(13,833)
- recognized as "Current financial assets" and "Short-term borrowings"	11,100	(2,276)	6,517	(17,584)

With regard to the items listed above, please note that the receivables and payables shown are offset by a negative cash flow hedge reserve amounting to 270,839,000 euros before the effect of the applicable deferred-tax assets and liabilities.

Classes of Financial Instruments

The table provided below, which lists the types of financial instruments recognized in the financial statements showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity, completes the disclosures required by IFRS 7. The last column in the table shows, if applicable, the fair value of financial instruments at December 31, 2008.

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

(in thousands of euros)	Criteria applied to value financial instruments in the financial statements						
	Fin. instruments valued at fair value with change in fair value recognized in:			Financial instruments valued at amortized cost	Investments (not publicly traded) valued at cost	Carrying value at 12/31/2008	Fair Value as at 12/31/2008
Financial instrument type	earnings	equity					
	(1)	(2)	(3)	(4)	(5)		
ASSETS							
Available-for-sale equity investments, including:							
- not publicly traded securities	-	-	-	-	239.868	239,868	n.d.
- publicly traded securities	-	-	7,583	-	-	7,583	7,583
						247,451	n.d.
Other financial assets [8]	-	-	-	21,582	-	21,582	21,582
Other assets [8]	-	-	-	17,838	-	17,838	17,838
Trade receivables [8]	-	-	-	1,616,800	-	1,616,800	1,616,800
Other receivables [8]	10,020	24,157	-	215,480	-	249,657	249,657
Current financial assets [7] [8]	10,899	201	-	934,876	-	945,976	945,976
Cash and cash equivalents [8]	-	-	-	19,958	-	19,958	19,958
LIABILITIES							
Bonds long and short term	-	-	-	1,207,301	-	1,207,301	1,225,378
Long and short-term borrowings [6] [8]	2,276	-	-	1,289,894	-	1,292,170	1,292,170
Trade payables [8]	-	-	-	1,224,607	-	1,224,607	1,224,607
Other liabilities [8]	22,371	293,587	-	227,816	-	543,774	543,774

(1) Financial assets and liabilities valued at fair value with change in fair value recognized in earnings.
(2) Hedging derivatives (Cash Flow Hedge).
(3) Financial assets available-for-sale valued at fair value with change in fair value recognized in Equity.
(4) Loans and receivables and financial liabilities valued at amortized cost.
(5) Financial assets available-for-sale as equity investments not publicly traded securities which fair value cannot be measured rliably,are valued at cost less impairment losses.
(6) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(7) Includes assets held for trading.
(8) The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same at their carrying value.

NOTES TO THE BALANCE SHEET

Assets

Non-current Assets

1. Property, Plant and Equipment

Property, plant and equipment, which comprise the Company's production assets, totaled 3,857,557,000 euros, or 464,913,000 euros less than at December 31, 2007, due mainly to the effect of depreciation totaling 376,496,000 euros and to the effect of conveyances of assets totaling 234,468,000 euros. The table below provides a breakdown of this item and shows the changes that occurred in 2008:

(in thousands of euros)	Land and buildings	Plant and machinery	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/2007 (A)	526,287	3,705,516	6,327	3,962	80,378	4,322,470
Changes in 2008:						
- Additions	1,753	98,493	624	266	118,288	219,424
- Disposals (-)	(3,086)	(43,230)	(13)	(1)	(2)	(46,332)
- Depreciation (-)	(23,678)	(349,989)	(1,371)	(1,458)	-	(376,496)
- Writedowns (-)	(285)	(45,604)	-	(1)	-	(45,890)
- Reversals of writedowns	-	14,581	-	-	-	14,581
- Decommissioning costs	-	7,150	-	-	-	7,150
- Conveyances of assets (-)	(33,014)	(199,104)	(514)	(94)	(1,742)	(234,468)
- Other changes	(846)	39,773	656	118	(42,583)	(2,882)
Total changes (B)	(59,156)	(477,930)	(618)	(1,170)	73,961	(464,913)
Balance at 12/31/2008 (A+B)	467,131	3,227,586	5,709	2,792	154,339	3,857,557
Breakdown:						
- Historical cost	564,612	4,647,485	12,606	9,144	154,339	5,388,186
- Writedowns (-)	(2,894)	(127,344)	(1,605)	(1)	-	(131,844)
- Accumulated depreciation (-)	(94,587)	(1,292,555)	(5,292)	(6,351)	-	(1,398,785)
Net carrying amount	467,131	3,227,586	5,709	2,792	154,339	3,857,557

The total value of these assets includes "Construction in progress and advances" totaling 154,339,000 euros, attributable mainly to the repowering of the Marghera Azotati power plant (23,678,000 euros), the Altomonte photovoltaic facility (14,253,000 euros) and the development of some hydrocarbon fields (62,214,000 euros).
The district heating system supplied by the Candela thermoelectric power plant was put into service in December.

The main changes that occurred in 2008 included the following:

- Additions of 219,424,000 euros, which reflect primarily the following capital expenditures:
  - 129,811,000 euros invested by the *electric power operations*, including 21,080,000 euros to repower the Marghera Azotati power plant, 18,479,000 euros to refurbish the hydroelectric facilities, 16,675,000 euros for the district heating by Candela power plant, 14,253,000 euros for the Altomonte photovoltaic system and 11,093,000 euros to complete the Simeri Crichi power plant that was already commissioned from the second semester of 2007.
  - 87,161,000 euros invested by the *hydrocarbons operations*. The main projects pursued included development of the Cassiopea (20,960,000 euros), Argo (15,653,000 euros), Emma (11,891,000 euros) and Giovanna (11,597,000 euros) fields.

- **Disposals** of 46,332,000 euros, which included the following:
  - The *electric power operations* sold components belonging to thermoelectric power plants (17,097,000 euros), hydroelectric power plants (3,562,000 euros), and sold some plots of land (about 2,362,000 euros).
  - The *hydrocarbons operations* sold the Vega tanker ship (6,940,000 euros).

Overall, the disposals listed above generated a net profit of 4,964,000 euros.

- **Depreciation** of property, plant and equipment totaling 376,496,000 euros, for a decrease of 7,128,000 euros compared with at December 31, 2007. An analysis of this item is provided in the note to the corresponding income statement item.

- **Writedowns** of 45,890,000 euros, which refer mainly to power plants included in the "CIP6 Cash Generating Unit" (28,000,000 euros) and to some Italian concessions for hydrocarbon production the value of which was adjusted to recognize the impact of impairment indicators (17,500,000 euros).

- **Reversals of writedowns** of 14,581,000 euros, which refers to the derecognition of a writedown of a thermoelectric power plant required by an estimate of its value in use.

- **Decomissioning costs**, which increased by 7,150,000 euros due to a revision of the cost projections for the decommissioning of some thermoelectric power plants.

- **Conveyances of assets**, which refer to transactions involving the conveyance of business operations, valued as going concerns, consisting of:
  - Three hydroelectric power plants (Taio, Mezzocorona and Pozzolago) located in the province of Trent, which were conveyed to a newly established company called Dolomiti Edison Energy. A 51% interest in this company was sold in May.
  - Seven hydroelectric power plants (Brunico, Curon, Lasa, Marlengo; Ponte Gardena, Prati di Vizze and Premesa) located in the province of Bolzano, which were conveyed to a newly established company called Hydros Srl. An interest of about 60% in this company was sold in October.

The net carrying amount of property, plant and equipment includes:

- **Assets transferable at no cost** valued at 155,350,000 euros (271,530,000 euros at December 31, 2007), attributable mainly to Edison's hydroelectric operations, which hold 24 concessions (34 at December 31, 2007). The decrease reflects primarily the depreciation taken in 2008 and the above-mentioned conveyances of assets.
  A breakdown is as follows:

Assets transferable at no cost (in thousands of euros)	Historical cost	Depreciation & writedowns	Net carrying amount at 12/31/2008	Net carrying amount at 12/31/2007
Buildings and other assets	12,096	(4,376)	7,720	8,048
Plant and machinery	284,971	(137,341)	147,630	263,482
Total	297,067	(141,717)	155,350	271,530

- **Assets acquired under finance leases** totaling 2,488,000 euros, which are recognized in accordance with the IAS 17 (revised) method. The table below provides a breakdown of the balance outstanding on finance leases (389,000 euros), which is shown under "Long-term borrowings and other financial liabilities."

Assets acquired under finance (in thousands of euros)	Historical cost	Depreciation & writedowns	Net carrying amount at 12/31/2008	Net carrying amount al 31/12/2007
Plant and machinery	5,849	(3,361)	2,488	2,781
Total	5,849	(3,361)	2,488	2,781

2. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, was valued at 4,336,000 euros. The increase of 3,321,000 euros compared with December 31, 2007 is due mainly to the reclassification of land and buildings once included in the business operations related to the abovementioned conveyances. A breakdown of the changes that occurred in this account is provided below:

(in thousands of euros)	12/31/2008
Balance at 12/31/07 (A)	1,015
Changes in 2008:	
- Disposals	(20)
- Depreciation	(96)
- Other changes	3,437
Total changes (B)	3,321
Balance at 12/31/08 (A+B)	4,336
Breakdown:	
- Historical cost	11,370
- Accumulated depreciation	(1,285)
- Writedowns	(5,749)
Net carrying amount at 12/31/08	4,336

3. Goodwill

Goodwill totaled 2,632,320,000 euros. The outstanding balance is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments but should be tested for impairment at least once a year. The method applied to determine the value of goodwill is consistent with the criteria for allocation by business operations, which are set forth in the definition of cash generating units provided in the Notes to the Consolidated Financial Statements.
No impairment indicators that affected the value of goodwill were detected in 2008.

4. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which include 47 hydrocarbon production leases in Italy, were valued at 212,643,000 euros. The decrease, of 21, 577,000 euros, compared with December 31, 2007 is the result of the amortization for the period.

The table below shows the changes that occurred in 2008:

(in thousands of euros)	12/31/2008
Balance at 12/31/07 (A)	234,311
Changes in 2008:	
- Amortization	(21,577)
- Disposals	(91)
Total changes (B)	(21,668)
Balance at 12/31/08	212,643
Breakdown:	
- Historical cost	329,566
- Accumulated amortization (-)	(116,834)
- Writedowns (-)	(89)
Net carrying amount	212,643

Information About the Concessions Held by Edison Spa

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

	Number	Remaining life	
		from	to
Hydroelectric concessions	24	2	21
Hydrocarbon concessions	47	unit of production (*)	

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

5. Other Intangible Assets

The balance of 28,505,000 euros refers to licenses and similar rights consisting mainly of software licenses (24,042,000 euros) and work in progress (4,371,000 euros).
In 2008, following successful exploration programs at some fields in the Strait of Sicily, 20,960,000 euros in exploration costs incurred for the extraction of hydrocarbon deposits were added to "Construction in progress," as allowed by IFRS 6. The remaining hydrocarbon research and exploration costs, which were charged in full to income during the year, totaled 3,975,000 euros.
The table that follows shows the changes that occurred in 2008:

(in thousands of euros)	12/31/2008
Balance at 12/31/07 (A)	31,151
Changes in 2008:	
- Additions	13,282
- Amortization	(15,962)
- Disposals	(4)
- Conveyances	(102)
- Other changes	140
Total changes (B)	(2,646)
Balance at 12/31/08	28,505
Breakdown:	
- Historical cost	103,449
- Accumulated amortization (-)	(74,127)
- Writedowns (-)	(817)
Net carrying amount	28,505

Impairment Test Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles

Because goodwill is an intangible asset with an indefinite useful life and, therefore, cannot be amortized in regular installments, IAS 36 requires that its value be tested for impairment at least once a year. Since goodwill does not generate cash flow independently and cannot be sold separately, IAS 36 requires a test of the value that can be recovered on a residual basis. This is accomplished by determining the cash flows generated by the complex of assets that constitute the business or businesses to which goodwill is attributable (the cash generating unit or units - CGUs).

A description of the method used is provided in the corresponding note to the Consolidated Financial Statements.

During the year, based on recoverable value of the assets in question, the Group reversed writedowns recognized in previous year, including 14,581,000 euros for a thermoelectric power plant of the Market CGU, 28,000,000 euros for some CIP 6/92 thermoelectric CGUs and 17,500,000 euros for some Italian concessions for the production of hydrocarbons.

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

Investments in associates totaled 1,908,832,000 euros, including 772,854,000 euros in investments in subsidiaries and 1,135,978,000 euros in investments in affiliated companies. Available-for-sale investments were valued at 247,451,000 euros, 232,144,000 euros of which refers to a 10% interest in the share capital of Terminale GNL, the company that owns the Porto Viro terminal.

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

(in thousands of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12/31/07 (A)	1,670,566	179,642	1,850,208
Changes in 2008:			
- Disposals (-)	(172,552)	(1,077)	(173,629)
- Additions	139,848	3,602	143,450
- Changes in share capital and reserves	285,910	80,982	366,892
- Writedowns charged to income (-)	(8,630)	(437)	(9,067)
- Writedowns recognized in equity (-)	-	(15,712)	(15,712)
- Other changes (-)	(6,310)	451	(5,859)
Total changes (B)	238,266	67,809	306,075
Balance at 12/31/08	1,908,832	247,451	2,156,283
Breakdown:			
- Historical cost	2,222,315	272,806	2,495,121
- Revaluations	-	-	-
- Writedowns (-)	(313,483)	(25,355)	(338,838)
Net carrying amount	1,908,832	247,451	2,156,283

An analysis of the changes is provided below:

- Disposals of 173,629,000 euros included the following sales: 100% of Co Energy Power Srl (114,011,000 euros), an interest of about 60% in Hydros Srl (50,019,000 euros), an interest of 51% of Dolomiti Edison Energy (8,522,000 euros) and a 9.13% interest in Enia Energia Spa (1,077,000 euros). These transactions, which are discussed in detail in the corresponding note to the income statement, generated an income statement gain of 87,389,000 euros.

- Additions, which totaled 143,450,000 euros, included the purchase of an additional 5% interest in

Edipower Spa equal to 138,806,000 euros. As a result of this transaction, Edison now holds a 50% interest in Edipower.

- **Changes in share capital and reserves** include 214,118,000 euros representing the following capital contributions provided to newly established companies in 2008:
  - 114,010,000 euros for the conveyance of five thermoelectric power plants to Co Energy Power Srl (see the section entitled "Information Pursuant to IFRS 5");
  - 83,398,000 euros for the conveyance of the business operation including seven hydroelectric power plants located in the province of Bolzano to Hydros Srl;
  - 16,710,000 euros for the conveyance of the business operation including three hydroelectric power plants located in the province of Trent to Dolomiti Edison Energy Srl.

In addition, capital contributions in cash were provided to Terminale GNL Adriatico Spa (80,770,000 euros), Edison International Holding NV (59,875,000 euros) and Galsi Spa (7,144,000 euros); a company that is currently managing the development of a natural gas pipeline that links Algeria with Sardinia and Tuscany;

- **Writedowns**, which totaled 24,779,000 euros, include the following:
  - 6,538,000 euros for the IWH joint venture;
  - 15,712,000 euros to adjust the carrying value of the investment in RCS Mediagroup Spa. This charge was offset by a change in the corresponding equity reserve.

- **Other changes** refers mainly to the liquidation of two non-operating subsidiaries (Ferruzzi Trading France and Frigotecnica), which generated gains totaling 5,449,000 euros.

7. Other Financial Assets

The net carrying amount of 21,582,000 euros represents loans receivable due in more than one year and long-term investment securities.
Specifically, this item includes:

- 13,922,000 euros for an interest-bearing escrow deposit provided in connection with the sale of Serene Spa, the disbursement of which is predicated upon changes in CIP 6/92 regulations;
- 7,660,000 euros for other long-term financial assets concerning mainly the Gever Spa subsidiary.

The main reason for the decrease compared with December 31, 2007 is a reclassification, amounting to 39,074,000 euros, to a provision for writedowns of a receivable arising from an escrow deposit provided for IPSE 2000.
The table below shows the changes that occurred in 2008:

(in thousands of euros)	Balance at 12/31/07	Utilizations	Additions	Reclassifications	Balance at 12/31/08
Provision for writedowns	-	-	1,872	39,074	40,946

8. 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.

9. Other Assets

Other assets, which totaled 17,838,000 euros, decreased by 18,900,000 euros compared with December 31, 2007 (36,738,000 euros) due mainly to collections of tax refunds and accrued interest (14,300,000 euros).
This item includes tax refunds receivable and accrued interest totaling 14,759,000 euros at December 31, 2008 and security deposits amounting to 3,078,000 euros.

10. Current Assets

(in thousands of euros)	12/31/2008	12/31/2007	Change
Inventories	257.967	192.351	65.616
Trade receivables	1.616.800	788.873	827.927
Current tax assets	3.502	552	2.950
Other receivables	249.657	175.588	74.069
Current financial assets	945.977	627.286	318.691
Cash and cash equivalents	19.958	21.792	(1.834)
Total current assets	3.093.861	1.806.442	1.287.419

A review of the individual components is provided below:

- **Inventories** totaled 257,967,000 euros. Changes in the volume of stored natural gas are the main reason for the increase of 65,616,000 euros compared with December 31, 2007. Inventories consist of stored hydrocarbon products (226,395,000 euros) and supplies and equipment used to maintain and operate the Company's facilities (31,145,000 euros);
- **Trade receivables**, which had a net carrying value of 1,616,800,000 euros, stem mainly from contracts to supply energy and steam and contracts to supply natural gas. A breakdown by type of business is provided below:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Electric power operations	821,862	278,087	543,775
Hydrocarbons operations	794,938	510,786	284,152
Total trade receivables	1,616,800	788,873	827,927
breakdown:			
- owed by third parties	1,072,749	535,450	537,299
- owed by subsidiaries and affiliated companies	544,051	253,423	290,628

The increase compared with the balance of receivables outstanding at December 31, 2007 is due to the substantial receivables owed by the Electrical Sector Adjustment Payments Fund for reimbursements of CO_2 and green certificates costs and to a higher exposure toward Italy's national electrical services manager (GSE Spa) for rate adjustments related to avoided fuel costs.

A breakdown of trade receivables owed by subsidiaries and affiliated companies, totaled 544,051,000 euros, is provided below:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Subsidiaries			
Edison Trading	436,600	129,659	306,941
Edison Energia	57,475	40,851	16,624
Termica Milazzo	12,300	7,026	5,274
Jesi Energia	8,327	4,367	3,960
Sarmato Energia	4,190	12,631	(8,441)
Termica Cologno	3,390	4,280	(890)
Dolomiti Edison Energy	456	-	456
Montedison	354	354	-
Termica Celano	-	4,265	(4,265)
Termica Boffalora	-	4,186	(4,186)
Other Companies	-	26	(26)
Subtotal A	523,092	207,645	315,447
Affiliated Companies			
Prometeo	12,819	23,723	(10,904)
Utilità	7,242	20,838	(13,596)
Gasco	898	-	898
Eta Tre	-	1,217	(1,217)
Subtotal B	20,959	45,778	(24,819)
Total A+B	544,051	253,423	290,628

Trade receivables are shown net of an allowance for doubtful accounts totaling 24,476,000 euros. A breakdown by type of business of the changes that occurred in this allowance in 2008 is provided below:

(in thousands of euros)	Balance at 12/31/08	Utilizations	Additions	Balance at 12/31/08
Electric power operations	15,537	(6,904)	1,542	10,175
Hydrocarbons operations	5,815	(4,627)	4,138	5,326
Corporate activities	8,972	(164)	167	8,975
Total allowance for doubtful accounts	30,324	(11,695)	5,847	24,476

Lastly, starting in February 2008, Edison has been executing on a monthly revolving basis transactions involving the assignment of receivables without recourse. At December 31, 2008, the total value of the assigned receivables amounted to about 566 million euros. The assigned receivables that at December 31, 2008 were still subject to the risk of recourse did not represent a material amount.

- **Current tax assets**, which totaled 3,502,000 euros, or 2,950,000 euros more than at December 31, 2007 (552,000 euros), stems primarily from a receivable owed by the tax authorities for the difference between the estimated local-tax payments made in 2008 and the corresponding actual tax liability for the year (3,075,000 euros).

- **Other receivables**, which totaled 249,657,000 euros, or 74,069,000 euros more than at December 31, 2007, are shown net of an allowance for doubtful accounts of 16,873,000 euros.

The table below provides a breakdown of the main components of this account:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Provision of technical, administrative and financial services to Group companies	34,420	27,424	6,996
Valuation of derivatives	34,177	4,864	29,313
Dividends receivable from Termica Milazzo	31,398	25,990	5,408
Amounts owed by partners and associates in hydrocarbon exploration projects	27,132	21,376	5,756
Advances paid to suppliers	25,177	9,568	15,609
Prepaid insurance premiums	13,619	9,967	3,652
Amounts owed by local governments	11,173	11,032	141
Prepaid contributions to pension funds	10,077	10,268	(191)
Amounts owed by the tax administration	9,857	1,028	8,829
Prepaid hydroelectric concession	1,120	9,753	(8,633)
Sundry items	51,507	44,318	7,189
Total	249,657	175,588	74,069
breakdown:			
- owed by third parties	180,275	122,174	58,101
- owed by subsidiaries and affiliated companies	69,382	53,414	15,968

The table below provides a breakdown of the receivables owed by subsidiaries and affiliated companies, which totaled 69,382,000 euros:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Subsidiaries			
Termica Milazzo	31,253	26,806	4,447
Edison Trading	6,901	563	6,338
Edison Energia	6,852	6,211	641
Sarmato Energia	5,394	2,215	3,179
Edison International	3,571	1,860	1,711
Hydros	2,786	-	2,786
Gever	1,741	1,294	447
Thisvi	849	-	849
Edison DG	637	858	(221)
Termica Cologno	555	315	240
Dolomiti Edison Energy	458	-	458
Edison Stoccaggio	343	4,063	(3,720)
Montedison	274	270	4
Eneco Energia	182	-	182
Edison International Holding BV	153	142	11
Edison Energie Speciali	120	2,266	(2,146)
Jesi Energia	110	331	(221)
Termica Celano	-	843	(843)
Termica Boffalora	-	544	(544)
Altre minori	776	1,640	(864)
Subtotal (A)	62,955	50,221	12,734
Affiliated Companies			
Kinopraxia	2,880	-	2,880
Sel Edison	1,257	1,239	18
Edipower	1,022	858	164
ELITE	887	-	887
Galsi	258	441	(183)
Ibiritermo	119	136	(17)
KHR	4	519	(515)
Subtotal (B)	6,427	3,193	3,234
Total (A+B)	69,382	53,414	15,968

- A breakdown of **current financial assets**, which totaled 945,977,000 euros, is as follows:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Equity investments held for trading	6,753	10,372	(3,619)
Loans receivable	928,124	610,397	317,727
Derivatives	11,100	6,517	4,583
Total current financial assets	945,977	627,286	318,691

Equity Investments Held for Trading

These are investments in the following publicly traded companies: ACEGAS APS Spa (3,509,000 euros), ACSM Spa (1,369,000 euros) and AMCS American Superconductor Spa (1,875,000 euros). The carrying values of these investments were marked to market at the end of 2008.

Loans Receivable

Loans receivable of 928,124,000 euros reflect financial transactions with subsidiaries and affiliated companies. They represent the balances in the corresponding intra-Group current accounts, a list of which is provided below:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Subsidiaries			
Edison Energia	253.613	186.652	66.961
Edison International	221.153	108.181	112.972
Edison Stoccaggio	186.261	131.576	54.685
Edison Energie Speciali	159.388	126.828	32.560
Edison DG	42.943	40.809	2.134
Eneco Energia	40.925	-	40.925
Montedison	5.620	-	5.620
Jesi Energia	4.409	-	4.409
Ecofuture	10	-	10
Subtotal (A)	914.322	594.046	320.276
Affiliated companies			
Ibiritermo	12.865	13.984	(1.119)
Parco Eolico Castelnuovo	937	2.367	(1.430)
Subtotal (B)	13.802	16.351	(2.549)
Total (A+B)	928.124	610.397	317.727

Derivatives

This item refers in its entirety to the measurement at fair value of derivatives outstanding at December 31, 2008, which hedged interest rate and foreign exchange risks.

A comprehensive overview of the impact of derivatives is provided in a separate disclosure included in the "Risk Management" section of this Report.

- Cash and cash equivalents, which totaled 19,958,000 euros, consist of short-term deposits in bank and postal accounts and other readily available assets.

11. Assets held for sale

This item had a zero balance at the end of 2008. The change compared with December 31, 2007, when the balance of 208,214,000 euros referred to the assets of a disposal group, reflects the sale of business operations that included five thermoelectric power plants that operated under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008. The impact on the income statement of the sale of these assets is explained in the section of this Report entitled "Information pursuant to IFRS 5."

Liabilities and Shareholders' Equity

12. Shareholders' Equity

Edison's shareholders' equity amounted to 6,769,420,000 euros, for a net decrease of 77,356,000 euros compared with December 31, 2007. This reduction is the result of the profit earned in 2008 (374,104,000 euros) less the charges incurred for the distribution of dividends totaling 267,901,000 euros (equal to a dividend of 0.05 euros per common share and 0.08 euros per savings share), to a change in the Reserve for cash flow hedge transactions amounting to 168,403,000 euros and to a change in the Reserve for Available-for-sale investments amounting to 15,206,000 euros.

The main component of other reserves is a reserve established to recognize fair value adjustments to the carrying amounts of property, plant and equipment for 467,109,000 euros.

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

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

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

Reserve for cash flow hedge transactions

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2007	(3,727)	1,215	(2,512)
- Changes in 2008	(267,112)	98,709	(168,403)
Reserve at December 31, 2008	(270,839)	99,924	(170,915)

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

Reserve for available-for-sale investments

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2007	11,502	(506)	10,996
- Changes in 2008	(15,712)	506	(15,206)
Reserve at December 31, 2008	(4,210)	-	(4,210)

13. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 30,982,000 euros, reflect the accrued severance indemnities and other benefits owed to employees at December 31, 2008. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held by the Company.

The operating and financial parameters used for valuation purposes are listed below:

- Technical annual discount rate	4.60%
- Annual inflation rate	3.00%
- Estimated annual increase of the provision for severance indemnities	3.75%

The computation process also resulted in the recognition of financial expense totaling 1,658,000 euros.

The table below shows the changes that occurred in 2008:

(in thousands of euros)	12/31/2008
Balance at 12/31/07 (A)	35,760
Changes in 2008:	
- Utilizations (-)	(3,618)
- Actuarial (gains) losses (+/-)	838
- Financial expense (+)	1,658
- Other changes	(3,656)
Total changes (B)	(4,778)
Balance at 12/31/08 (A+B)	30,982

At December 31, 2008, the Company had 1,697 employees, 164 fewer than at the end of 2007. This reduction is due to the conveyances of assets discussed in detail earlier in this Report. The table below provides a breakdown by category of the Company's staff:

(Employees category)	1/1/08	Added to payroll	Removed from payroll	Convey.	Change of class./other	12/31/08	Average payroll
Executives	126	5	(14)	(1)	6	122	128
Office staff and middle managers	1,336	127	(80)	(148)	36	1,271	1,272
Production staff	399	23	(19)	(57)	(42)	304	344
Total Edison Spa	1,861	155	(113)	(206)	-	1,697	1,744

14. Provision for Deferred Taxes

The balance of 240,969,000 euros reflects mainly the deferred tax liability net of offsettable deferred-tax assets, from the use during transition to the IFRSs of fair value as deemed cost to value property, plant and equipment.

As explained in the note on Income taxes, the deferred tax liabilities reflect the impact of the "Robin Hood Tax" and of the provisions of Decree Law 185/85.

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

The table below shows a breakdown of this reserve:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	350,928	341,714	9,214
- Adoption of the standard on finance leases (IAS 17)	28,183	24,515	3,668
- Adoption of the standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	811	(811)
- Other deferred taxes	3,475	813	2,662
Total deferred-tax liabilities (A)	382,586	367,853	14,733
Deferred-tax assets available for offsetting purposes:			
- Taxed provisions for risks	38,840	61,292	(22,452)
- Adoption of the standard on financial instruments (IAS 39) with impact on:			
- the income statement	2,222	4,807	(2,585)
- shareholders' equity	99,924	2,026	97,898
- Other prepaid taxes	631	1,112	(481)
Total deferred-tax assets (B)	141,617	69,237	72,380
Total provision for deferred taxes (A-B)	240,969	298,616	(57,647)

Deferred-tax assets of 141,617,000 euros include 38,840,000 euros from taxed-provisions for risks and 102,146,000 euros from the impact of valuing derivatives in accordance with IAS 39.

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

15. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, decreased to 677,252,000 euros, or 139,948,000 euros less than at December 31, 2007, as a result of the changes listed in the table that follows:

(in thousands of euros)	12/31/2007	Additions	Utilizations	Other changes and reclassif.	12/31/2008
- Disputed tax items	20,492	37,903	(4,031)	-	54,364
- Risks for disputes, litigation and contracts	152,342	6,588	(19,135)	-	139,795
- Charges for contractual guarantees on the sale of equity investments	123,863	378	(42,593)	-	81,648
- Provisions for decommissioning and remediation of industrial sites	274,020	12,179	(5,340)	7,150	288,009
- Environmental risks	68,989	13,000	(68,989)	-	13,000
- Provision for CO_2 emission quotas	42,224	9,517	(42,224)	-	9,517
- Other risks and charges	129,270	4,688	(2,263)	(40,776)	90,919
Total provisions for risks and charges	811,200	84,253	(184,575)	(33,626)	677,252

More specifically:

- The main components of additions concern tax disputes concerning mostly assets sold in previous years for which Edison is still liable (37,292,000 euros), environmental risks (13,000,000 euros), interest on decomissioning provisions (12,179,000 euros), additions to provisions for legal and contractual risks (5,028,000 euros) and, lastly, statutory and tax interest accrued on existing provisions (7,237,000 euros).

- Utilizations, equal to 81,641,000 euros, reflect primarily disbursements for settlements of environmental litigation: 68,989,000 of which are with the Ministry of the Environment; the provision set aside for CO_2 emissions during Phase I for the 2005-2007 period later cancelled (42,224,000 euros), the reversal in earnings of provisions established in previous years upon the sale of equity investments, which was no longer needed once the corresponding warrantees provided pursuant to the sales agreement expired (42,594,000 euros) and charges incurred for the remediation or decommissioning of industrial sites (5,340,000 euros);

- Other changes refer to a reclassification of long-term financial assets related to the writeoff of a receivable arising from an escrow deposit provided for IPSE 2000 (39,074,000 euros) and an increase in decommissioning provisions, which is offset by a corresponding increase in property, plant and equipment (7,150,000 euros).

More detailed information about the entries that resulted in the current composition of the provisions for risks and charges is provided in the section of the Notes to the Consolidated Financial Statements entitled “Status of the Main Legal and Tax Disputes Pending at December 31, 2008.”

16. Bonds

The balance of 1,198,301,000 euros represents the non-current portion of the bonds issued, valued at amortized cost.
The table below shows the balance outstanding at December 31, 2008 and indicates the fair value of each bond issue:

(in thousands of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rats	Maturity	Long-term amortized cost	Short-term amortized cost	Fair value
Euro Medium Term Notes:									
Edison Spa	Luxermbourg Securities. Exchan	EUR	700,000	Annual in arrears	5.125%	12/10/10	699,485	1,586	724,143
Edison Spa	Luxermbourg Securities. Exchan	EUR	500,000	Quarterly in arrears	5.690%	7/19/11	498,816	7,414	501,235
Total for Edison Spa			1,200,000				1,198,301	9,000	1,225,378

17. Long-term Borrowings and Other Financial Liabilities

A breakdown of these liabilities is as follows:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Due to banks	273,114	254,401	18,713
Due to other lenders	1,087	2,227	(1,140)
Due to leasing companies	-	389	(389)
Total at 12/31/08	274,201	257,017	17,184

18. Other Liabilities

They amount to 22,343,000 euros and are represented by the suspension of the gain produced by the sale of 51% interest in Dolomiti Edison Energy, due to the existence of put and call agreements exercisable by the parties.

19. Current Liabilities

A breakdown of current liabilities, which amount to 2,779,032,000 euros, is provided below:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Bonds	9,000	8,799	201
Short-term borrowings	1,017,969	573,586	444,383
Trade payables	1,224,607	856,379	368,228
Current taxes payable	16,107	-	16,107
Other liabilities	543,774	282,911	260,863
Total current liabilities	2,811,457	1,721,675	1,089,782

The main current liability accounts are reviewed below:

- Bonds amounting to 9,000,000 euros represent for the most part accrued interest at December 31, 2008.

- Short-term borrowings, which totaled 1,017,969,000 euros, include 466,609,000 euros owed to subsidiaries and affiliated companies; 550,740,000 euros due to banks, including 2,276,000 euros arising from the measurement at fair value of interest rates and currency derivatives; 389,000 euros for short-term obligations owed to leasing companies and 231,000 euros for other liabilities.

The table below shows the most significant amounts owed to subsidiaries and affiliated companies:

(in thousands of euros)	12/31/2008	12/31/2007	Change
EdisonTrading	355,174	71,514	283,660
Edison International Holding NV	55,883	-	55,883
Poggio Mondello	12,101	11,819	282
Selm Holding International	11,451	10,872	579
Euroil Exploration	10,187	12,428	(2,241)
Nuova Alba	6,588	11,934	(5,346)
Dolomiti Edison Energy	5,011	-	5,011
Nuova Cisa	4,493	4,332	161
Termica Milazzo	3,658	22,661	(19,003)
Termica Cologno	1,593	13,482	(11,889)
Volta	248	130	118
Jesi Energia	-	31,385	(31,385)
Termica Celano	-	15,616	(15,616)
Termica Boffalora	-	12,703	(12,703)
Ferruzzi Trading France	-	9,593	(9,593)
Eneco Energia	-	4,051	(4,051)
Frigotecnica	-	1,785	(1,785)
Montedison Finance Europe	-	241	(241)
Altre imprese controllate	222	449	(227)
Total	466,609	234,995	231,614

- **Trade payables** totaled 1,224,607,000 euros. A breakdown of this item by type of business is provided below:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Electric power operations	450,102	294,319	155,783
Hydrocarbons operations	752,059	546,277	205,782
Corporate activities	22,446	15,783	6,663
Total trade payables	1,224,607	856,379	368,228

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.
The rise in trade payables is due for the most part to an increase in the quantities of electric power and natural gas purchased and to the higher prices paid in 2008.

- **Current taxes payable** of 16,107,000 euros reflect the impact of the 5.5% corporate income tax surcharge introduced by Decree Law No. 112 of June 25, 2008 (the so-called “Robin Hood Tax”).

- **Other liabilities** amounted to 543,774,000 euros (282,911,000 euros at December 31, 2007).

The table that follows provides a breakdown of this item:

(in thousands of euros)	12/31/2008	12/31/2007	Change
Valuation of derivatives	315,956	13,833	302,123
Amounts owed to joint holders of permits and concessions for the production of hydrocarbons	66,143	49,355	16,788
Payables owed for consulting and other services	52,910	46,156	6,754
Amounts payable to employees	20,294	17,892	2,402
Amounts owed to pension and social security institutions	18,517	18,688	(171)
Royalties payable	11,044	15,907	(4,863)
Excise and other taxes payable	10,487	12,099	(1,612)
Customer advances	9,769	16,028	(6,259)
Amounts owed to Group companies in connection with the filing of a Group VAT return	9,748	20,133	(10,385)
Liability toward the controlling company Transalpina di Energia for the consolidated income tax return	7,737	62,171	(54,434)
Sundry items	21,169	10,649	10,520
Total	543,774	282,911	260,863

20. Liabilities held for sale

This item had a zero balance at the end of 2008. The change compared with December 31, 2007, when the balance of 18,331,00 euros referred to the liabilities of a disposal group, reflects the sale of business operations that included five thermoelectric power plants that operated under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008. The impact on the income statement of the sale of these assets is explained in the section of this Report entitled “Information pursuant to IFRS 5.”

Net Financial Debt

At December 31, 2008, net borrowings totaled 1,533,536,000 euros, or 142,480,000 euros more than the 1,391,056,000 euros owed at December 31, 2007.

This increase is the net result of the following contrasting factors: a positive operating cash flow, dividend income of 270,884,000 euros and proceeds from the disposal of equity investments totaling 168,900,000 euros, which offset in part the period's outlays for investments in property, plant and equipment and intangible assets (232,705,000 euros), net financial expense (31,926,000 euros), additional equity investments (296,252,000 euros, including 138,806,000 euros for the purchase of a 5% interest in Edipower, for capital increases provided to Terminale GNL Adriatico, Edison International Holding NV and Galsi amounting to 80,770,000 euros, 59,875,000 euros and 8,185,000 euros, respectively), dividend distributions (267,901,000 euros) and income taxes (158,209,000 euros).

Consistent with the practice followed at the end of 2007, the table below provides a simplified breakdown of the Company's net borrowings:

(in thousands of euros)	Ref. Balance Sheet note	12/31/2008	12/31/2007	Change
Long-term debt				
Bonds - non-current portion	16	1,198,301	1,200,732	(2,431)
Non-current bank loans	17	273,114	254,401	18,713
Amounts due to other lenders - non current portion	17	1,087	2,227	(1,140)
Non-current obligations under finance leases	17	-	389	(389)
Total long-term debt		1,472,502	1,457,749	14,753
Short-term debt				
Bonds - current portion	19	9,000	8,799	201
Short-term borrowings	19	1,017,580	573,119	444,461
Current obligations under finance leases	19	389	467	(78)
Current financial assets	10	(945,977)	(627,286)	(318,691)
Cash and cash equivalents	10	(19,958)	(21,792)	1,834
Total short-term debt		61,034	(66,693)	127,727
Net financial debt		1,533,536	1,391,056	142,480

Net borrowings include 114,983,000 euros stemming from transactions with related parties (114,731,000 euros owed to Mediobanca and 276,000 euros owed to Banca Popolare di Milano). In the balance sheet, these items are classified as "Long-term borrowings and other financial liabilities" and as "Short-term borrowings."

NOTES TO THE INCOME STATEMENT

The net profit earned by Edison Spa totaled 374 million euros, or 75 million euros less than the 449 million euros reported at December 31, 2007.

In 2008, while in the overall Italian market demand remained relatively flat for both the electric power and natural gas compared with the previous year, Edison reported sales revenues of 5,927 million euros, up 24.5% compared with the previous year.

Despite this gain, EBITDA decreased to 676 million euros, or 84 million euros less than the 760 million euros earned in 2007 (-12.6%), due mainly to a rise in production costs. The reduction in EBITDA affected both the electric power operations (-10.1%) and the hydrocarbons operations (-5.3%):
Compared with 2007, the following main factors had an impact on the net profit:

- higher depreciation and writedowns (+29 milioni di euro), caused in part by writedowns of some CIP 6 power plants;

- higher income from equity investments (+133 million euros) that reflects dividend payments by the subsidiaries and gains on the sale of some equity investments, net of the writedowns recognized at the end of the year, above all Hydros for 80 million euros;

- lower net financial expense (-102 million euros) made possible by a steady reduction in average indebtedness and the decrease in interest rates that occurred in 2008;

- an increase of 163 million euros that reflects the impact of the “Robin Hood Tax” (about 69 million euros) and of the provisions of Decree Law 185/85, (about 18 million euros). The increase is also related to the fact that in 2007 there was a reversal of deferred-tax liabilities, made possible by the reduction in tax rates introduced with the previous year’s Budget Law, added 96 million euros.

21. Sales Revenues

Sales revenues totaled 5,927,329,000 euros, or 24.9% more than in 2007 (4,746,671,000 euros), with gains both by the electric power operations (+12.2%) and the hydrocarbons operations (+44.8%).
A breakdown of sales revenues, booked mainly in Italy, is provided below:

(in thousands of euros)	2008	2007	Change	% change
Revenues from the sale of:				
- Electric power	3,119,742	2,743,886	375,856	13.7%
- Natural gas	2,512,532	1,709,064	803,468	47.0%
- Steam	106,495	116,659	(10,164)	(8.7%)
- Oil	104,235	99,351	4,884	4.9%
- Water and other utilities	1,130	1,412	(282)	(20.0%)
- Other revenues	2,946	285	2,661	n.m.
Revenues from the sale of products	5,847,080	4,670,657	1,176,423	25.2%
Revenues from services provided	63,699	49,318	14,381	29.2%
Revenues from power plant maintenance	11,702	20,095	(8,393)	(41.8%)
Transmission revenues	4,848	6,601	(1,753)	(26.6%)
Revenues from the provision of services	80,249	76,014	4,235	5.6%
Sales revenues of Edison Spa	5,927,329	4,746,671	1,180,658	24.9%

This item includes the effects of Resolutions No. 77/08 and No. 80/08 by which the AEEG defined the criteria for the reimbursement, in the form of a rate adjustment, of the costs incurred by companies that operate facilities under CIP 6/92 contracts to comply with emissions rights and green certificate obligations.
Revenues from services provided refer mainly to coordination support provided by Edison Spa to Group companies and engineering services.

Breakdown by Type of Business

(in thousands of euros)	2008	2007	Change	% change
Electric power operations	3,263,329	2,907,855	355,474	12.2%
Hydrocarbon operations	2,635,165	1,820,014	815,151	44.8%
Corporate activities	28,835	18,802	10,033	53.4%
Total for Edison Spa	5,927,329	4,746,671	1,180,658	24.9%

The increase in sales revenues reported by the **electric power operations** is due to a gain in unit sales, mainly in the deregulated markets, and to higher unit sales prices, which more than offset the contraction in the scope of consolidation that resulted from the sale of power plants operating under CIP6/92 contracts.

An increase in unit sales and a rise in unit revenues made possible by higher benchmark oil prices are the main reasons for the gain in revenues reported by the **hydrocarbons operations**.

22. Other Revenues and Income

Other revenues and income totaled 399,138,000 euros, or 68.8% more than in 2007. A breakdown is as follows:

(in thousands of euros)	2008	2007	Change	% change
Commodity derivatives	32,502	46,237	(13,735)	(29.7%)
Out of period income	123,393	40,232	83,161	n.m.
Utilizations of allowances for doubtful accounts and sundry provisions for risks	66,434	39,605	26,829	67.7%
Recovery of costs from partners in hydrocarbon exploration projects	19,519	25,153	(5,634)	(22.4%)
Swaps and exchanges of natural gas	79,974	24,884	55,090	n.m.
Gain on asset disposal	18,429	23,397	(4,968)	(21.2%)
Recovery of payroll costs	6,585	5,698	887	15.6%
Insurance settlements	14,782	3,934	10,848	n.m.
Contractutal compensation - free energy	5,839	3,716	2,123	57.1%
Leases of Company-owned property	2,939	2,896	43	1.5%
Operating grants	360	1,447	(1,087)	(75.1%)
Revenues from the sale of miscellaneous materials	982	1,620	(638)	(39.4%)
Sundry items	27,400	17,653	9,747	n.m.
Total for Edison Spa	399,138	236,472	162,666	68.8%

Out of period income reflects in part the portion attributable to previous years of the positive impact produced on power plants operating under CIP 6/92 contracts by AEEG Resolutions No. 77/08 and No. 80/08, which recognized the costs incurred for emissions rights and extended the reimbursement period for the costs incurred to comply with green certificate requirement, and the benefits generated by renegotiating a supply contract to purchase natural gas, referring to previous years' costs.

Utilizations of provisions for risks include 42,224,000 euros drawn from the provision for CO_2 emissions during Phase I (2005-2007), 13,098,000 euros from allowances for other receivables and trade receivables and 6,950,000 euros from provisions for remediation and restoration of industrial sites.

The gains on the sale of property, plant and equipment include 7,359,000 euros from the sale of the Vega tanker ship, 7,363,000 euros from the sale of industrial plots of land and 2,543,000 euros from the sale of industrial buildings.

Insurance settlements refer mainly to accidents that occurred at thermoelectric power plants in previous years.
The main components of sundry items are recoveries of expenses (13,137,000 euros) and contractual penalties collected (7,320,000 euros).

23. Raw Materials and Services Used

Raw materials and services used totaled 5,511,465,000 euros, or 35% more than the cost incurred in 2007 (4,083,901,000 euros). This increase, which affected both the electric power operations (+30.7%) and the hydrocarbons operations (+36.5%), is the result of the same causes discussed when explaining the corresponding rise in sales revenues.
A breakdown is as follows:

(in thousands of euros)	2008	2007	Change	% change
- Natural gas	3,869,881	2,750,168	1,119,713	40.7%
- Electric power	8,107	5,677	2,430	42.8%
- Blast furnace, recycled and coke furnace gas	445,470	350,781	94,689	27.0%
- Oil and fuel	78,778	57,840	20,938	36.2%
- Demineralized industrial water	36,815	39,619	(2,804)	(7.1%)
- Green certificates	70,009	73,814	(3,805)	(5.2%)
- CO_2 emissions rights	188,510	-	188,510	n.m.
- Utilities and other materials	62,899	75,267	(12,368)	(16.4%)
Total for Edison Spa	4,760,469	3,353,166	1,407,303	42.0%
- Facilities maintenance	121,882	110,617	11,265	10.2%
- Transmission of electric power and natural gas	290,361	226,865	63,496	28.0%
- Professional services	87,802	78,613	9,189	11.7%
- Insurance services	17,496	18,488	(992)	(5.4%)
- Writedowns of trade and other receivables	13,908	8,801	5,107	58.0%
- Commodity derivatives	107,229	21,677	85,552	n.m.
- Additions to provisions for miscellaneous risks	2,792	30,056	(27,264)	(90.7%)
- Change in inventories	(64,896)	61,543	(126,439)	n.m.
- Use of property not owned	54,641	54,850	(209)	(0.4%)
- Sundry charges	119,781	119,225	556	0.5%
Total for Edison Spa	5,511,465	4,083,901	1,427,564	35.0%

Change in inventories refers mainly to gas held in storage and reflects both an increase in stored quantities and the impact of rising purchase prices.
The main components of **professional services** include engineering services at Company facilities and outsourcing, legal, IT and accounting services.
Use of property not owned includes such expenses as lease payments, rent, rentals, concession fees and surcharges and royalties.
The main components of **sundry charges** are out of period charges (25,544,000 euros), losses on sales of property, plant and equipment (13,464,000 euros), advertising expenses (7,226,000 euros) incurred mainly for the residential market campaign, corporate expenses (7,089,000 euros) and income taxes and indirect taxes (6,644,000 euros).
Lastly, in 2007, the costs incurred for Phase I **CO_2 emissions,** amounting to 25,393,000 euros, were recognized as an addition to the provisions for risks because, as of the date of the financial statements, the Company's final requirements had not been determined.

Breakdown of Raw Materials and Services Used by Type of Business

(in thousands of euros)	2008	2007	Change	% change
Electric power operations	1,047,112	800,937	246,175	30.7%
Hydrocarbons operations	4,347,195	3,183,713	1,163,482	36.5%
Corporate activities	117,158	99,251	17,907	18.0%
Total for Edison Spa	5,511,465	4,083,901	1,427,564	35.0%

24. Labor Costs

At 138,979,000 euros, labor costs were virtually the same as in 2007 (139,502,000 euros), as the impact of the disposal of some business operations net of the effect of scheduled wage increases.

25. EBITDA

EBITDA decreased to 676,024,000 euros, or 83,716,000 euros less than in 2007 (-11%), reflecting reductions reported by the both the electric power operations (-9.7%) and the hydrocarbons operations (-5.3%).

A breakdown by type of business is as follows:

(in thousands of euros)	2008	as a % of sales revenues	2007	as a % of sales revenues	EBITDA % change
Electric power operations	415,123	12.7%	459,855	15.8%	(9.7%)
Hydrocarbons operations	355,535	13.5%	375,447	20.6%	(5.3%)
Corporate activities	(94,634)	n.m.	(75,562)	n.m.	25.2%
Total for Edison Spa	676,024	11.4%	759,740	16.0%	(11.0%)

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

Negative factors:

- Differences in the dynamics that affect sales prices and the cost of the main means of production;
- Reduction in EBITDA contribution due to the conveyance of assets to Co Energy Power, Dolomiti Edison Energy and Hydros in 2008;
- Expiration of CIP6/92 incentives and of some CIP6/92 contracts;

Positive factors:

- Availability of the Simeri Crichi power plant;
- Renegotiation of a long-term natural gas supply contract.

26. Depreciation, Amortization and Writedowns

A breakdown of depreciation, amortization and writedowns, which totaled 445,440,000 euros, is provided below:

(in thousands of euros)	2008	2007	Change	% change
Depreciation of property, plant and equipment	376,496	383,516	(7,020)	(1.8%)
Depreciation of investment property	96	222	(126)	(56.8%)
Amortization of hydrocarbon concessions	21,577	20,098	1,479	7.4%
Amortization of other intangible assets	15,962	11,531	4,431	38.4%
Writedowns of property, plant and equipment	45,890	1,116	44,774	n.m.
Reversal of writedowns of property, plant and equipment	(14,581)	-	(14,581)	n.m.
Total for Edison Spa	445,440	416,483	28,957	7.0%

Breakdown by Business Segment

(in thousands of euros)	2008	2007	Change	% change
Electric power operations	351,505	343,262	8,243	2.4%
Hydrocarbons operations	84,231	64,229	20,002	31.1%
Corporate activities	9,704	8,992	712	7.9%
Total for Edison Spa	445,440	416,483	28,957	7.0%

More specifically:

- The change shown for the electric power operations is the net result of the following factors:
  Decreases:
  - Sale of five thermoelectric power plants that operate under CIP 6/92 contracts (impact of about 12,260,000 euros);
  - On May 1, 2008, conveyance to Dolomiti Edison Energy Srl of three hydroelectric power plants in the province of Trent (impact of about 10,631,000 euros);
  - On September 1, 2008, conveyance to Hydros Srl of seven hydroelectric power plants in the province of Bolzano (impact of about 7,890,000 euros).

  Increases:
  - Increase in depreciation for the Simeri Crichi power plant, which was commissioned in the fourth quarter of 2007 (impact of about 14,015,000 euros);
  - change in the useful lives of some hydroelectric power plants (impact of about 7,623,000 euros);

- writedowns reflect the detection of impairment indicators that required a reduction of the carrying value of property, plant and equipment held by the CIP 6 "CGU" (28,000,000 euros) and of some Italian concessions for the production of hydrocarbons (17,500,000 euros);

- reversals of writedowns refers exclusively to the derecognition of a writedown of a "market thermoelectric" CGU that was recognized in previous years.

Amortization of other intangible assets refers almost exclusively to patents, trademarks and similar rights (11,982,000 euros) and hydrocarbon exploration costs (3,972,000 euros). The increase in amortization expense reflects higher amortization of software.

27. Net Financial Income (Expense)

Net financial expense amounted to 32,567,000 euros, down sharply compared with 2007. This decrease reflects the impact of a significant reduction in net borrowings, due mainly to the redemption of two bond issues totaling 1,429 million euros in the second half of 2007, and of the turmoil that affected the financial markets during the second half of 2008, causing a substantial reduction in interest rates. A breakdown of net financial expense is as follows:

(in thousands of euros)	2008	2007	Change
Financial income			
Financial income from financial derivatives	57.494	72.395	(14.901)
Financial income from Group companies	46.195	39.629	6.566
Gains on reverse repurchase agreements	-	8.188	(8.188)
Bank interest earned	1.512	3.674	(2.162)
Interest earned on trade receivables	2.120	1.847	273
Interest earned on amounts due from the tax administration	81	479	(398)
Other financial income	2.090	3.953	(1.863)
Total financial income	109.492	130.165	(20.673)
Financial expense			
Interest paid on bond issues	(60.713)	(115.007)	54.294
Financial expense from financial derivatives	(36.860)	(77.699)	40.839
Financial expense paid to Group companies	(6.992)	(25.660)	18.668
Interest paid to banks	(34.701)	(24.748)	(9.953)
Bank fees paid	(2.691)	(2.163)	(528)
Financial expense on decommissioning projects	(12.179)	(10.599)	(1.580)
Interest paid on finance leases	(24)	(40)	16
Financial expense in connection with employee severance benefits	(1.658)	(1.726)	68
Interest paid to other lenders	(3.765)	(92)	(3.673)
Other financial expense	(564)	(9.220)	8.656
Total financial expense	(160.147)	(266.954)	106.807
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	44.258	10.936	33.322
Foreign exchange translation losses	(26.170)	(8.814)	(17.356)
Net foreign exchange translation gain (loss)	18.088	2.122	15.966
Net financial income (expense)	(32.567)	(134.667)	102.100

More specifically:

- Information about other **transactions involving financial derivatives** is disclosed in a separate section of this Report.
- **Other financial income** includes 1,873,000 euros in interest on non-current financial receivables related to the IPSE loan, which was written off.
- **Interest paid on decommissioning projects** are offset by the provisions for risks on the decommissioning and remediation of industrial sites
- **Interest paid to other lenders** includes 3,744,000 euros for costs incurred for securitization transactions.
- The **net foreign exchange gain** includes 8,926,000 euros in gains realized on commercial transactions and 3,626,000 euros generated by year-end exchange rate adjustments. The change compared with the previous year reflects both an increase in transaction volume and the high volatility of financial markets in 2008.

28. Income from (Expense on) Equity Investments

The credit balance of 350,677,000 euros represents an increase of 132,325,000 euros compared with 2007, when the credit balance amounted to 218,352,000 euros. As explained below, gains on the sale of some equity investments account for this improvement.
The table that follows provides a breakdown of this item:

(in thousands of euros)	2008	2007	Change
Income from equity investments			
Dividends			
Dividends from subsidiaries and affiliated companies			
- Edison Trading	210,000	150,000	60,000
- Edison Energie Speciali	15,000	20,000	(5,000)
- Termica Milazzo	8,916	11,106	(2,190)
- Ibiritermo	7,158	1,096	6,062
- Jesi Energia	7,000	4,900	2,100
- Edison Stoccaggio	7,000	4,000	3,000
- Edison DG	5,000	3,220	1,780
- Termica Boffalora	2,800	2,310	490
- Termica Cologno	2,275	-	2,275
- Sarmato Energia	1,891	3,011	(1,120)
- Sel Edison	1,710	2,315	(605)
- Finel	-	25,136	(25,136)
- other affiliated companies	631	8,904	(8,273)
	269,381	235,998	33,383
Dividends from other companies			
- RCS	858	814	44
- Other companies	645	287	358
	1,503	1,101	402
Total dividends	270,884	237,099	33,785
Revaluation of trading securities	-	1,780	(1,780)
Gain on the sale of equity investments	92,478	2,348	90,130
Total income from equity investments	363,362	241,227	122,135
Expense on equity investments			
Writedowns of equity investments			
- IWH	(6,538)	(8,000)	1,462
- Nuova Alba	(1,058)	(5,143)	4,085
- Eneco	-	(3,868)	3,868
- Montedison Srl	(1,003)	(356)	(647)
- Other equity investments	(467)	(523)	56
Totale svalutazioni	(9,066)	(17,890)	8,824
Writedowns of trading securities	(3,619)	(2,351)	(1,268)
Loss on the sale of equity investments	-	(2,634)	2,634
Total expense on equity investments	(12,685)	(22,875)	10,190
Net income from equity investments	350,677	218,352	132,325

More specifically:

- The gain on the sale of equity investments reflects the effect of the sale of an interest of about 60% in Hydros (80,014,000 euros) and of an interest of 9.1% in Enia Energia (7,015,000 euros), and the liquidation of Ferruzzi Trading France and Frigotecnica (5,449,000 euros), which were dormant subsidiaries.
- Writedowns of trading securities refers to the investments in American Superconductor (1,096,000 euros), ACEGAS (1,240,000 euros) and ACSM (1,287,000 euros).

29. Other Income (Expense), Net

Net other expense of 19,356,000 euros is the result of nonrecurring items that are not related directly to the Group's industrial or financial operations. The main items included in this account are:

- Income of 50,066,000 euros mainly from the reversal in earnings of existing provisions set aside in previous years, made possible by the cancellation of guarantees provided in connection with the sale of equity investments.
- Expense of 69,422,000 euros, including 59,765,000 euros added to provisions for risks (37,292,000 euros to cover tax risks related mainly to assets sold in previous years for which Edison is liable, 13,000,000 euros for new environmental risks 7,237,000 euros for accrued statutory and tax interest on existing provisions and other nonrecurring charges for the balance.

30. Income Taxes

Income taxes totaled 165,161,000 euros, or 163,591,000 euros more than in 2007, which benefited from the reversal of deferred-tax liabilities amounting to 95,707,000 euros, made possible by the reduction in tax rates introduced with the 2008 Budget Law.
The main reasons for the increase are the impact of the so-called "Robin Hood Tax," which is discussed below, which caused a change in the tax rates, and to Decree Law No. 185/08 (so-called "Anti-Crisis Decree"), which caused changes in the IRAP tax base.

A breakdown of income taxes and a comparison with the data for 2007 is provided below:

(in thousands of euros)	2008	2007	Change
Current taxes	113,776	101,415	12,361
Net deferred-tax liabilities (assets)	53,395	(101,096)	154,491
Income taxes attributable to previous years	(2,010)	1,251	(3,261)
Total for Edison Spa	165,161	1,570	163,591

Current taxes include 95,171,000 euros for corporate income taxes (IRES), in addition to 1,470,000 euros classified under profit (loss) from discontinued operations), and 18,871,000 euros for regional taxes (IRAP). The credit for income taxes attributable to previous years refers mainly to out-of-period income generated by excess allocations for IRES and IRAP.

The tax liability for the period reflects the negative impact (86,526,000 euros) of a 5.5% corporate income tax surcharge, also known as the Robin Hood Tax, that was levied on all companies that produce and distribute electric power and engage in exploration for and production of hydrocarbons, and the effect of the changes introduced by Decree Law No. 185/08. These changes, which had an impact of 17,309,000 euros on current taxes and 69,217,000 euros on deferred-tax assets and liabilities.
Other changes refers mainly to conveyances of assets carried out in 2008.

The actual tax rate in 2008 is 31%. The difference compared with the nominal rate of 36,9% is mainly due, besides to the abovementioned negative effects introduced by the Robin Hood Tax and by Decree Law No. 185/08, to the positive effects of the participation exemption on dividends and on the gain on the sale of equity investments.

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

(in thousands of euros)	12/31/2007	Additions	Utilizations	Restatement for new rates	IAS 39 to sharehold. equity	Reclass./ other changes	12/31/2008
Provision for deferred taxes:							
Valuation differences of property, plant and equipment	341,714	-	(51,479)	72,454	-	(11,761)	350,928
Adoption of IAS 17 to value finance leases	24,515	-	(467)	4.201	-	(66)	28,183
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	-	-	-	-	-	-	-
- impact on shareholders' equity	811	-	-	-	(1,317)	506	-
Other deferred taxes	813	2,612	(24)	580	-	(506)	3,475
	367,853	2,612	(51,970)	77,235	(1,317)	(11,827)	382,586
Offsets	(69,237)	-	33,908	(8,390)	(97,898)	-	(141,617)
Provision for deferred taxes net of offsets	298,616	2,612	(18,062)	68,845	(99,215)	(11,827)	240,969
Deferred-tax assets:							
Taxed reserves for risks	61,292	-	(30,472)	8,020	-	-	38,840
Adoption of IAS 39 to value financial instruments:							
- impact on the income statement	4,807	-	(2,955)	370	-	-	2,222
- impact on shareholders' equity	2,026	-	-	-	97,898	-	99,924
Other deferred-tax assets	1,112	-	(481)	-	-	-	631
	69,237	-	(33,908)	8,390	97,898	-	141,617
Offsets	(69,237)	-	33,908	(8,390)	(97,898)	-	(141,617)
Deferred-tax assets net of offsets	-	-	-	-	-	-	-

31. Profit (Loss) from Discontinued Operations

The net profit of 9,927,000 euros reflects the gain generated by the sale of the business operations consisting of five thermoelectric power plants operating under CIP 6/92 contracts and of Termica Boffalora and Termica Celano in April 2008. At the end of 2007, these assets were classified as a disposal group.

OTHER INFORMATION

Disclosure Pursuant to IFRS 5

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

In April 2008, Edison closed the sale to Cofathec Servizi, a Gaz de France Group company, of five thermoelectric power plants, which operate under CIP/92 contracts and have a combined installed capacity of about 370 MW, and its entire 70% interest in Termica Boffalora.
In a separate transaction, Edison sold to Seci Energia, a company of the Maccaferri Group, a 70% interest in Termica Celano, a company that controls a 170-MW thermoelectric power plant in Celano (AQ). Seci Energia, which already owned a 30% interest in this company, exercised the preemptive right it held pursuant to earlier agreements.
The disposal's value amounted to 204 million euros and generated a gain of 10 million euros, net of incidental costs and taxes, shown in the income statement as a "Profit from discontinued operations".

Commitments and Contingent Risks

(in thousands of euros)	12/31/2008	12/31/2007	Change
Guarantees provided	1,274,315	1,270,353	3,962
Collateral provided	1,164,275	1,029,506	134,769
Other commitments and risks	603,739	612,397	(8,658)
Total for Edison Spa	3,042,329	2,912,256	130,073

Guarantees Provided

The balance of 1,274,315,000 euros, which is determined based on the undiscounted amount of the contingent commitment on the balance sheet date, is virtually the same as at the end of 2007.
Guarantees provided include the following:

- 392,585,000 euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits and those provided to subsidiaries in connection with the intra-Group assignment of tax credits.
- 50,000,000 euros pursuant to the Tolling and Power Purchasing Agreements, according to which Edison is responsible for the commercial obligations undertaken by its Edison Trading Spa subsidiary toward Edipower.
- Guaranteed provided by the Group's Parent Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for the balance.

Collateral Provided

Collateral provided, which totaled 1,164,275,000 euros, or 134,769,000 euros less than at December 31, 2007, represents the value of the assets or rights provided as collateral on the balance sheet date. This item includes collateral provided for liabilities carried on the balance sheet, such as a pledge on Edipower shares (1,066 million euros) provided to a pool of banks to secure a loan. The amount of this pledge increased compared with the end of 2007 due to the exercise of a put option. Encumbrances provided to secure other loans (66,596,000 euros) account for the remaining balance.

Other Commitments and Risks

This item, which totaled 603,739,000 euros, reflects primarily commitments undertaken to complete investment projects under construction in Italy and abroad.
Significant commitments and risks not included in the amounts listed above are reviewed below:

1) The hydrocarbons operations have entered into contracts for the importation of natural gas. As is usually the case, contracts of this magnitude and of these durations contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated maximum quantities and the quantity actually used (unless the shortage is due to causes not provided for in the contract), with the option for the buyer to make up, at certain conditions, the paid but unused volume over the life of the contract.
   The abovementioned clauses were activated during 2007 to take advantage of temporary opportunities in spot prices, which required the payment of certain amounts to the counterparties. In 2008, the gas delivery profiles were sufficient to reabsorb most of the advances paid to the counterparties.

   The import contracts with Russia, Libya, Norway and Algeria (a supply contract with Sonatrach for about 2 billion cubic meters a year went into effect in October 2008), which are already operational, provide total supplies of 9.4 billion cubic meters of natural gas a year. The following contracts to import additional quantities of natural gas in future years have also been signed:
   - A supply contract with RasGas (Qatar) that calls for deliveries to begin upon the commissioning of the Isola di Porto Viro LNG terminal, which is expected to go on stream in the coming months.

When this agreement is fully operational, RasGas will supply a total of 6.4 billion cubic meters of natural gas per year.

- A contract to import natural gas from Algeria (*Protocolle d'accord*) with Sonatrach in November 2006 that calls for the supply of 2 billion cubic meters of natural gas a year through the new pipeline linking Algeria with Sardinia and Tuscany that will be built by Galsi. The implementation of this agreement is subject to the construction of the pipeline, which is currently in the project development phase.

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

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

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

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

3) Concerning the hydroelectric power operations, due to the sale of 51% interest in Dolomiti Edison Energy Srl to buyers outside the Group, pursuant to agreements with the buyer, Edison is the holder of a call option exercisable only if the hydrolectric concession is not renewed by March 31, 2018.

In addition, the following contracts were signed to address the deficit in CO_2 emission quotas:

- Emission Reductions Purchase Agreements (ERPAs) - 16 contracts - for the purchase of Certified Emission Reduction certificates (CERs) in China, which are CO_2 emissions reduction certificates. These contracts cover credits generated by Clean Development Mechanism (CDM) projects for a total of about 5 million CERs during the 2008-2012 period. Under the agreements, payment will be due upon the delivery of the CERs between December 1 and March 1 of each year. The projects are a different stages in the registration process required in by the United Nations Framework Convention on Climate Change (UNFCC).
- A Management Agreement with EDF Trading (EDF Carbon Fund) involving the purchase for a fixed price of Certified Emission Reduction/Emission Reduction Units (CER/ERUs - CO_2 emission certificate) on terms that are defined in the Investment Guidelines. Edison's interest in the fund will amount up to 30 million euros during a period of 5 years. The contracts signed thus far are for a total of 14.5 million CERs, including 1.5 million CERs attributable to Edison. In December 2008, 8,930 CERs were delivered at a cost of 91,979 euros.

- On June 30, 2008 Edison Spa entered into an agreement with Natsource by which it joined the Natsource Carbon Asset Pool (NAT-CAP), a fund established to purchase CO_2 emissions reduction credits generated by CDM (Clean Development Mechanism) / JI (Joint Implementation) projects. Edison's investment in the fund will amount up to 20 million euros during a period of 5 years.

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

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

Tax Status of Share Capital and Reserves in the Event of Repayment or Distribution

The types of tax status and utilization options of the different items that constitute the Company's shareholders' equity are reviewed below:

(in thousands of euros)	Balance sheet amount	Tax status Type	Amount	Utilization options	Distributable portion
Share capital	5,291,701				
	breakdown	C	192,082	-	-
		D	588,628	-	-
Share capital reserves					
Additional paid-in capital	13	E	13	1, 2, 3	13
Earnings reserves					
Statutory reserve	71,608				
	breakdown	A	54,055	2	-
		D	17,553	2	-
Other reserves	390,050				
	breakdown	A	7,292	1, 2, 3	7,292
		A	467,109	1, 2	-
		A	(84,351)	-	-
Reserve for grants	18,825	B	18,825	-	-
Retained earnings	623,119				
		A	550,174	1, 2, 3	550.174
		D	72,945	1, 2, 3	72.945

Tax Status

A: Reserves that, if distributed, would be included in the taxable income of the shareholders.

B: Reserves the taxation of which has been suspended and which, if utilized, would be included in the Company's taxable income.

C: Reserves the taxation of which has been suspended that are part of share capital. If the share capital is reduced upon a shareholder distribution, these reserves would become taxable.

D: Portion of shareholders' equity restricted pursuant to Section 469 of Law No. 266/2005 (so-called realignment), which, if utilized, would be included in the Company's taxable income, increased by a 12% substitute tax, with the concurrent earning of a 12% tax credit (equal to the substitute tax paid).

E: Reserves that, if distributed, would not be included in the taxable income of the shareholders.

Utilization Options

1: Capital increase.

2: Replenishment of losses.

3: Distribution to shareholders.

A breakdown according to tax status is provided below:

- The reserves for government grants, with B status, include the following:

- former Edison – grants under Article 55	3,770
- former Edison Gas – Law No. 488/92	15,055

- The reserves the taxation of which has been suspended that are part of share capital, with C status, include the following

- No. 576 of 12/1/75 (old Edison form. Montedison)	31,064
- No. 72 of 3/19/83 (old Edison form. Montedison)	15,283
- No. 576 of 12/1/75 (former Finagro)	1,331
- No. 72 of 3/19/83 (former Finagro)	3,310
- No. 72 of 3/19/83 (former Montedison)	8,561
- No. 72 of 3/19/83 (former Silos di Genova Spa)	186
- No. 413 of 12/30/91 (former Finagro)	4,762
- No. 576 of 12/1/75 (former Calcemento)	976
- No. 72 of 3/19/83 (former Calcemento)	4,722
- 413 of 12/30/91 (former Sondel)	2,976
- No. 413 of 12/30/91 (former Edison)	118,911

Any taxes that may be due (counting also the 5.5% corporate income tax surcharge) on the reserves listed above would amount to 6.9 million euros for those of Item B, 63.4 million euros for those of Item C and 162 million euros (net of tax credit) for those of Item D.
As for the negative income components that are not reflected in the income statement, which until 2007 could be deducted by listing them on a separate schedule annexed to the income tax return, the provision of the tax code require that a corresponding amount of the unrestricted reserves and retained earnings should be maintained on the Company's financial statements and, if the abovementioned amount is distributed, it would be included in the Company's taxable income.
As a result of non-accounting depreciation and amortization taken in 2006 and 2007 and the derecognition in 2004 of entries booked for tax purposes but which had no relevance for statutory reporting purposes, non-accounting deductions still available totaled about 263 million euros. Deferred taxes totaling about 96 million euros were recognized in connection with these entries.
Therefore, should the Company choose to distribute earnings or reserves, it must have residual qualified reserves, as defined in Article 109 of the Uniform Tax Code, totaling 168 million euros. If the Company lacks or has insufficient qualified reserves, any uncovered portion of the distribution, increased by the applicable deferred taxes, would become part of the Company's taxable income.
Lastly, the reform of the corporate income tax system, which went into effect on January 1, 2004, introduced the overriding presumption that the profit for the year and the portion of reserves other than share capital reserves that has not been set aside in a suspended taxation status will be distributed, irrespective of the motions approved by the Shareholder's Meeting (Article 47 of the Uniform Tax Code).

Intercompany and Related Parties Transaction

In 2008, Edison Spa and some of its subsidiaries entered into commercial and financial transactions with the Company's shareholders and/or their subsidiaries. In all cases, the abovementioned transactions were executed in the normal course of business and always on contractual terms that were consistent with standard market practices. The amounts involved by these transactions are listed below:

(in thousands of euros)	with Group companies	with the controlling company	Other related parties: EdF Group	A2A Group	ENIA Group	Banca Popolare Milano	Mediobanca	Total related parties	Tot. per fin. stat. item	% impact on financ. stat. items
Balance sheet transactions										
Trade receivables	523	-	2,096	3,683	6,102	-	-	12,404	1,616,800	0.8%
Other receivables	69,362	262	10,027	-	-	-	50	79,701	249,657	31.9%
Trade payables	172,089	-	2,316	-	-	-	-	174,405	1,224,606	14.2%
Other payables	9,706	5,121	402	64	8	-	-	15,301	543,774	2.8%
Current financial assets	928,011	-	-	-	-	-	-	928,011	945,976	98.1%
Short-term borrowings	466,497	-	-	-	-	276	11,095	477,868	1,017,969	46.9%
Long-term borrowings and other financial liabilities	-	-	-	-	-	-	103,636	103,636	274,201	37.8%
Income statement transactions										
Sales revenues	2,584,392	285	-	8,064	129,896	-	-	2,722,637	5,927,329	45.9%
Other sales revenues	19,126	2	10,850	116	-	-	-	30,094	399,138	7.5%
Raw materials and services used	208,670	-	9,121	200	1,268	-	1,400	220,659	5,511,465	4.0%
Financial income	46,195	-	-	-	-	3	-	46,198	153,750	30.0%
Financial expense	6,992	-	-	-	-	27	6,219	13,238	186,317	7.1%
Income from equity investments	274,781	-	-	-	7,015	-	-	281,796	350,677	80.4%
Transactions with impact on cash flow										
Dividends declared	-	158,753	-	-	-	-	-	158,753	267,901	59.3%
Sales price of non-current financial assets	-	-	-	-	8,092	-	-	8,092	168,990	4.8%
Commitments and contingent risks										
Guarantees provided	-	-	-	-	-	4,787	-	4,787	1,274,315	0.4%
Collateral provided	-	-	-	-	-	-	-	-	1,164,275	n.m.
Other commitments and risks	-	-	-	-	-	-	-	-	603,739	n.m.

A) Transactions Among Group Companies

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

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

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

Consolidated VAT Return - Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72, as amended, and of the Ministerial Decree dated December 13, 1979. Under the consolidated return system, Group companies transfer to Edison Spa, either monthly or quarterly, VAT payable and receivable positions in order to allow Edison Spa to offset these positions and pay only the resulting debit balance, if any. The Group VAT return for December 2008 shows that the Group had a net credit toward the tax administration of about 9 million euros.

Consolidated Corporate Income Tax (IRES) Return - In 2006, Edison Spa and its wholly-owned subsidiaries formally agreed to be included in a consolidated income tax return filed by Transalpina di Energia, their controlling company, as allowed by Article 117 and following of Presidential Decree No. 917/86 (Uniform Income Tax Code, abbreviated as TUIR in Italian), for three years from 2006 to 2008. Under the terms of these agreements, which are identical for all eligible consolidated companies, all consolidated companies will be held harmless from any negative effect of the change in scope of the IRES tax filing compared with their status in 2005.
It should be noted that the 5.5% corporate income tax surcharge introduced with Decree Law No. 112 pf June 25, 2008 is paid directly by the individual Group companies upon which it levied and, consequently, the rate used for the purpose of the consolidated return is the regular rate of 27.5%.

B) Transactions with Other Related Parties

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

1) Commercial Transactions

As shown in the summary table, they refer mainly to the sale of natural gas, energy commodities and relative transmissions and to recoveries of maintenance costs.

2) Financial Transactions

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

- Banca Popolare di Milano provided Edison with a 50-million-euro revocable line of credit that accrues interest at market rates. At December 31, 2008, a 5-million-euro surety had been drawn against this line.
- In the 2004, Mediobanca provided Edison Spa with 120 million euros in financing against EIB funds. At December 31, 2008, the remaining debt amounted to 115 million euros.

3) Other Transactions

In July 2008, further to the "Addendum Amending and Replacing the Agreement to Permanently Settle Disputes Concerning the Shareholder Agreement and for the Temporary Management of Blumet Spa" signed and executed on July 27, 2007 by Edison Spa, Enìa Spa and SAT Finanziaria Spa in July 27, 2007 and subsequent stipulations, Edison Spa closed the sale to Enìa Spa of its 9.13% interest in the share capital of Enìa Energia. The abovementioned sale generated a positive effect of about 7 million euros.

Significant Nonrecurring Events and Transactions

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

- Sale of business operations consisting of five thermoelectric power plants that operate under CIP 6/92 contracts to Cò Energy Power and of the investments in Termica Boffalora and Termica Celano. Additional information is provided in the section of this report entitled "Information Pursuant to IFRS 5."
- On May 1, 2008, conveyance of business operations consisting of three hydroelectric power plants located in the province of Trent to a newly established company called Dolomiti Edison Energy and subsequent sale of a 51% interest in the new company to Dolomiti Energia at a price og 31 million euros.
- On September 1, 2008, conveyance of business operations consisting of seven hydroelectric power plants located in the province of Bolzano to a newly established company called Hydros and subsequent sale of a 60% interest in the new company to Srl SEL Spa (Società Elettrica Altoatesina) at a price of 130 million euros.

Another significant development was the enactment of Resolutions No. 77/08 and No. 80/08, by which the AEEG acknowledged the right of operators of CIP 6/92 power plants to be reimbursed for costs incurred to comply with emission rights and green certificate requirement, which generated a positive effect of about 137 million euros.

Changes Resulting from Atypical and/or Unusual Transactions

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

Treasury Shares

At December 31, 2008, the Company did not own any treasury shares.

Compensation of Directors and Statutory Auditors, Stock Options Awarded to Directors and Equity Investments of Directors

For information concerning:

- the compensation of Directors and Statutory Auditors;
- stock options awarded to Directors;
- equity investments of Directors;

Additional information is provided in the "2008 Report on Corporate Governance and on the Company's Ownership Structure."

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2008

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

Milan, February 11, 2009

The Board of Directors
by Giuliano Zuccoli
Chairman

LIST OF EQUITY INVESTMENTS

at December 31, 2008

LIST OF EQUITY INVESTMENTS

Company	Head office	Share capital		
		Currency	Amount	Par value per share
A1. Equity Investments in Subsidiaries				
Atema Ltd	Dublin (Ireland)			
Balance at 12/31/2007		EUR	1,500,000	0.50
Balance at 12/31/2008		EUR	1,500,000	0.50
Calbiotech Srl in bankruptcy	Ravenna			
Balance at 12/31/2007		LIT	90,000,000	-
Dissolution		LIT	(90,000,000)	-
Balance at 12/31/2008		LIT	-	-
Co Energy Power Srl (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	10,000	-
Asset contribution		EUR	4,990,000	-
Disposal		EUR	(5,000,000)	-
Balance at 12/31/2008		EUR	-	-
Dolomiti Edison Energy Srl	(*) Trento			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	10,000	-
Asset contribution		EUR	4,990,000	-
Disposal		EUR	-	-
Balance at 12/31/2008		EUR	5,000,000	-
Ecofuture Srl (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	10,200	-
Balance at 12/31/2008		EUR	10,200	-
Edison D.G. Spa (single shareholder)	(*) Selvazzano Dentro (PD)			
Balance at 12/31/2007		EUR	460,000	1.00
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	460,000	1.00
Edison Energia Spa (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	22,000,000	1.00
Balance at 12/31/2008		EUR	22,000,000	1.00
Edison Energie Speciali Spa (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	4,200,000	1.00
Balance at 12/31/2008		EUR	4,200,000	1.00
Edison Engineering Sa	(*) Athens (Greece)			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	60,000	-
Balance at 12/31/2008		EUR	60,000	-
Edison Hellas Sa	Athens (Greece)			
Balance at 12/31/2007		EUR	263,700	2.93
Balance at 12/31/2008		EUR	263,700	2.93
Edison International Spa	(*) Milan			
Balance at 12/31/2007		EUR	17,850,000	1.00
Balance at 12/31/2008		EUR	17,850,000	1.00

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

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
100.000	3,000,000	1,381,681		1,381,681				
100.000	3,000,000	1,381,681		1,381,681	2,352,312	2,352,312	218,032	218,032
55.000	49,500,000	1		1				
(55.000)	(49,500,000)	(1)	-	(1)				
-	-	-		-	-	-		-
-	-	-	-	-				
100.000	10,000	10,000	-	10,000				
-	-	114,000,000	-	114,000,000				
(100.000)	(10,000)	(114,010,000)	-	(114,010,000)				
-	-	-	-	-	-	-	-	-
-	-	-	-	-				
100.000	10,000	10,000	-	10,000				
-	4,990,000	16,700,000	-	16,700,000				
(51.000)	(2,550,000)	(8,522,100)	-	(8,522,100)				
49.000	2,450,000	8,187,900	-	8,187,900	26,332,329	12,902,841	9,622,329	4,714,941
100.000	10,200	568,801	(516,680)	52,121				
100.000	10,200	568,801	(516,680)	52,121	40,213	40,213	(11,908)	(11,908)
100.000	460,000	38,512,802		38,512,802				
-	-	-	-	-				
100.000	460,000	38,512,802	-	38,512,802	23,003,697	23,003,697	112,289	112,289
100.000	22,000,000	58,473,621		58,473,621				
100.000	22,000,000	58,473,621		58,473,621	10,363,559	10,363,559	(7,879,092)	(7,879,092)
100.000	4,200,000	205,342,755		205,342,755				
100.000	4,200,000	205,342,755		205,342,755	140,188,119	140,188,119	16,013,671	16,013,671
-	-	-	-	-				
100.000	60,000	60,000	-	60,000				
100.000	60,000	60,000	-	60,000	53,122	53,122	(6,878)	(6,878)
100.000	90,000	187,458	(8,000)	179,458				
100.000	90,000	187,458	(8,000)	179,458	217,495	217,495	63,232	63,232
70.000	12,495,000	53,978,794	-	53,978,794				
70.000	12,495,000	53,978,794	-	53,978,794	4,000,981	2,800,687	(41,142,800)	(28,799,960)

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

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Edison International Holding Nv	Amsterdam (Netherlands)			
Balance at 12/31/2007		EUR	4,582,803	1.00
Payment of share premium		EUR	-	-
Balance at 12/31/2008		EUR	4,582,803	1.00
Edison Stoccaggio Spa (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	81,497,301	1.00
Balance at 12/31/2008		EUR	81,497,301	1.00
Edison Trading Spa (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	30,000,000	1.00
Balance at 12/31/2008		EUR	30,000,000	1.00
Eneco Energia Spa	Bolzano			
Balance at 12/31/2007		EUR	222,000	1.00
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	222,000	1.00
Euroil Exploration Ltd	London (England)			
Balance at 12/31/2007		GBP	9,250,000	1.00
Balance at 12/31/2008		GBP	9,250,000	1.00
Ferruzzi Trading France Sa in liquidation	Paris (France)			
Balance at 12/31/2007		EUR	7,622,451	15.24
Liquidation		EUR	(7,622,451)	(15.24)
Balance at 12/31/2008		EUR	-	-
Frigotecnica Srl in liquidation (single shareholder)	Palermo			
Balance at 12/31/2007		EUR	76,500	-
Dissolution		EUR	(76,500)	-
Balance at 12/31/2008		EUR	-	-
Gever Spa (pledged shares)	Milan			
Balance at 12/31/2007		EUR	10,500,000	1,000.00
Balance at 12/31/2008		EUR	10,500,000	1,000.00
Hydro Power Energy HPE Srl (single shareholder)	Bolzano			
Balance at 12/31/2007		EUR	50,000	-
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	50,000	-
Hydros Srl	(*) Bolzano			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	10,000	-
Asset contribution		EUR	29,990,000	-
Disposal		EUR	-	-
Reserved share capital increase		EUR	18,000	-
Balance at 12/31/2008		EUR	30,018,000	-
ISE Srl (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	10,000	-
Balance at 12/31/2008		EUR	10,000	-

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

% interest held in share capital	No. of shares or face value of capital interests held	Cost [1]	Writedowns	Net carrying value [1]	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
100.000	4,582,803	17,062,200	(11,354,934)	5,707,266				
-	-	59,875,000	-	59,875,000				
100.000	4,582,803	76,937,200	(11,354,934)	65,582,266	63,422,639	63,422,639	(1,615,432)	(1,615,432)
100.000	81,497,301	81,497,301		81,497,301				
100.000	81,497,301	81,497,301		81,497,301	102,765,371	102,765,371	12,805,758	12,805,758
100.000	30,000,000	30,000,000		30,000,000				
100.000	30,000,000	30,000,000		30,000,000	415,043,305	415,043,305	300,855,659	300,855,659
90.000	199,800	7,850,898	(3,868,128)	3,982,770				
-	-	-	-	-				
90.000	199,800	7,850,898	(3,868,128)	3,982,770	861,537	775,383	338,000	304,200
0.000	1	950		950				
0.000	1	950		950	-	-	-	-
99.999	499,997	5,860,389	-	5,860,389				
(99.999)	(499,997)	(5,860,389)	-	(5,860,389)				
-	-	-	-	-	-	-	-	-
100.000	76,500	1		1				
(100.000)	(76,500)	(1)	-	(1)				
-	-	-		-	-	-	-	-
51.000	5,355	24,055,699	(13,500,000)	10,555,699				
51.000	5,355	24,055,699	(13,500,000)	10,555,699	18,681,326	9,527,476	(1,545,044)	(787,972)
100.000	-	70,000	(28,621)	41,379				
-	-	-	-	-				
100.000	-	70,000	(28,621)	41,379	38,408	38,408	(8,621)	(8,621)
-	-	-	-	-				
100.000	10,000	10,000	-	10,000				
-	29,990,000	83,388,600	-	83,388,600				
(59.976)	(17,992,800)	(50,019,144)	-	(50,019,144)				
(0.024)	-	-	-	-				
40.000	12,007,200	33,379,456	-	33,379,456	82,933,096	33,173,238	(593,504)	(237,402)
-	-	-	-	-				
100.000	10,000	10,000	-	10,000				
100.000	10,000	10,000	-	10,000	8,877	8,877	(1,123)	(1,123)

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Jesi Energia Spa	(*) Milan			
Balance at 12/31/2007		EUR	5,350,000	1.00
Balance at 12/31/2008		EUR	5,350,000	1.00
Montedison Srl (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	2,583,000	-
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	2,583,000	-
Nuova Alba Srl (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	2,016,457	-
Advance by shareholders on future capital contributions		EUR	-	-
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	2,016,457	-
Nuova C.I.S.A. Spa in liquidation (single shareholder)	(*) Milan			
Balance at 12/31/2007		EUR	1,549,350	1.00
Balance at 12/31/2008		EUR	1,549,350	1.00
Sarmato Energia Spa	Milan			
Balance at 12/31/2007		EUR	14,420,000	1.00
Balance at 12/31/2008		EUR	14,420,000	1.00
Selm Holding International Sa	Luxembourg			
Balance at 12/31/2007		EUR	24,000,000	120.00
Balance at 12/31/2008		EUR	24,000,000	120.00
Società Generale per Progettazioni Consulenze e Partecipazioni Spa (under extraordinary administration)	Rome			
Balance at 12/31/2007		LIT	300,000,000	10,000.00
Balance at 12/31/2008		LIT	300,000,000	10,000.00
Termica Boffalora Srl	(*) Milan			
Balance at 12/31/2007		EUR	14,220,000	-
Disposal		EUR	(14,220,000)	-
Balance at 12/31/2008		EUR	-	-
Termica Celano Srl	(*) Milan			
Balance at 12/31/2007		EUR	259,000	-
Disposal		EUR	(259,000)	-
Balance at 12/31/2008		EUR	-	-
Termica Cologno Srl	(*) Milan			
Balance at 12/31/2007		EUR	9,296,220	-
Balance at 12/31/2008		EUR	9,296,220	-
Termica Milazzo Srl	(*) Milan			
Balance at 12/31/2007		EUR	23,241,000	-
Balance at 12/31/2008		EUR	23,241,000	-
Volta Spa	Milan			
Balance at 12/31/2007		EUR	130,000	1.00
Balance at 12/31/2008		EUR	130,000	1.00
Total A1. Equity investments in subsidiaries				

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

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
70.000	3,745,000	15,537,145	-	15,537,145				
70.000	3,745,000	15,537,145	-	15,537,145	19,929,226	13,950,458	9,237,064	6,465,945
100.000	2,583,000	68,760,329	(63,001,700)	5,758,629				
-	-	-	(1,002,563)	(1,002,563)				
100.000	2,583,000	68,760,329	(64,004,263)	4,756,066	4,664,376	4,664,376	(1,093,815)	(1,093,815)
100.000	2,016,457	19,898,550	(19,401,348)	497,202				
-	-	1,520,000	-	1,520,000				
-	-	-	(1,058,451)	(1,058,451)				
100.000	2,016,457	21,418,550	(20,459,799)	958,751	958,661	958,661	(1,047,252)	(1,047,252)
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513				
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513	4,753,214	4,753,214	(315,074)	(315,074)
55.000	7,931,000	32,180,341		32,180,341				
55.000	7,931,000	32,180,341		32,180,341	19,306,239	10,618,431	(238,350)	(131,093)
99.950	199,900	226,732,571	(177,036,223)	49,696,348				
99.950	199,900	226,732,571	(177,036,223)	49,696,348	48,362,520	48,338,339	1,141,677	1,141,106
59.333	17,800	1		1				
59.333	17,800	1		1	-	-	-	-
70.000	9,954,000	22,971,331	(1,100,000)	21,871,331				
(70.000)	(9,954,000)	(22,971,331)	1,100,000	(21,871,331)				
-	-	-	-	-	-	-	-	-
70.000	181,300	40,403,320	(57,630)	40,345,690				
(70.000)	(181,300)	(40,403,320)	57,630	(40,345,690)				
-	-	-	-	-	-	-	-	-
65.000	6,042,543	6,069,782		6,069,782				
65.000	6,042,543	6,069,782		6,069,782	13,544,267	8,803,774	3,833,660	2,491,879
60.000	13,944,600	69,957,191		69,957,191				
60.000	13,944,600	69,957,191		69,957,191	51,198,176	30,718,906	7,602,175	4,561,305
51.000	66,300	107,406	(41,106)	66,300				
51.000	66,300	107,406	(41,106)	66,300	128,541	65,556	(84,119)	(42,901)
		1,064,758,741	(291,904,350)	772,854,391				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
A2. Equity Investments in Joint Ventures (°) and Affiliated Companies				
Bluefare Ltd in liquidation (°)	London (England)			
Balance at 12/31/2007		GBP	1,000	0.01
Writedown				
Dissolution		GBP	(1,000)	(0.01)
Balance at 12/31/2008		GBP	-	-
Coniel Spa in liquidation	Rome			
Balance at 12/31/2007		EUR	1,020	0.51
Balance at 12/31/2008		EUR	1,020	0.51
Consorzio Montoro	Narni (TR)			
Balance at 12/31/2007		EUR	4,000	-
Conveyance in kind to Co Energy Power Srl		EUR	(4,000)	-
Balance at 12/31/2008		EUR	-	-
Edipower Spa (°)	Milan			
Balance at 12/31/2007		EUR	1,441,300,000	1.00
Purchase		EUR	-	-
Balance at 12/31/2008		EUR	1,441,300,000	1.00
EL.I.T.E. Spa	(*) Milan			
Balance at 12/31/2007		EUR	-	-
Subscription of share capital		EUR	120,000	1.00
Share capital increase		EUR	3,768,500	-
Balance at 12/31/2008		EUR	3,888,500	1.00
Eta 3 Spa	Arezzo			
Balance at 12/31/2007		EUR	2,000,000	1.00
Balance at 12/31/2008		EUR	2,000,000	1.00
Finsavi Srl	Palermo			
Balance at 12/31/2007		EUR	18,698	-
Balance at 12/31/2008		EUR	18,698	-
GASCO Spa	Bressanone (BZ)			
Balance at 12/31/2007		EUR	350,000	1.00
Balance at 12/31/2008		EUR	350,000	1.00
Ibiritermo Sa (pledged shares) (°)	Ibiritè (Brazil)			
Balance at 12/31/2007		BRL	7,651,814	1.00
Balance at 12/31/2008		BRL	7,651,814	1.00
Inica Sarl in liquidation	Lisbon (Portugal)			
Balance at 12/31/2007		PTE	1,000,000	-
Balance at 12/31/2008		PTE	1,000,000	-
International Water Holdings Bv (°)	Amsterdam (Netherlands)			
Balance at 12/31/2007		EUR	40,000	10.00
Advance by shareholders on future capital contributions		EUR	-	-
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	40,000	10.00

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

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
50.000	50,000	30,061		30,061				
		-	(30,060)	(30,060)				
(50.000)	(50,000)	-	(1)	(1)				
-	-	30,061	(30,061)	-	-	-	-	-
35.250	705	308		308				
35.250	705	308		308	-	-	-	-
25.000	1,000	1,000		1,000				
(25.000)	(1,000)	(1,000)	-	(1,000)				
-	-	-	-	-	-	-	-	-
45.000	648,585,000	927,562,652		927,562,652				
5.000	72,065,000	138,805,670	-	127,028,402				
50.000	720,650,000	1,066,368,322	-	1,066,368,322	2,033,884,915	1,016,942,457	(1,348,949)	(674,474)
-	-	-	-	-				
48.450	58,140	58,140	-	58,140				
48.450	1,825,800	1,825,800	-	1,825,800				
48.450	1,883,940	1,883,940	-	1,883,940	3,667,126	1,776,723	(221,374)	(107,256)
33.013	660.262	660,262	-	660,262				
33.013	660,262	660,262	-	660,262	-	-	-	-
50.000	9,349	1	-	1				
50.000	9,349	1	-	1	-	-	-	-
40.000	140,000	140,000		140,000				
40.000	140,000	140,000		140,000		-		-
50.000	3,825,907	1,161,904		1,161,904				
50.000	3,825,907	1,161,904		1,161,904	-	-	-	-
20.000	200,000	1		1				
20.000	200,000	1		1	-	-	-	-
50.000	2,000	19,558,497	(14,319,997)	5,238,500				
-	-	1,300,000	-	1,300,000				
-	-	-	(6,538,499)	(6,538,499)				
50.000	2,000	20,858,497	(20,858,496)	1	-	-	-	-

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

LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Kraftwerke Hinterrhein (KHR) Ag	Thusis (Switzerland)			
Balance at 12/31/2007		CHF	100,000,000	1,000.00
Balance at 12/31/2008		CHF	100,000,000	1,000.00
Prometeo Spa	Osimo (AN)			
Balance at 12/31/2007		EUR	2,164,498	1.00
Reclassification to available-for-sale equity investments		EUR	(2,164,498)	(1.00)
Balance at 12/31/2008		EUR	-	-
Roma Energia Srl in liquidation	Rome			
Balance at 12/31/2007		EUR	50,000	-
Balance at 12/31/2008		EUR	50,000	-
Sel-Edison Spa (°)	Castelbello (BZ)			
Balance at 12/31/2007		EUR	84,798,000	1.00
Balance at 12/31/2008		EUR	84,798,000	1.00
Sistemi di Energia Spa	Milan			
Balance at 12/31/2007		EUR	10,475,000	1.00
Balance at 12/31/2008		EUR	10,475,000	1.00
Società Gasdotti Algeria Italia - Galsi Spa	Milan			
Balance at 12/31/2007		EUR	25,838,000	1.00
Share capital increase		EUR	5,000,000	1.00
Purchase		EUR	-	1.00
Share capital increase		EUR	3,000,000	1.00
Balance at 12/31/2008		EUR	33,838,000	1.00
Syremont Spa	Messina			
Balance at 12/31/2007		EUR	750,000,00	1.00
Balance at 12/31/2008		EUR	750,000,00	1.00
Utilità Spa	Milan			
Balance at 12/31/2007		EUR	2,307,692	1.00
Balance at 12/31/2008		EUR	2,307,692	1.00
Total A2. Equity investments in affiliated companies				
Total A. Equity investments				

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

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
20.000	20,000	11,362,052	-	11,362,052				
20.000	20,000	11,362,052	-	11,362,052		-		-
18.810	407,136	451,289	-	451,289				
(18.810)	(407,136)	(451,289)	-	(451,289)				
-	-	-	-	-	-	-	-	-
35.000	17,500	455,000	(454,999)	1				
35.000	17,500	455,000	(454,999)	1		-		-
42.000	35,615,160	35,615,160		35,615,160				
42.000	35,615,160	35,615,160		35,615,160	-	-	-	-
40.573	4,250,057	4,249,906	(235,669)	4,014,237				
40.573	4,250,057	4,249,906	(235,669)	4,014,237	-	-	-	-
18.000	4,650,840	5,778,000	-	5,778,000				
18.000	900,000	900,000	-	900,000				
2.809	866,316	1,042,231	-	1,042,231				
20.809	624,279	6,242,790	-	6,242,790				
20.809	7,041,435	13,963,021	-	13,963,021	57,343,192	11,932,690	(1,114,637)	(231,948)
40.000	300,000	400	-	400				
40.000	300,000	400		400	-	-	-	-
35.000	807,692	807,692		807,692				
35.000	807,692	807,692		807,692	-	-	-	-
		1,157,556,527	(21,579,225)	1,135,977,302				
		2,222,315,268	(313,483,575)	1,908,831,693				

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

LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share

B. Equity Investments Held for Sale Valued at Cost

Company	Head office	Currency	Amount	Par value per share
Aquapur Multiservizi Spa	Porcari (LU)			
Balance at 12/31/2007		EUR	1,073,677	5.16
Purchase		EUR	-	-
Balance at 12/31/2008		EUR	1,073,677	5.16
Bieffe Medital Spa	Grosotto (SO)			
Balance at 12/31/2007		EUR	10,749,195	0.52
Disposal		EUR	(10,749,195)	(0.52)
Balance at 12/31/2008		EUR	-	-
Cerset Srl	Bari			
Balance at 12/31/2007		EUR	117,088	-
Balance at 12/31/2008		EUR	117,088	-
Cesi Spa	Milan			
Balance at 12/31/2007		EUR	8,550,000	2.50
Balance at 12/31/2008		EUR	8,550,000	2.50
Clark Immobiliare Srl in liquidation	Rome			
Balance at 12/31/2007		EUR	110,000	1.00
Liquidation		EUR	(110,000)	(1.00)
Balance at 12/31/2008		EUR	-	-
Compagnia Paramatti Finanziaria Spa	Milan			
Balance at 12/31/2007 - common shares		LIT	217,631,352	3.00
Balance at 12/31/2008 - common shares		LIT	217,631,352	3.00
Consorzio Industriale Depurazione	Lucca			
Balance at 12/31/2007		EUR	45,695	-
Balance at 12/31/2008		EUR	45,695	-
Costruttori Romani Riuniti Spa	Rome			
Balance at 12/31/2007		EUR	3,274,429	8,186.07
Balance at 12/31/2008		EUR	3,274,429	8,186.07
Emittenti Titoli Spa	Milan			
Balance at 12/31/2007		EUR	4,264,000	0.52
Balance at 12/31/2008		EUR	4,264,000	0.52
Enìa Energia Spa	Reggio Emilia			
Balance at 12/31/2007		EUR	2,240,000	1.00
Disposal		EUR	(2,240,000)	(1.00)
Balance at 12/31/2008		EUR	-	-
European Energy Exchange Ag - EEX	Leipzig (Germany)			
Balance at 12/31/2007		EUR	40,050,000	1.00
Balance at 12/31/2008		EUR	40,050,000	1.00
Finligure Spa (in bankruptcy)	Genoa			
Balance at 12/31/2007		LIT	6,261,874,080	3.135
Balance at 12/31/2008		LIT	6,261,874,080	3.135

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
0.010	21	1	-	1				
0.265	552	-	-	-				
0.275	573	1	-	1				
-	25	1	-	1				
-	(25)	(1)	-	(1)				
-	-	-	-	-				
0.060	70,380	222		222				
0.060	70,380	222		222				
1.055	36,065	142,910		142,910				
1.055	36,065	142,910		142,910				
-	0.15	1		1				
-	(0.15)	(1)	-	(1)				
-	-	-		-				
0.004	3,992	1		1				
0.004	3,992	1		1				
7.303	3,357	1	-	1				
7.303	3,357	1	-	1				
0.500	2	25,823		25,823				
0.500	2	25,823		25,823				
3.890	319,000	164,263		164,263				
3.890	319,000	164,263		164,263				
9.134	204,604	1,076,582	-	1,076,582				
(9.134)	(204,604)	(1,076,582)	-	(1,076,582)				
-	-	-	-	-				
0.749	300,000	660,000		660,000				
0.749	300,000	660,000		660,000				
0.035	700	1		1				
0.035	700	1		1				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Finutenti Spezia Srl in liquidation	La Spezia			
Balance at 12/31/2007		EUR	575,841	-
Balance at 12/31/2008		EUR	575,841	-
Fornara Spa (under extraordinary administration)	Turin			
Balance at 12/31/2007 - preferred shares		EUR	3,235,700	0.26
Balance at 12/31/2008 - preferred shares		EUR	3,235,700	0.26
Gerolimich Spa in liquidazione	Milan			
Balance at 12/31/2007 - common shares		EUR	62,417,088	0.30
Dissolution		EUR	(62,417,088)	(0.30)
Balance at 12/31/2008 - common shares		EUR	-	-
Idroenergia Scrl	Chatillon (AO)			
Balance at 12/31/2007		EUR	1,548,000	-
Balance at 12/31/2008		EUR	1,548,000	-
Idrovia Ticino Milano Nord Venezia Spa in liquidation	Brescia			
Balance at 12/31/2007		LIT	509,370,000	10,000
Dissolution		LIT	(509,370,000)	(10,000)
Balance at 12/31/2008		LIT	-	-
Immobiliare Caprazucca Spa	Parma			
Balance at 12/31/2007		EUR	7,517,948	0.43
Balance at 12/31/2008		EUR	7,517,948	0.43
Istituto Europeo di Oncologia Srl	Milan			
Balance at 12/31/2007		EUR	79,071,770	1.00
Reserved share capital increase		EUR	1,507,237	1.00
Balance at 12/31/2008		EUR	80,579,007	1.00
Istituto Immobiliare di Catania Istica Spa	Catania			
Balance at 12/31/2007		EUR	6,200,000	3.10
Balance at 12/31/2008		EUR	6,200,000	3.10
I.SV.E.UR. Spa	Rome			
Balance at 12/31/2007		EUR	2,500,000	1,000.00
Balance at 12/31/2008		EUR	2,500,000	1,000.00
MB Venture Capital Fund I Participating Comp e Nv	Amsterdam (Netherlands)			
Balance at 12/31/2007		EUR	-	-
Purchases		EUR	50,000	-
Payment of share premium		EUR	50,000	-
Writedown		EUR	-	-
Balance at 12/31/2008		EUR	50,000	-
Mandelli Spa (under extraordinary administration)	Piacenza			
Balance at 12/31/2007		EUR	10,200,000	0.51
Balance at 12/31/2008		EUR	10,200,000	0.51
Nomisma - Società di Studi Economici Spa	Bologna			
Balance at 12/31/2007		EUR	5,345,328	0.37
Balance at 12/31/2008		EUR	5,345,328	0.37

[1] Amounts in euro. / Valori in unità di euro.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
0.448	2,582	1,937	(1,936)	1				
0.448	2,582	1,937	(1,936)	1				
-	63	77	(76)	1				
-	63	77	(76)	1				
0.000	20	4	(3)	1				
(0.000)	(20)	(4)	3	(1)				
-	-	-	-	-				
0.067	1,032	1,032		1,032				
0.067	1,032	1,032		1,032				
2.146	1,093	1		1				
(2.146)	(1,093)	(1)	-	(1)				
-	-	-	-	-				
0.003	546	1		1				
0.003	546	1		1				
4.365	3,451,632	4,074,528	(550,686)	3,523,842				
(0.019)	-	-	-	-				
4.346	3,451,632	4,074,528	(550,686)	3,523,842				
0.058	1,150	1		1				
0.058	1,150	1		1				
1.000	25	5,620		5,620				
1.000	25	5,620		5,620				
-	-	-		-				
7,000	3.500	2,811,823		2,811,823				
7,000	3.500	210,000		210,000				
-	-	-	(436,514)	(436,514)				
7,000	3.500	3,021,823	(436,514)	2,585,309				
0,000	11	13	(12)	1				
0,000	11	13	(12)	1				
2,215	320.000	479,473	(372,000)	107,473				
2,215	320.000	479,473	(372,000)	107,473				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Pro.Cal Scrl (in bankruptcy)	Naples			
Balance at 12/31/2007		LIT	500,000,000	-
Balance at 12/31/2008		LIT	500,000,000	-
Prometeo Spa	Osimo (AN)			
Balance at 12/31/2007		EUR	-	-
Reclassification		EUR	2,164,498	1.00
Balance at 12/31/2008		EUR	2,164,498	1.00
R.E.A. (Regional Energy Agency) Spa in liquidation	Florence			
Balance at 12/31/2007		EUR	518,000	518.00
Liquidation		EUR	(518,000)	(518.00)
Balance at 12/31/2008		EUR	-	-
Reggente Spa	Lucera (FG)			
Balance at 12/31/2007		EUR	260,000	0.52
Balance at 12/31/2008		EUR	260,000	0.52
Sago Spa (in composition with creditors proceedings)	Florence			
Balance at 12/31/2007		EUR	1,162,961	2.07
Balance at 12/31/2008		EUR	1,162,961	2.07
Sirio - Sicurezza Industriale Scpa - Sirio Scpa	Turin			
Balance at 12/31/2007		EUR	120,000	1.00
Balance at 12/31/2008		EUR	120,000	1.00
Sistemi Formativi Confindustria Scpa	Rome			
Balance at 12/31/2007		EUR	236,022	516.46
Balance at 12/31/2008		EUR	236,022	516.46
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome			
Balance at 12/31/2007		EUR	154,950	51.65
Balance at 12/31/2008		EUR	154,950	51.65
Trentino Servizi Spa - T.S. Spa	Rovereto (TN)			
Balance at 12/31/2007		EUR	224,790,159	1.00
Balance at 12/31/2008		EUR	224,790,159	1.00
Unione Manifatture Spa in liquidation	Milan			
Balance at 12/31/2007		EUR	117,248,793	1.57
Dissolution		EUR	(117,248,793)	(1.57)
Balance at 12/31/2008		EUR	-	-
Terminale GNL Adriatico Srl	Milan			
Balance at 12/31/2007		EUR	200,000,000	-
Advance by shareholders on future capital contributions		EUR	-	-
Balance at 12/31/2008		EUR	200,000,000	-
3R Associati Srl in liquidation	Bergamo			
Balance at 12/31/2007		EUR	10,000	-
Balance at 12/31/2008		EUR	10,000	-
Total B1. Equity investments held for sale valued at cost				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
4.348	21,739,000	11,228	(11,227)	1				
4.348	21,739,000	11,228	(11,227)	1				
-	-	-	-	-				
18.810	407,136	451,289	-	451,289				
18.810	407,136	451,289	-	451,289				
1.000	10	5,180	(5,179)	1				
(1.000)	(10)	(5,180)	5,179	(1)				
-	-	-	-	-				
5.209	26,043	13,450		13,450				
5.209	26,043	13,450		13,450				
0.997	5,600	15,260	(15,259)	1				
0.997	5,600	15,260	(15,259)	1				
0.259	311.00	27		27				
0.259	311.00	27		27				
6.565	30	15,494		15,494				
6.565	30	15,494		15,494				
12.600	378	1		1				
12.600	378	1		1				
0.010	22,250	25,823		25,823				
0.010	22,250	25,823		25,823				
0.000	12	7	(6)	1				
(0.000)	(12)	(7)	6	(1)				
-	-	-	-	-				
10.000	20,000,000	151,374,481		151,374,481				
-	-	80,770,000		80,770,000				
10.000	20,000,000	232,144,481		232,144,481				
0.180	17.98	387,343	(387,342)	1				
0.180	17.98	387,343	(387,342)	1				
		241,642,123	(1,775,052)	239,867,071				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
B. Equity Investments Held for Sale Valued at Fair Value				
RCS Mediagroup Spa	Milan			
Balance at 12/31/2007:				
- common shares		EUR	732,669,457	1.00
- savings shares		EUR	29,349,593	1.00
		EUR	762,019,050	1.00
Acquisition:				
- common shares		EUR	732,669,457	1.00
- savings shares		EUR	29,349,593	1.00
		EUR	762,019,050	1.00
Adjustment to market value:				
- common shares		EUR	-	-
- savings shares		EUR	-	-
		EUR	-	-
Balance at 12/31/2008				
- common shares		EUR	732,669,457	1.00
- savings shares		EUR	29,349,593	1.00
		EUR	762,019,050	1.00
Total B2. Equity investments held for sale valued at fair value				
Total B. Equity investments held for salea				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Writedowns	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
1.031	7,554,616	30,373,107	(7,867,906)	22,505,201				
-	-	-	-	-				
0.991	7,554,616	30,373,107	(7,867,906)	22,505,201				
0.034	247,302	790,377	-	790,377				
-	-	-	-	-				
0.032	247,302	790,377	-	790,377				
-	-	-	(15,712,114)	(15,712,114)				
-	-	-	-	-				
-	-	-	(15,712,114)	(15,712,114)				
1.065	7,801,918	31,163,484	(23,580,020)	7,583,464				
-	-	-	-	-				
1.024	7,801,918	31,163,484	(23,580,020)	7,583,464				
		31,163,484	(23,580,020)	7,583,464				
		272,805,607	(25,355,072)	247,450,535				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
C. Equity investments held for trading				
Acegas - APS Spa	Trieste			
Balance at 12/31/2007		EUR	283,690,763	5.16
Adjustment to market value		EUR	-	-
Balance at 12/31/2008		EUR	283,690,763	5.16
ACSM Spa	Como			
Balance at 12/31/2007		EUR	46,870,625	1.00
Adjustment to market value		EUR	-	-
Balance at 12/31/2008		EUR	46,870,625	1.00
American Superconductor Corp.	Westborough (USA)			
Balance at 12/31/2007		USD	19,128,000	1.00
Adjustment to market value		USD	-	-
Balance at 12/31/2008		USD	19,128,000	1.00
Total C. Equity investments held for trading				

% interest held in share capital	No. of shares or face value of capital interests held	Cost	Adjustment to market value	Net [1] carrying value
1.295	712,000	7,466,306	(2,717,266)	4,749,040
-	-	-	(1,240,304)	(1,240,304)
1.295	712,000	7,466,306	(3,957,570)	3,508,736
3.175	1,488,000	5,360,000	(2,708,384)	2,651,616
-	-	-	(1,282,656)	(1,282,656)
3.175	1,488,000	5,360,000	(3,991,040)	1,368,960
0.836	160,000	4,975,111	(2,003,574)	2,971,537
-	-	-	(1,096,420)	(1,096,420)
0.836	160,000	4,975,111	(3,099,994)	1,875,117
		17,801,416	(11,048,603)	6,752,813

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

1. We, the undersigned Umberto Quadrino, in my capacity as "Chief Executive Officer," and Marco Andreasi, in my capacity as "Corporate Accounting Documents Officer," 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:

   - the adequacy in light of the Company's characteristics; and
   - the proper application,

   of the administrative and accounting procedures applied to prepare the Separate Financial Statements at December 31, 2008.

2. We further certify that:

2.1. the Separate Financial Statements:

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

2.2. the report on operations includes a reliable analysis of the developments and results from operations, as well as of the position of the issuer together with a description of the main risks and contingencies to which they are exposed [1].

Milan, February 11, 2009

Umberto Quadrino	Marco Andreasi
	Corporate Accounting
Chief Executive Officer	Document Officer

(1) Pursuant to article 154 – bis, section 5, letter e) of Legislative Decree No. 58 of 1998

REPORT OF INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO. 58 DATED 24 FEBRUARY 1998

To the shareholders of
EDISON SpA

1 We have audited the financial statements of EDISON SpA as of 31 December 2008, comprising the balance sheet, income statement, cash flow statement, changes in shareholders' equity and related notes. The preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 is the responsibility of EDISON's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 29 February 2008.

3 In our opinion, the financial statements of EDISON SpA as of 31 December 2008 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in shareholders' equity and cashflows of EDISON SpA for the year then ended

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

PRICEWATERHOUSECOOPERS

4 The preparation of the report on operations, as provided for by the law and applicable regulations, is the responsibility of the directors of EDISON SpA. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by article 156, paragraph 4-bis, letter d), of Legislative Decree No.58/98. To this end, we have read the financial information contained in the report on operations and verified the consistency of said financial information with the statutory financial statements of EDISON SpA as of 31 December 2008. In respect of the other information included in the report on operations, our procedures were limited to an overall reading on the basis of the information acquired during our audit performed in accordance with the standards indicated in paragraph 2 above. In our opinion, based on the aforesaid work, the report on operations is consistent with the statutory financial statements of EDISON SpA as of 31 December 2008.

Milan, 20 February 2009

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation

(2)

This document is also available on the
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