



FULL YEAR 2011 RESULTS

Milan – February 14th, 2012

AGENDA

- **Business environment**

- **Full year 2011 results:**
 - Electric power and hydrocarbons sources and uses
 - Consolidated financial highlights
 - Operating performance
 - Capital expenditures
 - Net financial position and cash flow

MARKET REFERENCE SCENARIO

	9m 2011	9m 2010	Δ	4Q 2011	4Q 2010	Δ	FY 2011	FY 2010	Δ
ICE Brent swap (\$/bbl)	111,5	77,9	43%	108,9	87,3	25%	110,8	80,3	38%
Exchange rate (€/€)	1,41	1,32	7%	1,35	1,36	(1%)	1,39	1,33	5%
ICE Brent swap (€/bbl)	79,2	59,3	34%	80,8	64,3	26%	79,6	60,5	32%
Gas Release 2 (€/000 scm)*	337,8	293,8	15%	416,1	300,1	39%	357,4	295,4	21%
Gas CCI (€/000 scm)**	310,2	265,6	17%	363,9	283,3	28%	323,6	270,0	20%
PUN TWA (€/MWh)	70,0	64,1	9%	78,8	64,0	23%	72,2	64,1	13%
PUN F1 (€/MWh)	79,3	77,7	2%	90,9	75,5	20%	82,2	77,2	7%
PUN F2-F3 (€/MWh)	65,6	57,8	13%	73,4	58,7	25%	67,5	58,0	16%
Spark Spread TWA (€/MWh)	12,4	8,9	40%	6,8	13,0	(48%)	11,0	9,9	11%
Spark Spread F1 (€/MWh)	21,8	22,5	(3%)	18,8	24,5	(23%)	21,1	23,0	(8%)
Spark Spread F2-F3 (€/MWh)	8,0	2,5	n.s.	1,4	7,7	(82%)	6,4	3,8	67%
CO2 (€/ton)	14,7	14,3	2%	9,0	14,8	(39%)	13,3	14,5	(8%)

* 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)

	9m 2011	9m 2010	Δ	4Q2011	4Q2010	Δ	FY2011	FY2010	Δ
Thermoelectric production	165,0	163,5	0,9%	52,4	57,5	(8,8%)	217,4	221,0	(1,6%)
Hydroelectric production	37,8	41,1	(8,0%)	9,9	12,7	(22,2%)	47,7	53,8	(11,4%)
Other renewable production	17,2	11,4	52,0%	6,9	4,5	48,8%	24,1	15,9	51,1%
Net production	220,0	216,0	1,9%	69,2	74,7	(7,5%)	289,2	290,7	(0,5%)
Net import	32,2	33,7	(4,5%)	13,4	10,5	28,7%	45,6	44,2	3,3%
Pumping	(1,7)	(3,4)	(48,4%)	(0,8)	(1,0)	(26,8%)	(2,5)	(4,4)	(43,5%)
Total sources	250,5	246,3	1,7%	81,8	84,2	(2,8%)	332,3	330,5	0,6%

a) Gross of losses

b) +0,7% on a seasonally adjusted basis

Source: Terna, GME data and Edison estimates

Gas demand (bcm)

	9m 2011	9m 2010	Δ	4Q2011	4Q2010	Δ	FY2011	FY2010	Δ
Services & residential users	20,2	22,1	(8,7%)	10,3	11,7	(12,1%)	30,5	33,9	(9,9%)
Industrial users	13,1	12,7	3,0%	4,8	4,9	(2,0%)	17,9	17,6	1,6%
Thermoelectric users	21,2	22,1	(3,9%)	6,5	7,7	(16,1%)	27,7	29,8	(7,1%)
Auto consumption and losses	1,0	1,0	(4,3%)	0,3	0,4	(10,9%)	1,3	1,4	(6,1%)
Total demand	55,5	57,9	(4,2%)	21,9	24,7	(11,4%)	77,4	82,7	(6,4%)

Source: Ministry of Economic Development, SRG and Edison estimates

AGENDA

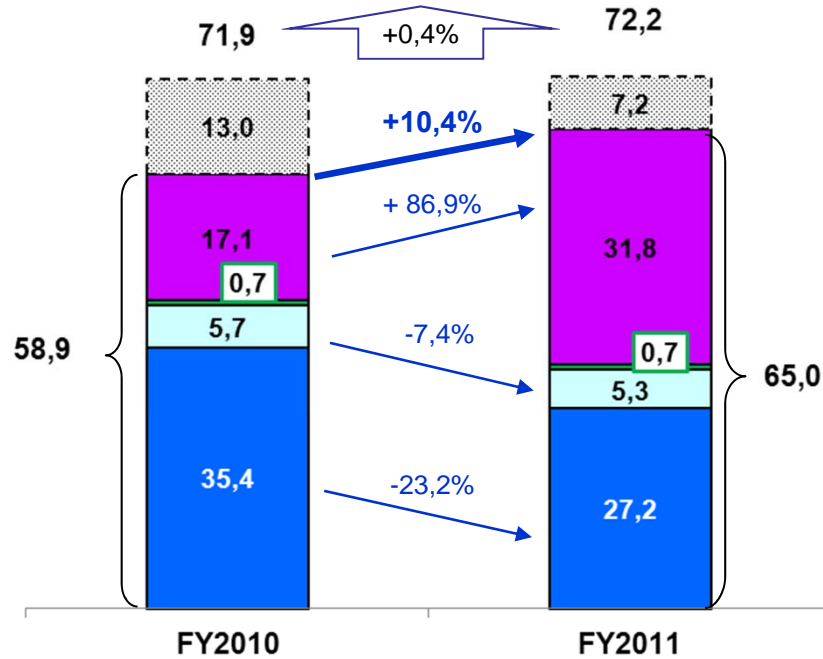
- Business environment

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EDISON ELECTRIC POWER OPERATIONS — TOTAL SOURCES & USES

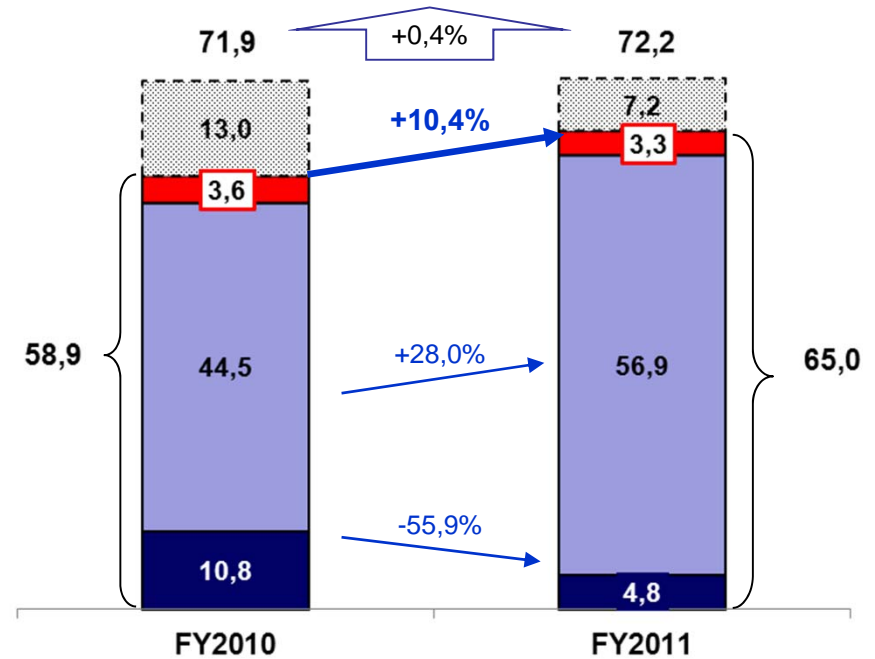
ITALY

SOURCES (TWh)



- Thermoelectric production
- Hydroelectric production
- Wind production & other renew.
- Other purchases a)
- Intermediated IPEX volumes

USES (TWh)



- Intermediated IPEX volumes
- Captive and other industrial customers
- Deregulated market in Italy
- CIP6

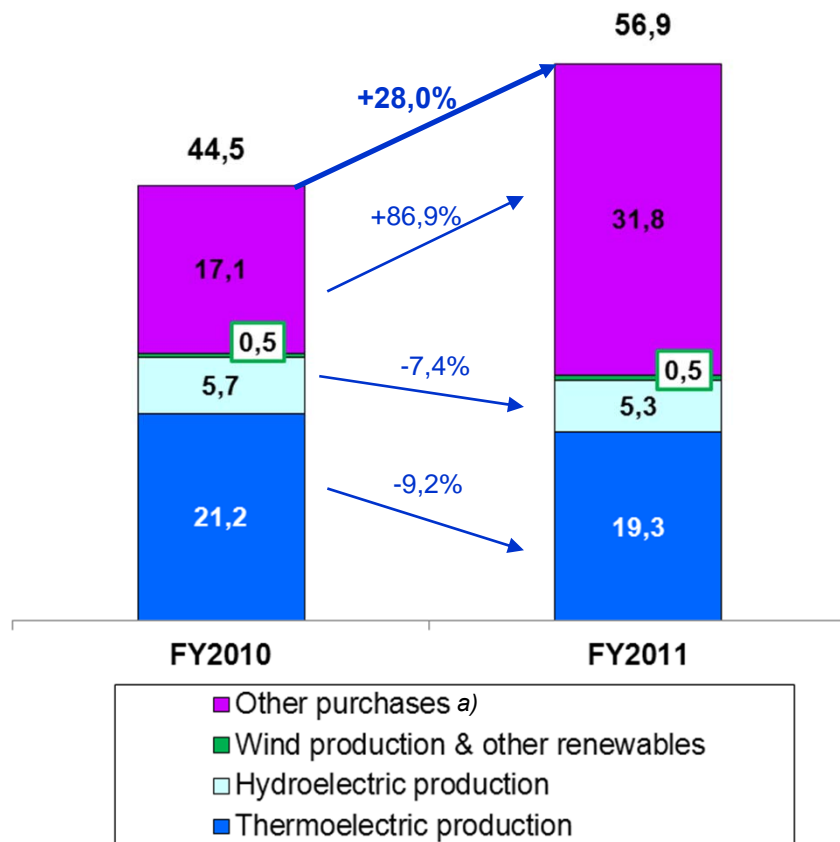
a) Gross of losses, excluding trading portfolio.

GREECE

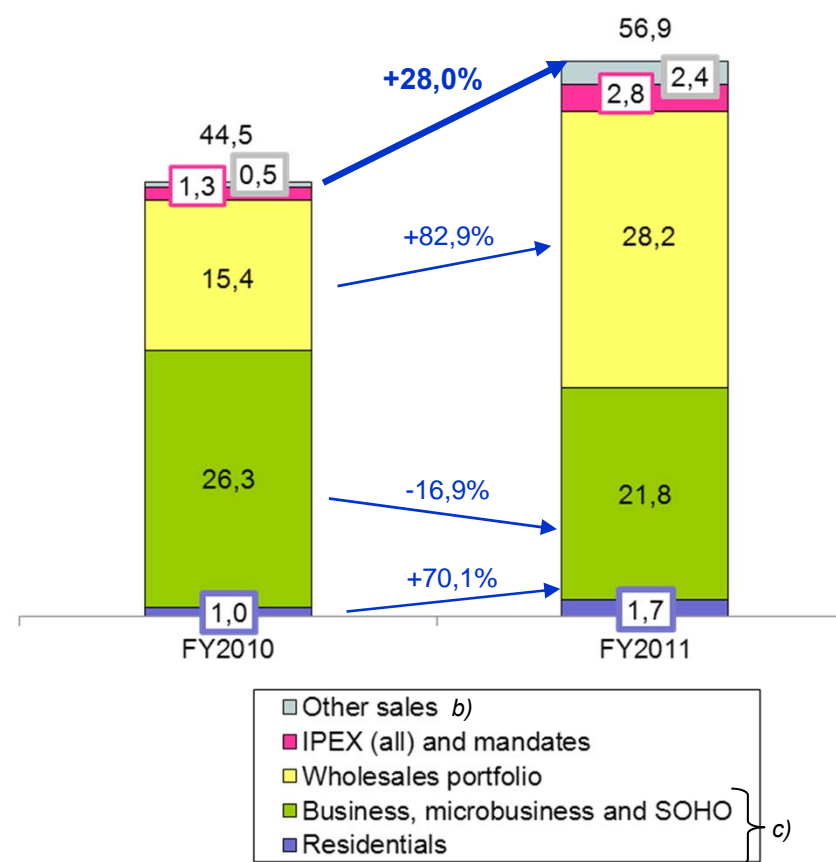
(TWh)	FY2010	FY2011	Δ
Production and sales	0,9	2,2	130%

EDISON ELECTRIC POWER OPERATIONS — FREE MARKET IN ITALY

SOURCES (TWh)



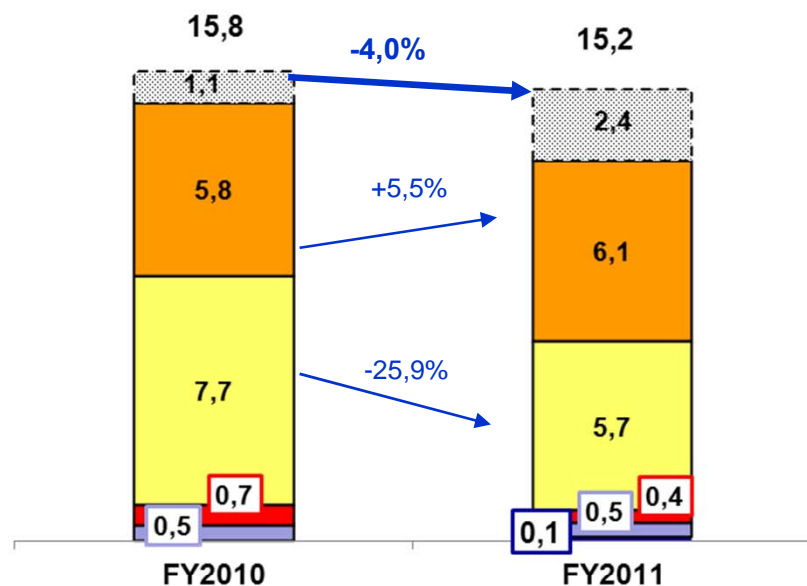
USES (TWh)



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

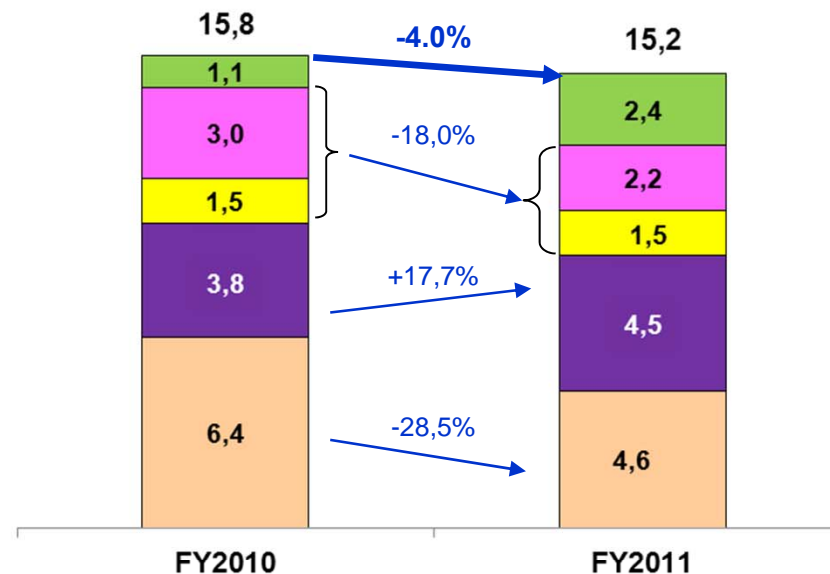
EDISON GAS PORTFOLIO IN ITALY — SOURCES AND USES

SOURCES (bcm)



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

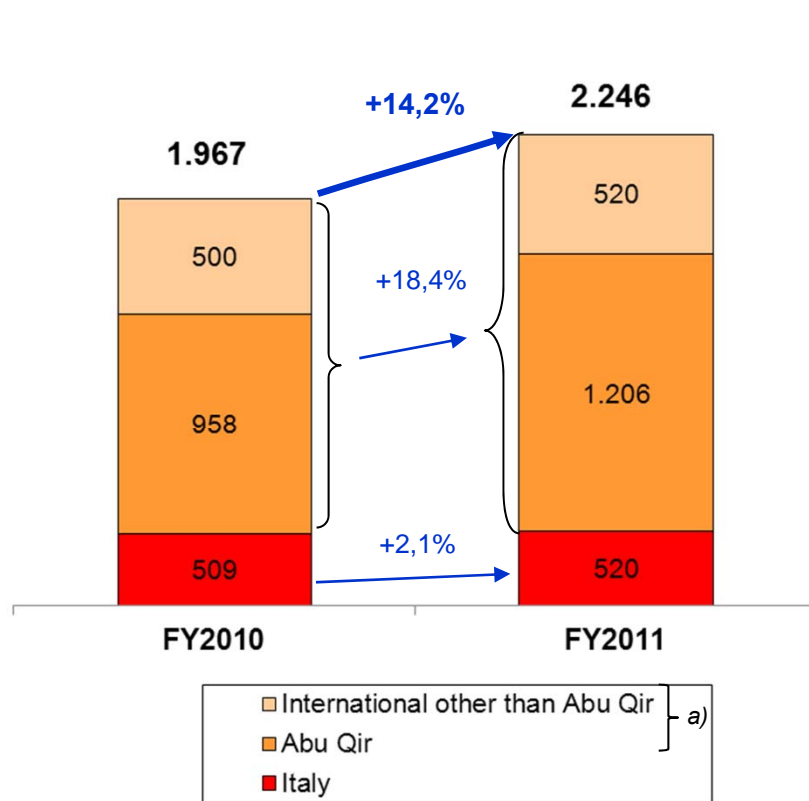
USES (bcm)



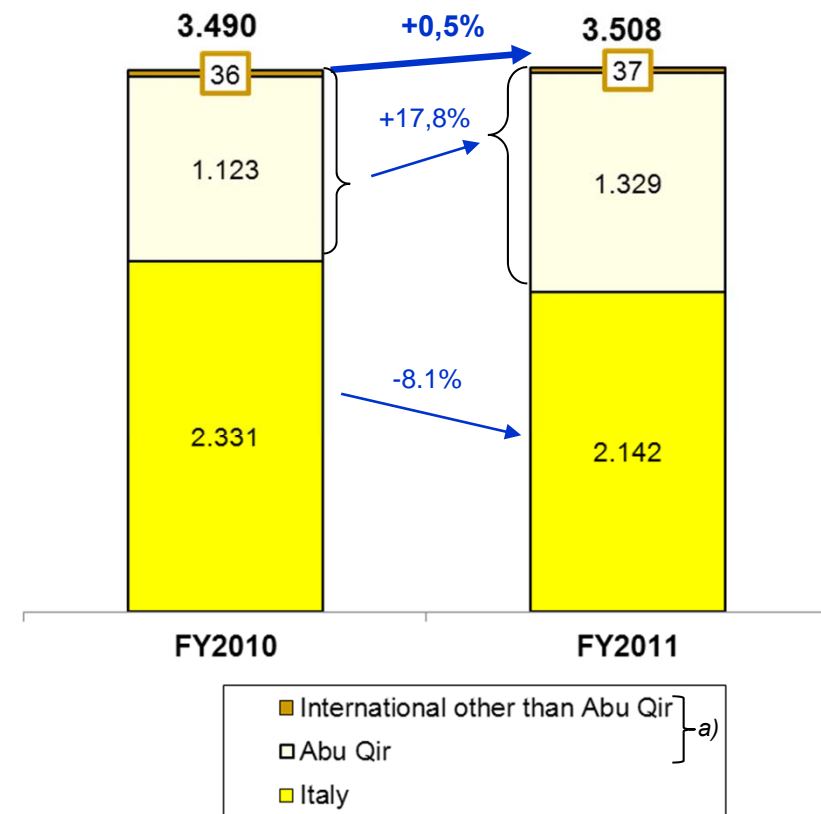
- Other sales
- Residential use
- Industrial use
- Thermoelectric fuel use (Third Parties)
- Thermoelectric fuel use (Edison)

EDISON GROUP E&P OPERATIONS

GAS PRODUCTION (mcm)



OIL PRODUCTION (Kbbl)



a) International productions include volumes withheld as production tax

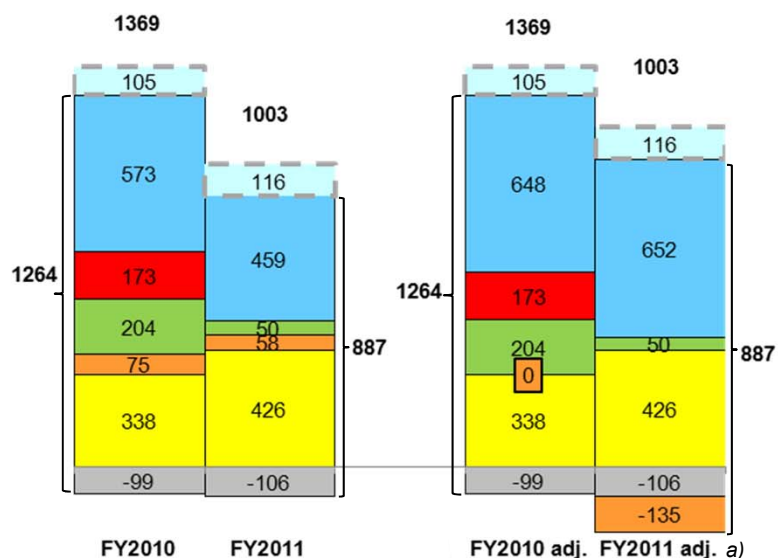
EDISON GROUP — CONSOLIDATED HIGHLIGHTS

(€ mln)	REPORTED			50% EDIPOWER CONSOLIDATED LINE BY LINE		
	FY2011	FY2010	Δ	FY2011	FY2010	Δ
Sales revenues	11.381	9.685	17,5%	12.097	10.446	15,8%
EBITDA	887	1.264	(29,8%)	1.003	1.369	(26,7%)
EBIT	2	307	n.s.			
Profit (loss) before taxes	(177)	233	n.s.			
Group net income (loss)	(871)	21	n.s.			
Total capex	528	508	3,9%	549	557	(1,4%)
	31.12.2011		31.12.2010			
Net invested capital	11.030	11.845				
Net financial debt	3.884	3.708				
Stockholders' equity	7.146	8.137				
<i>of which Group's net interest</i>	6.988	7.939				
Debt/Equity ratio	0,54	0,46				
Employees (nr.)	3.764	3.939				

OPERATING PERFORMANCE BREAKDOWN IN FULL YEAR 2011

(€ mln)	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	FY2011	FY2010	Δ	FY2011	FY2010	Δ	FY2011	FY2010	Δ	FY2011	FY2010	Δ
Sales revenues	8.153	7.289	11,9%	5.468	5.040	8,5%	(1.524)	(1.883)	(19,1%)	12.097	10.446	15,8%
EBITDA	625	1.055	(40,8%)	484	413	17,2%	(106)	(99)	7,1%	1.003	1.369	(26,7%)
EBITDA adjusted ^{a)}	818	1.130	(27,6%)	291	338	(13,9%)	(106)	(99)	7,1%	1.003	1.369	(26,7%)

EBITDA breakdown including 50% Edipower line by line (€ mln)



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

Explanation of EBITDA adjusted variation		
Δ	One-off and CIP6 expirations	Main drivers
+11		
+4		Lower margins on sales to final customers and wholesalers Higher ancillary services and unbalances Higher contribution from thermoelectric generation in Greece Higher contribution from renewable sources Contribution from former CIP6 plants Jesi and Milazzo
(173)	(173) One off CIP6 exit forfeit	
(154)	(131) Contracts & incentive expiration (14) Taranto EBITDA in 4Q2010	
+88	(8) Export bonus Abu Qir	oil and gas Abu Qir higher contribution oil and gas Italy higher contribution (+price/+volumes)
(135)	Russian contract renegotiation – one off related to past years volumes	Negative impact of adverse market conditions in Italy Lower cost of gas on the Norwegian and Russian gas contracts
(7)		
(366)		

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)

	FY2011	FY2010	Δ
EBITDA	887	1.264	(377)
Depreciation, amortization and writedowns	(885)	(957)	72 a)
EBIT	2	307	(305)
Net financial income (expense) b)	(160)	(117)	(43)
Income (expense) on equity investments & other	(19)	43 c)	(62)
Profit (loss) before taxes	(177)	233	(410)
Income taxes	(96) d)	(110)	14
Profit (loss) from continuing operations	(273)	123	(396)
Profit (loss) from discontinued operations	(605)	(74)	(531) e)
Net income (loss)	(878)	49	(927)
Minority (income) loss	7	(28)	35
Group interest in net income (loss)	(871)	21	(892)

a) The difference is mainly due to lower exploration costs compared with 2010, the impact of the expiration of CIP6 contracts and lower amortizations on 2010 write offs. 2011 figure includes €350 mln net impairment and write downs (€359 mln in 2010) which are detailed in the next slide.

b) Of which € -126 mln and € -123 mln of interest/fees on bond and to banks, and € -34 mln and € 6 mln of forex transaction gains(losses) and other financial income (expenses), respectively in 2011 and 2010.

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

d) The tax burden is negatively affected by regional taxes (IRAP), non deductible costs and 2011 Robin Hood Tax (€ 20 mln).

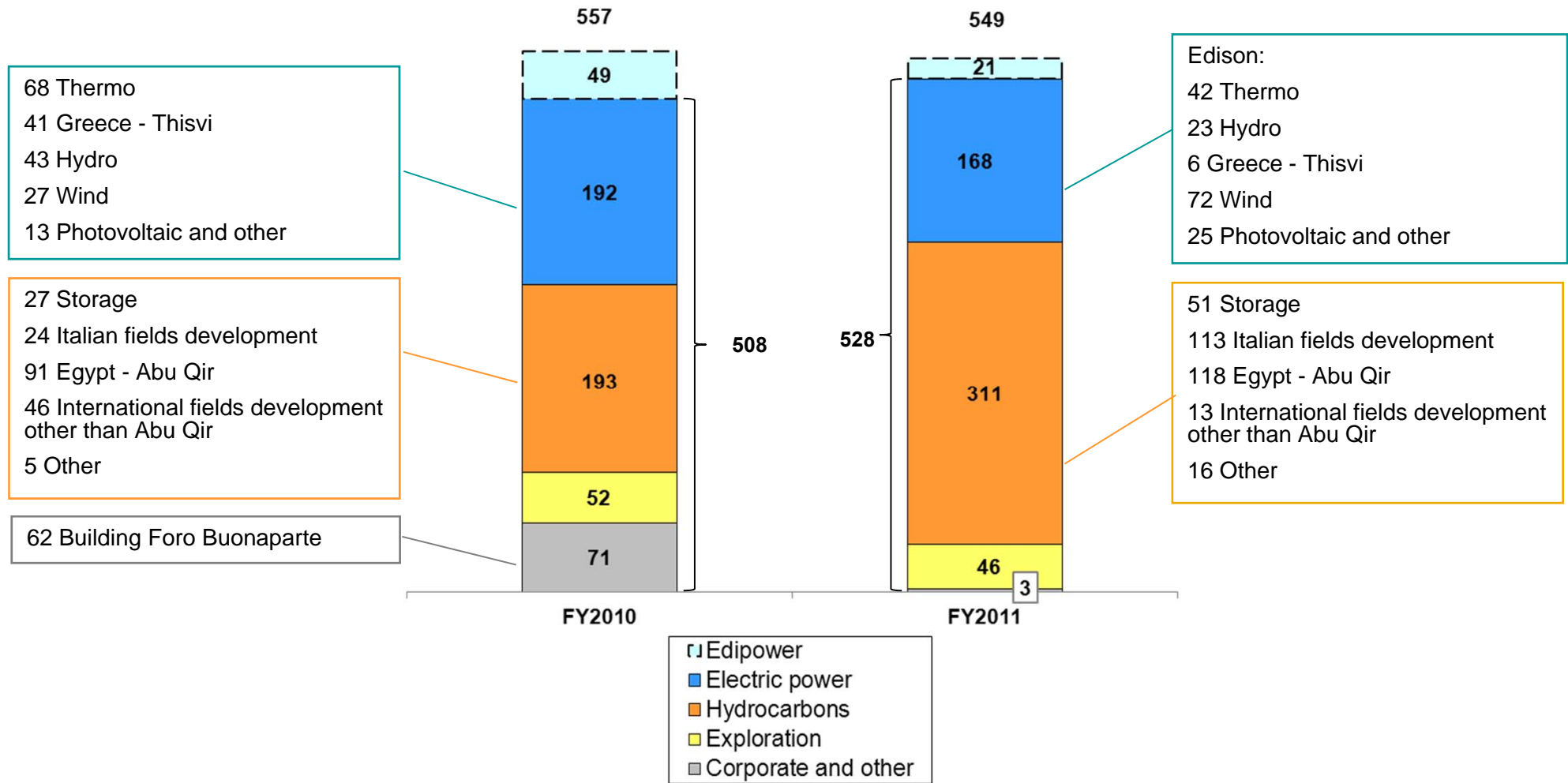
e) Mainly due to the write off of Edipower (€572 mln) and the reclassification of Edipower among discontinued operations, as well as the impairment on Taranto CET 2 and CET3 disposal recorded in 2010.

IMPAIRMENT TEST AND WRITE DOWNS IN 2011

Impairment and write downs, mainly related to the electric power operations	€	475	mln
Reversal of Abu Qir writedown posted in 2010	€	-125	mln
Total impairment and writedown impacting EBIT	€	350	mln
Edipower write off impacting discontinued operations	€	572	mln
Other impairment impacting discontinued operations	€	6	mln
Total impairment and writedown impacting P&L	€	928	mln

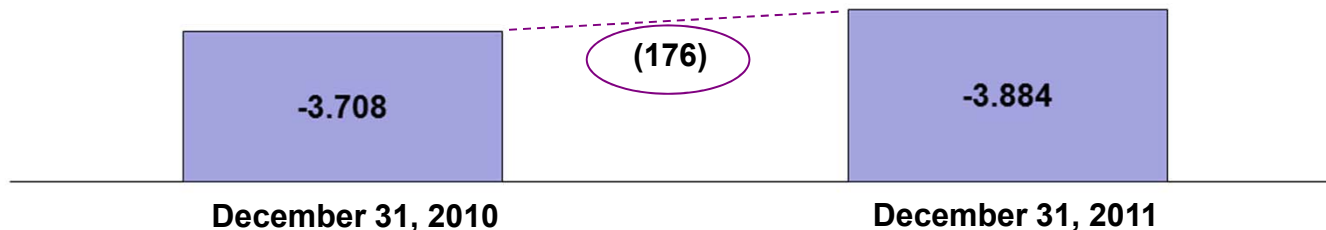
CAPITAL EXPENDITURES AND EXPLORATION

(€ mln)

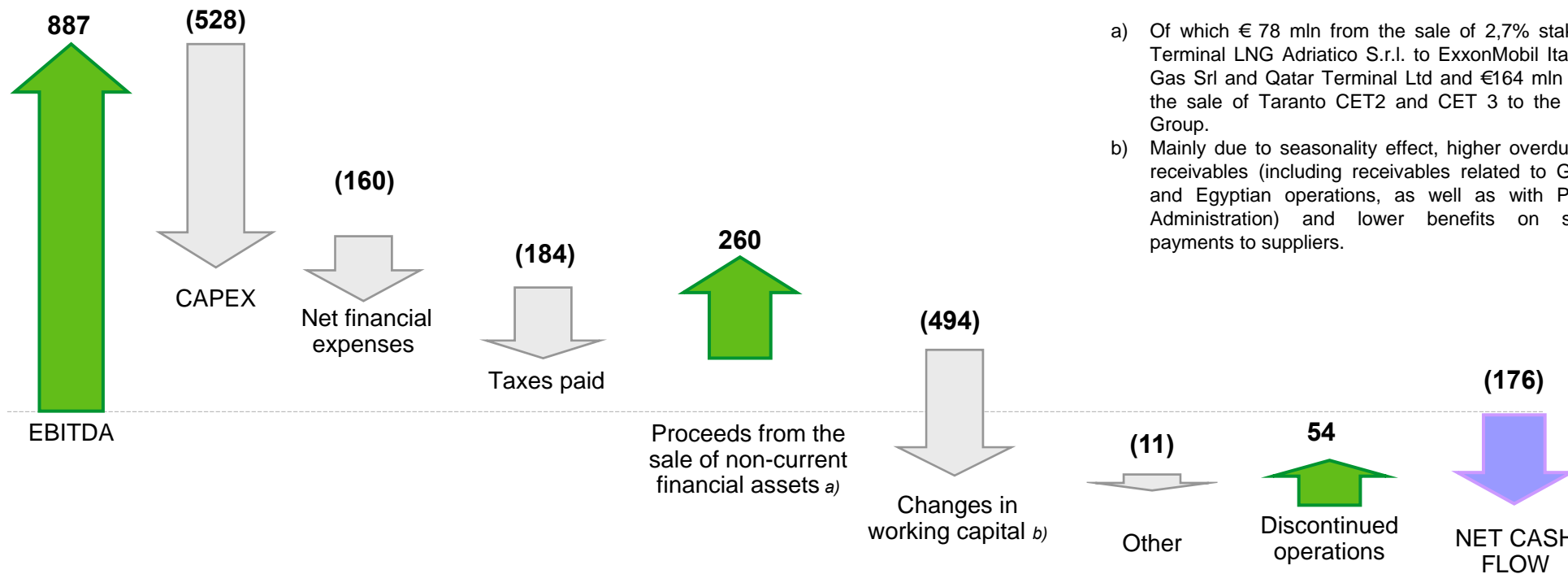


NET FINANCIAL POSITION AND CASH FLOW

Net Financial Position (€ mln)



2011 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 and Qatar Terminal Ltd and €164 mln from the sale of Taranto CET2 and CET 3 to the Riva Group.
- b) Mainly due to seasonality effect, higher overdue on receivables (including receivables related to Greek and Egyptian operations, as well as with Public Administration) and lower benefits on some payments to suppliers.

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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), Massimiliano Masi, 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.