



EDISON

**FULL YEAR AND
FOURTH QUARTER
2010 RESULTS**

Milan – March 21st, 2011

- **Business environment**

- **Fourth quarter and full year 2010 results:**
 - Electric power and hydrocarbons sources and uses
 - Consolidated financial highlights
 - Operating performance
 - Capital expenditures
 - Net financial position and cash flow

MARKET REFERENCE SCENARIO 1/2

	9m 10	9m 09	Δ	4Q 10	4Q 09	Δ	FY 10	FY 09	Δ
ICE Brent swap (\$/bbl)	77,9	58,2	34%	87,3	75,6	15%	80,3	62,6	28%
Exchange rate (€/\$)	1,3	1,4	(4%)	1,4	1,5	(8%)	1,3	1,4	(4%)
ICE Brent swap (€/bbl)	59,3	42,4	40%	64,3	51,2	26%	60,6	44,6	36%
Gas Release 2 (€/000 scm)*	293,8	273,1	8%	300,1	221,5	35%	295,4	260,2	14%
Gas CCI (€/000 scm)**	265,6	301,2	(12%)	283,3	226,0	25%	270,0	282,4	(4%)
PUN TWA (€/MWh)	64,1	66,2	(3%)	64,0	56,3	14%	64,1	63,8	0,5%
PUN F1 (€/MWh)	77,7	87,2	(11%)	75,5	73,4	3%	77,2	83,8	(8%)
PUN F2-F3 (€/MWh)	57,8	56,4	2%	58,7	48,3	22%	58,0	54,4	7%
Spark Spread TWA (€/MWh)	8,9	13,2	(33%)	13,0	10,3	26%	9,9	12,5	(21%)
Spark Spread F1 (€/MWh)	22,5	34,2	(34%)	24,5	27,4	(11%)	23,0	32,5	(29%)
Spark Spread F2-F3 (€/MWh)	2,5	3,4	(26%)	7,7	2,3	n.s.	3,8	3,1	23%
CO2 (€/ton)	14,3	13,2	8%	14,8	13,8	7%	14,5	13,3	9%

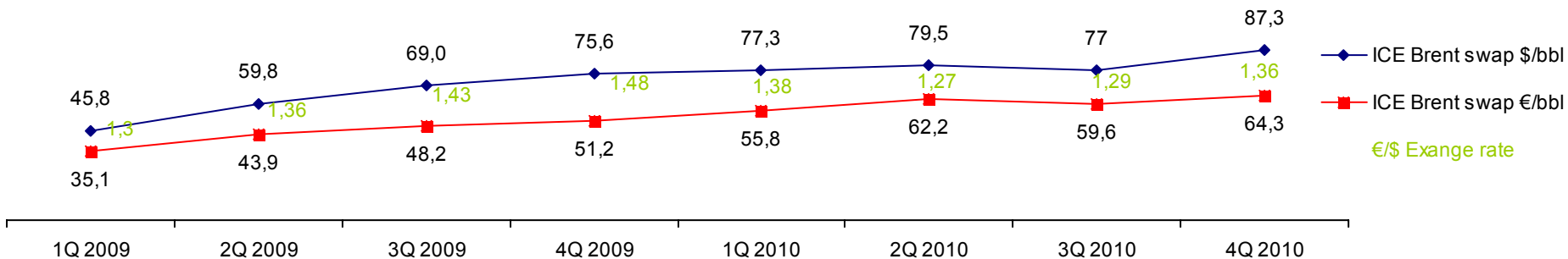
* At PSV of Snam Rete Gas

** At the border, D. 134/06 AEEG updated according to D.192/08, D.40/09 and D. 64/09.

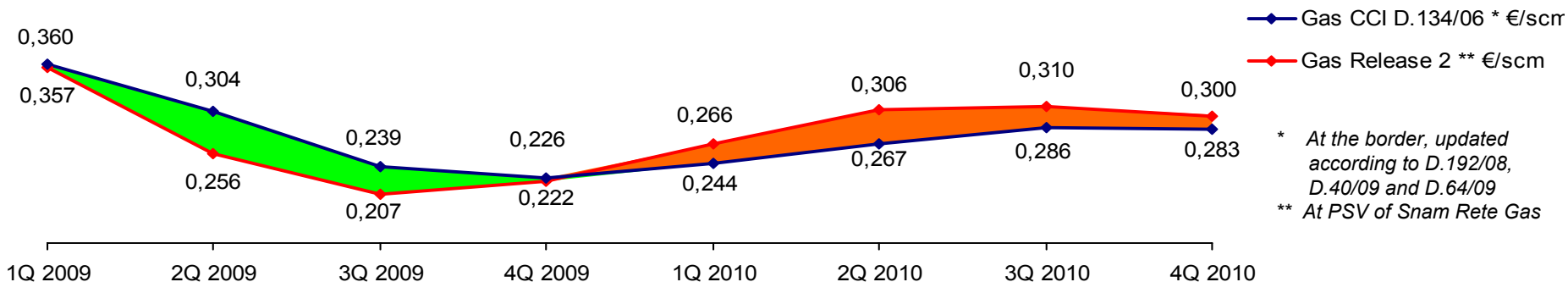
Source: Edison

MARKET REFERENCE SCENARIO 2/2

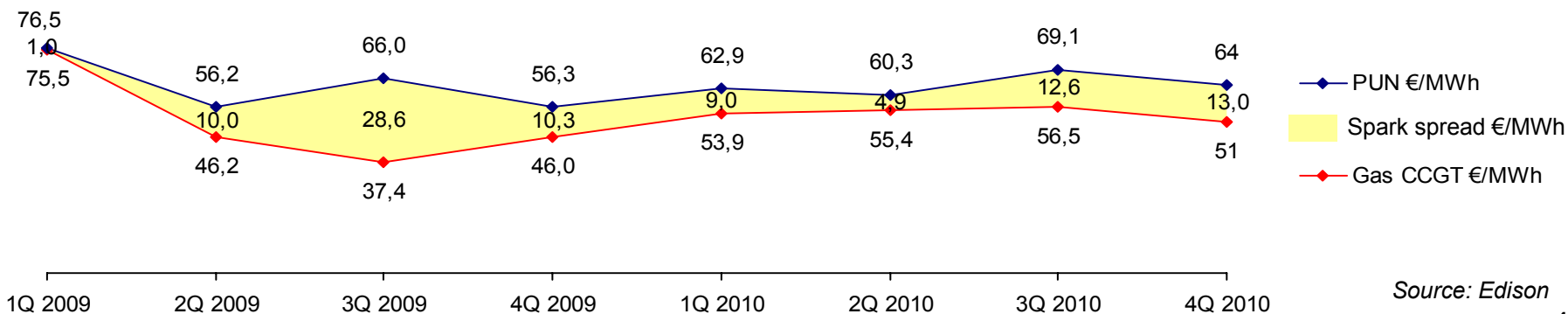
Oil and Exchange rate



Residential gas market



Electricity market



ELECTRIC POWER AVAILABILITY MIX AND GAS DEMAND IN ITALY

Electricity supply mix ^{a)} (TWh)

	9m10	9m09	Δ	4Q10	4Q09	Δ	FY10	FY09	Δ
Thermoelectric production	164,4	156,0	5,4%	57,8	60,1	(3,9%)	222,2	216,1	2,8%
Hydroelectric production	37,9	44,1	(14,0%)	11,4	8,7	30,9%	49,4	52,8	(6,6%)
Other renewable production	10,7	8,5	25,9%	4,3	3,7	17,0%	15,0	12,2	23,2%
Net production	213,0	208,6	2,1%	73,5	72,5	1,4%	286,6	281,1	1,9%
Net import	33,6	34,9	(3,6%)	10,3	10,1	2,2%	43,9	45,0	(2,3%)
Pumping	(3,3)	(4,2)	(21,0%)	(1,0)	(1,6)	(38,1%)	(4,3)	(5,8)	(25,7%)
Total sources	243,3	239,3	1,7%	82,8	81,0	2,2%	326,2	320,3	1,8% ^{b)}

a) Gross of losses

b) +1.8% on a seasonally adjusted basis

Source: Terna

Gas demand (bcm)

	9m10	9m09	Δ	4Q10	4Q09	Δ	FY10	FY09	Δ
Services & residential users	22,2	20,6	7,5%	11,7	10,7	9,5%	33,9	31,4	8,2%
Industrial users	12,7	11,7	8,9%	4,6	4,6	(0,3%)	17,4	16,3	6,3%
Thermoelectric users	22,1	20,5	7,6%	8,1	8,2	(1,3%)	30,1	28,7	5,1%
Auto consumption and losses	1,0	1,0	7,3%	0,4	0,4	2,7%	1,4	1,3	6,0%
Total demand	58,0	53,8	7,8%	24,8	23,9	3,8%	82,8	77,7	6,6%

- **Business environment**

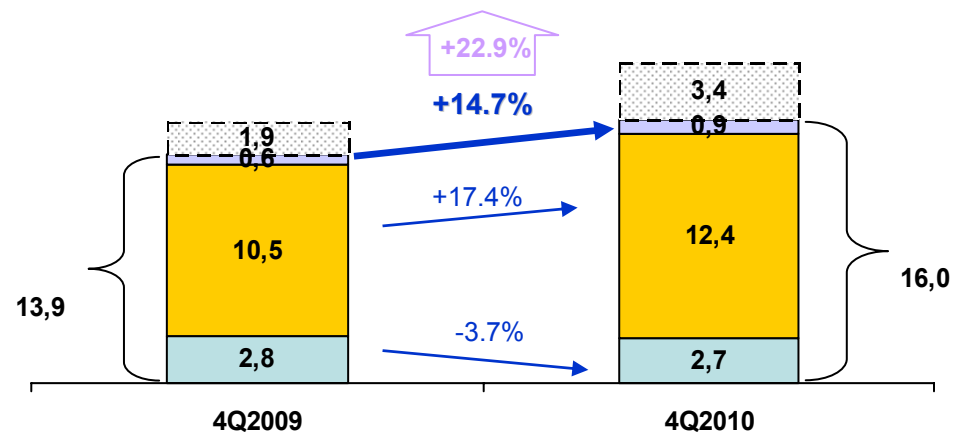
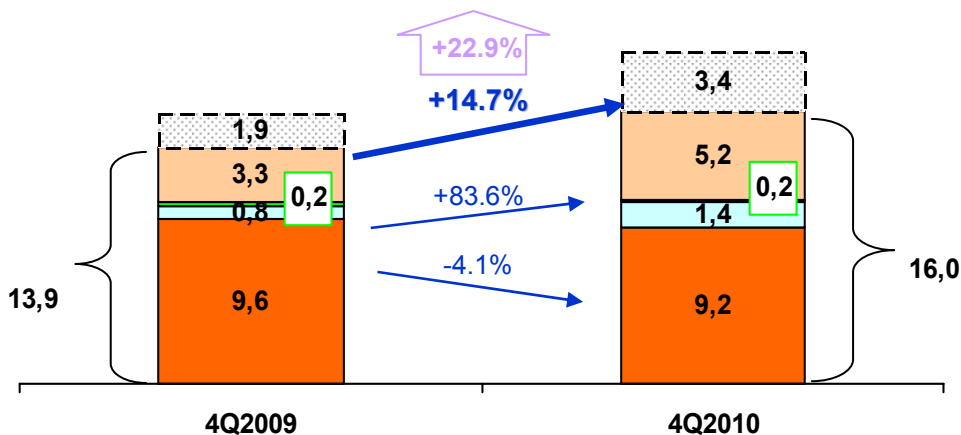
- **Fourth quarter and full year 2010 results:**
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EDISON ELECTRIC POWER OPERATIONS — TOTAL SOURCES AND USES

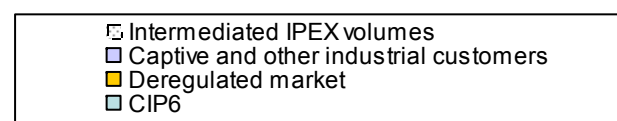
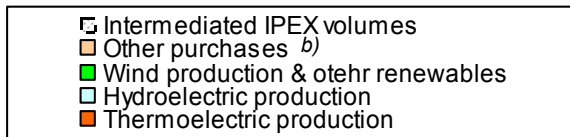
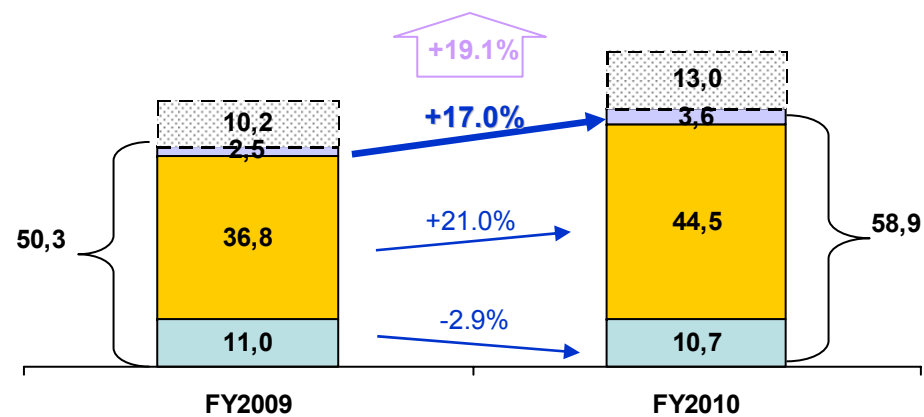
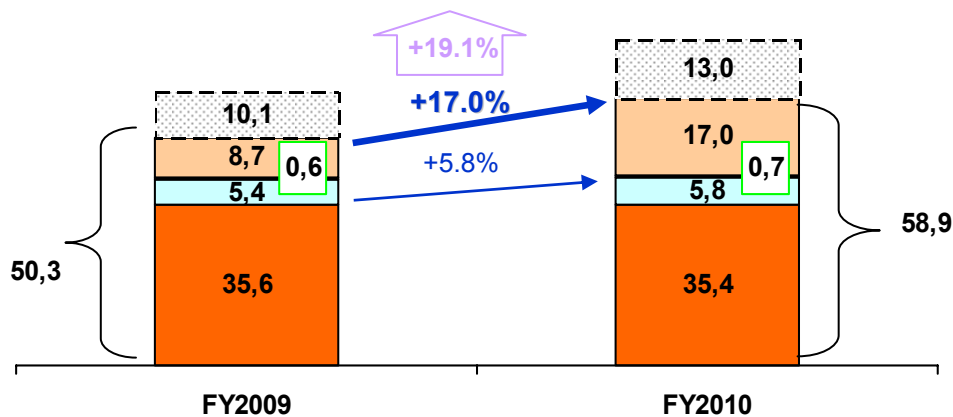
SOURCES (TWh)_{a)}

USES (TWh)_{a)}

Fourth Quarter



Full Year



a) These volumes exclude international thermolectric production / international sales equal to 326 GWh in 4Q 2010 and 943 GWh in FY2010 and related to the proportional consolidation of the Greek JV ElpEdison Power which entered the scope of consolidation on March 31, 2009.

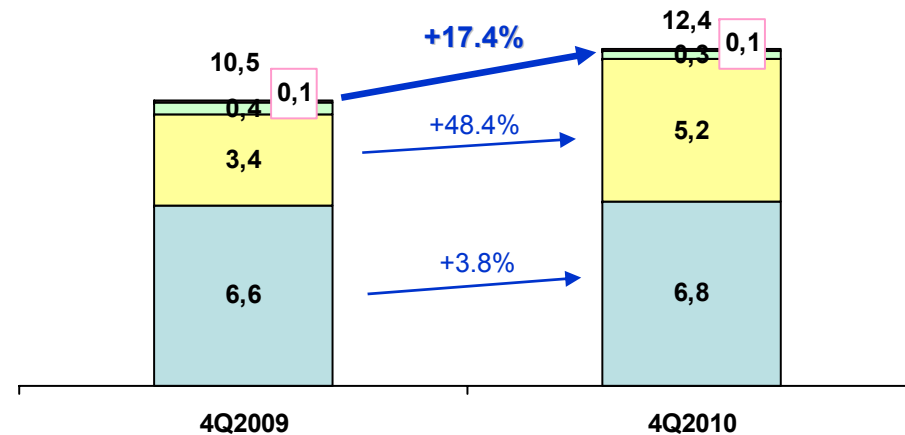
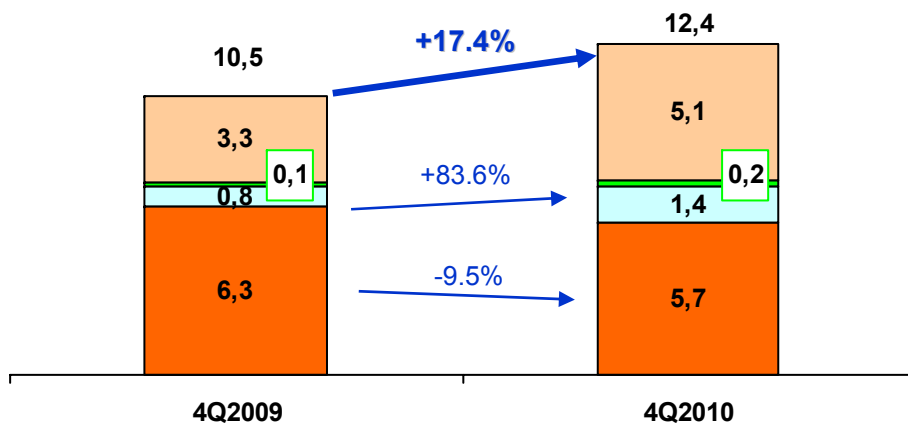
b) Gross of losses and excluding trading portfolio.

EDISON ELECTRIC POWER OPERATIONS — FREE MARKET

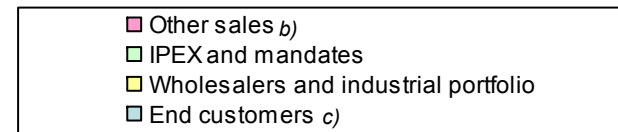
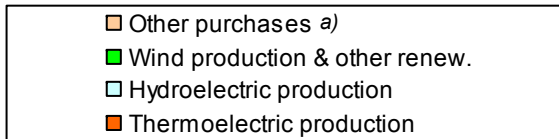
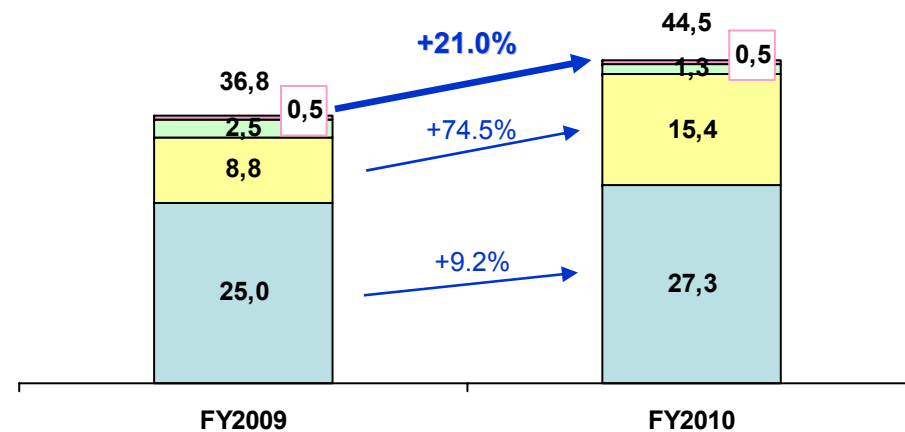
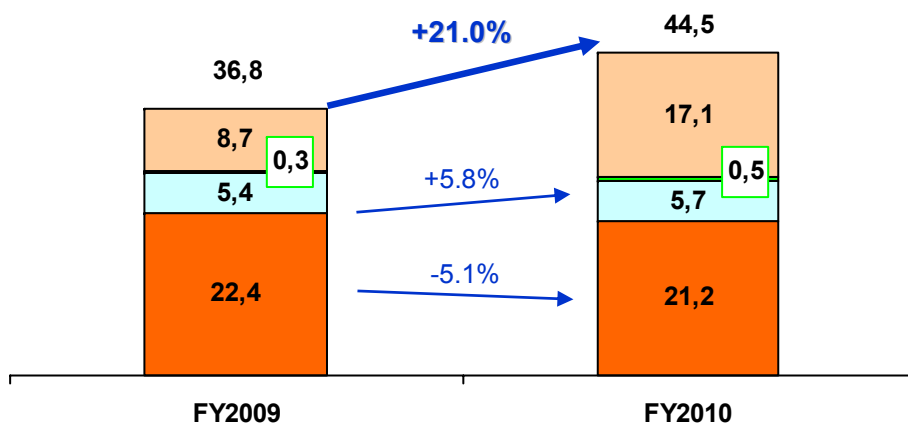
SOURCES _{a)} (TWh)

USES _{a)} (TWh)

Fourth Quarter



Full Year



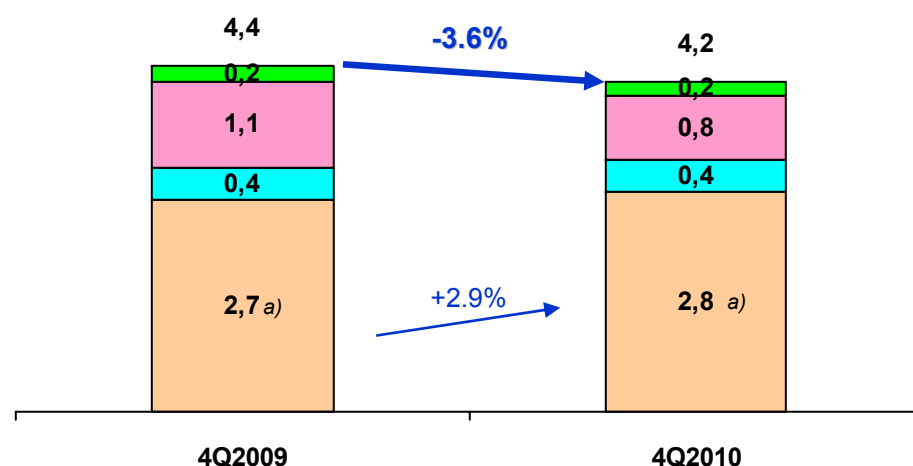
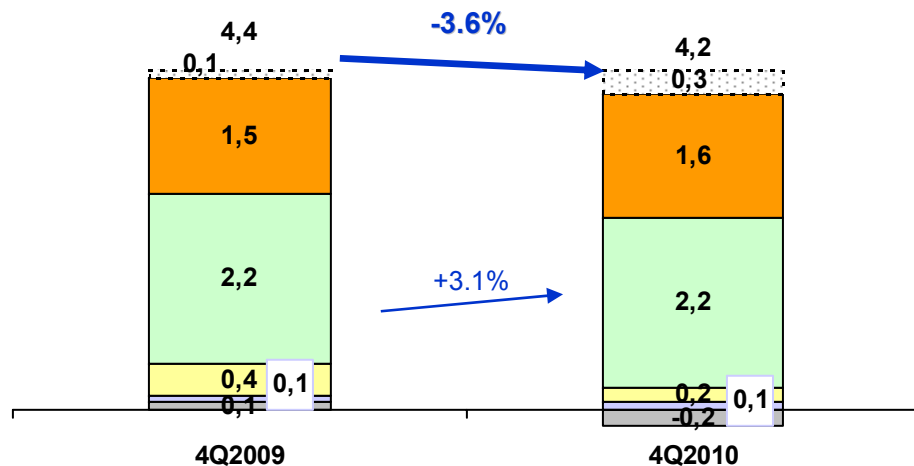
a) Gross of losses, excluding trading portfolio and intermediated IPEX volumes
 b) Excluding trading portfolio and intermediated IPEX volumes
 c) Gross of losses

EDISON GAS PORTFOLIO IN ITALY — SOURCES AND USES

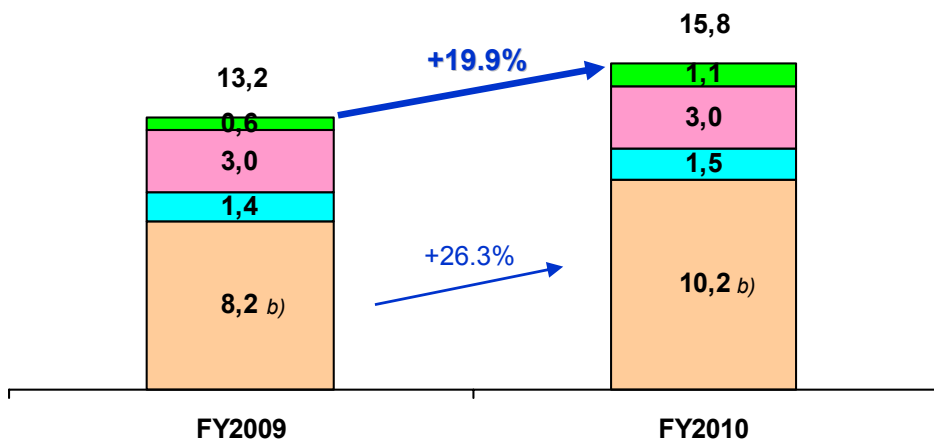
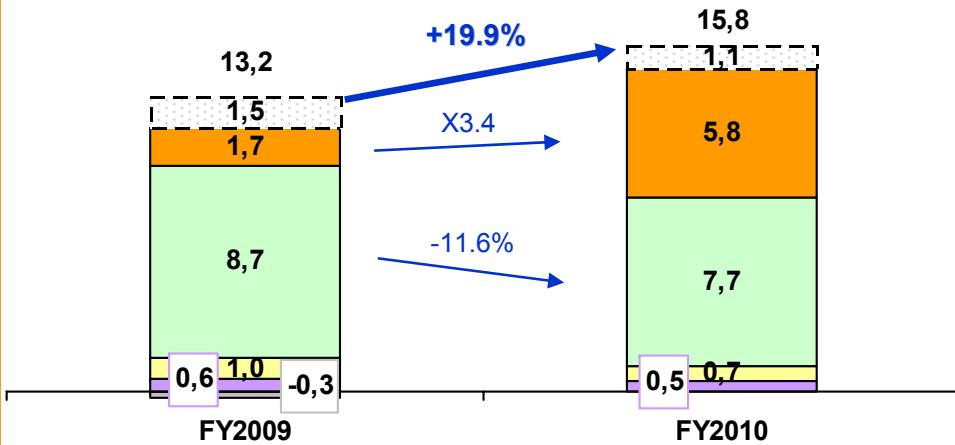
SOURCES (bcm)

USES (bcm)

Fourth Quarter



Full Year



- ▤ Swaps and thermo pass through
- Import via LNG
- Import via pipe
- Domestic purchases
- Domestic production
- Changes in stock and losses

- Other sales
- Residential use
- Industrial use
- Thermoelectric fuel use

a) Of which respectively 1.0 bcm and 1.1 bcm thermoelectric sales to third parties in 4Q 2009 and 4Q 2010.

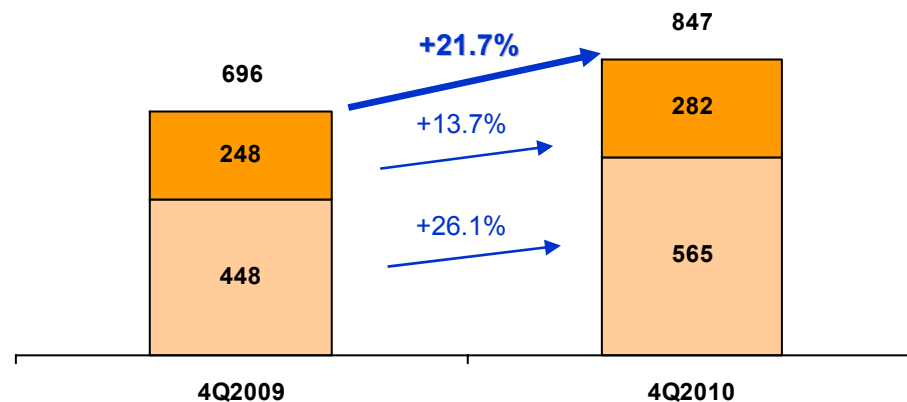
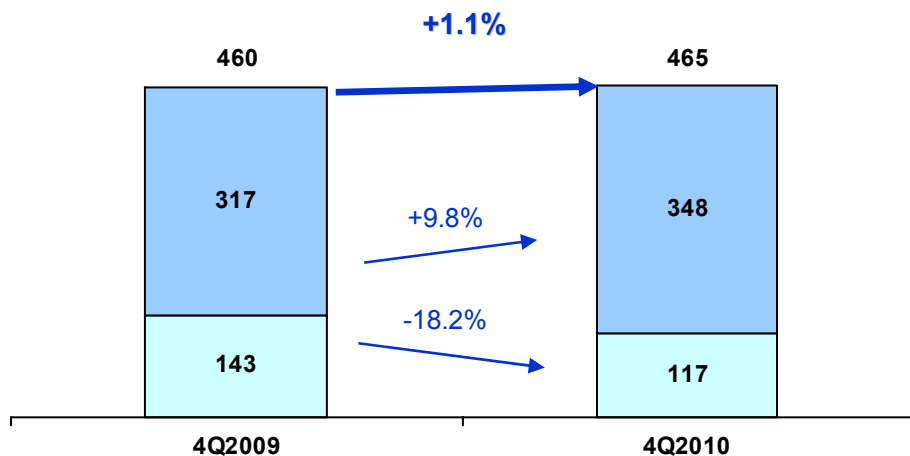
b) Of which respectively 1.8 bcm and 3.8 bcm thermoelectric sales to third parties in FY 2009 and FY 2010.

EDISON GROUP E&P OPERATIONS

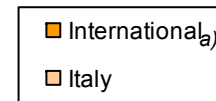
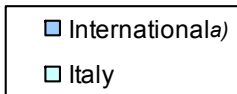
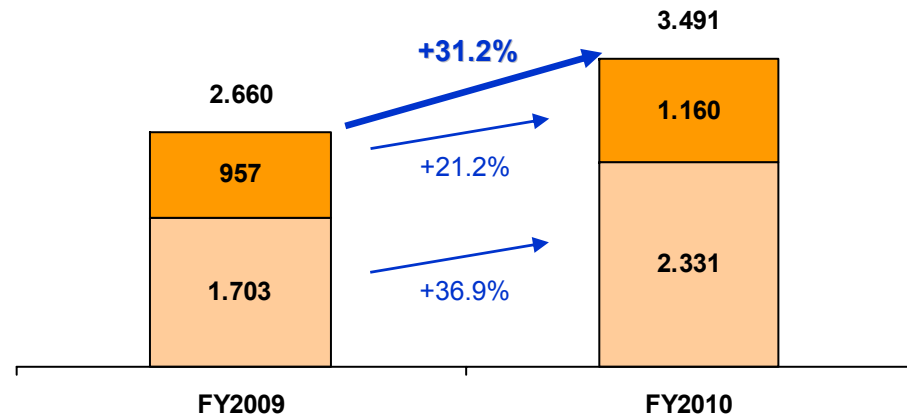
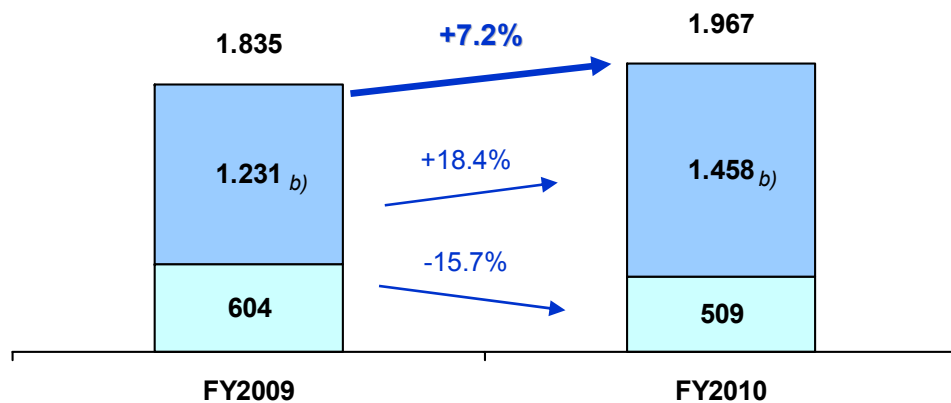
GAS PRODUCTION (mcm)

OIL PRODUCTION (Kbbl)

Fourth Quarter



Full Year



a) International productions include gross up volumes
 b) Of which Abu Qir 800mcm in FY2009 and 958mcm in FY2010

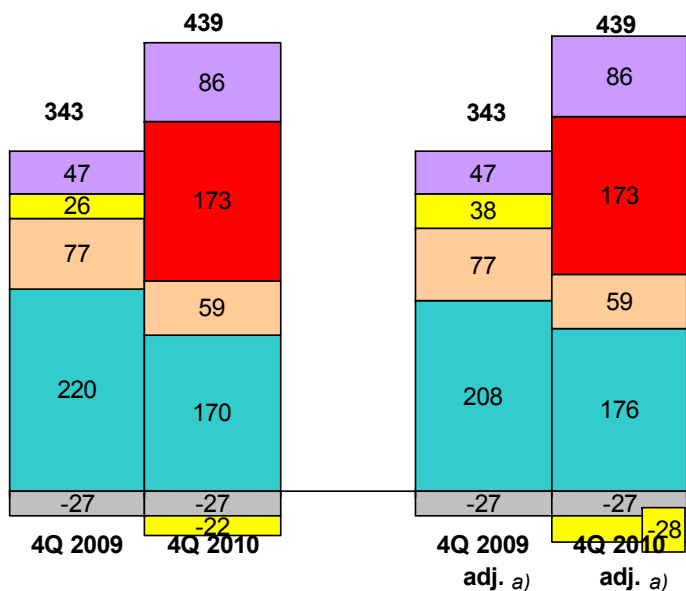
EDISON GROUP — CONSOLIDATED HIGHLIGHTS

(€ mln)	9m2010	9m2009	Δ	4Q2010	4Q2009	Δ	FY2010	FY2009	Δ
Sales revenues	7.593	6.501	16,8%	2.853	2.366	20,6%	10.446	8.867	17,8%
EBITDA	930	1.128	(17,6%)	439	343	28,0%	1.369	1.471	(6,9%)
EBIT	368	562	(34,5%)	(95)	137	(169,3%)	273	699	(60,9%)
Profit before taxes	309	448	(31,0%)	(137)	81	(269,1%)	172	529	(67,5%)
Group net income	179	203	(11,8%)	(158)	37	n.s.	21	240	(91,3%)
Total capex	426	1.527		131	218		557	1.745 a)	
	30.09.10	30.09.09					31.12.10	31.12.09	
Net invested capital	12.179	12.381					11.845	12.112	
Net financial debt	3.995	4.222					3.708	3.858	
Stoockholders' equity	8.184	8.159					8.137	8.254	
of which Group's net interest	8.003	7.980					7.939	8.077	
Debt/Equity ratio	0,49	0,52					0,46	0,47	
Employees	3.963	3.897					3.939	3.923	

OPERATING PERFORMANCE BREAKDOWN IN THE FOURTH QUARTER

(€ mln)	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	4Q2010	4Q2009	Δ	4Q2010	4Q2009	Δ	4Q2010	4Q2009	Δ	4Q2010	4Q2009	Δ
Sales revenues	1.992	1.639	21,5%	1.351	1.156	16,9%	(490)	(429)	14,2%	2.853	2.366	20,6%
EBITDA	402	297	35,4%	64	73	(12,3%)	(27)	(27)	0,0%	439	343	28,0%
EBITDA adjusted ^{a)}	408	285	43,2%	58	85	(31,8%)	(27)	(27)	0,0%	439	343	28,0%

EBITDA breakdown (€ mln)



Explanation of EBITDA adjusted variation

Δ	One-off and CIP6 expirations	Main drivers
+39		<ul style="list-style-type: none"> ▲ Abu Qir & Rosetta higher contribution ▲ oil Italy higher contribution (+price/+volumes) ▲ lower opex
(66)	▲ +10 strategic stock fine redistribution in 2010	▼ Margin shrinkage and lower volumes
+173	▲ +173 One off CIP6 exit forfait	
(18)	<ul style="list-style-type: none"> ▼ (8) Contracts expiration ▼ (16) GC of previous years booked in 2009 	<ul style="list-style-type: none"> ▲ Better scenario for CEC component versus gas cost
(32)		<ul style="list-style-type: none"> ▲ Higher volumes sold & trading activities, higher hydro production, IPEX ancillary services ▼ Positive effect posted in 4Q2009 of hedged fwd sales at fixed price
0		
+96		

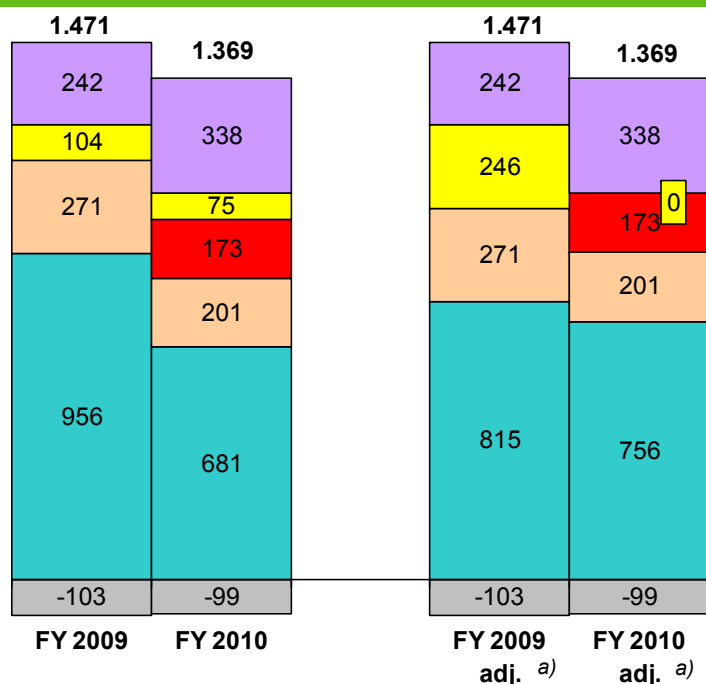
Gas E&P and logistics
Gas supply and sales
One off CIP6 exit forfait
CIP6, captive and other
Electric power merchant activities
Corporate, adj. & other

a) **Adjusted EBITDA** reflect the reclassification of the results of Brent and foreign exchange hedging transactions executed in connection with natural gas import contracts. In the framework of the Group's risk management strategy, such hedging transactions have the purpose of mitigating the risk of fluctuation of the cost of gas used for the production and sale of electric power, as well as for the sales of natural gas. The economic result of these hedging activities, which for the reasons above is recorded in the Hydrocarbons operations, has been reclassified in the Electric Power operations for the portion related to the same business.

OPERATING PERFORMANCE BREAKDOWN IN FULL YEAR 2010

(\$ mln)	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	FY2010	FY2009	Δ	FY2010	FY2009	Δ	FY2010	FY2009	Δ	FY2010	FY2009	Δ
Sales revenues	7.289	6.463	12,8%	5.040	4.158	21,2%	(1.883)	(1.754)	7,4%	10.446	8.867	17,8%
EBITDA	1.055	1.227	(14,0%)	413	347	19,0%	(99)	(103)	(3,9%)	1.369	1.471	(6,9%)
EBITDA adjusted ^{a)}	1.130	1.086	4,1%	338	488	(30,7%)	(99)	(103)	(3,9%)	1.369	1.471	(6,9%)

EBITDA breakdown (€ mln)



Gas E&P and logistics
Gas supply and sales
One off CIP6 exit forfait
CIP6, captive and other
Electric power merchant activities
Corporate, adj. & other

Explanation of EBITDA adjusted variation		
Δ	One-off and CIP6 expirations	Main drivers
+96	▼ (8) Export bonus Abu Qir	▲ Abu Qir higher contribution ▲ Rosetta higher contribution ▲ oil Italy higher contribution (+price/+volumes)
(246)		▲ Higher volumes sold and benefit from LNG ▼ Margin shrinkage, scenario effect and high cost of ToP
+173	▲ +173 One off CIP6 exit forfait	
(70)	▲ 5 CO2 of previous years booked in 2010 ▼ (25) GC of previous years booked in 2009 ▼ (41) Contracts & incentives expiration ▼ (7) CEC settlement booked in 2009	
(59)	▼ (21) Liquidated damages booked in 2009	▲ Candela plant combined heat power trading activities = Margin shrinkage offset by higher volumes sold ▲ trading and IPEX ancillary services ▼ Positive effect posted in FY2009 of hedged fwd sales at fixed price
+4		
(102)		

^{a)} **Adjusted EBITDA** reflect the reclassification of the results of Brent and foreign exchange hedging transactions executed in connection with natural gas import contracts. In the framework of the Group's risk management strategy, such hedging transactions have the purpose of mitigating the risk of fluctuation of the cost of gas used for the production and sale of electric power, as well as for the sales of natural gas. The economic result of these hedging activities, which for the reasons above is recorded in the Hydrocarbons operations, has been reclassified in the Electric Power operations for the portion related to the same business.

EDISON GROUP — FROM EBITDA TO NET INCOME

(€ mln)	FY2010	FY2009	△
EBITDA	1.369	1.471	(102)
Depreciation, amortization and writedowns	(1.096)	(772)	(324)
EBIT	273	699	(426)
Net financial income (expense)	(144)	(156)	12 a)
Income (expense) on equity investments & other	43 b)	(14)	57
Profit before taxes	172	529	(357)
Income taxes	(83) c)	(278)	195
Profit from continuing operations	89	251	(162)
Profit (loss) from discontinuing operations	(40) d)	0	(40)
Net income	49	251	(202)
Minority (income) loss	(28)	(11)	(17) e)
Group interest in net income	21	240	(219)

a) Mainly due to net gain on foreign exchange and to the lower cost of money net of the impact of higher debt level.

b) Mainly represented by reversals of existing risk provisions set aside in previous years and settlement of litigations.

c) The tax burden has been impacted by the following one-off effects: in 2009 the increase of 1% in Ires tax rate due to the Robin Hood tax, in 2010 the cancellation of that increase for the previous year and the fiscal benefit of the so called Tremonti-ter (related to investments in fixed assets). The overall tax rate has decreased from 52.5% to 48.3%

d) Amount referred to the preliminary impairment on Taranto CET 2 and CET3 disposal (non tax deductible).

e) Increase mainly related to the proceeds from early termination of CIP6 contracts for Milazzo and Jesi plants.

IMPAIRMENT TEST AND OTHER WRITE OFFS

(€ mln)

ELECTRIC POWER

Mainly represented by decreased margins expected in some plants dispatching in the free market after the early termination of the CIP 6/92 contracts 138

HYDROCARBONS

Abu Qir for reduction in reserves 72

Provision for overall political risks on Egyptian assets 130

Other minor items on Abu Qir 11

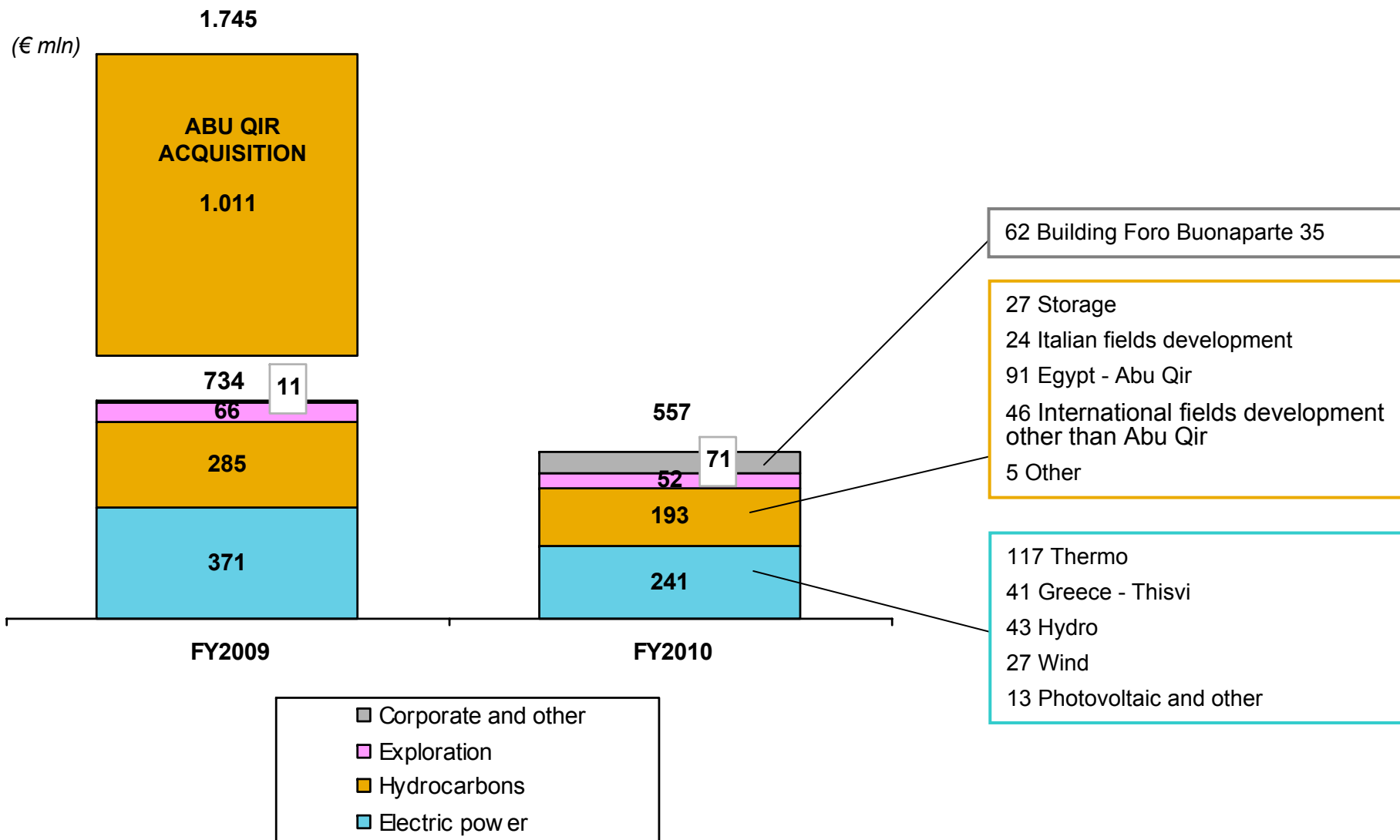
Other minor items 16

Total write offs impacting EBIT 367

Taranto impairment on discontinuing operations 40

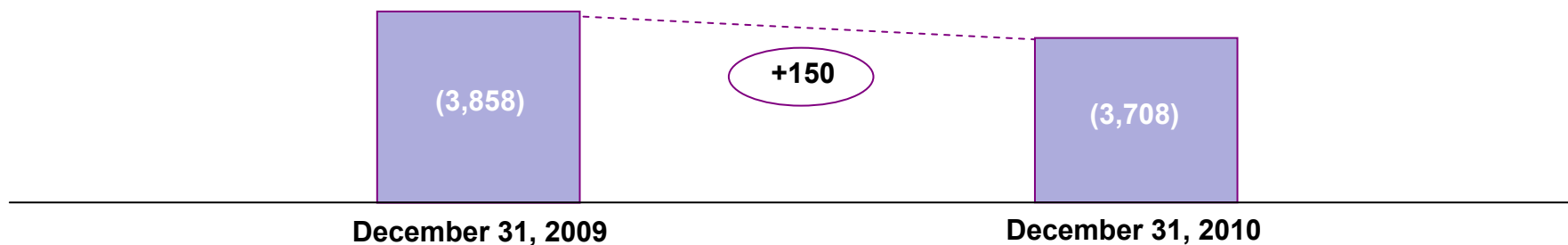
Total write offs impacting P&L 407

CAPITAL EXPENDITURES AND EXPLORATION

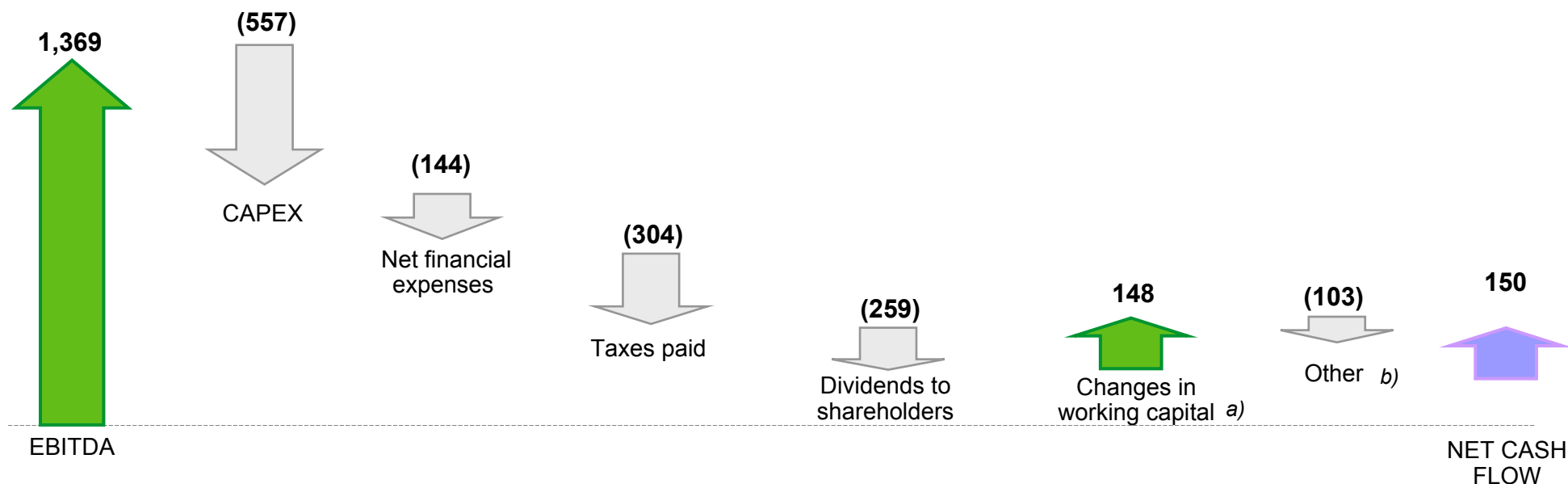


NET FINANCIAL POSITION AND CASH FLOW

Net Financial Position (€ mln)



2010 Cash Flow (€ mln)



a) Mainly due to improvement of payment conditions to suppliers

b) Mainly due to the acquisition of 100% stake in Parco Eolico San Francesco (€42 MLN) and take or Pay advances (€63 mln)

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Some of the information contained in this document may contain projected data or estimates that are based on current expectations and on opinions developed by the Company and are based on current plans, estimates, projections and projects. Consequently, it is recommended that they be viewed as indicative only.

Projected data and estimates entail risks and uncertainties. There are a number of factors that could produce significant differences between projected results and actual results. In addition, results may be affected by trends that are often difficult to anticipate, are generally beyond Edison's control and could produce results and developments that are substantially different from those explicitly or implicitly described or computed in the abovementioned projected data and estimates. The non-exhaustive list that follows being provided merely by way of example, these risks include: significant changes in the global business scenario; fluctuations in the prices of certain commodities, such as electric power, natural gas and coal; and changes in the market's competitive conditions and in the general regulatory framework.

Notice is also given that projected data are valid only on the date they are produced. Except for those cases in which the applicable statutes require otherwise, Edison assumes no obligation to provide updates of the abovementioned estimates and projected data.

STATEMENT

As required by Article 154-bis, Section 2, of the Uniform Finance Law (Legislative Decree No 58/1998), Marco Andreasi, in his capacity as "Dirigente preposto alla redazione dei documenti contabili societari" of Edison S.p.A., attests that the accounting information contained in this presentation is consistent with the data in the Company's documents, accounting records and other records.