



FIRST HALF 2011 RESULTS

Milan – July 25th, 2011

- **Business environment**

- **First Half 2011 results:**

- Electric power and hydrocarbons sources and uses
- Consolidated financial highlights
- Operating performance
- Capital expenditures
- Net financial debt and cash flow

MARKET REFERENCE SCENARIO 1/2

FY2010		IQ2011	IQ2010	Δ	2Q2011	2Q2010	Δ	IH2011	IH2010	Δ
80,3	ICE Brent swap (\$/bbl)	105,2	77,3	36%	117,1	79,5	47%	111,1	78,4	42%
1,30	Exchange rate (€/€)	1,37	1,38	(1%)	1,44	1,27	13%	1,40	1,33	6%
60,6	ICE Brent swap (€/bbl)	76,9	55,9	38%	81,3	62,4	30%	79,2	59,0	34%
295,4	Gas Release 2 (€/000 scm)*	309,5	265,8	16%	330,1	306,0	8%	319,8	285,9	12%
270,0	Gas CCI (€/000 scm)**	292,5	244,3	20%	304,9	266,6	14%	298,7	255,5	17%
64,1	PUN TWA (€/MWh)	66,5	62,9	6%	68,3	60,3	13%	67,4	61,6	9%
77,2	PUN F1 (€/MWh)	76,7	77,8	(1%)	76,9	71,9	7%	76,8	74,9	3%
58,0	PUN F2-F3 (€/MWh)	61,6	56,3	9%	64,3	54,9	17%	62,9	55,6	13%
9,9	Spark Spread TWA (€/MWh)	10,6	9,0	18%	13,8	4,9	n.s.	12,2	7,0	75%
23,0	Spark Spread F1 (€/MWh)	20,9	23,9	(13%)	22,5	16,6	36%	21,7	20,2	7%
3,8	Spark Spread F2-F3 (€/MWh)	5,8	2,4	n.s.	9,8	(0,5)	n.s.	7,8	1,0	n.s.
14,5	CO2 (€/ton)	15,3	13,1	17%	16,4	15,1	9%	15,9	14,1	12%

* 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

ELECTRIC POWER AVAILABILITY MIX AND GAS DEMAND IN ITALY

Electricity supply mix ^{a)} (TWh)

FY2010		IQ2011	IQ2010	Δ	2Q2011	2Q2010	Δ	IH2011	IH2010	Δ
222,2	Thermoelectric production	58,1	57,2	1,5%	49,3	48,1	2,6%	107,5	105,3	2,0%
49,4	Hydroelectric production	9,8	10,9	(10,3%)	14,4	16,3	(12,0%)	24,2	27,3	(11,3%)
15,0	Other renewable production	4,3	3,9	11,1%	5,3	3,5	51,9%	9,6	7,4	30,0%
286,6	Net production	72,2	72,0	0,3%	69,0	67,9	1,7%	141,3	140,0	1,0%
43,9	Net import	12,0	11,7	2,5%	10,8	11,2	(4,2%)	22,7	22,9	(0,7%)
(4,3)	Pumping	(0,6)	(1,3)	(52,7%)	(0,5)	(1,2)	(57,7%)	(1,1)	(2,6)	(55,1%)
326,2	Total sources	83,6	82,4	1,5%	79,3	77,9	1,8%	162,9	160,3	1,6%

a) Gross of losses, net of auxiliary services

b) +1.6% on a seasonally adjusted basis

Source: Terna, Edison estimates

Gas demand (bcm)

FY2010		IQ2011	IQ2010	Δ	2Q2011	2Q2010	Δ	IH2011	IH2010	Δ
33,9	Services & residential users	15,2	16,1	(5,7%)	3,1	3,8	(19,1%)	18,3	20,0	(8,3%)
17,4	Industrial users	4,9	4,6	4,3%	4,2	4,3	0,1%	9,1	8,9	2,3%
30,1	Thermoelectric users	7,7	7,7	(0,7%)	6,3	6,7	(6,4%)	13,9	14,4	(3,4%)
1,4	Auto consumption and losses	0,3	0,4	(2,9%)	0,3	0,3	(6,9%)	0,7	0,7	(4,8%)
82,8	Total demand	28,1	28,8	(2,7%)	13,9	15,1	(7,8%)	42,0	44,0	(4,5%)

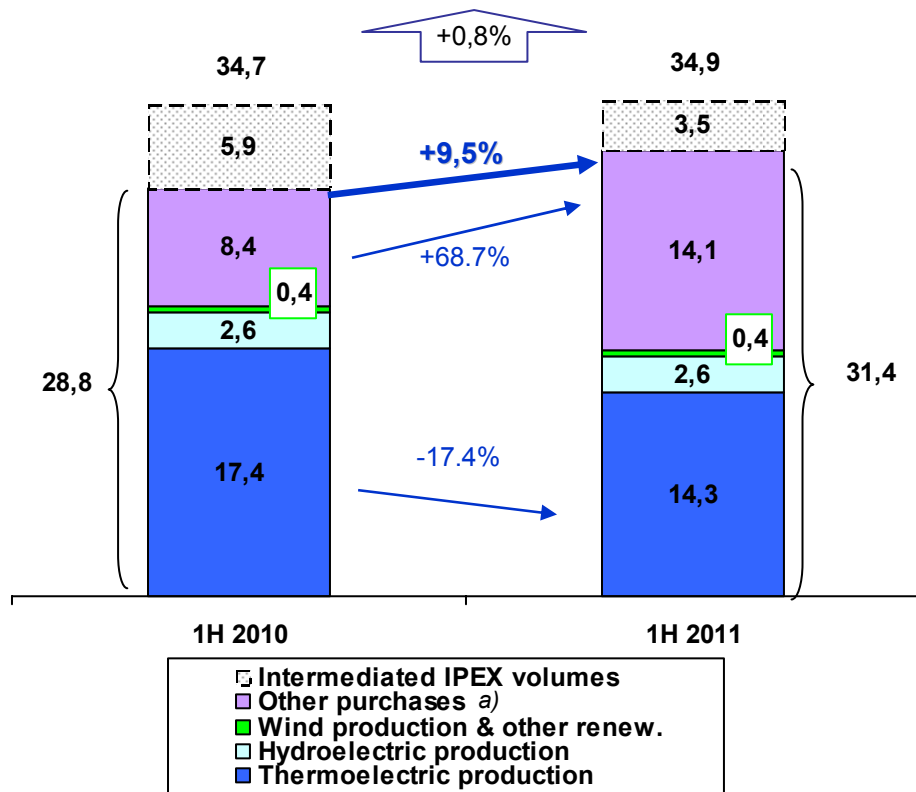
Source: SRG, MSE and Edison estimates

- **Business environment**

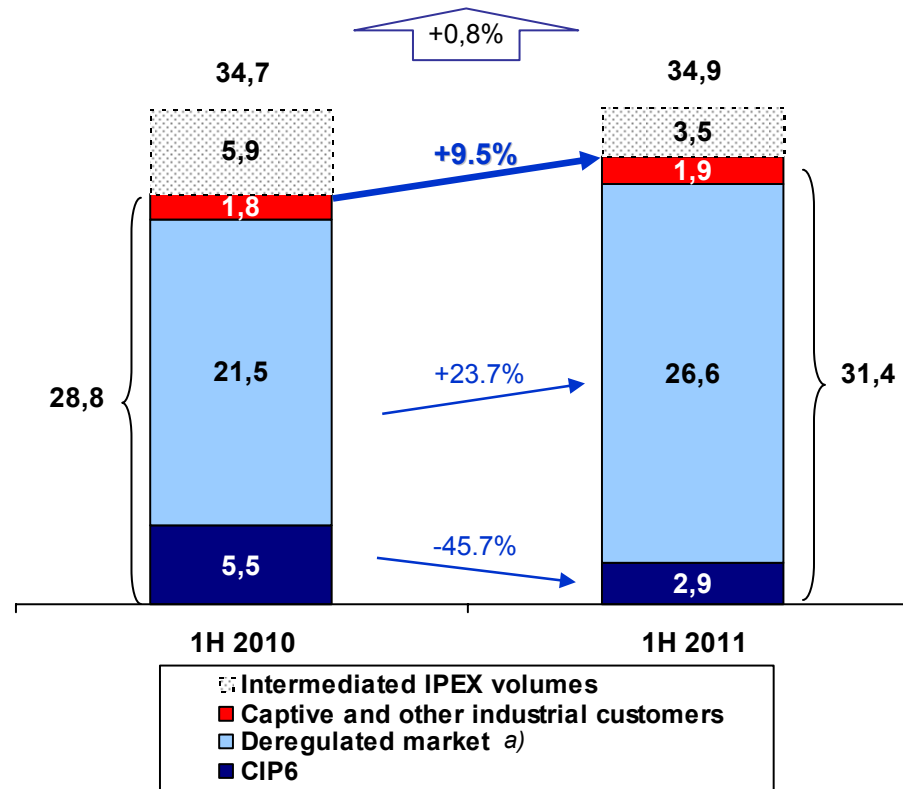
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EDISON ELECTRIC POWER OPERATIONS — TOTAL SOURCES & USES IN ITALY

SOURCES (TWh)



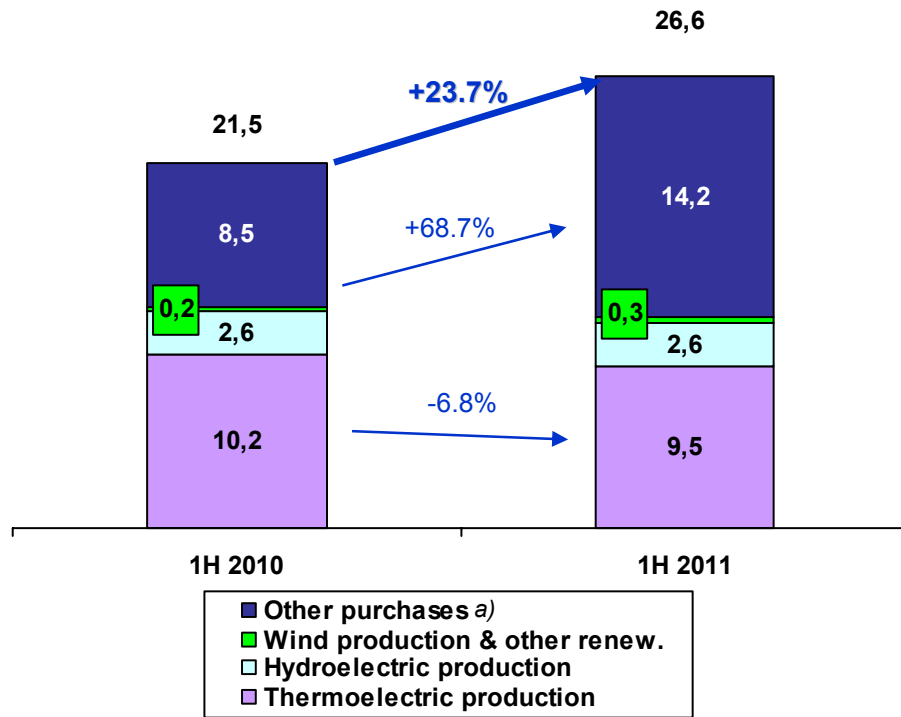
USES (TWh)



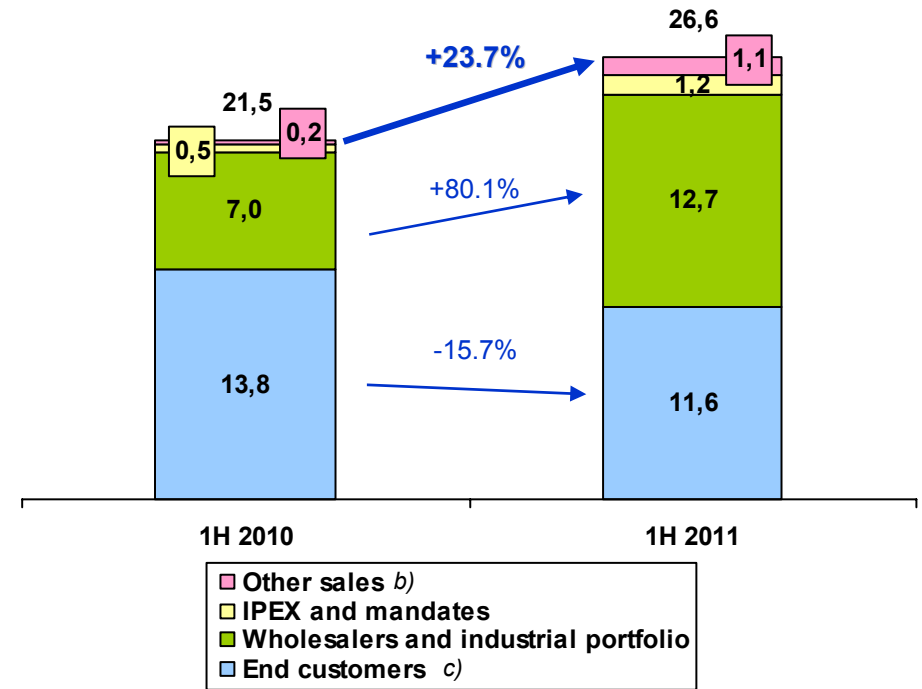
a) Gross of losses and excluding trading portfolio.

EDISON ELECTRIC POWER OPERATIONS — FREE MARKET

SOURCES (TWh)



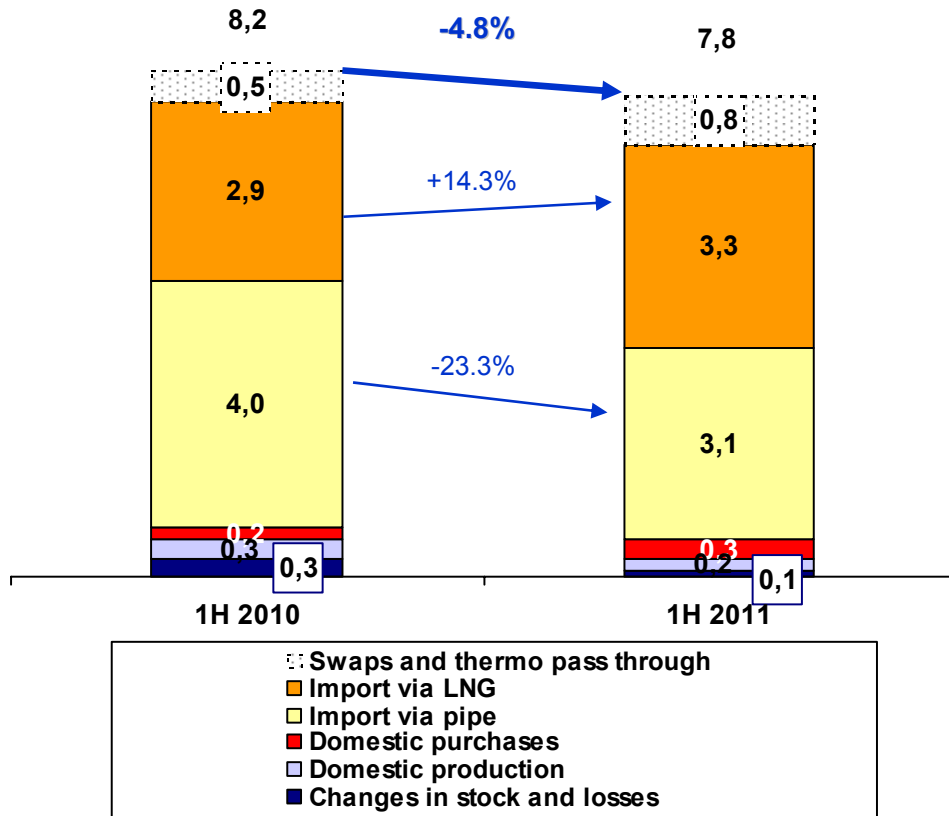
USES (TWh)



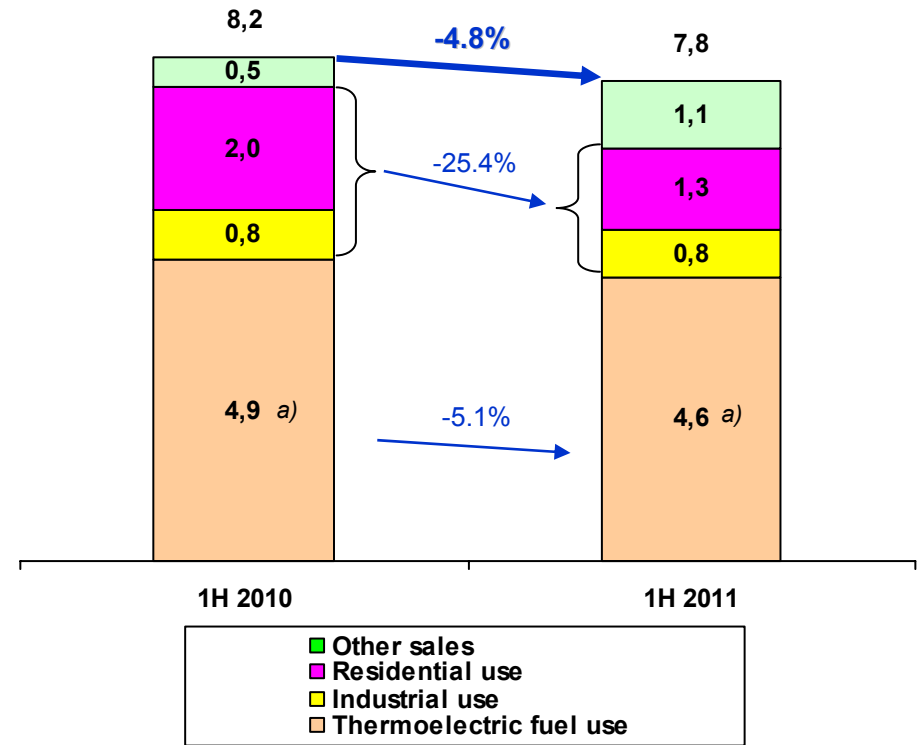
- a) Gross of losses, excluding trading portfolio and intermediated IPEX volumes
- b) Excluding trading portfolio and intermediated IPEX volumes
- c) Gross of losses

EDISON GAS PORTFOLIO IN ITALY — SOURCES AND USES

SOURCES (bcm)



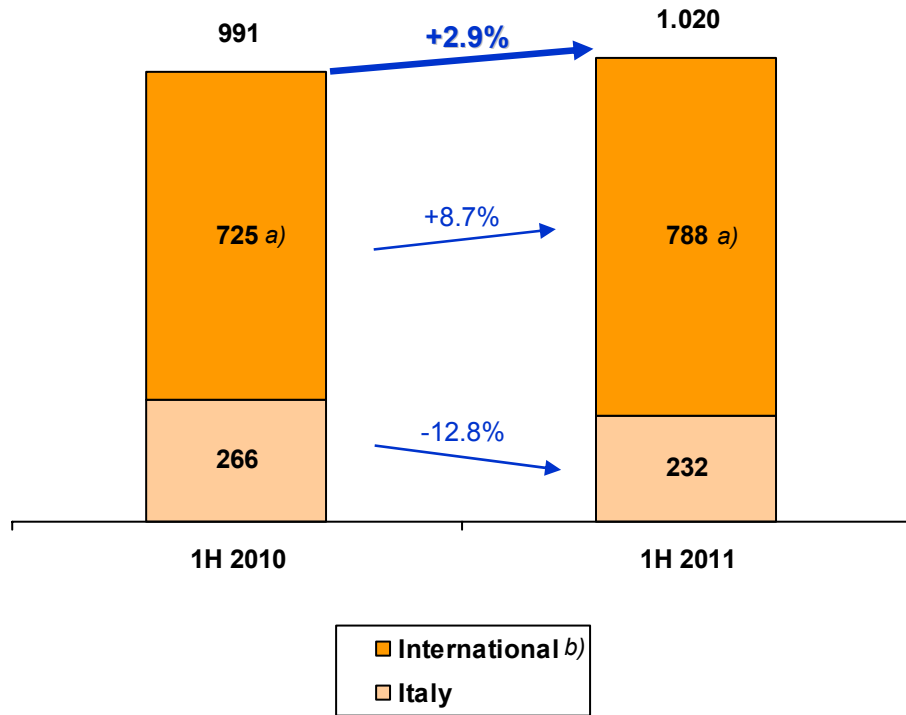
USES (bcm)



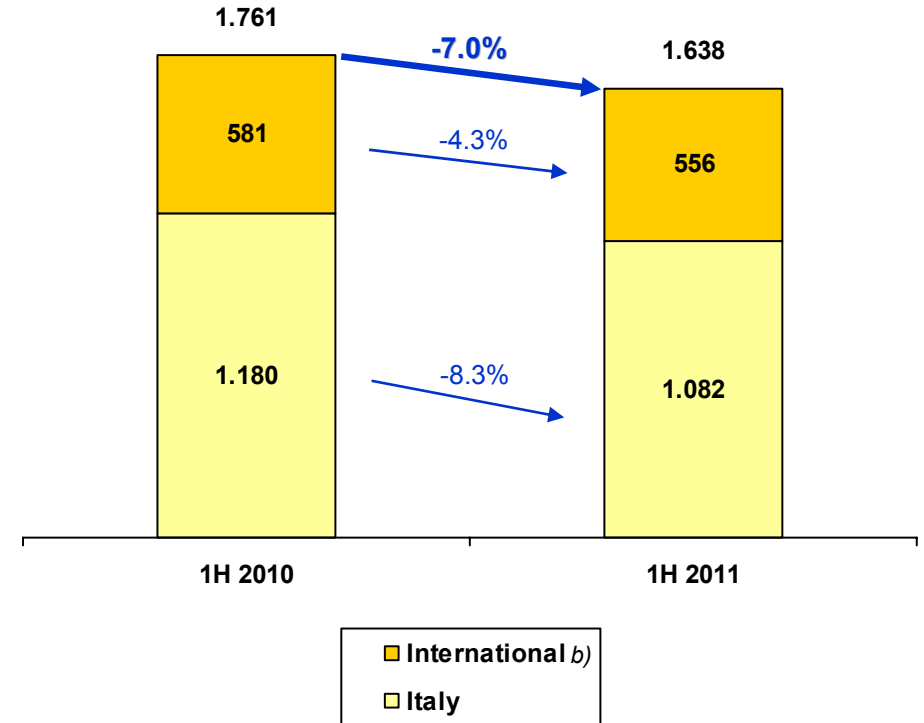
a) Of which respectively 1.7 bcm and 2.2 bcm thermoelectric sales to third parties in 1H 2010 and 1H 2011.

EDISON GROUP E&P OPERATIONS

GAS PRODUCTION (mcm)



OIL PRODUCTION (Kbbl)



a) Of which Abu Qir 474 in 1H2010 and 516 in 1H2011

b) International productions include volumes withheld as production tax

EDISON GROUP — CONSOLIDATED HIGHLIGHTS

(€ mln)	FY2010		IH2011	IH2010	Δ
	10.446	Sales revenues	5.662	5.087	11,3%
	1.369	EBITDA	491	626	(21,6%)
	273	EBIT	106	264	(59,8%)
	172	Profit (loss) before taxes	11	242	(95,5%)
	21	Group net income (loss)	(62)	142	n.s.

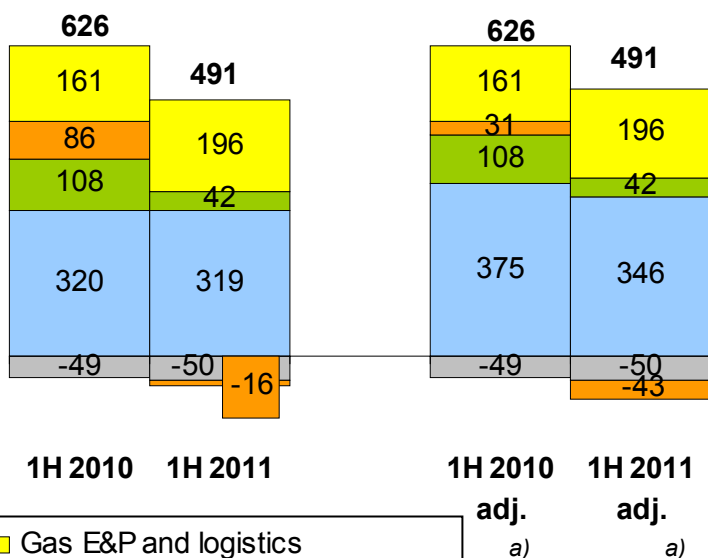
557	Total capex	243	320	(24,1%)
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31.12.2010		30.06.2011	30.06.2010
11.845	Net invested capital	11.914	12.354
3.708	Net financial debt	3.866	4.171
8.137	Stockholders' equity	8.048	8.183
7.939	<i>of which Group's net interest</i>	7.879	8.007
0,46	Debt/Equity ratio	0,48	0,51
3.939	Employees (nr.)	3.927	3.951

OPERATING PERFORMANCE BREAKDOWN IN THE FIRST SIX MONTHS

(€ mln)	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	IH2011	IH2010	Δ	IH2011	IH2010	Δ	IH2011	IH2010	Δ	IH2011	IH2010	Δ
Sales revenues	3.832	3.438	11,5%	2.560	2.552	0,3%	(730)	(903)	19,2%	5.662	5.087	11,3%
EBITDA	361	428	(15,7%)	180	247	(27,1%)	(50)	(49)	(2,0%)	491	626	(21,6%)
EBITDA adjusted ^{a)}	388	483	(19,7%)	153	192	(20,3%)	(50)	(49)	(2,0%)	491	626	(21,6%)

EBITDA breakdown (€ mln)



Explanation of EBITDA adjusted variation		
Δ	One-off and CIP6 expirations	Main drivers
+35	▲ +8 Export bonus Abu Qir	▲ Price/volumes effect on Italian oil sales ▼ Volumes effect on Italian gas productions ▲ Higher contribution of foreign activities, mainly Abu Qir ▲ Storage and lower opex
(74)	▲ Russian contract renegotiation – one off related to past years volumes	▼ Lower margins on residential, industrial and thermoelectric uses ▲ Lower cost of gas on the Norwegian and Russian gas contracts
(66)	▼ (5) CO2 reimbursements booked in 2010 ▼ (67) Contracts & incentives expiration	
(29)		▼ Lower margins and volumes on sales to final customers ▼ Lower margins partly compensated by higher volumes on sales to wholesalers ▲ Higher ancillary services ▲ Higher volumes of renewables generation in Italy and thermoelectric generation in Greece ▼ Lower impact of derivatives
(1)		
(135)		

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

FY2010	(€ mln)	IH2011	IH2010	Δ
1.369	EBITDA	491	626	(135)
(1.096)	Depreciation, amortization and writedowns	(385)	(362)	(23) a)
273	EBIT	106	264	(158)
(144)	Net financial income (expense)	(94)	(51)	(43) b)
43	Income (expense) on equity investments & other	(1)	29 c)	(30)
172	Profit (loss) before taxes	11	242	(231)
(83)	Income taxes	(49)	(96)	47 d)
89	Profit (loss) from continuing operations	(38)	146	(184)
(40)	Profit (loss) from discontinuing operations	(22) e)	-	(22)
49	Net income (loss)	(60)	146	(206)
(28)	Minority (income) loss	(2)	(4)	2
21	Group interest in net income (loss)	(62)	142	(204)

a) The difference is mainly represented by 2011 assets write downs, due to changes in production profile of some thermoelectric plants and to the increased risk profile of plants located in Greece. These items are only partially offset by lower exploration costs compared with 2010, and by the impact of the expiration of CIP6 contracts.

b) Mainly due to the negative net effect of foreign exchange translation gains/losses, while interest payable on bond and banks debt slightly improved due to the mix of cost of money and average debt.

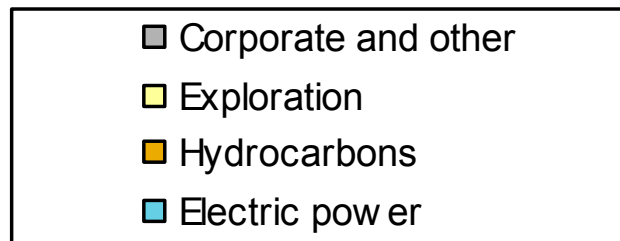
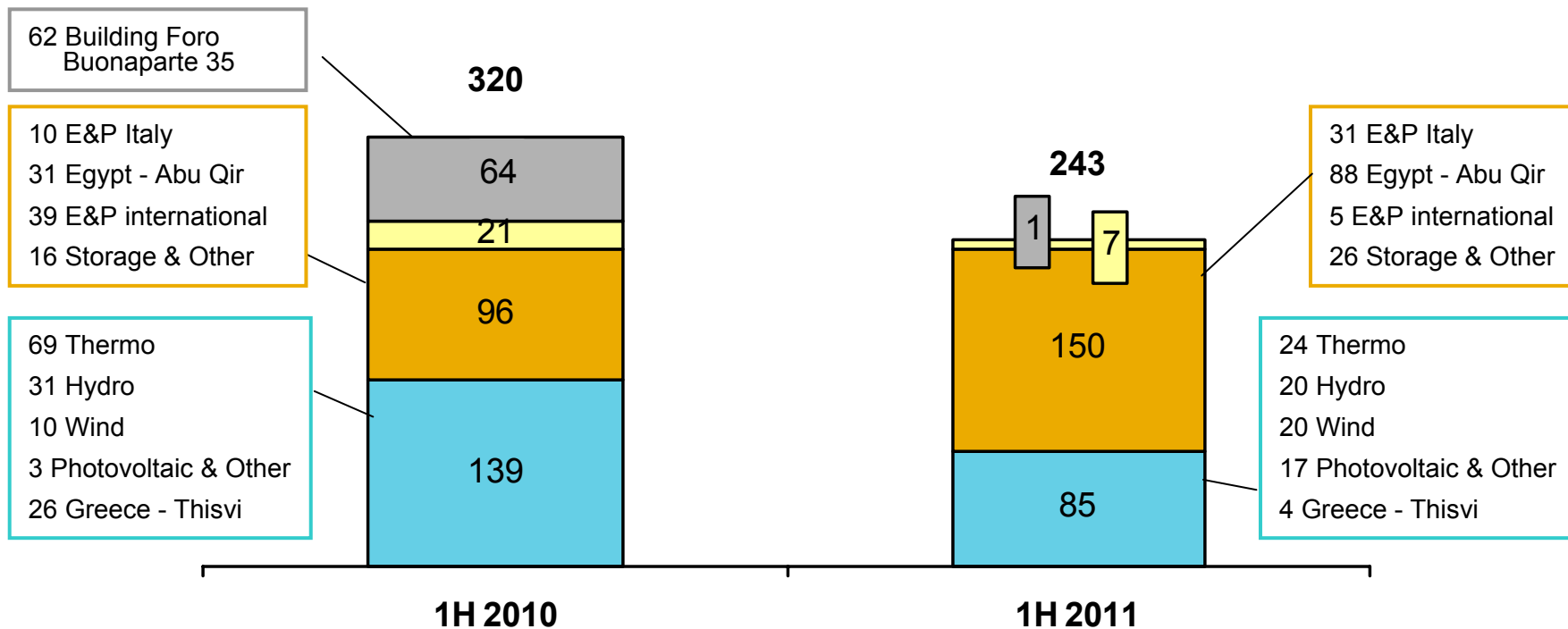
c) Mainly represented by the reversals of existing provisions set aside in previous years and settlement of litigations.

d) The tax burden is negatively affected by regional taxes (IRAP) and non deductible costs.

e) Mainly represented by the write down related to the Taranto power plant, for which an agreement for disposal has been signed on June 23.

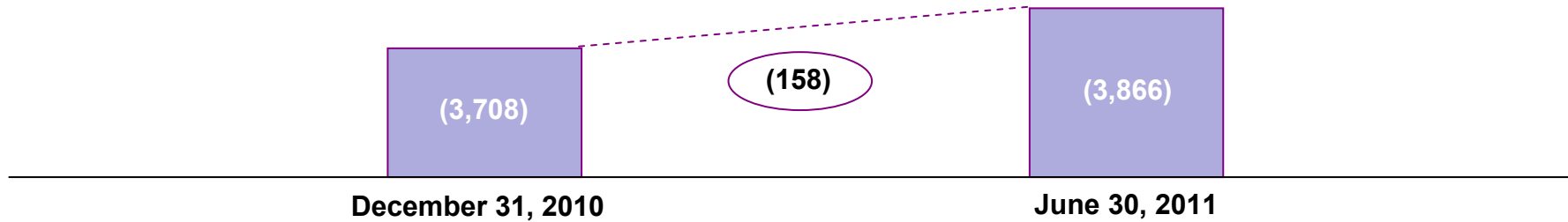
CAPITAL EXPENDITURES AND EXPLORATION

€ mln

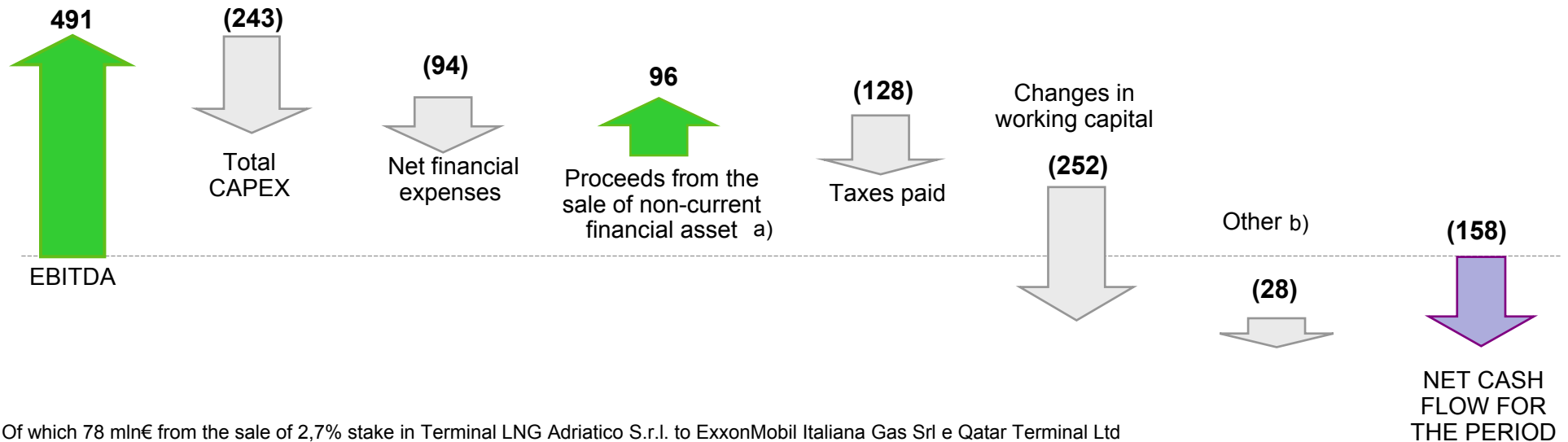


NET FINANCIAL DEBT AND CASH FLOW

Net Financial Debt (€ mln)



Cash Flow (€ mln)



a) Of which 78 mln€ from the sale of 2,7% stake in Terminal LNG Adriatico S.r.l. to ExxonMobil Italiana Gas Srl e Qatar Terminal Ltd

b) Including 136 mln€ of Take or Pay advances

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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.