



THIRD QUARTER AND NINE MONTHS 2010 RESULTS

Milan – October 26th, 2010

AGENDA

- **Business environment**

- **Third Quarter and Nine Months 2010 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

FY 2009		1H 2010	1H 2009	Δ	3Q 2010	3Q 2009	Δ	9m 2010	9m 2009	Δ
62.6	ICE Brent swap (\$/bbl)	78.4	52.8	49%	77.0	69.0	12%	77.9	58.2	34%
1.39	Exchange rate (€/\$)	1.33	1.33	-	1.29	1.43	(10%)	1.32	1.36	(4%)
44.9	ICE Brent swap (€/bbl)	59.0	39.5	49%	59.6	48.2	24%	59.2	42.6	39%
260.2	Gas Release 2 * (€/000 scm)	285.9	306.4	(7%)	309.6	206.7	50%	293.8	273.1	8%
282.4	Gas CCI (€/000 scm) **	255.5	332.2	(23%)	285.9	239.3	19%	265.6	301.2	(12%)
63.8	PUN _{TWA} (€/MWh)	61.6	66.4	(7%)	69.1	66.0	5%	64.1	66.2	(3%)
83.8	PUN F1 (€/MWh)	74.9	86.4	(13%)	83.4	88.8	(6%)	77.7	87.2	(11%)
54.3	PUN F2-F3 (€/MWh)	55.6	57.2	(3%)	62.1	54.8	13%	57.8	56.4	2%
12.5	Spark Spread _{TWA} (€/MWh)	7.0	5.5	27%	12.6	28.6	(56%)	8.9	13.2	(33%)
32.5	Spark Spread F1 (€/MWh)	20.2	25.6	(21%)	26.9	51.4	(48%)	22.5	34.2	(34%)
3.1	Spark Spread F2-F3 (€/MWh)	1.0	(3.7)	n.s.	5.6	17.4	(68%)	2.5	3.4	(25%)
13.3	CO ₂ (€/ton)	14.1	12.7	11%	14.8	14.3	4%	14.3	13.2	9%

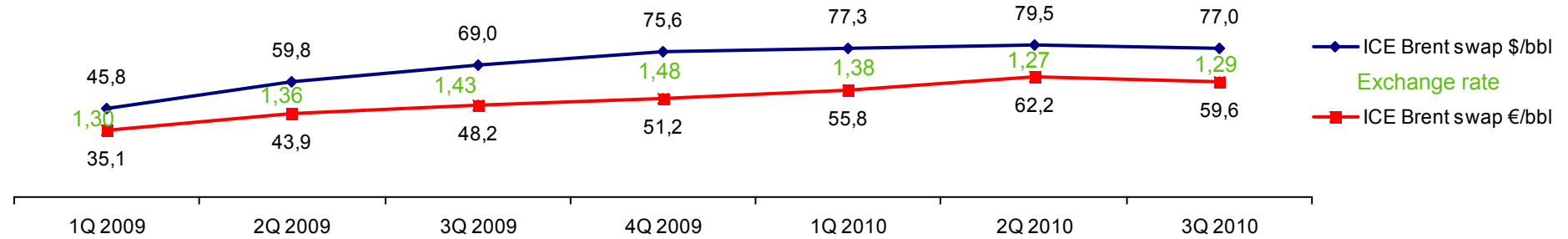
* At PSV of Snam Rete Gas

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

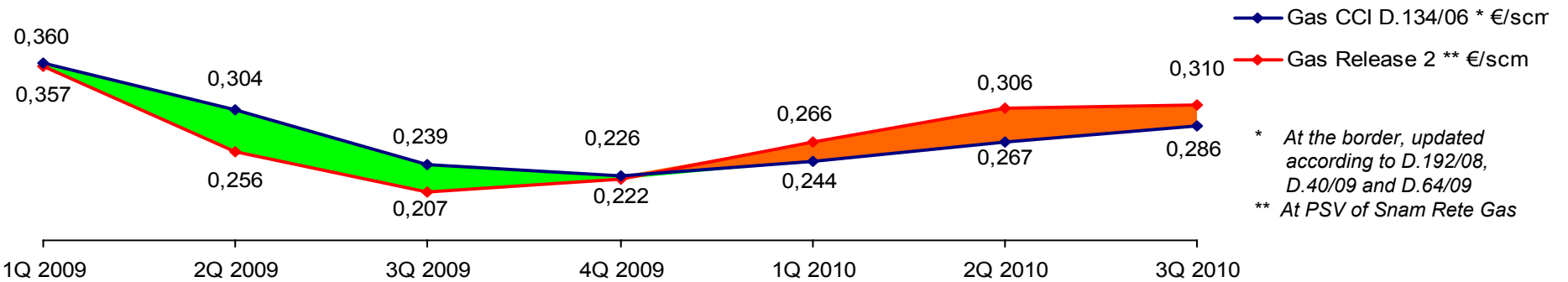
Source: Edison

MARKET REFERENCE SCENARIO 2/2

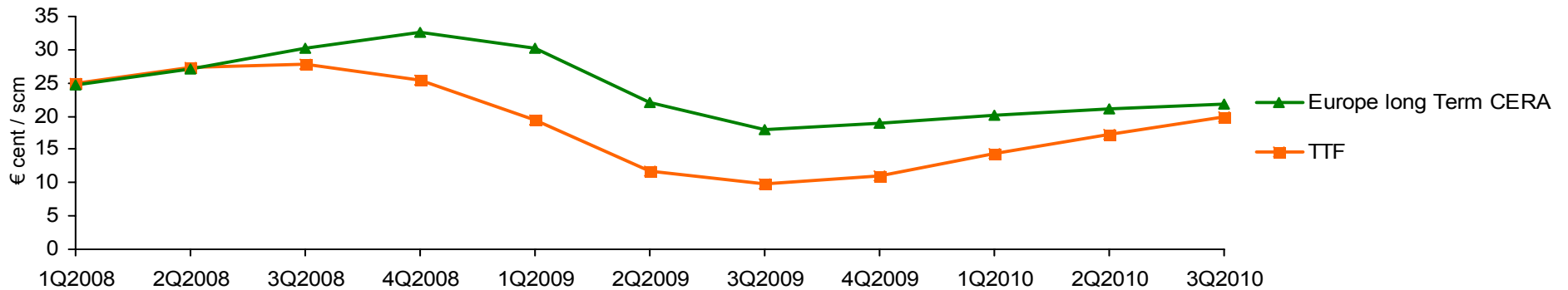
Oil and Exchange rate



Residential gas market



Gas price: spot vs long term



Source: Edison, Cera

ELECTRIC POWER AVAILABILITY MIX AND GAS DEMAND IN ITALY

Electricity supply mix ^{a)} (TWh)

FY 2009		1H 2010	1H 2009	Δ	3Q 2010	3Q 2009	Δ	9m2010	9m2009	Δ	Δ 9m10 vs. 9m08
216.1	Thermoelectric production	107.1	99.5	7.6%	57.4	56.5	1.5%	164.4	156.0	5.4%	(13.1%)
52.8	Hydroelectric production	25.5	30.3	(15.9%)	12.4	13.8	(9.8%)	37.9	44.1	(14.0%)	6.0%
12.2	Other renewable production	7.4	5.9	25.6%	3.3	2.6	26.6%	10.7	8.5	25.9%	39.7%
281.1	Net production	140.0	135.7	3.1%	73.1	72.9	0.3%	213.1	208.6	2.1%	(8.4%)
45.0	Net import	22.9	24.2	(5.1%)	10.7	10.7	0.0%	33.6	34.8	(3.6%)	12.6%
5.8	Pumping	2.6	3.0	(13.4%)	0.7	1.2	(39.6%)	3.3	4.2	(21.0%)	(40.7%)
320.3	Total Sources	160.3	156.9	2.2%	83.0	82.4	0.8%	243.3	239.3	1.7% _{b)}	(5.3%)

a) Gross of losses, net of auxiliary services

b) +1.7% on a seasonally adjusted basis

Source: Terna, Edison estimates

Gas demand (bcm)

FY 2009		1H 2010	1H 2009	Δ	3Q 2010	3Q 2009	Δ	9m2010	9m2009	Δ	Δ 9m10 vs. 9m08
31.8	Services and residential users	20.0	18.6	7.5%	2.3	2.1	7.5%	22.2	20.7	7.5%	12.0%
16.7	Industrial users	8.9	8.0	11.5%	3.8	3.7	3.4%	12.7	11.7	8.9%	(13.7%)
28.2	Thermoelectric users	14.4	12.7	13.7%	7.7	7.8	(2.2%)	22.1	20.5	7.6%	(12.6%)
1.4	Auto consumptions and losses	0.7	0.6	11.2%	0.4	0.4	0.8%	1.0	1.0	7.3%	(19.4%)
78.1	Total demand	44.0	39.9	10.3%	14.1	14.0	0.8%	58.1	53.8	7.8%	(5.0%)

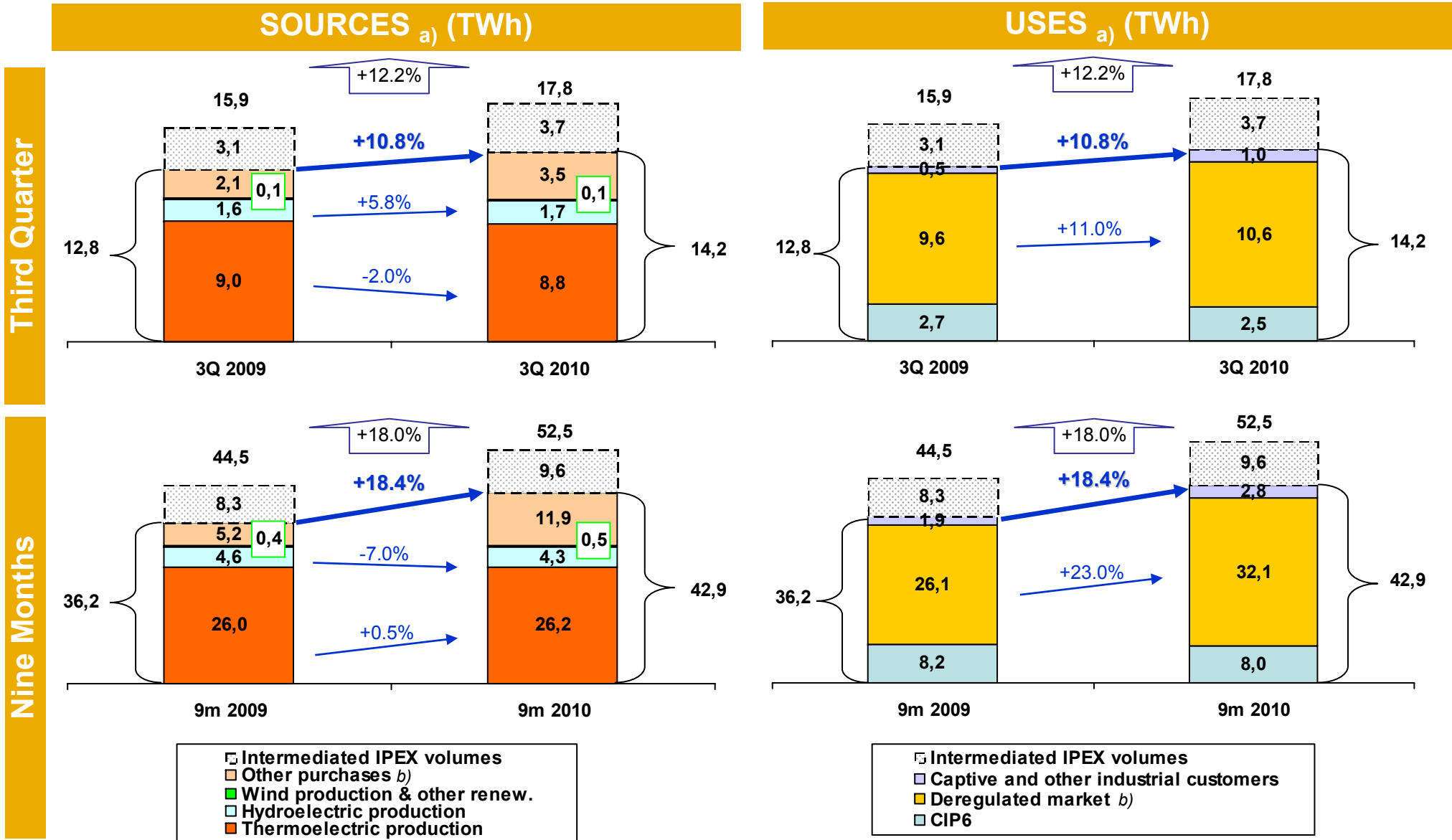
Source: Ministry of Economic Development, Snam Rete Gas, Edison estimates

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EDISON ELECTRIC POWER OPERATIONS — TOTAL SOURCES AND USES



a) These volumes exclude international thermoelectric production / international sales equal to 287 GWh in 3Q 2010 and 617 GWh in 9m 2010 and related to the proportional consolidation of the Greek JV ElpEdison Power which entered the scope of consolidation on March 31, 2009.

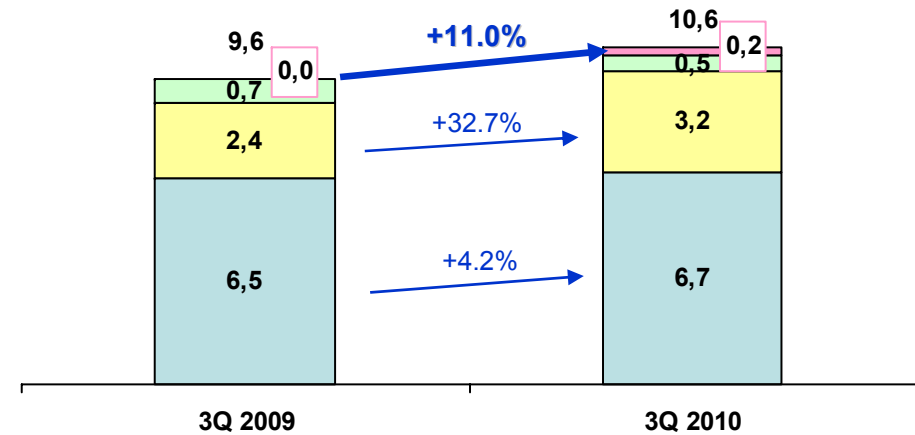
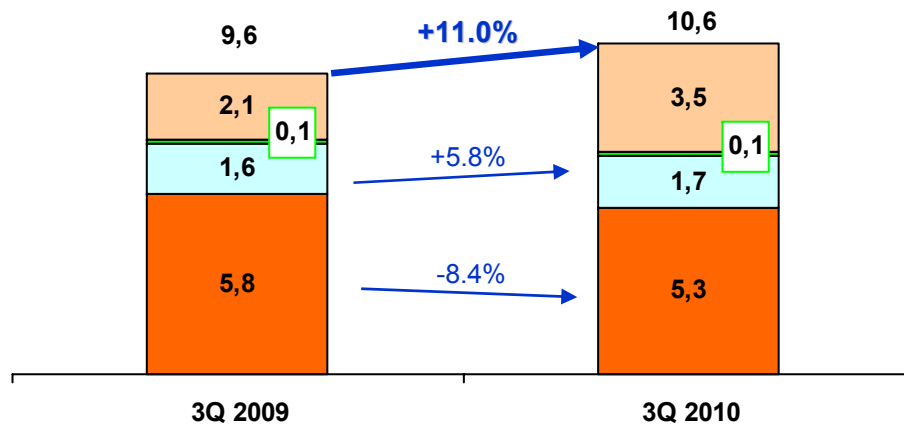
b) Gross of losses and excluding trading portfolio.

EDISON ELECTRIC POWER OPERATIONS — FREE MARKET

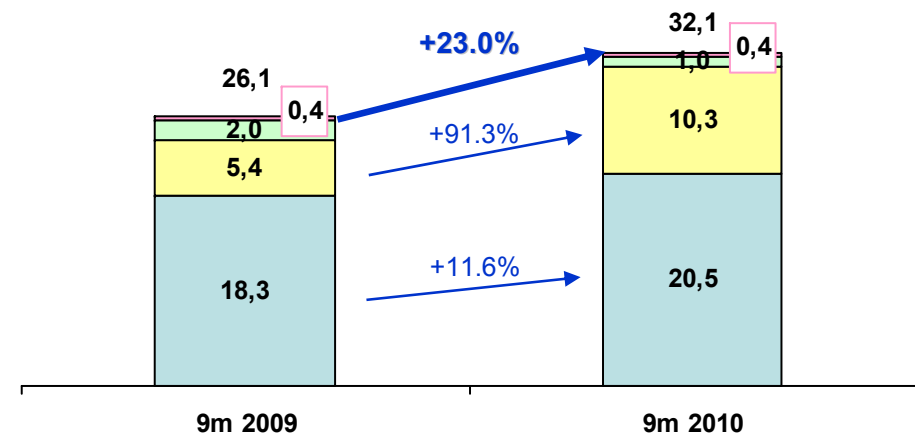
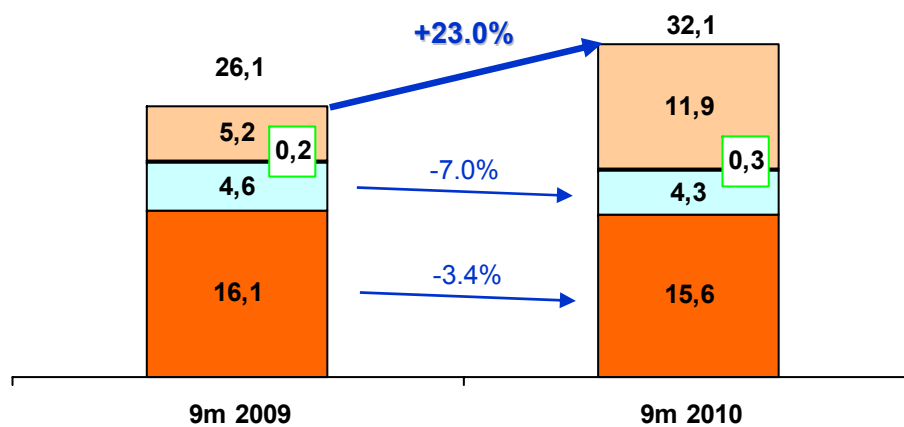
SOURCES ^{a)} (TWh)

USES ^{a)} (TWh)

Third Quarter



Nine Months



- Other purchases ^{a)}
- Wind production & other renew.
- Hydroelectric production
- Thermolectric production

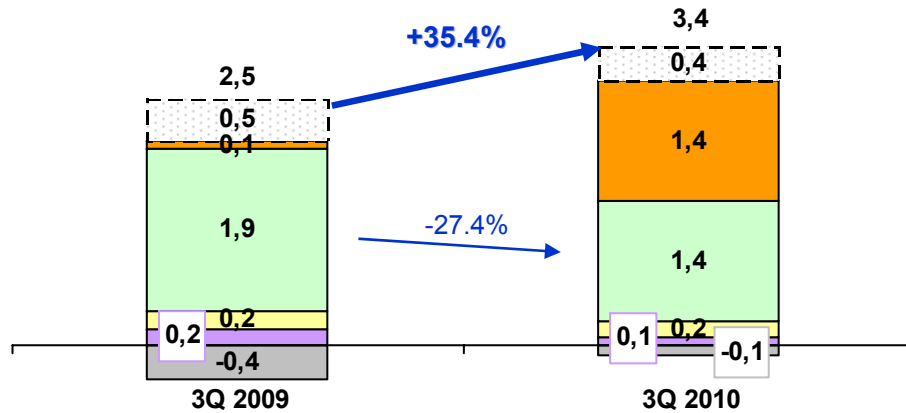
- Other sales ^{b)}
- IPEX and mandates
- Wholesalers and industrial portfolio
- End customers ^{c)}

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

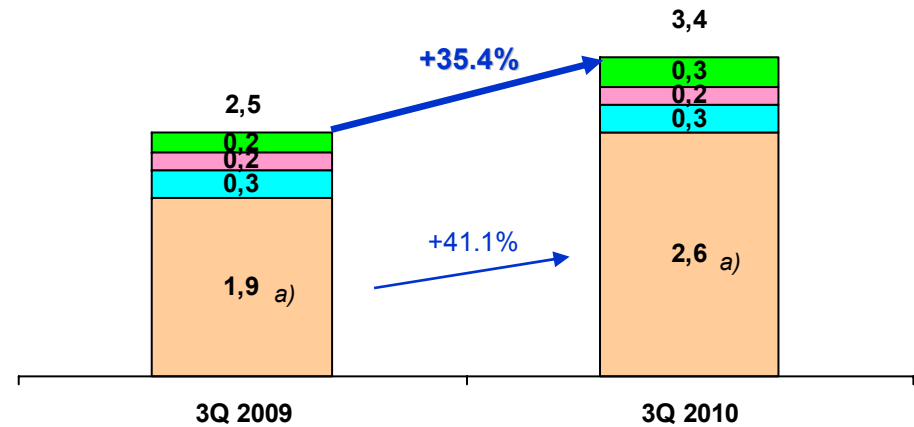
EDISON GAS PORTFOLIO IN ITALY — SOURCES AND USES

Third Quarter

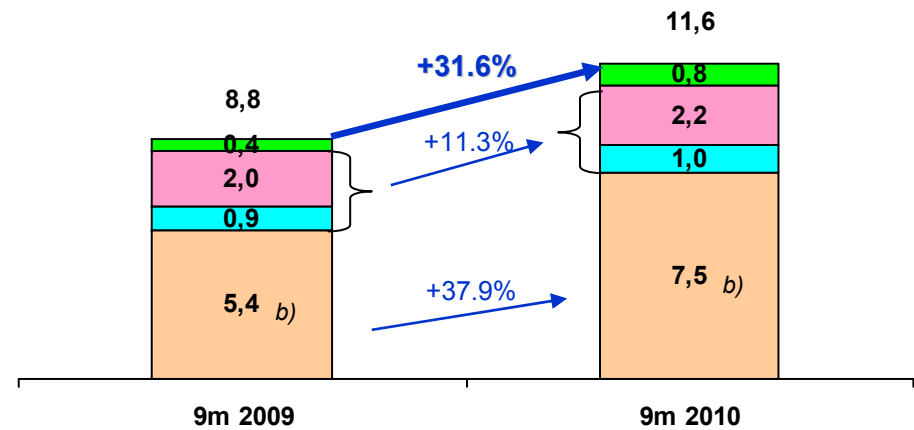
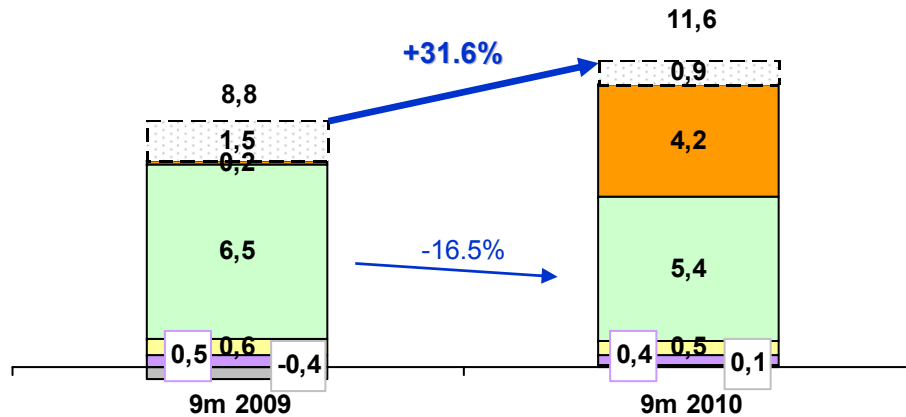
SOURCES (bcm)



USES (bcm)



Nine Months



- 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 0.2 bcm and 1.0 bcm thermoelectric sales to third parties in 3Q 2009 and 3Q 2010.

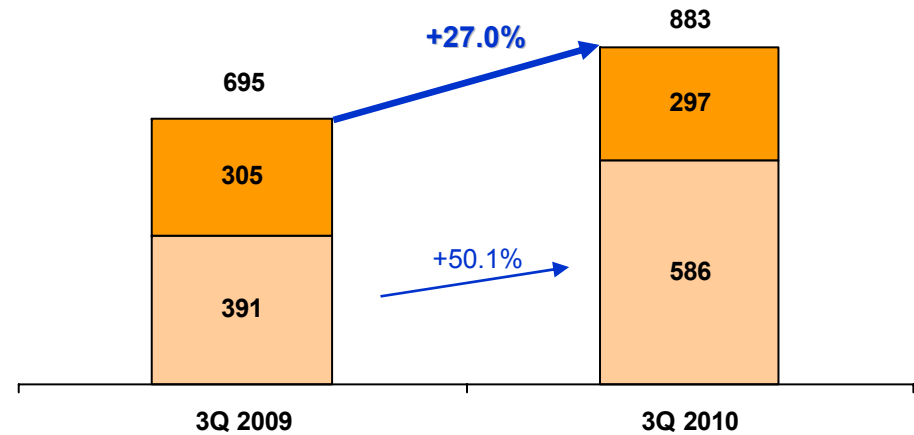
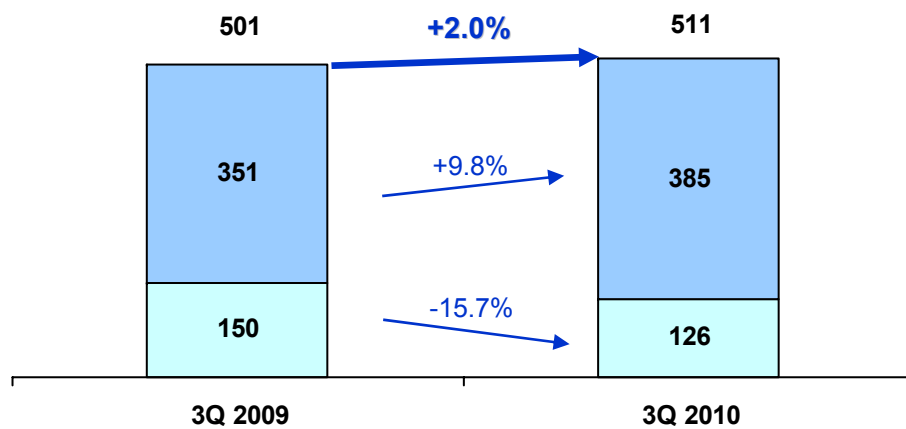
b) Of which respectively 0.8 bcm and 2.7 bcm thermoelectric sales to third parties in 9m 2009 and 9m 2010.

EDISON GROUP E&P OPERATIONS

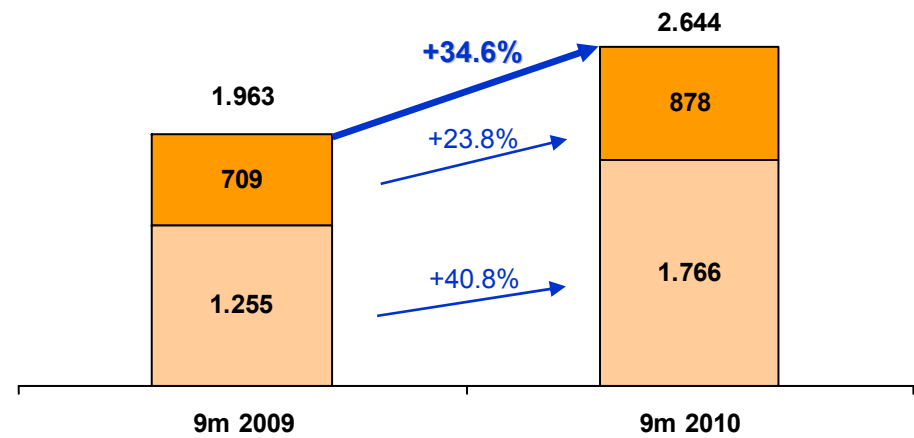
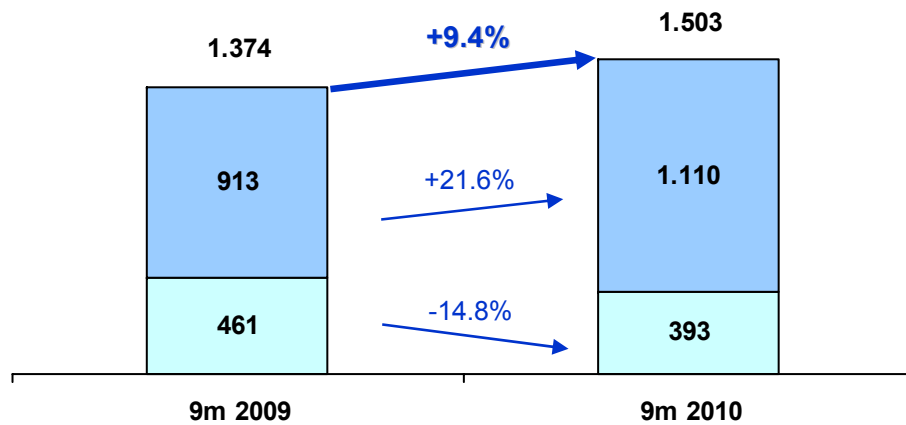
GAS PRODUCTION (mcm)

OIL PRODUCTION (Kbbl)

Third Quarter



Nine Months



International ^{a)}

Italy

International ^{a)}

Italy

EDISON GROUP — CONSOLIDATED HIGHLIGHTS

FY2009	€ mln	3Q 2010	3Q 2009	↓	9m 2010	9m 2009	↓
8,867	Sales revenues	2,506	1,912	31.1%	7,593	6,501	16.8%
1,471	EBITDA	304	396	(23.2%)	930	1,128	(17.6%)
699	EBIT	104	208	(50.0%)	368	562	(34.5%)
529	Profit before taxes	67	171	(60.8%)	309	448	(31.0%)
240	Group net income	37	81	(54.3%)	179	203	(11.8%)
1,745 ^{a)}	Total CAPEX	106	140	(24.3%)	426	1,527 ^{a)}	(72.1%)

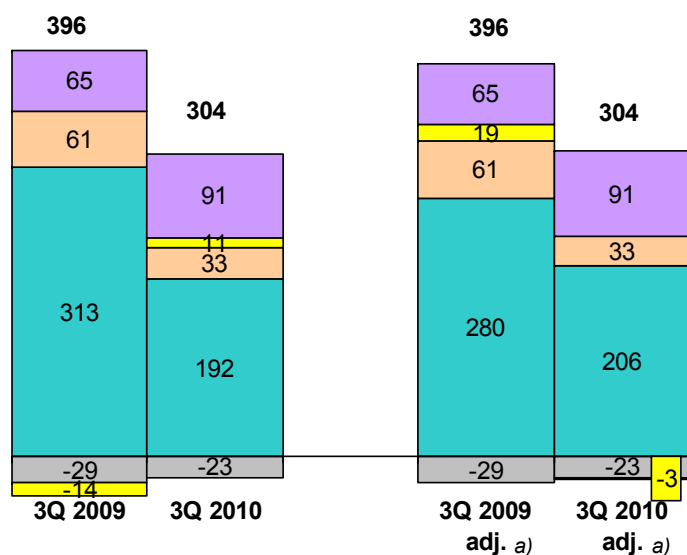
31.12.2009	€ mln	30.09.2010	30.09.2009
12,112	Net invested capital	12,179	12,381
3,858	Net financial debt	3,995	4,222
8,254	Stockholders' equity	8,184	8,159
8,077	<i>Of which Group's net interest</i>	8,003	7,980
0.47	Debt / Equity ratio	0.49	0.52
3,923	Employees	3,936	3,897

a) Includes the upfront payment for the acquisition of the Abu Qir concession (€ 1,011 mln).

OPERATING PERFORMANCE BREAKDOWN IN THE THIRD QUARTER

€ mln	Electric Power			Hydrocarbons			Corporate, adj. and other		Total Edison Group		
	3Q2010	3Q2009	%Δ	3Q2010	3Q2009	%Δ	3Q2010	3Q2009	3Q2010	3Q2009	%Δ
Sales revenues	1,859	1,592	16.8	1,137	660	72.3	(490)	(340)	2,506	1,912	31.1
EBITDA	225	374	(39.8)	102	51	100.0	(23)	(29)	304	396	(23.2)
EBITDA adjusted ^{a)}	239	341	(29.9)	88	84	4.8	(23)	(29)	304	396	(23.2)

EBITDA breakdown (€ mln)



■ Gas E&P and logistics
■ Gas supply and sales
■ CIP6, captive and other
■ Electric power merchant activities
■ Corporate, adj. & other

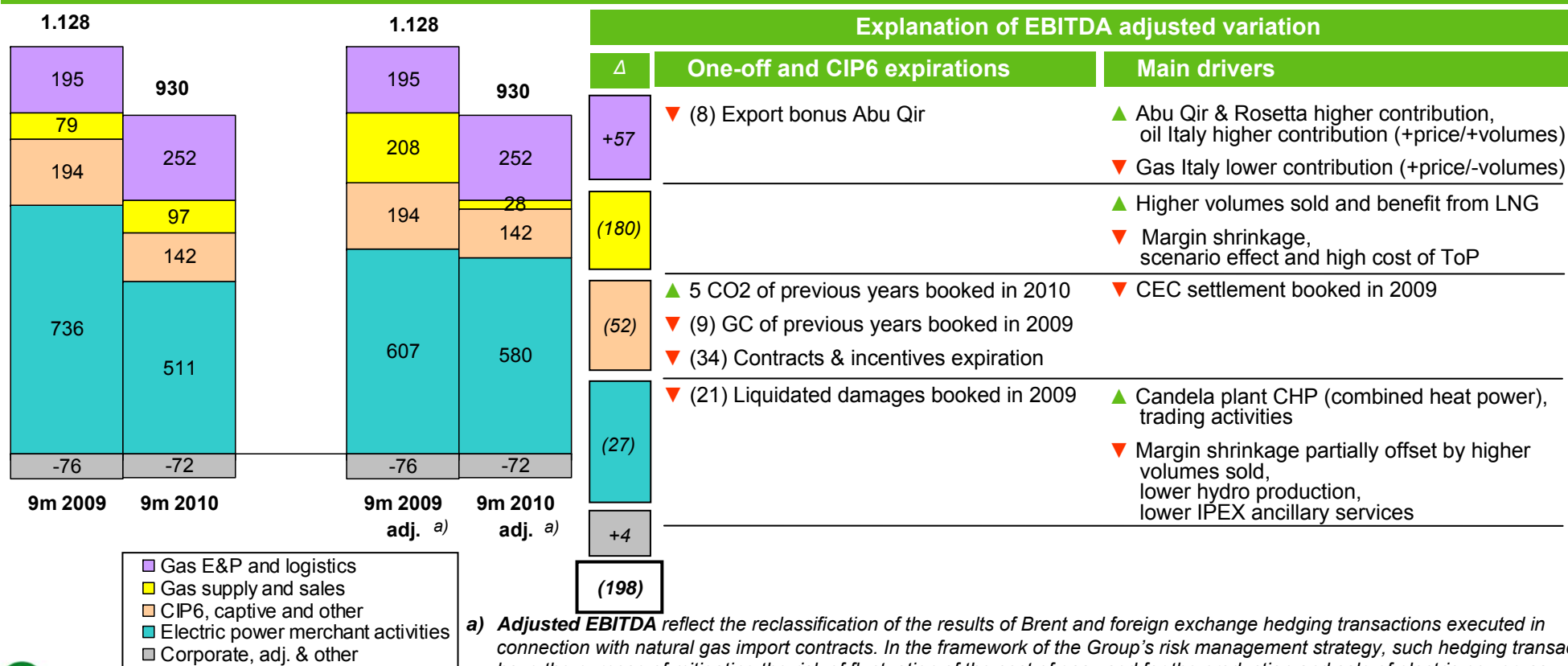
Explanation of EBITDA adjusted variation		
Δ	One-off and CIP6 expirations	Main drivers
+26		▲ Abu Qir & Rosetta higher contribution, oil Italy higher contribution (+price/-volumes), gas Italy higher contribution (+price/-volumes)
(22)		▼ Margin shrinkage, volume effect near to zero
(28)	▼ (9) Contracts & incentives expiration	▼ Worse scenario for CEC component versus gas cost and blast furnace gas cost
(74)	▼ (21) Liquidated damages booked in 2009	▲ Higher volumes sold & trading activities, higher hydro production, IPEX ancillary services ▼ Positive effect posted in 3Q09 of hedged fwd sales at fixed price
+6		
(92)		

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 THE FIRST NINE MONTHS

€ mln	Electric Power			Hydrocarbons			Corporate, adj. and other		Total Edison Group		
	9m2010	9m2009	%Δ	9m2010	9m2009	%Δ	9m2010	9m2009	9m2010	9m2009	%Δ
Sales revenues	5,297	4,824	9.8	3,689	3,002	22.9	(1,393)	(1,325)	7,593	6,501	16.8
EBITDA	653	930	(29.8)	349	274	27.4	(72)	(76)	930	1,128	(17.6)
EBITDA adjusted ^{a)}	722	801	(9.9)	280	403	(30.5)	(72)	(76)	930	1,128	(17.6)

EBITDA breakdown (€ mln)



EDISON GROUP — FROM EBITDA TO NET INCOME

FY2009	€ mln	9m 2010	9m 2009	Δ
1,471	EBITDA	930	1,128	(198)
(772)	Depreciation, amortization and writedowns	(562)	(566)	4
699	EBIT	368	562	(194)
(156)	Net financial income (expense)	(93)	(117)	24 ^{a)}
(14)	Income (expense) on equity investments & other	34 ^{b)}	3	31
529	Profit before taxes	309	448	(139)
(278)	Income taxes	(119) ^{c)}	(233)	114
251	Profit from continuing operations	190	215	(25)
-	Profit (loss) from discontinued operations	-	-	-
251	Net income	190	215	(25)
(11)	Minority (income) loss	(11)	(12)	1
240	Group interest in net income	179	203	(24)

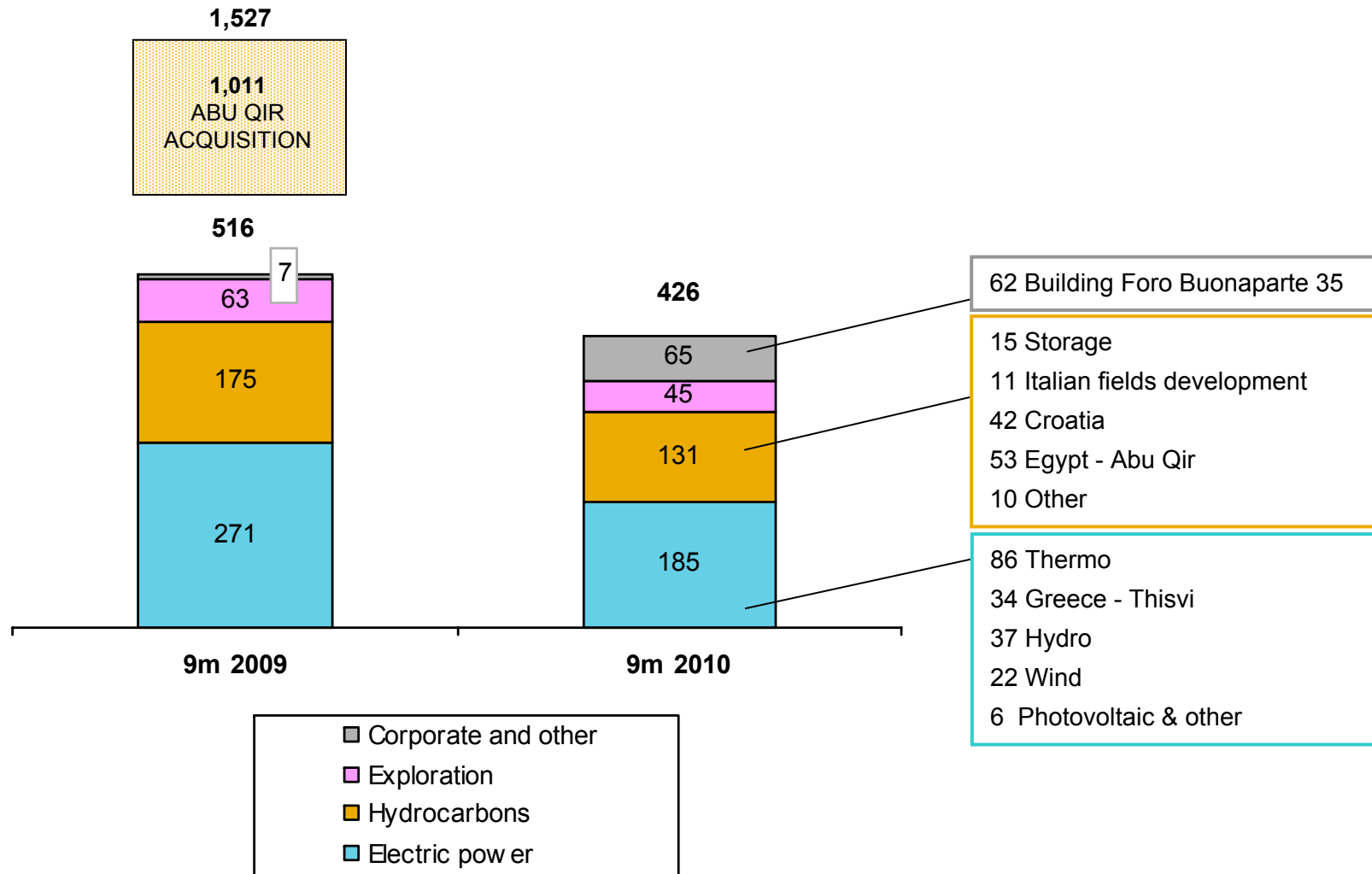
a) Mainly due to net gain on foreign exchange translation and to the lower cost of money net of the impact of higher debt level.

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

c) The tax rate reduction is mainly due to the benefit of the so called Tremonti-ter (related to investments in fixed assets) and to the review of the fiscal regulation applicable to the Robin Tax (reduction of 1% confirmed in 2010 but referring also to the fiscal year 2009).

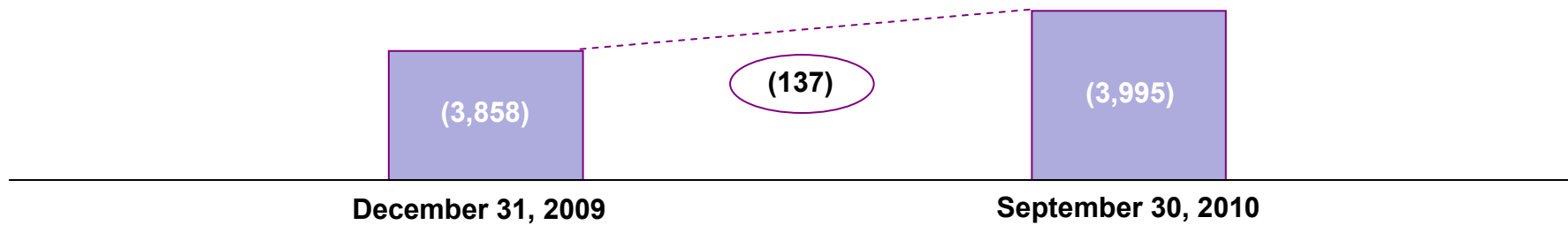
CAPITAL EXPENDITURES AND EXPLORATION

€ mln

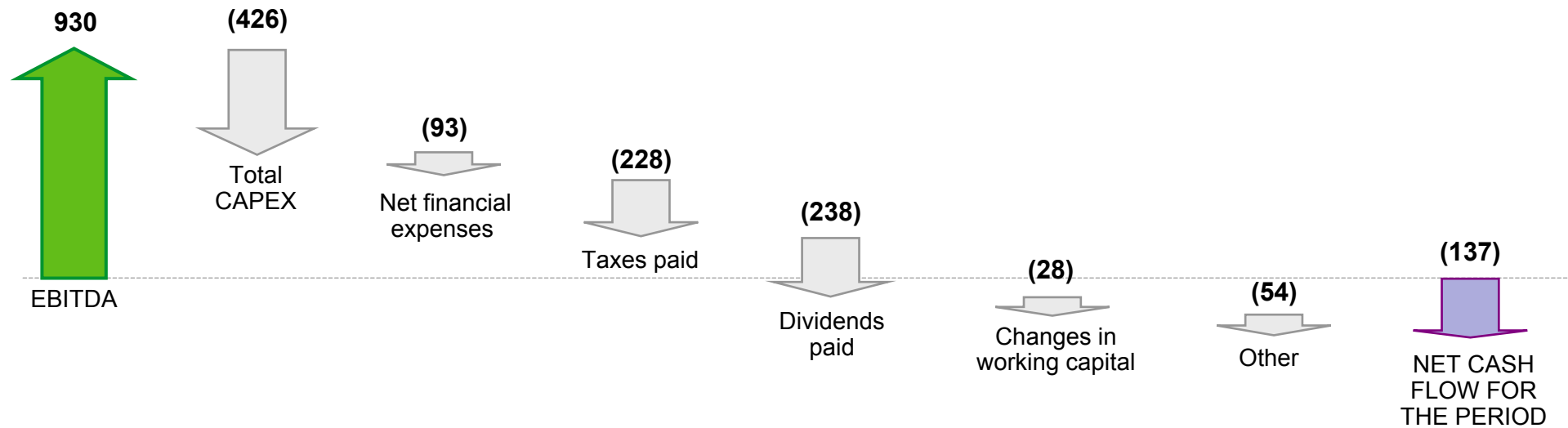


NET FINANCIAL DEBT AND CASH FLOW

Net Financial Debt (€ mln)



Cash Flow (€ mln)



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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.