



**2003 Full Year Results and
Strategic Update**

March 30th , 2004

Agenda

■ Edison restructuring process

■ Edison today:

- competitive position and new business structure
- 2003 consolidated and core business results

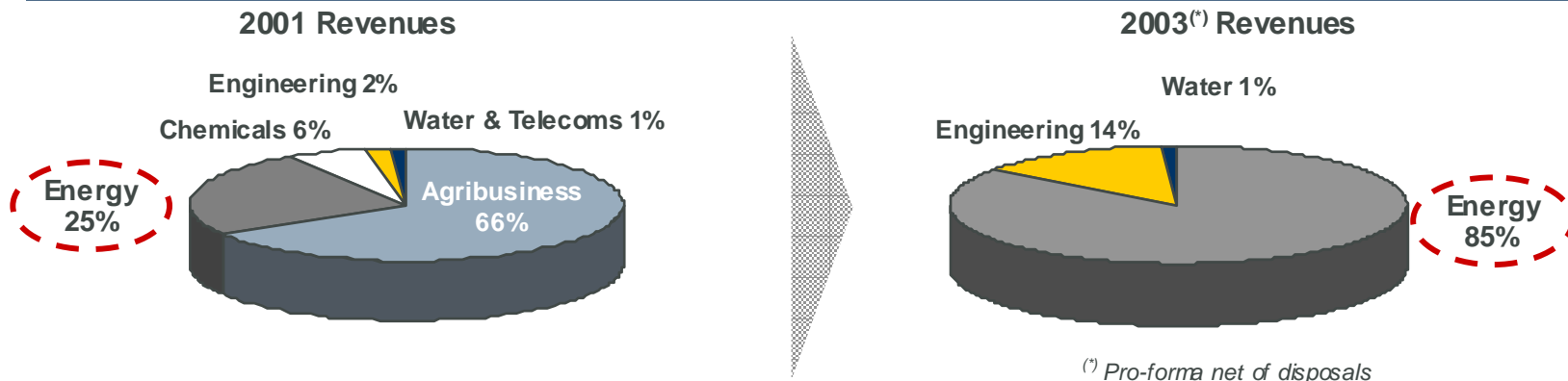
■ Edison growth strategy in a changing environment :

- electric power
- gas
- commercial operations

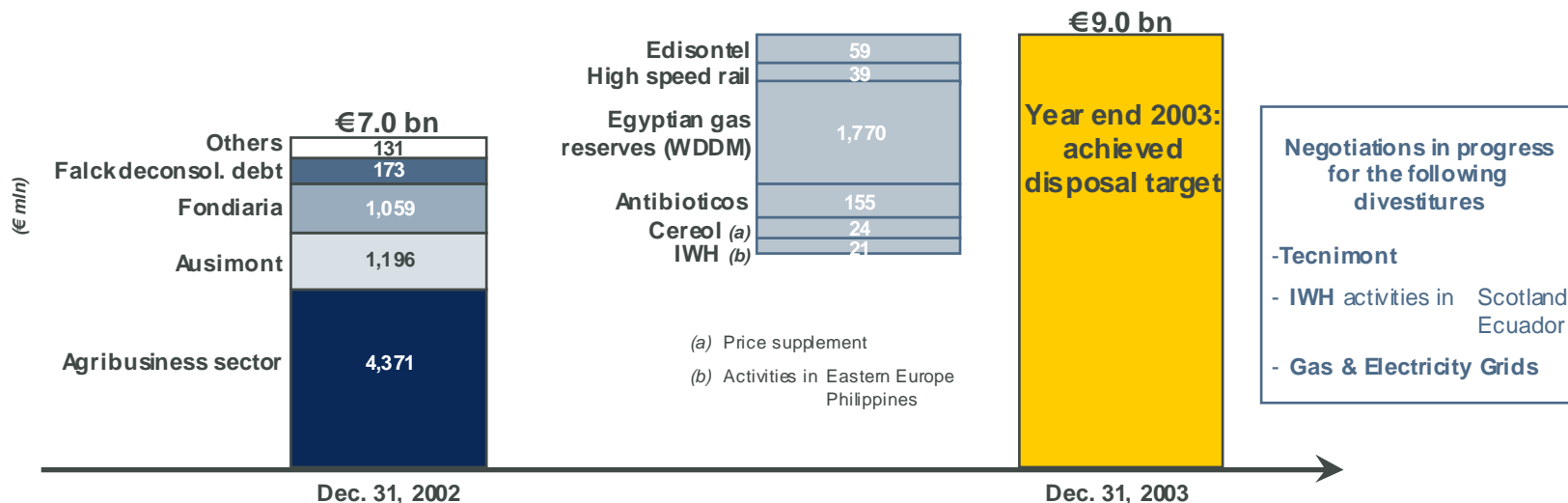
■ Capital and shareholding structure

Two years restructuring program completed

REFOCUS ON CORE BUSINESS

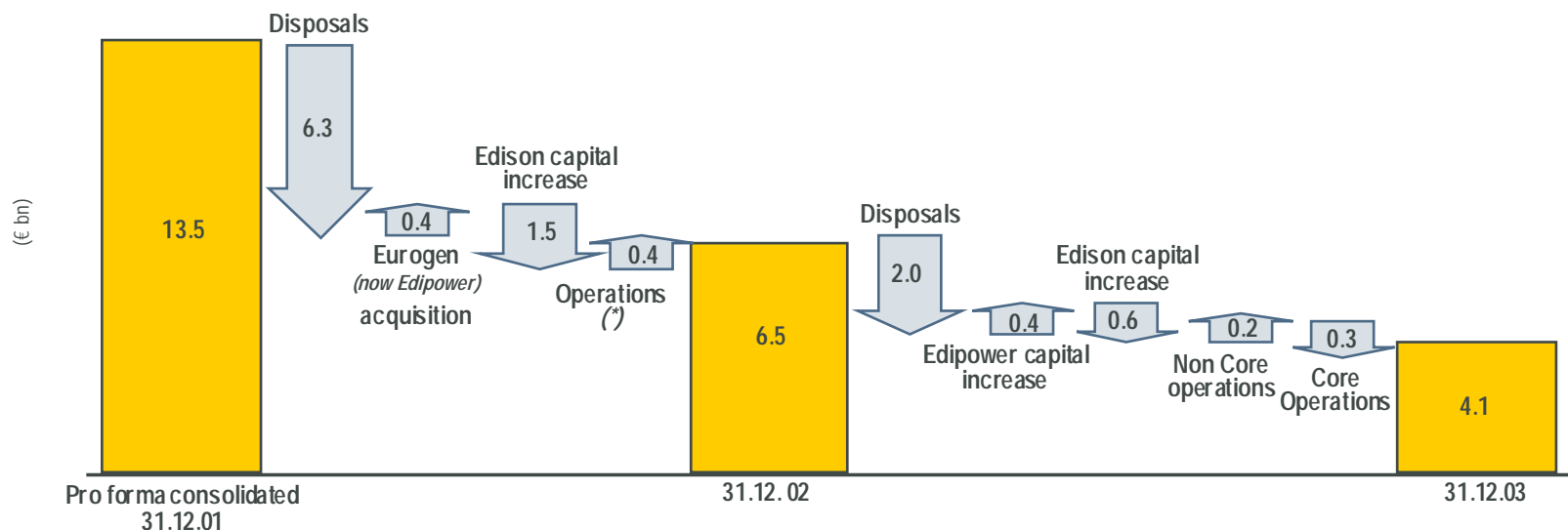


NON CORE ASSETS DIVESTITURE PROGRAM COMPLETED



Edison financial restructuring

CONSOLIDATED DEBT EVOLUTION



(*) mainly related to Non Core Business

Credit ratios	Consolidated			Core Business	
	2001	2002	2003	2002	2003
Debt / Equity	2.26	1.24	0.69	1.25	0.75
Net debt / EBITDA	6.79	4.02	3.76	6.21	4.01
EBITDA / Net financial charges	3.39	2.50	3.90	2.00	3.84

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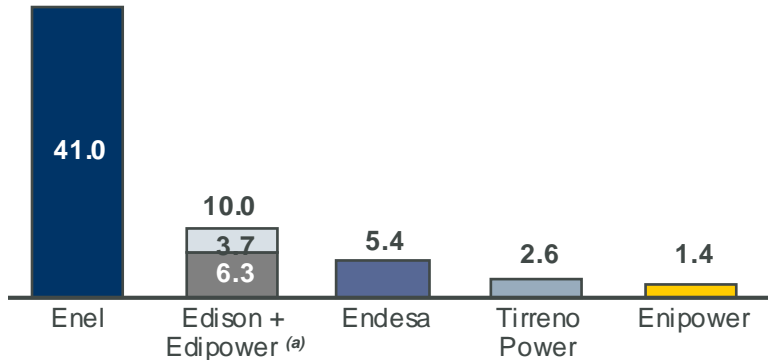
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■ Capital and shareholding structure

Edison position in the electric power market

2003 installed capacity in Italy (Gw)

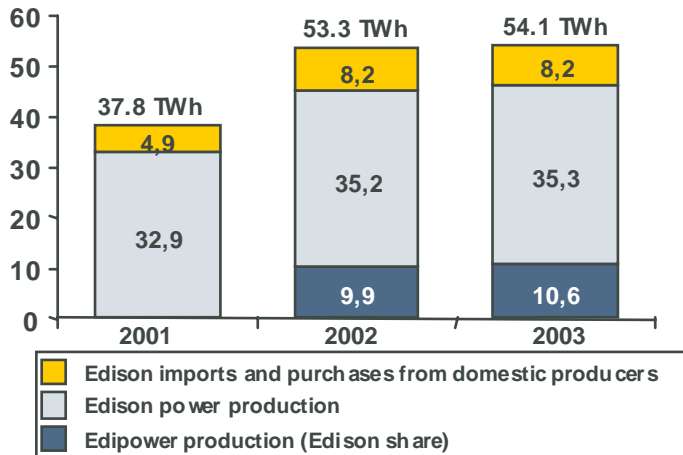


(a) Pro-quota EDISON through tolling agreement

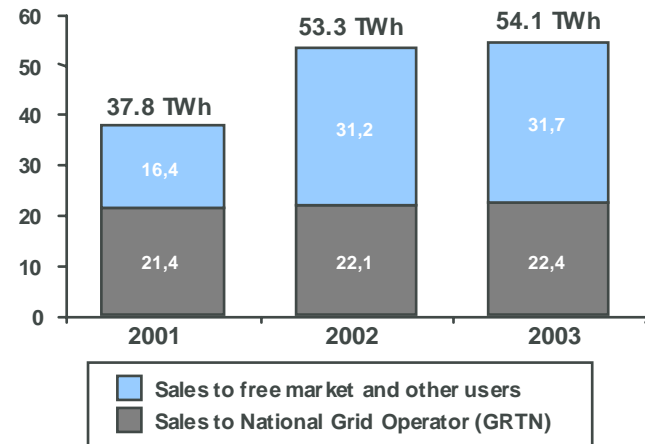
2003 Edison Group installed capacity (Mw)

	Edison standalone	Edipower (Edison %)	Total Edison 2003	%
Thermoelectric	4,750	3,315	8,065	80%
Hydroelectric	1,400	390	1,790	18%
Wind	190		190	2%
Total	6,340	3,705	10,045	100%

Edison Group net power availability mix (TWh)



Edison Group power sales mix (TWh)

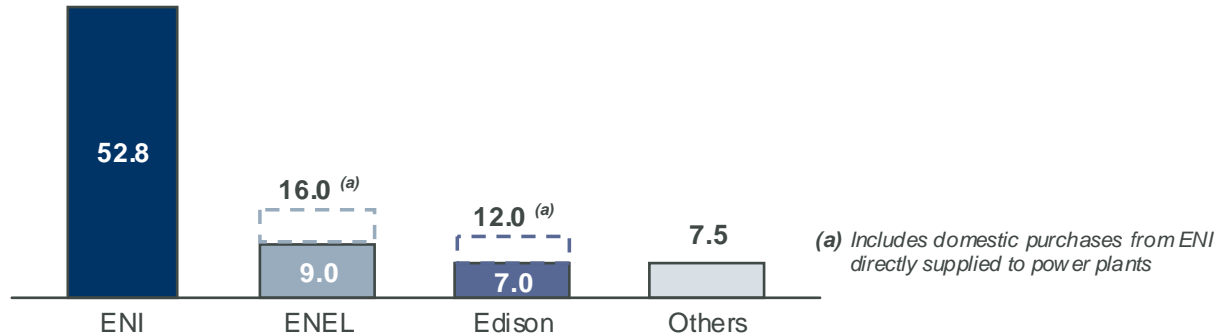


Edison share on domestic production in 2003 17%
Edison free market share in 2003 15%

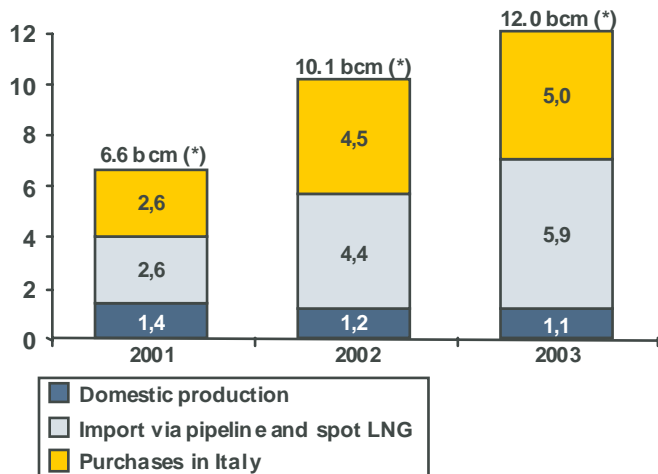
including Edipower
on actually liberalized market

Edison position in the gas market

2003 Italian supply (production and import) – bcm



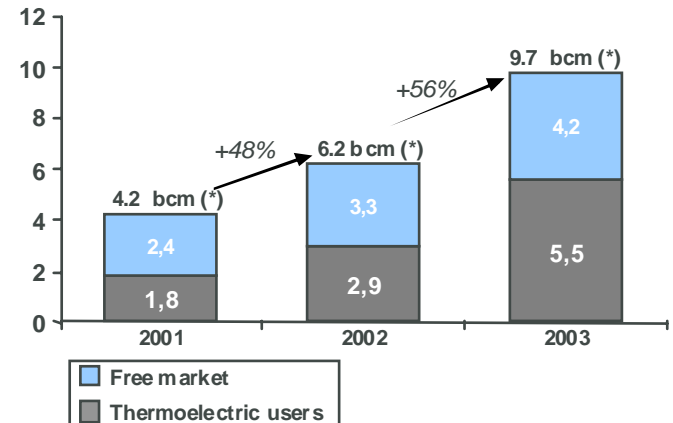
Edison gas supply mix



Gas directly supplied from ENI to power plants

2001	2002	2003
2.4 bcm	3.9 bcm	2.3 bcm

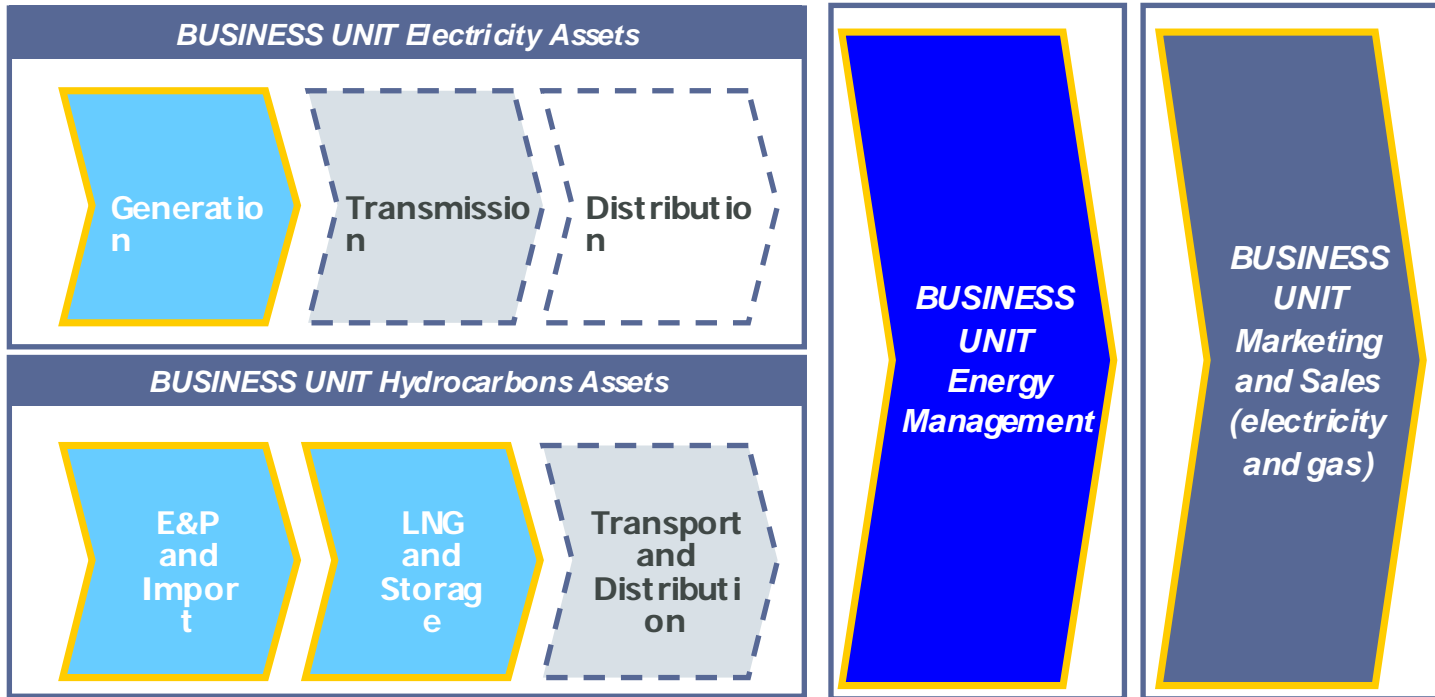
Edison gas sales mix



(*) Excluding Edison gas foreign production and sales 0.3-0.4 bcm p.a.

In 2003 Edison share of total Italian gas sales was 13%

Edison new business structure



Edison core business
 Activities to be possibly dismissed by Edison
 Business areas where Edison does not operate

2003 income statement

(€ mln)

Consolidated		Core Business		
2003		2003	2002	Δ%
6,287	Net revenues	5,141	4,418	+16.4
1,103	EBITDA	1,087	1,002	+ 8.5
17.5	% on revenues	21.1	22.7	
415	EBIT	439	291	+50.9
6.6	% on revenues	8.5	6.6	
(283)	Net financial expenses	(283)	(502)	- 43.6
(17)	Other operating income/ (expenses)	11	2	ns
115	Income before taxes, extr. items and minorities	167	(209)	ns
543	Extraordinary items	671	(111)	ns
658	Income before taxes and minority interests	838	(320)	ns
(424)	Taxes	(409)	(3)	ns
90	Minority interests	90	77	+16.9
144	Group net result	339	(400)	ns

Increase in revenues (which includes an increase of 10% in electricity and 47% in gas) primarily due to higher sales volumes (+54% in gas and 3.3% in electricity) and an improved pricing structure for both sectors

Increase in EBITDA of 8.5% and in EBIT of more than 50% due to an improvement in operating performance, a significant reduction in exploration costs and in other operating and non recurring expenses

Net financial expenses decreased by around 44% through the completion of the program of divestitures and the successful execution of the capital increase

376 million euros year on year improvement in profit from ordinary operations before taxation and minority interests

Extraordinary items include the gain on the disposal of Egyptian gas reserves for 580 million euro gross of taxes (which accounted for 232 million)

739 million euros year on year improvement in Group interest in net income

Electric power 2003 key financial data

Electric power

(€ mln)	2003	2002	Δ %
Net revenues	3,889	3,523	+ 10.4
EBITDA	826	812	+ 1.7
<i>% on sales</i>	21.2	23.0	

Sales volumes (million kWh)

	2003	%	2002	%
Thermoelectric	31,718	70.4	30,565	70.1
Hydroelectric and wind	3,592	8.0	4,661	10.7
Import & purchases from domestic producers	9,771	21.6	8,400	19.2
Total electric power available for sale	45,081	100.0	43,626	100.0
Sold to				
National Grid Operator (GRTN)	22,350	49.6	21,942	50.3
Free market	16,898	37.5	16,182	37.1
Industrial partners	4,707	10.4	4,417	10.1
Other sales	1,126	2.5	1,085	2.5

- Total sales volumes higher by 3.3%; thermoelectric net available output higher by 3.8%; hydroelectric and wind net available production lower by 22.9%.

- Sales volumes to GRTN in line, sales volumes to deregulated market and other users up 4.8%. Increase in average unit sales price in 2003 by 8.6% of which around 5% is due to the trend in reference fuel prices.

- Slight decrease in EBITDA margin on revenues due to the inflationary impact of reference fuel prices both on revenues and production costs and due to the decrease in 2003 hydroelectric power generation.

Hydrocarbons 2003 key financial data

Hydrocarbons			
(€ mln)	2003	2002	Δ %
Net revenues	2,097	1,424	+ 47.3
EBITDA	362	304	+19.1
<i>% on sales</i>	17.3	21.3	

Sales volumes (million c.m.)

	2003	%	2002	%
Residential users and distributors	2,641	26.2	1,366	20.9
Industrial users	1,552	15.4	1,906	29.1
Thermoelectric users	5,506	54.7	2,959	45.2
Foreign sales	375	3.7	313	4.8
Total sales volumes	10,074	100.0	6,544	100.0
<i>Thermoelectric volumes directly supplied to power plants</i>	2,277		3,843	
Total gas consumption	12,351		10,387	

- Total sales volumes were up 54%; sales volumes to the free market posted an increase of 28% with a significant refocus on more profitable commercial sector. Sales to residential users and distributors almost doubled mainly through the contribution of alliances with municipal utilities.
- Sales volumes to thermoelectric captive market rose by 86% due to the increasing supply of gas to Edipower.
- Net revenues and EBITDA increases were due to higher volumes and the favourable trend of energy fuel market. EBITDA benefited also from the more favourable sales mix to the free market.
- Margins on revenues were affected by the increased portion of import/reselling vis à vis Edison own production, which accounted for 15% on total sales in 2003 while it represented 23% in 2002.

Edison group 2003 consolidated balance sheet and cash flow

Consolidated balance sheet		
(€ mln)	2003	2002
Intangibles	4,017	5,055
Property, plant and equipment	5,555	6,569
Financial fixed assets	1,235	943
Total fixed assets	10,807	12,567
Net working capital	(589)	(810)
Staff leaving indemnities	(62)	(76)
Net invested capital	10,156	11,681
<i>Financed by</i>		
Shareholders' equity	6,013	5,220
(of which minorities)	800	744
Net financial indebtedness	4,143	6,461
Total coverage sources	10,156	11,681

Consolidated cash flow	
(€ mln)	2003
EBITDA	1,103
Taxes paid	(32)
Change in working capital and other asset / liabilities	(246)
Operating cash flow	825
Capital expenditures	(352)
Financial investments	(587)
Proceeds from asset disposals	1,901
Dividends received	17
Free cash flow	1,804
Financial expenses	(283)
Contributions of capital stock and reserves	614
Changes in consolidation area	237
Others	(54)
Cash flow available for debt service	2,318

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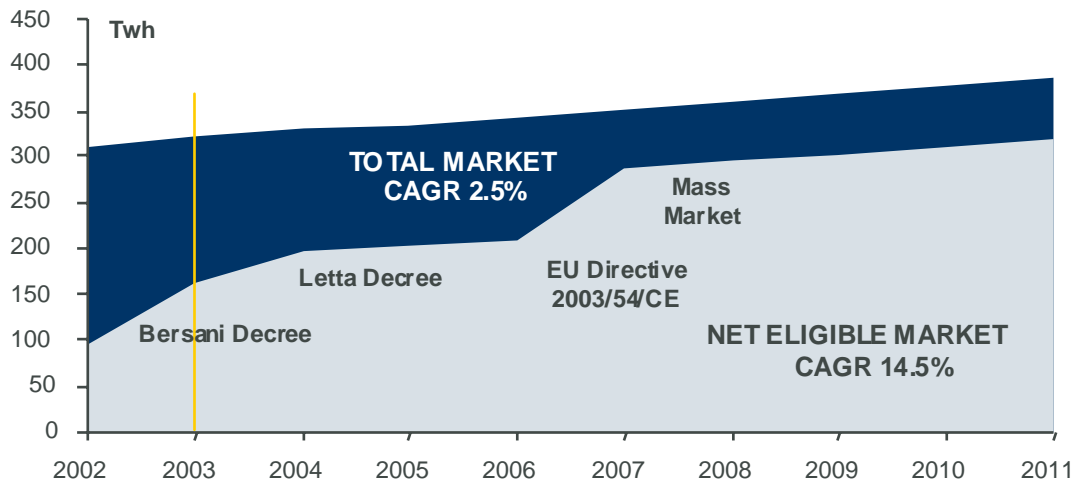
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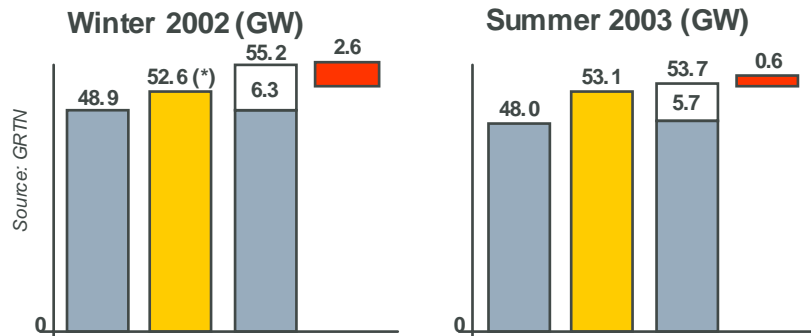
Business overview - dynamics in the electricity market

A fast growing liberalising market



Source: Edison estimates based on GRTN data

Black out risk

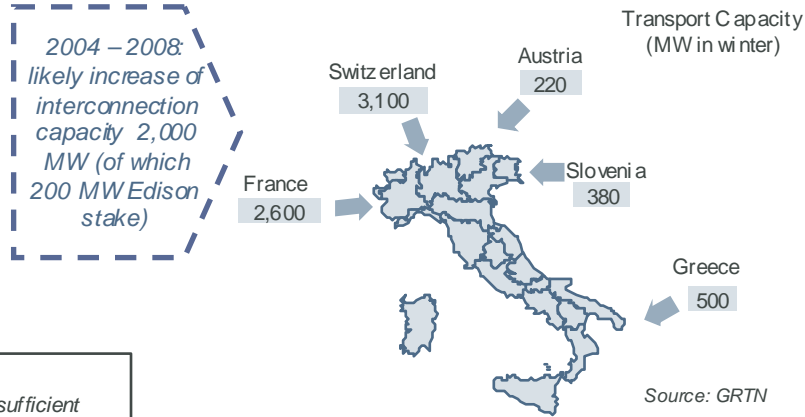


(*) Winter 2003 new record peak demand of 53.4 TWh



In 2002 – 2003:
 - reserve margin insufficient
 - need for 10% reserve margin to cover black out risk

Interconnection capacity

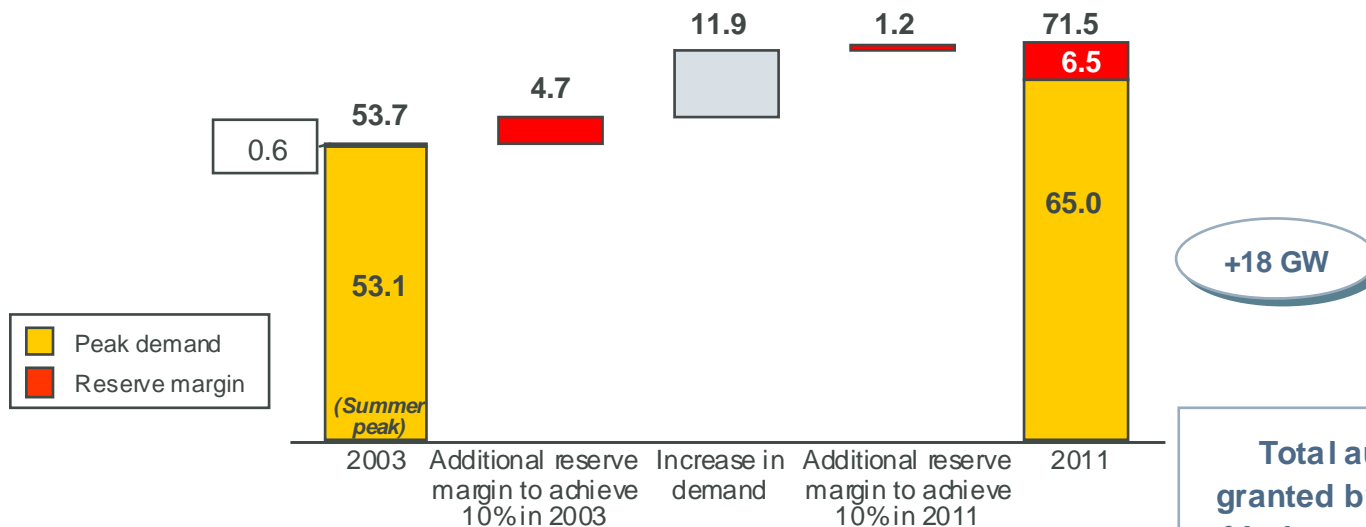


Source: GRTN



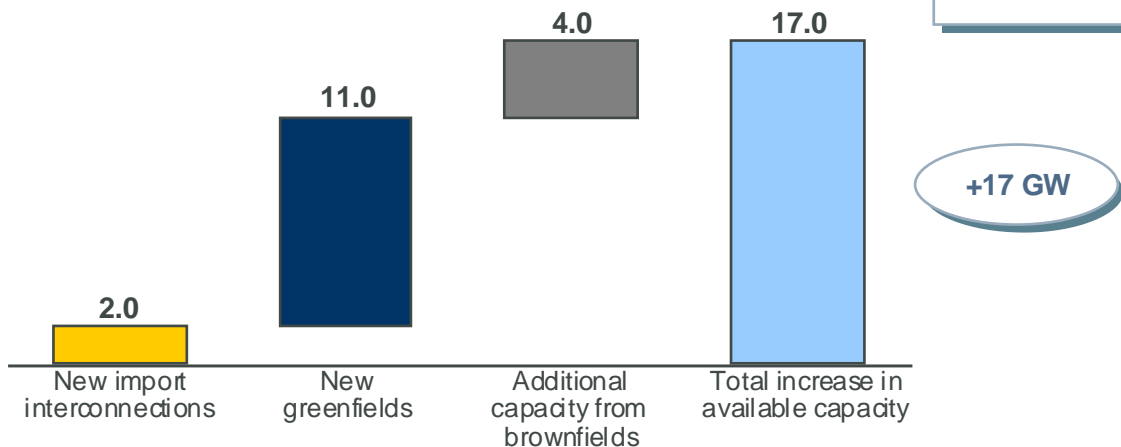
Business overview - dynamics in the electricity market

Increasing capacity requirements 2004 - 2011

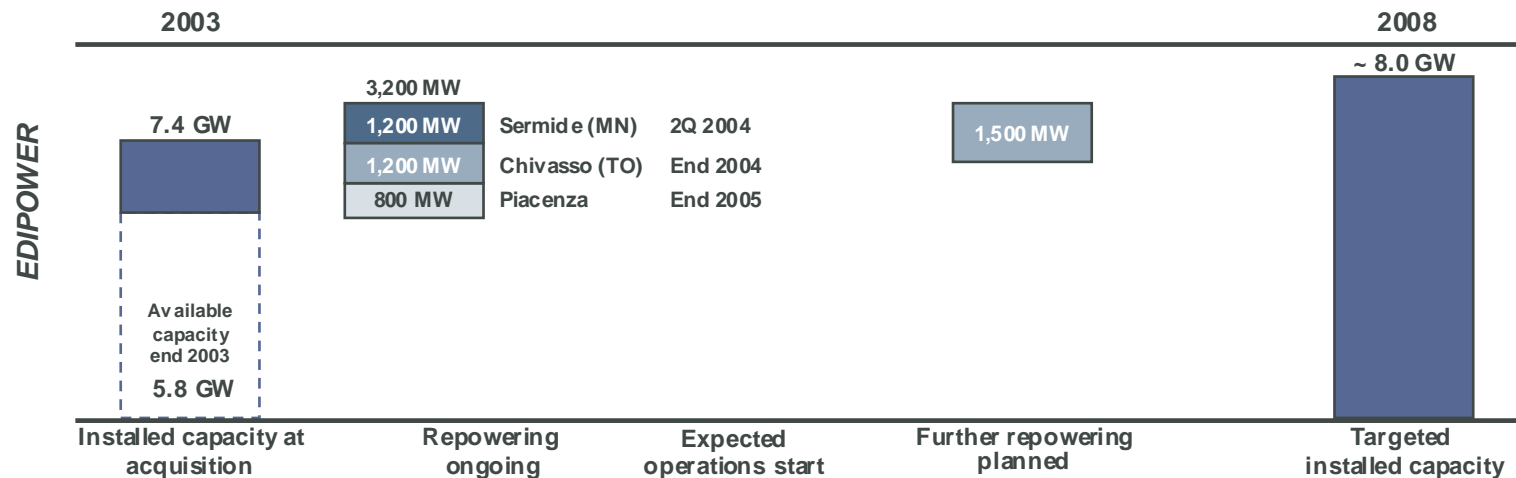
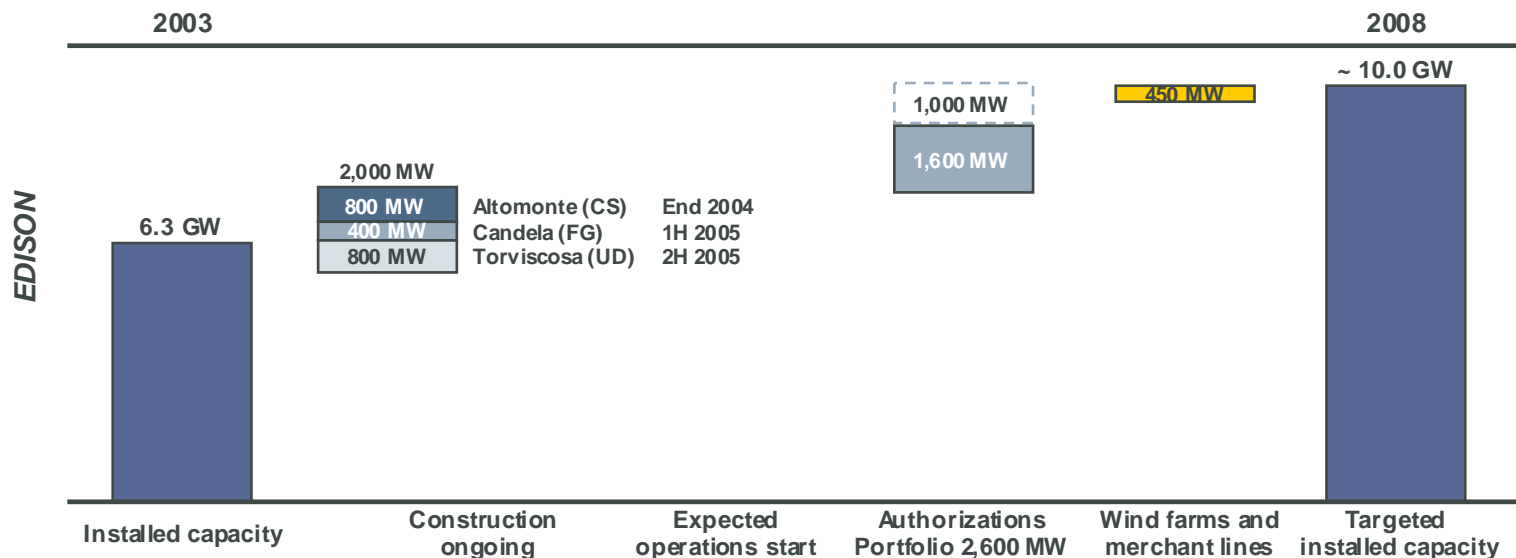


Total authorizations granted by MAP (Ministry of Industry) : 12,600 MW as of end of February 2004

Increase in a available capacity 2004 - 2008



Edison growth strategy – progress in investment program

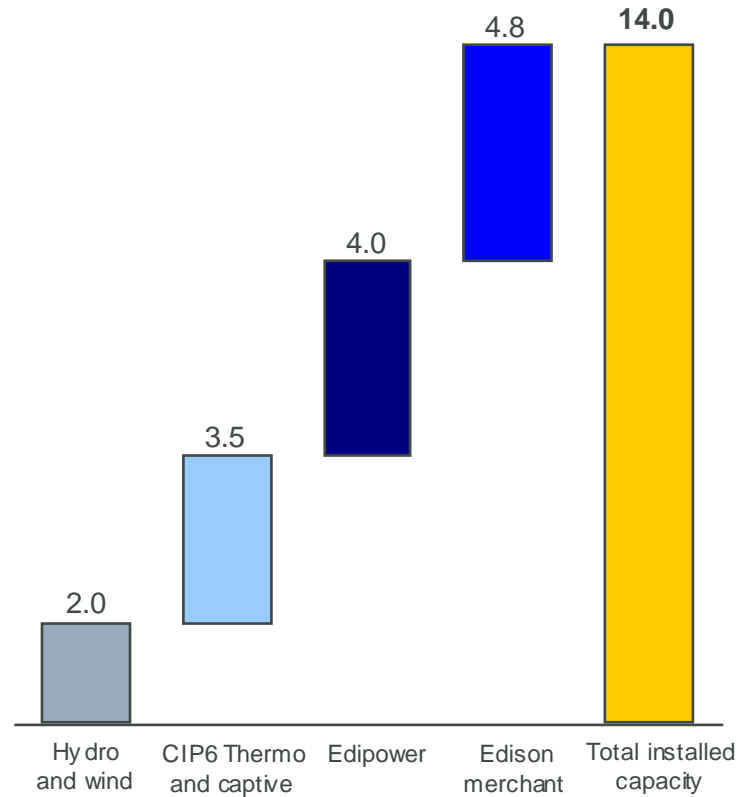
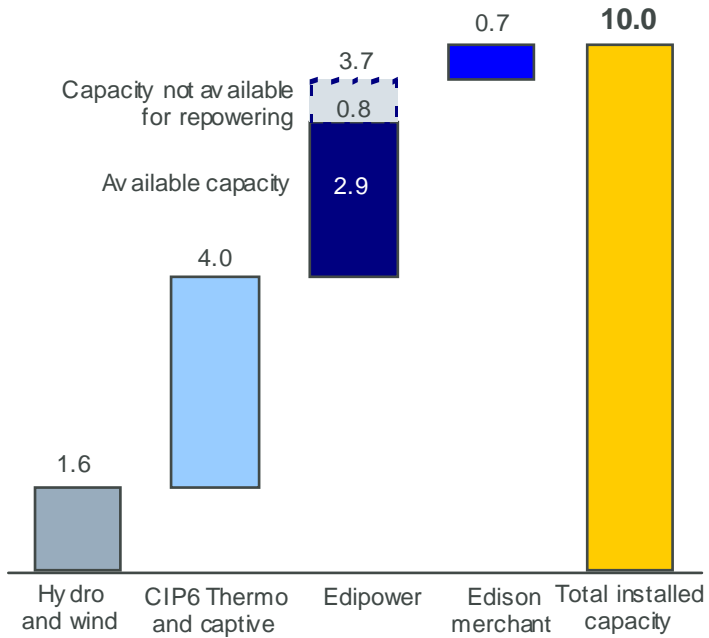


Development of generation capacity

Edison generation mix in 2003

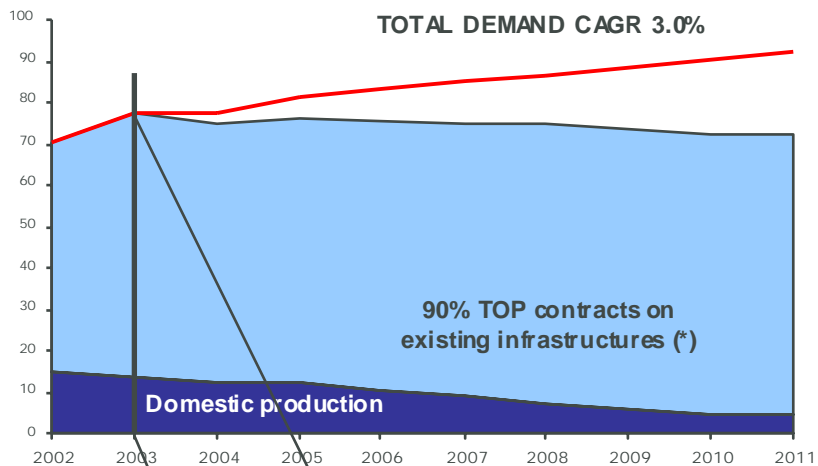
Edison generation mix at 2008

(GW)



Business Overview - Dynamics in the gas market

Expected trend in gas demand and supply



Italian gas market fully liberalised since January 1st, 2003

Supply balance 2003:
Domestic production: 13.7 bcm
Net import: 63.4 bcm
Total supply: 77.1 bcm

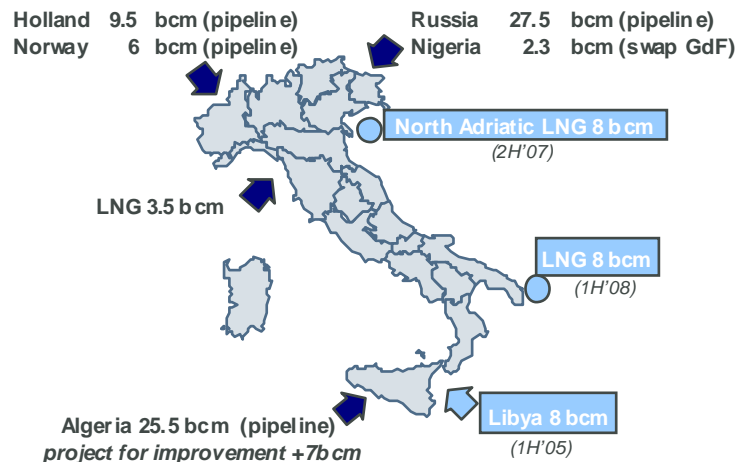
— Italian demand
 ■ TOP contracts on existing infrastructure
 ■ Domestic production

(*) Imports data up to 2003 are actual and include spot imports and changes in stock.

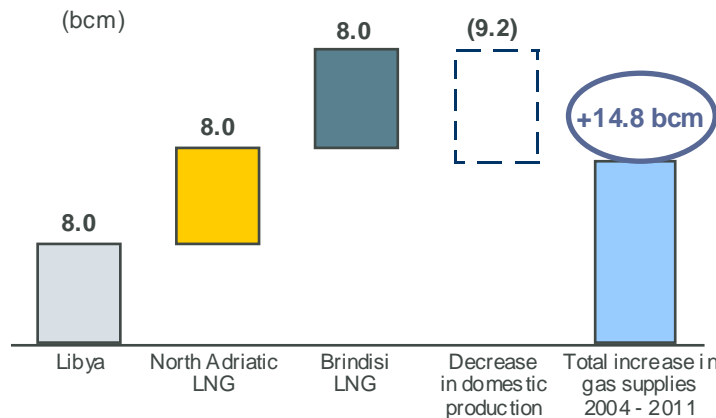
Source : Edison estimates based on data from Unione Petrolifera and MAP

Projected gas availability in Italy

■ Existing (contracted volumes at full regime)
 ■ Under development (full capacity)



Increase in Italian gas supplies 2004 - 2011

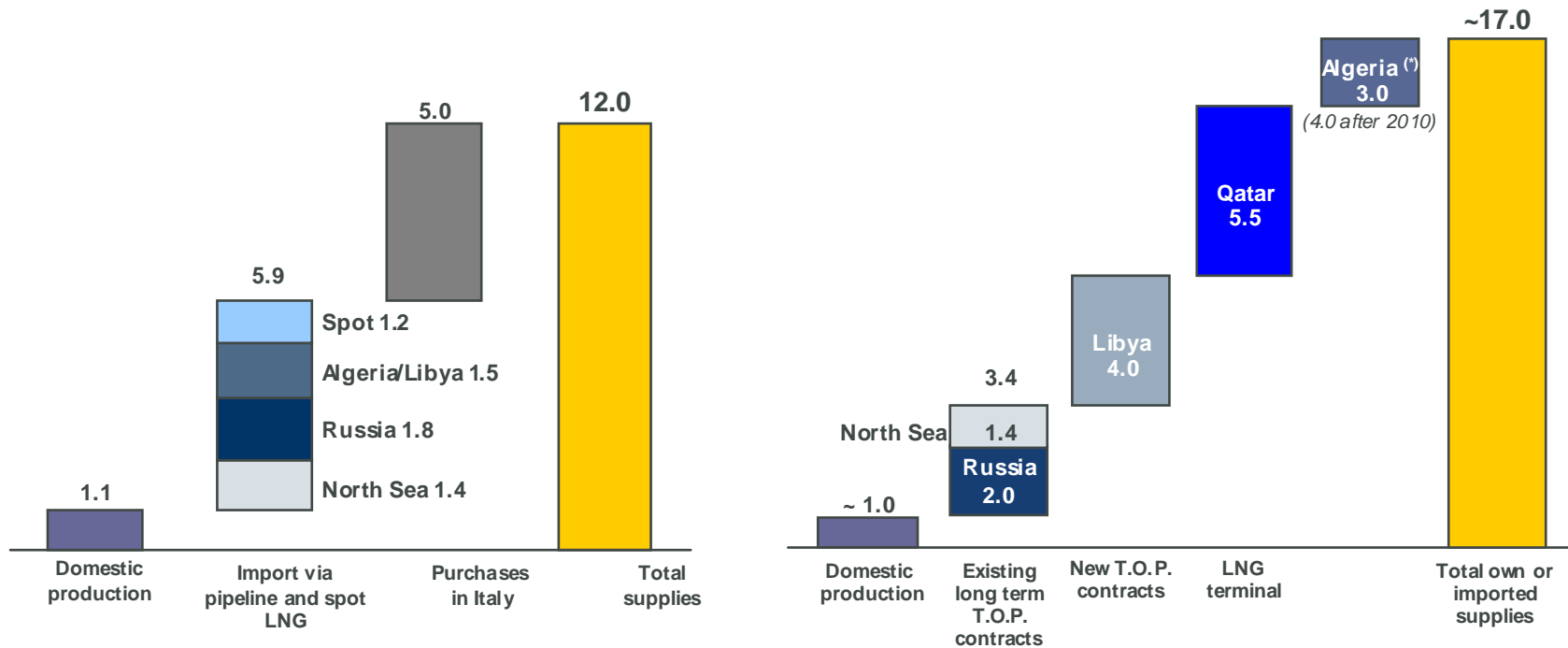


Development of gas sources in Italy

Edison gas supply mix in 2003

Edison gas supply mix at 2008

(Bcm)



(*) Gas purchases from Algeria are subject to the improvement of the import pipeline Algeria – Italy. In case of delay in construction, gas supply will be replaced by domestic purchases or by other imports.

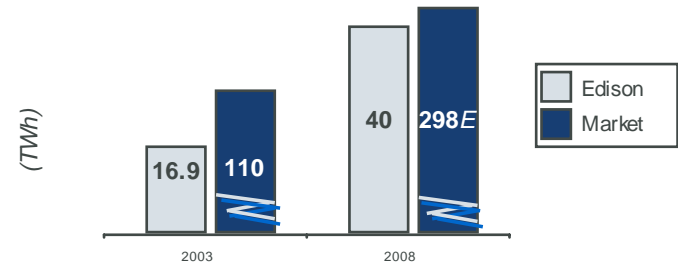
Edison growth guidelines

Commercial strategy: customer segmentation

	Edison	Alliances with municipal utilities
Large	Consolidate current market share	
SME	Primary target in electricity and gas	Complementary target
Small / Very small	Secondary target	Primary target
Residential	Not a target	Secondary target cross selling from gas to electricity
Thermoelectric	Captive sales for Edison and Edipower generation capacity only	

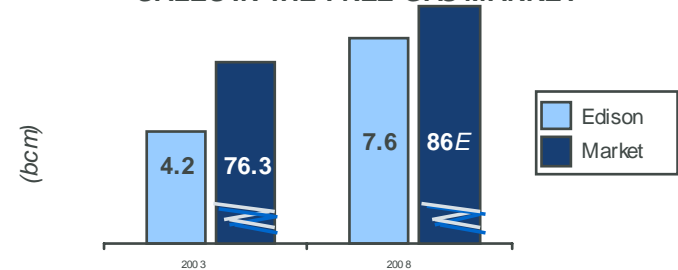
Volume target and market share by product

SALES IN THE FREE ELECTRIC POWER MARKET

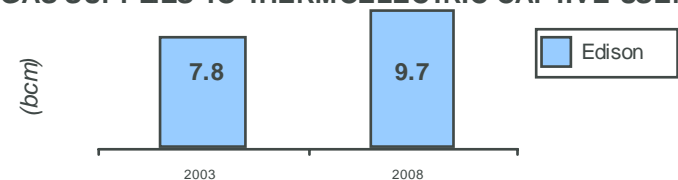


Edison share in free power market from 15% in 2003 to 13% in 2008 (17% excluding residential clients)

SALES IN THE FREE GAS MARKET



GAS SUPPLIES TO THERMOELECTRIC CAPTIVE USERS



Edison share in gas market from 16% in 2003 to 20% in 2008 (including supplies to thermoelectric captive users)

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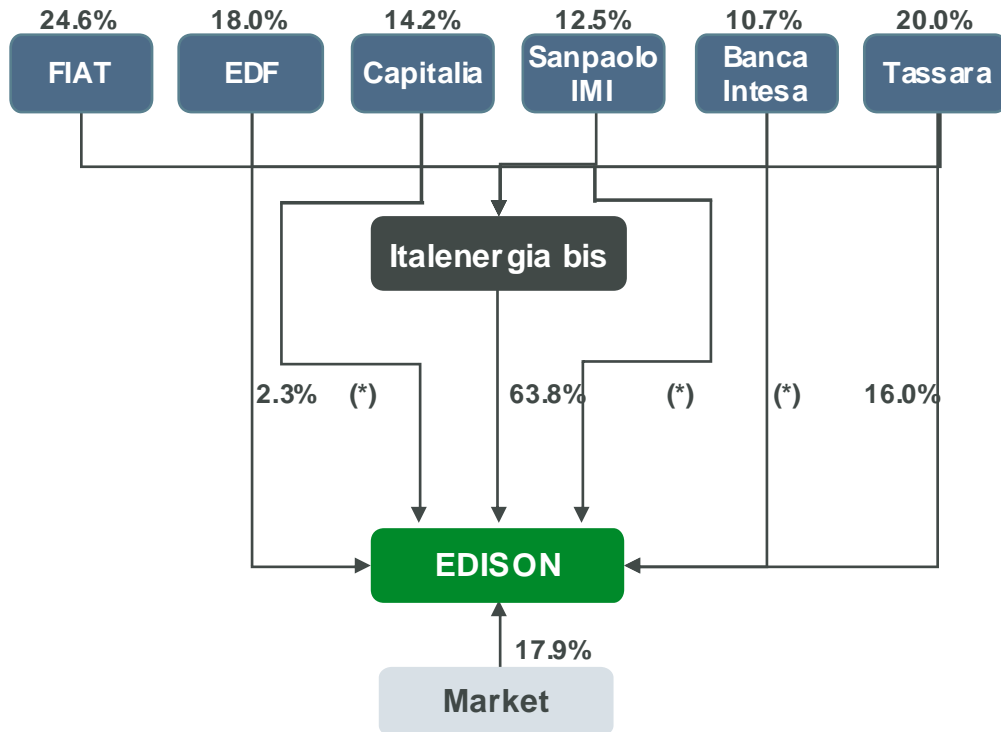
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Capital and shareholding structure



CAPITAL STOCK AS OF 29.02.2004

- Ordinary shares	4,126,268,253
- Non convertible sav. shares	110,592,420
- TOTAL SHARES	4,236,860,673

WARRANTS OUTSTANDING

- 1,047.6 m ln attached to IEB shareholders' and the market's shares
- Strike price €1
- Exercise period 01.09.2003 / 31.12.2007 on a permanent basis
- Ratio 1 share every warrant

WARRANTS CONVERTED AS OF 29.02.2004

N° 47,195,213

(*) Stakes under 2% included in the market figure

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