First quarter 2005 results

May 10th, 2004

Agenda

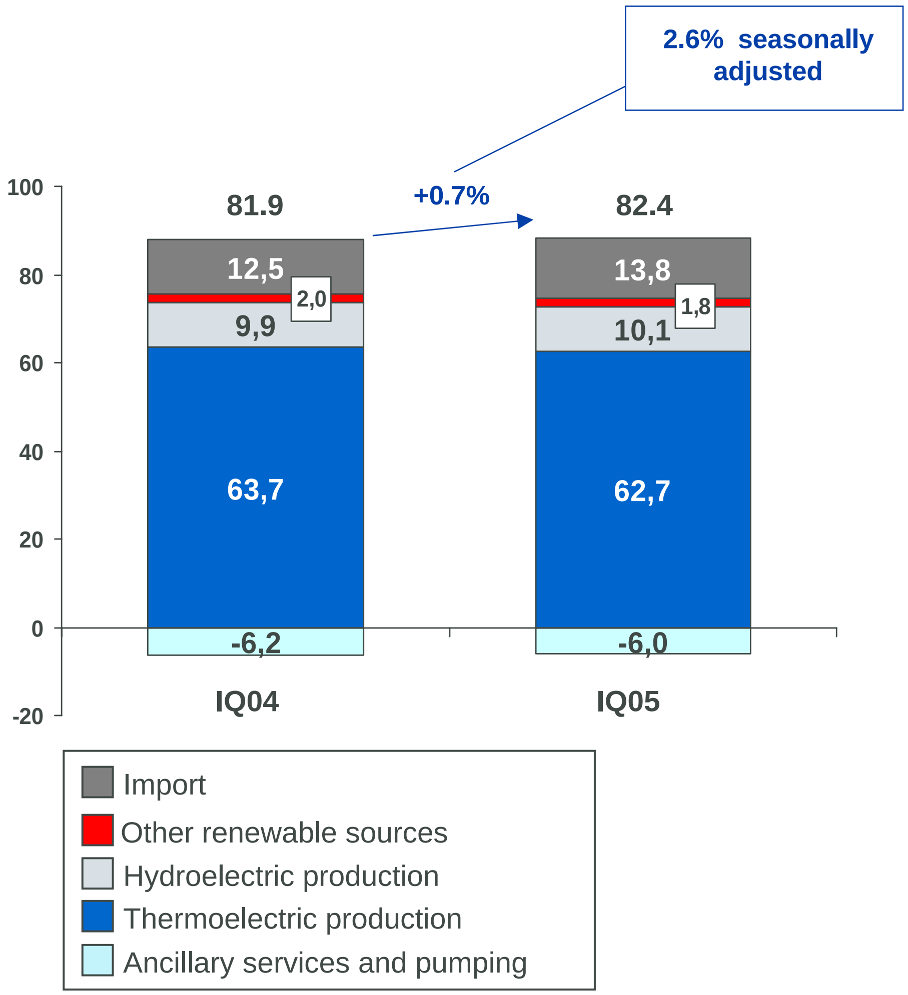
- **Business environment**

- **First quarter results at March 31st, 2005:**
  - **Edison Group results**
  - **Core business operating performance and financial highlights**
  - **Debt evolution**

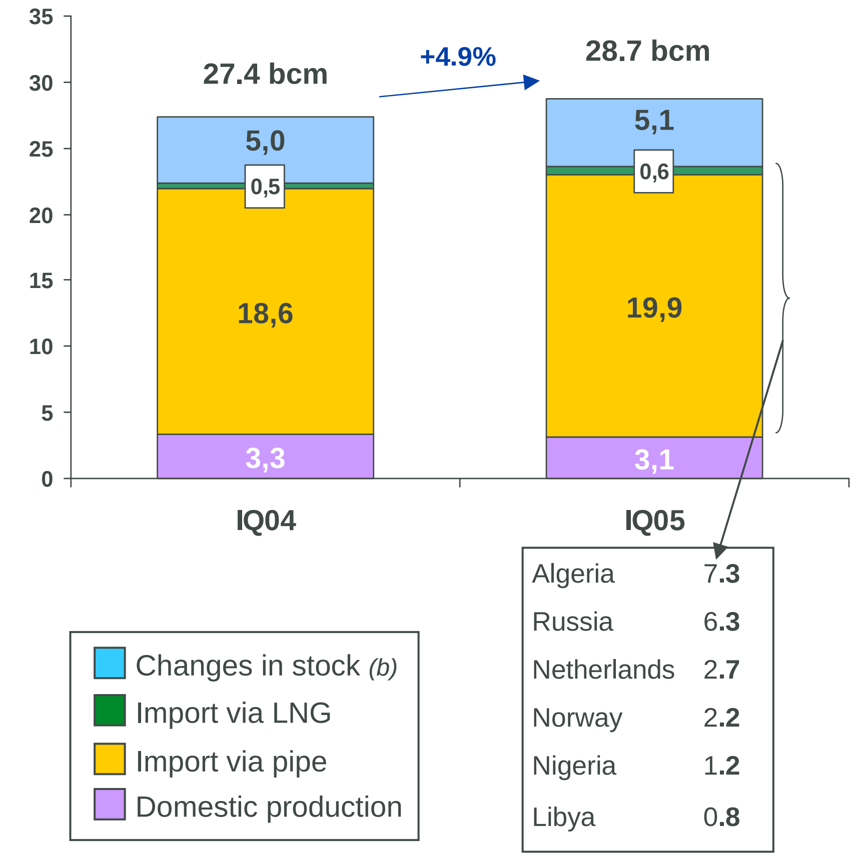
- **Strategic update in electricity and gas**

Electric power availability mix and gas supply sources in Italy in IQ05

Electricity supply mix (TWh) [(a)]



Gas supply mix (bcm)



(a) Gross of losses

Source: GRTN

(b) Net of losses and internal consumption

Source: MAP and Edison estimates

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EDISON

Edison IQ 2005 income statement and transition to IFRS

(€ mln)	Edison Group Consolidated IQ05 (a)	Adjustments	Pro forma IQ05 IFRS
Net revenues	**1,895**	**(7)**	**1,888**
EBITDA	**288**	**12**	**300**
% on revenues	*15.2*		*15.9*
Depreciation and amort.	(189)	49	(140)
EBIT	**99**	**61**	**160**
% on revenues	*5.2*		*8.5*
Net financial expenses	**(21)**	**(3)**	**(24)**
Other operating income/ (expenses)	3	-	3
Income before taxes, extr. items and minorities	**81**	**58**	**139**
Extraordinary items	-	-	-
Income before taxes and minority interests	**81**	**58**	**139**
Taxes	(48)	-	(48)
Minority interests – (income)/loss	(8)	3	(5)
Group net result	**25**	**61**	**86**

(a) including Edipower consolidated line by line at 40%.

The major impacts of IFRS on Edison accounts are:

- The line by line consolidation of 50% of Edipower instead of 40%, reflecting the obligations incurred by Edison under the tolling agreement and the put and call agreements with the financial shareholders of Edipower.
- No amortization of unallocated goodwill as the adequacy of goodwill has been certified through the impairment test.
- An increase of depreciation of tangible assets as a result of the "fair value" evaluation of Edison assets.
- A substantial offset of other minor impacts due to changes in the consolidation area.

EDISON

Edison IQ 2005 financial highlights IFRS compliant

(€ mln)	Core Business		Non Core business		Edison Group	
	IQ05 IFRS	IQ04 (*)	IQ05 IFRS	IQ04 (*)	IQ05 IFRS	IQ04 (*)
Net revenues	**1,744**	**1,504**	**144**	**202**	**1,888**	**1,706**
EBITDA	**298**	**353**	**2**	**5**	**300**	**358**
% on revenues	*17.1*	*23.5*	*1.4*	*2.5*	*15.9*	*21.0*
EBIT					**160**	**197**
% on revenues					*8.5*	*11.5*
Net financial expenses					(24)	(65)
Income before extraord. items and taxes					**139**	**140**
Net income:						
- Minority interest					5	27
- Group net result					**86**	**39**

(*) Actual figures for Edison stand alone; Edipower figures are consolidated at 50% in IQ05 IFRS pro forma.

- Core Business net revenues in IQ05 increased by 16% as a result of higher gas sales volumes, higher gas and electricity selling prices and electricity revenues recorded in the new market of dispatchment services (MSD).
- The decrease in Core Business EBITDA of 15.6% incorporates mainly the impact of external factors as the expiration of CIP6 incentives for some plants, the changes in the seasonal distribution of peak hours introduced by the Energy Authority and the charges accrued for the use of strategic gas reserves due to unusually cold weather conditions. These effects were only partially compensated by the consolidation of 50% of Edipower EBITDA in compliance with IFRS.
- Financial charges posted a significant decrease due to the lower cost of debt for the improved standing in the financial markets and to the positive impact of commodities hedging transactions.
- The Group net result benefits from lower financial charges, lower taxes (from 71 to 48 million) and minority interests and from the reduction in depreciation, which does not include the amortization of unallocated goodwill.

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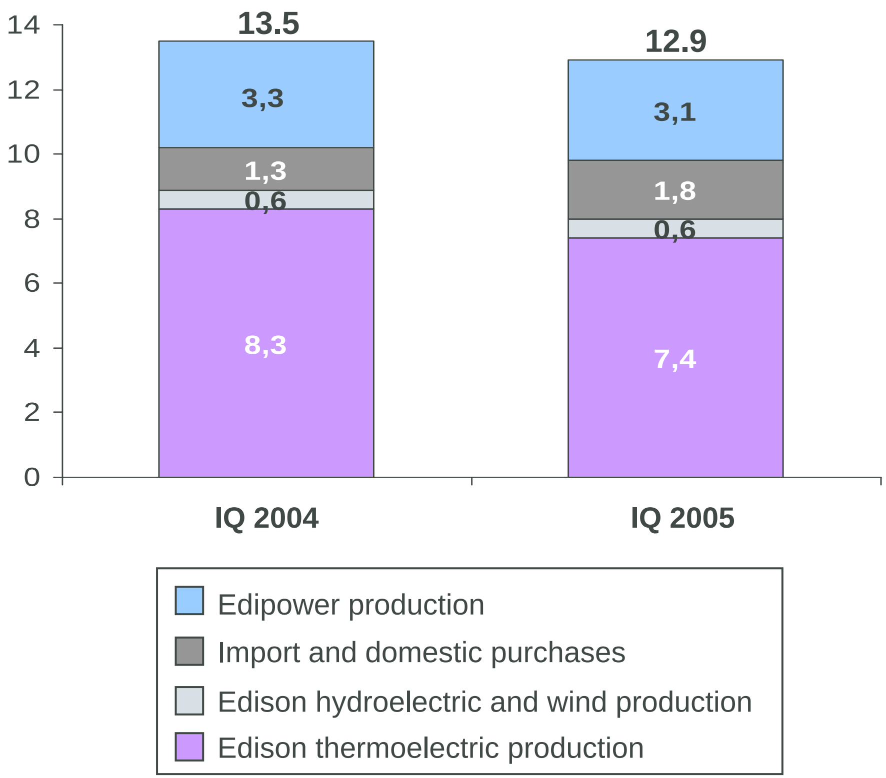
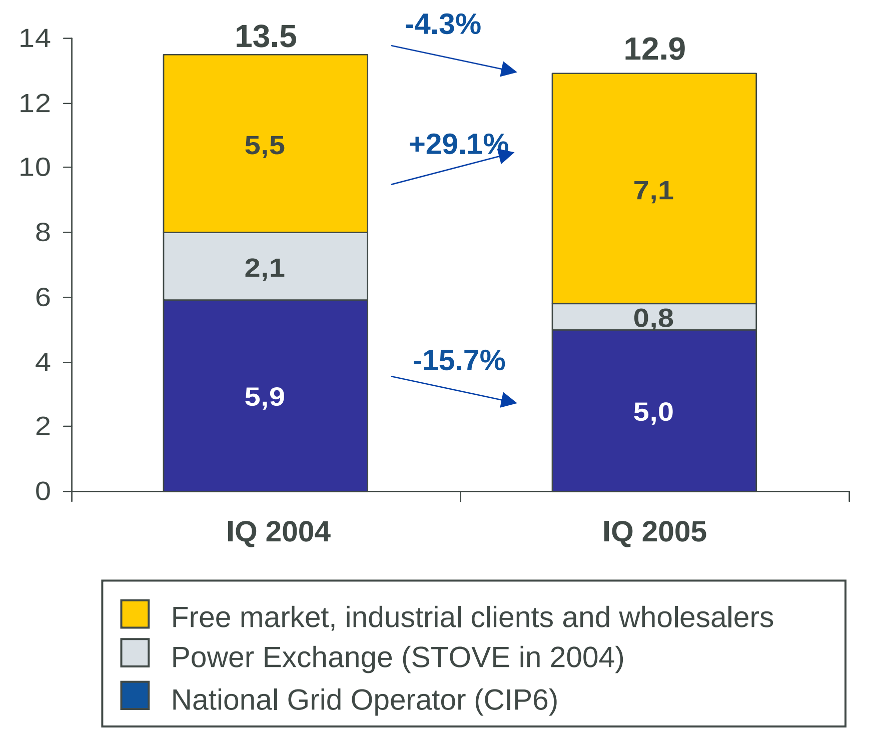
Edison Group operating performance in the electricity market
First quarter 2005

Power availability mix (TWh) *(a)*



Power sales mix (TWh) *(a)*



(a) Net of losses and settlements with National Grid Operator (GRTN)

Electric power – key financial data

(€ mln)	IQ05 IFRS	IQ04	Δ% IQ05 / IQ04
Net Revenues	**1,179**	**1,128**	**+ 4.5**
EBITDA	**236**	**280**	**- 15.7**
% on sales	*20.0*	*24.8*	

- Edison production decreased by 9.5% to 8.0 TWh due to a 10.8% reduction in thermoelectric production, driven by non recurrent events as ordinary and extraordinary maintenance carried out in some plants for longer periods of time than last year. Edipower production recorded a decrease of 7.0% for the same reasons mentioned above while the production from renewable sources (hydroelectric and wind) increased by 8.4%.

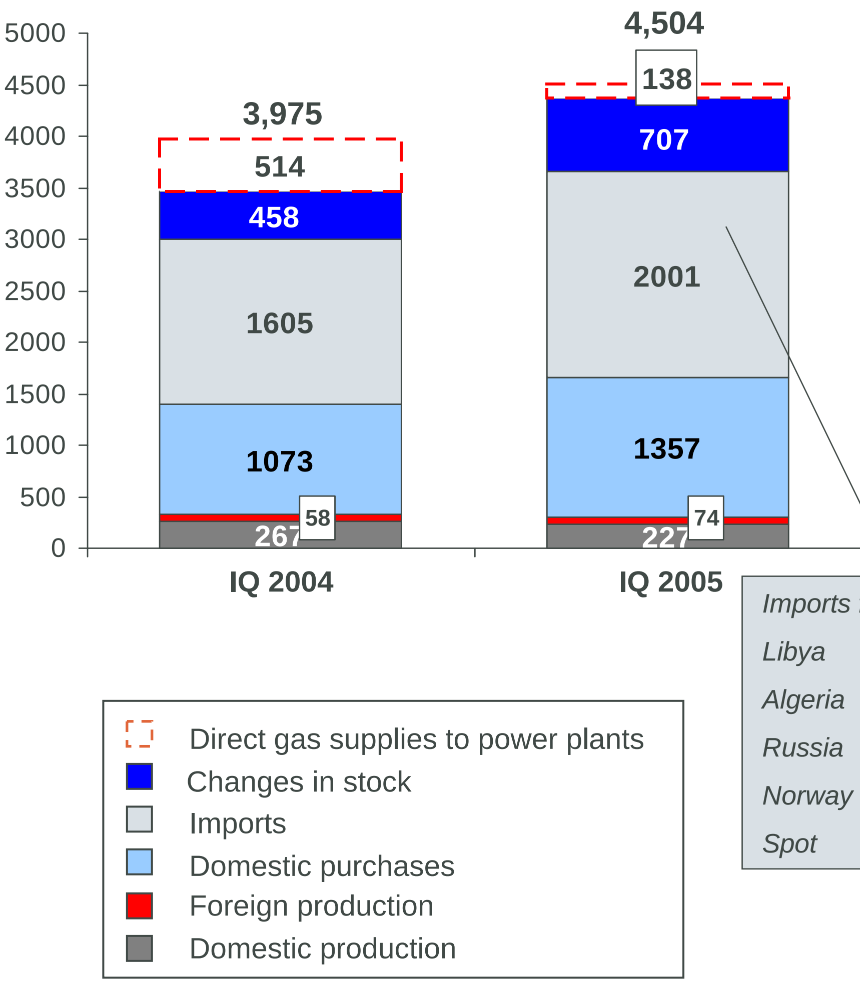
- Sales volumes decreased by 4.3% due to the combined effect of the increase of sales to industrial and free clients by 29%, the decrease of sales to power exchange vis à vis sales to "STOVE" in IQ04 and the decrease by 15.7% of CIP6 sales due to lower production.

- Despite the reduction in sales volumes, revenues increased by 4.5% reflecting the increase of the fuel component in average selling prices and the presence of revenues in the dispatchment market (MSD), which were not accounted for in IQ04.

- The decrease in EBITDA by 15.7% is mainly due to the outside factors described in the core business results information and to the above mentioned ordinary and extraordinary maintenance: these elements were only partially compensated by the contribution of Edipower EBITDA.

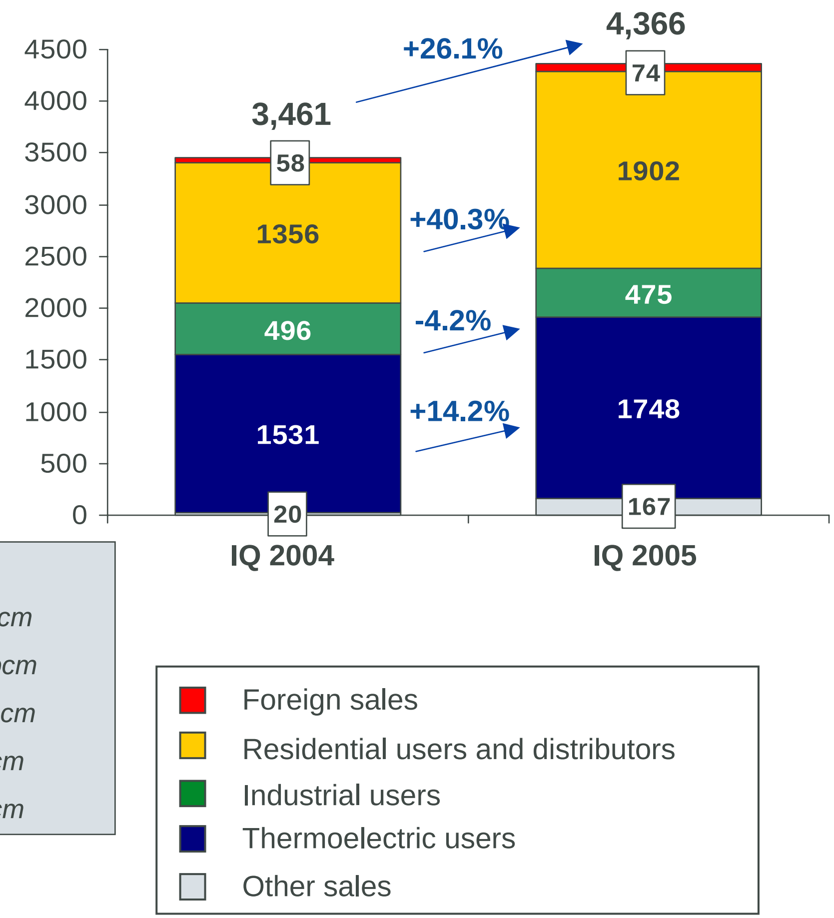
Edison Group operating performance in the gas market
First quarter 2005

Gas availability mix (mln cm)



Imports from:	
Libya	*0.6 bcm*
Algeria	*0.3 bcm*
Russia	*0.5 bcm*
Norway	*0.4 bcm*
Spot	*0.2 bcm*

Gas sales mix (mln cm)



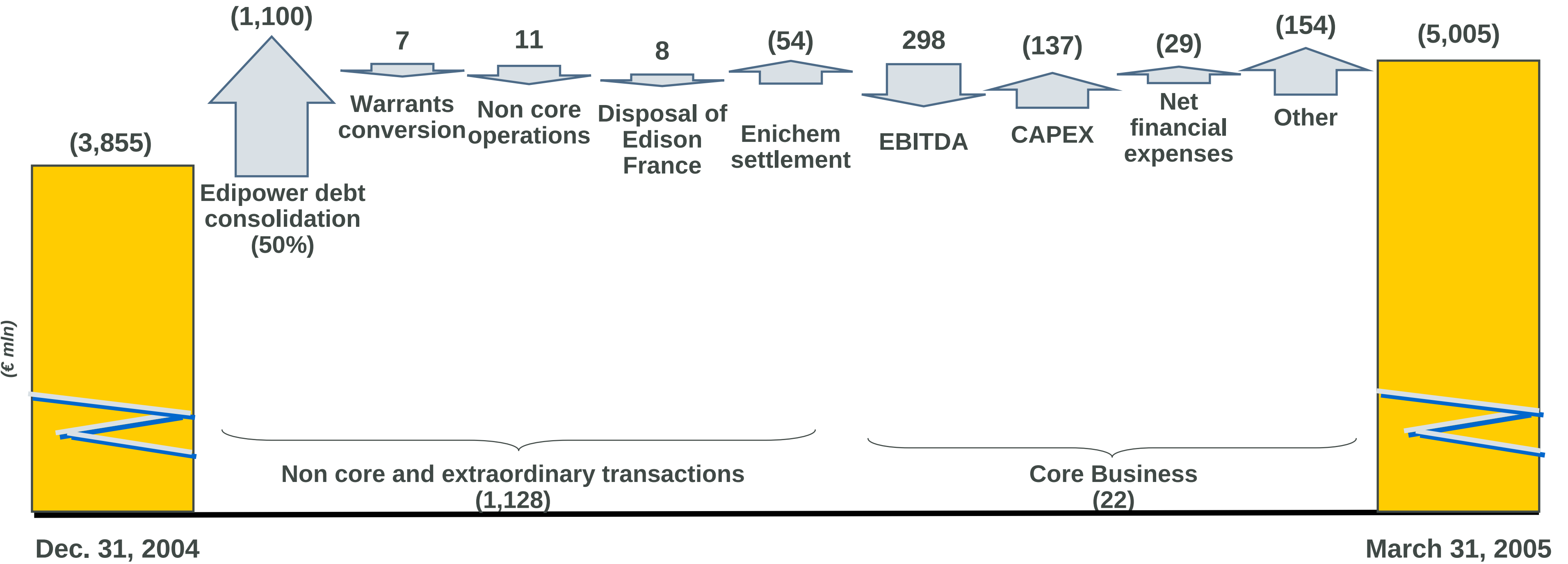
Hydrocarbons – key financial data

(€ mln)	IQ05 IFRS	IQ04	Δ% IQ05 / IQ04
Net Revenues	**960**	**662**	**+ 45.0**
EBITDA	**83**	**86**	**- 3.5**
% on sales	*8.6*	*13.0*	

- Gas sales volumes increased by 26% to 4.4 bcm mainly as a result of higher sales to residential users (+40%) and thermoelectric users (+14%).
- Revenues went up by 45% as a result of higher volumes sold and a positive trend of average gas selling prices.
- Despite the increase in sales volumes, EBITDA were substantially in line due to the fact that the positive impact of the favourable trend of the spread between gas import and selling prices was roughly balanced by the charges accrued for the use of strategic gas reserves and the impact of the sale of the transmission activity.

Debt evolution

Changes in consolidated net financial position pro forma IFRS compliant



EDISON

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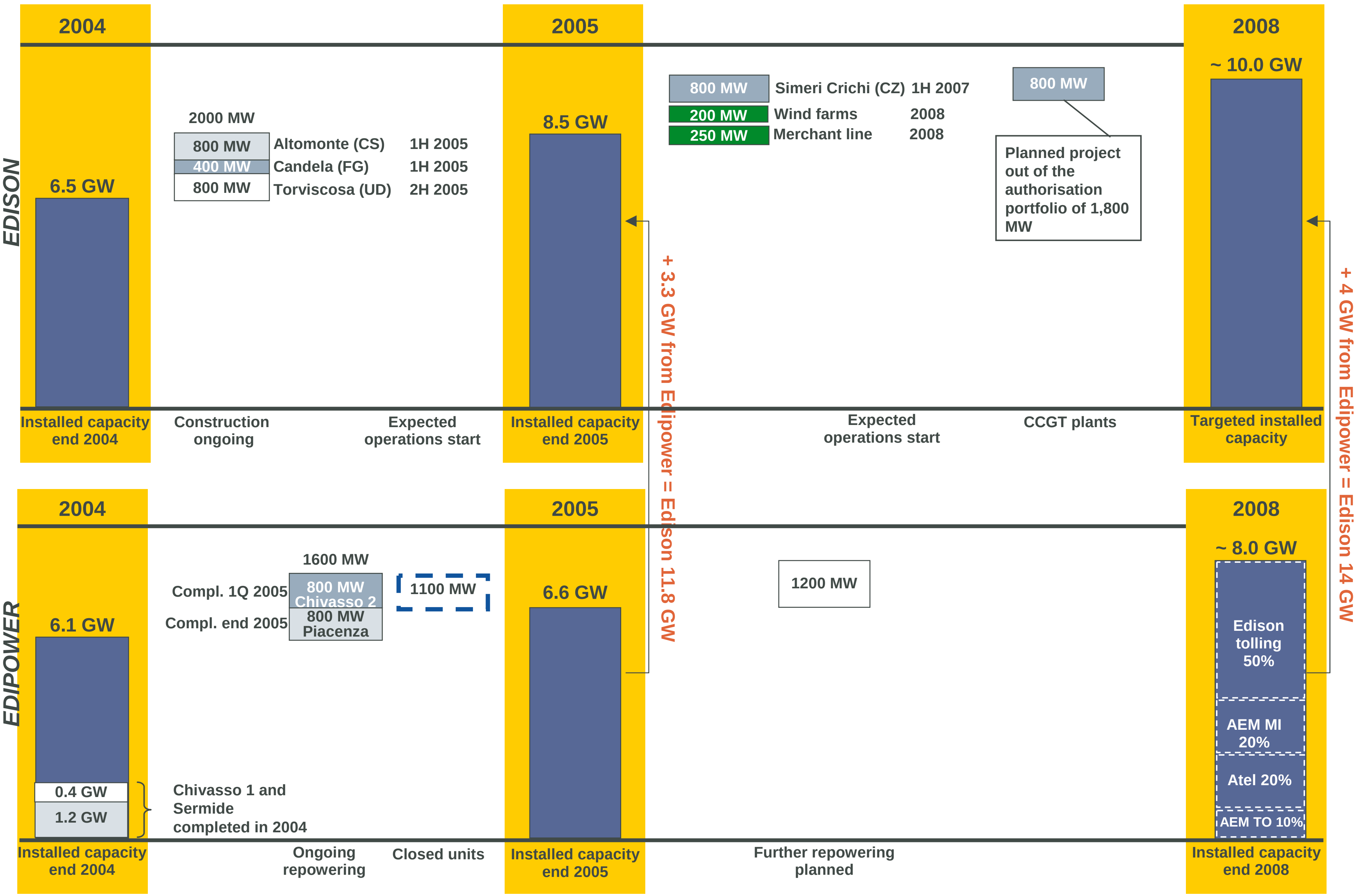
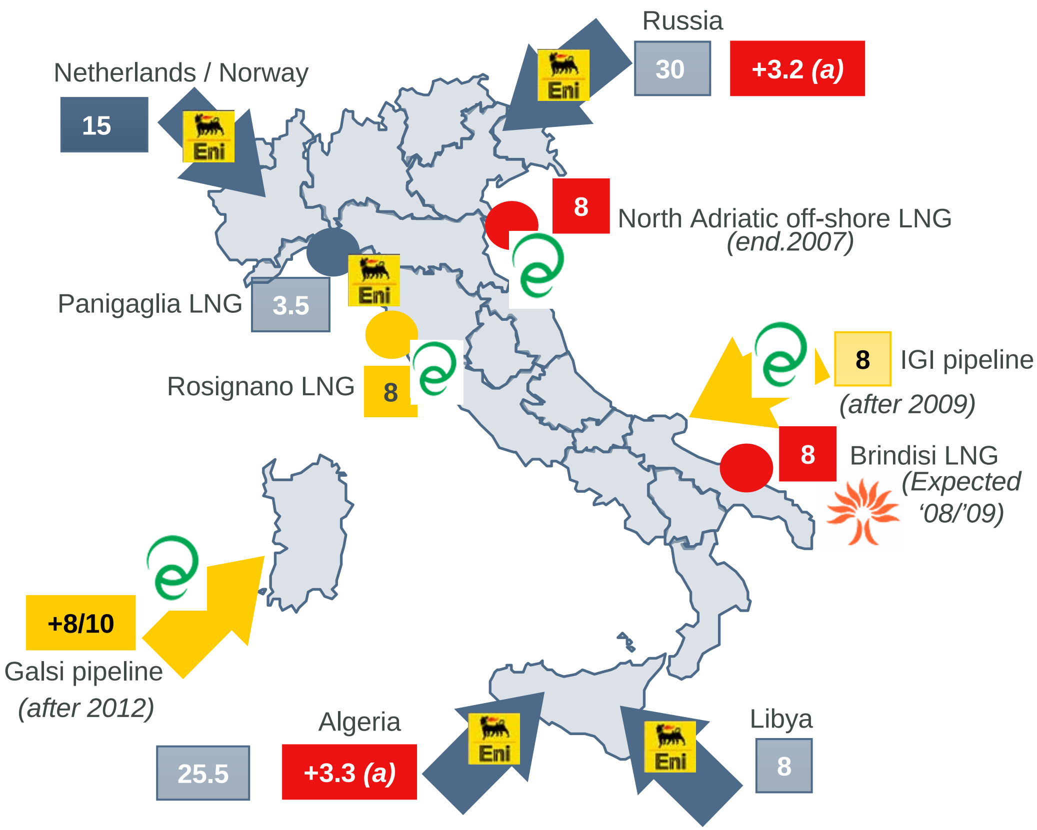
Progress in electricity investment program (*)



(*) Excluding repowering of CIP6 capacity

Projects for new gas infrastructures in Italy



Existing Pipeline / LNG Terminal *(contracted volumes bcm)*

More likely pipeline / LNG Terminal *(capacity volumes bcm)*

Other possible projects with Edison interest

(a) Announced in 2005 for 3.2 and 3.3 bcm respectively with operation start by 2008

Note there are other LNG and pipe projects under preliminary evaluation.

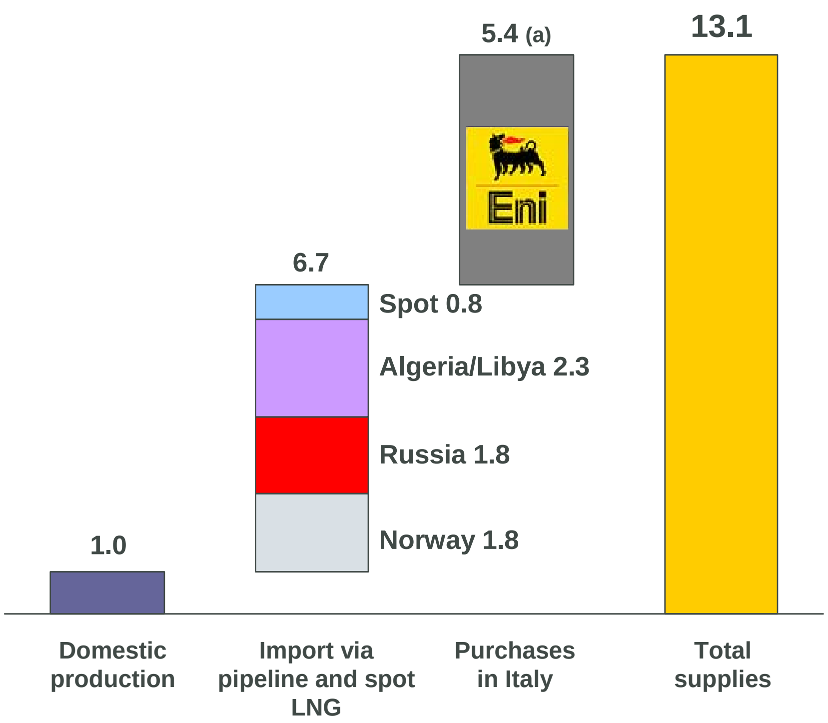
Existing gas import infrastructures are still under the management of ENI.

Edison will develop a new LNG import infrastructure by 2008, with the objective of ensuring supply for its thermoelectric production and gas clients.

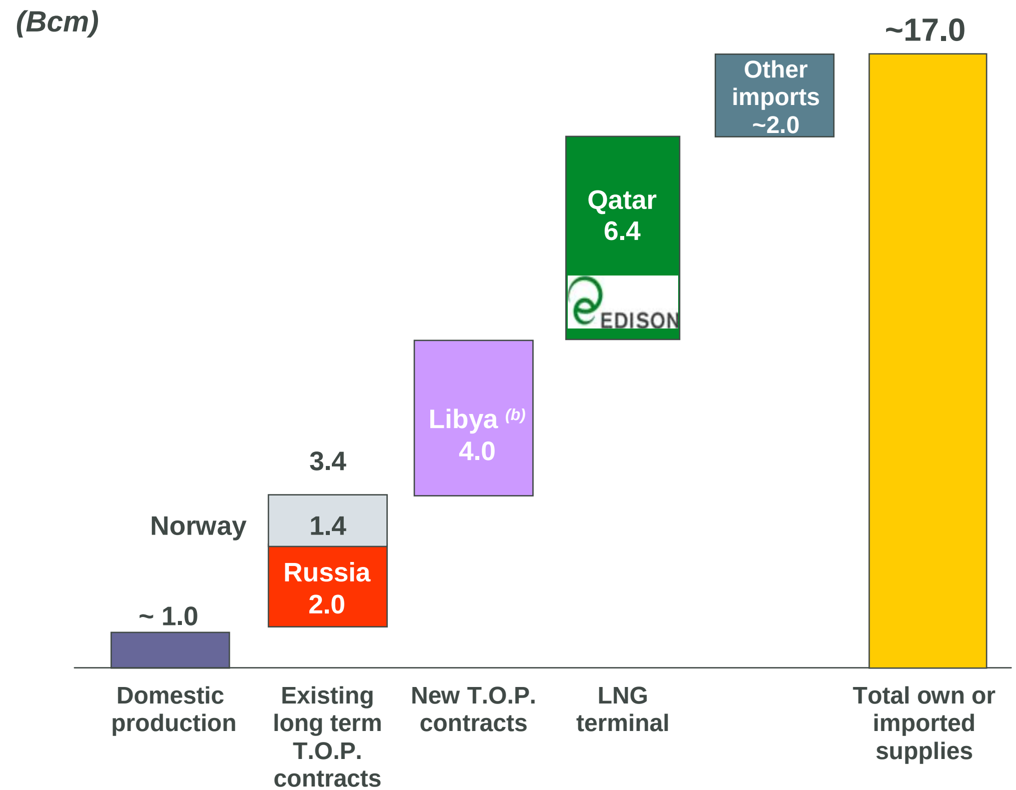
Other independent import infrastructures are currently under evaluation. They would go forward only to cover incremental gas needs for the Italian/European markets.

Development of Edison gas sources in Italy

Edison gas supply mix in 2004



Edison gas supply mix at 2008



(a) Including 1-1.5 bcm of purchases from other domestic sources.
(b) Plateau level reached by 2006.

Gas supply strategy aims at replacing gas purchases from ENI in Italy with a diversified supply portfolio based on own sources and long term contracted volumes, in order to enhance Edison growth in the electricity business and to sustain the penetration in the free market.

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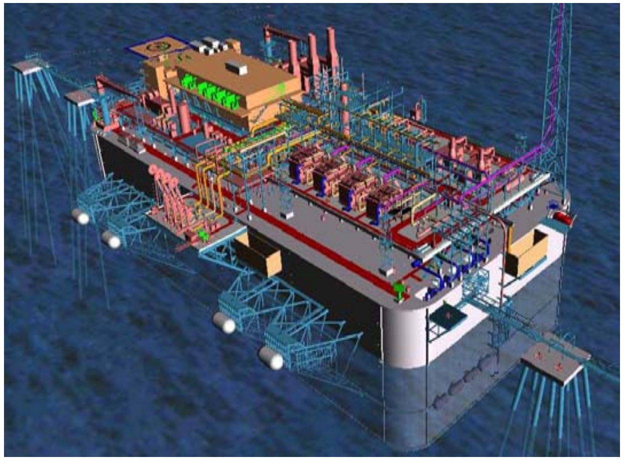
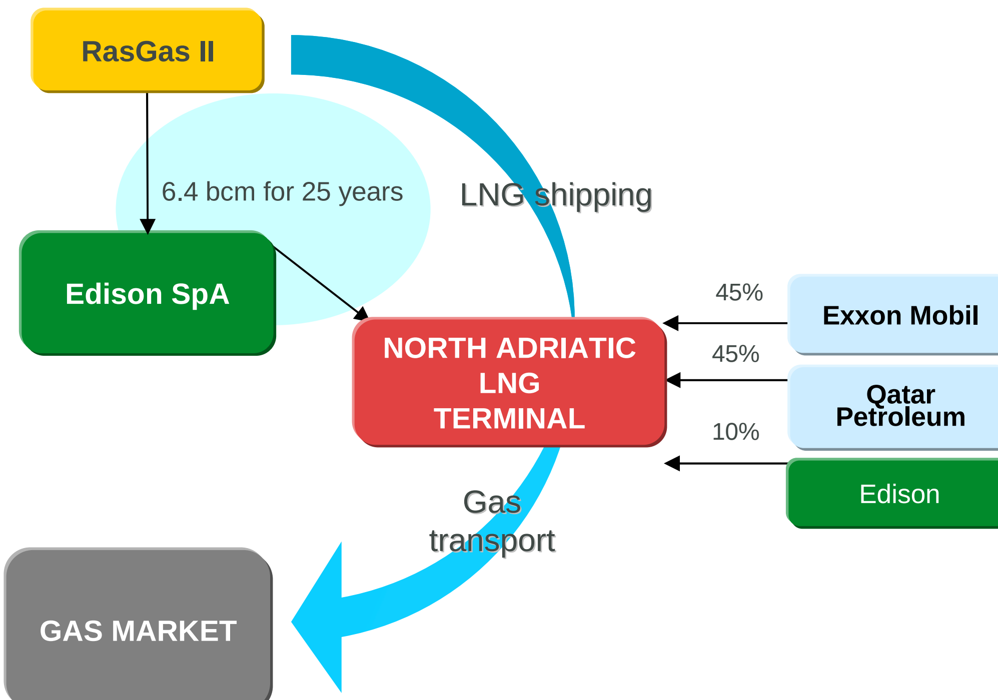
North Adriatic LNG Terminal



- Offshore Gravity-based structure (GBS) located in approx. 30 m. deep waters in the Adriatic Sea, approx. 15 kilometers offshore from Porto Levante
- Regassification capacity of 8 bcm/year
- All primary Authorizations and permits have been obtained from the Italian Government and the European Union Commission
- Terminal start up due in January 2008
- Edison will have the right to use on a priority basis the 80% of the total regassification capacity (equal to 6,4 bcm/y) for 25 years to serve its take-or-pay contract commitments with RasGas II for the same duration and LNG quantities



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