



## Press Release

*Edison's Board Reviewed the Consolidated Results at March 31, 2010*

### **EDISON: FIRST QUARTER RESULTS UP. EBITDA +8.8%, EBIT +39.3% AND NET PROFIT +91.4%**

*Steady financial position*

Milan, April 30, 2010 – Edison's Board of Directors met today to review the consolidated results for the first quarter of 2010.

#### **HIGHLIGHTS OF THE EDISON GROUP**

*(in millions of euros)*

	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>Δ %</b>
Sales revenues <sup>a</sup>	<b>2,742</b>	2,710	1.2
EBITDA	<b>321</b>	295	8.8
EBIT	<b>149</b>	107	39.3
Profit before taxes	<b>131</b>	71	84.5
Group interest in net profit	<b>67</b>	35	91.4

#### **HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS<sup>b</sup>**

*(in millions of euros)*

	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>Δ %</b>
<b>Electric Power Operations</b>			
Sales revenues (a)	<b>1,746</b>	1,733	0.8
EBITDA	<b>211</b>	208	1.4
<b>Hydrocarbons Operations</b>			
Sales revenues	<b>1,503</b>	1,621	(7.3)
EBITDA	<b>135</b>	110	22.7

<sup>a</sup> The data for Q1 2009 were reclassified to reflect a presentation of the trading activity based on the trading margin (net presentation).

<sup>b</sup> Group's values are net of Corporate and of cancellations for totally 507 million euros (644 million Q1 2009) on revenues and of 25 million euros (23 million Q1 2009) on Ebitda.

## **Operating Performance of the Group in the First Quarter of 2010**

Edison ended the first quarter of 2010 on the upswing, compared with the same period last year, with gains in all indicators of operating and financial performance: revenues totaled 2,742 million euros (+1.2%), EBITDA improved to 321 million euros (+8.8%), EBIT grew to 149 million euros (+39.3%), profit before taxes rose to 131 million euros (+84.5%) and Group interest in net profit jumped to 67 million euros (+91.4%).

The achievement of these positive results has been possible thanks to the following: an increase in volumes sold to end customers (+18% for electric power and +11% for natural gas), the costs optimization of the power plants portfolio and the natural gas supply sources and the high industrial performance level achieved by the industrial activities thanks to the Operating Excellence.

These developments, in an environment of moderate recovery, helped cushion the competitive pressure on profit margins occurred specially in the gas sector.

Specifically, the market environment in the first quarter of 2010, as compared with the same period last year, was characterized by:

- a slightly higher domestic demand for electric energy than in the first quarter of 2009 (+1.9%) but still far below pre-crisis levels. In the gas sector there was a stronger increase in the domestic demand (+8.1%), a figure which has to be nonetheless compared with an extremely low first quarter in 2009;
- a higher average price for Brent crude (US\$77.3/barrel, up 68.9% compared to the same period last year), but a price for natural gas that, as it reflects the Brent prices in the previous nine months, was lower than in the first three months of 2009 (-26%);
- a decrease in the price of electric energy traded on the Power Exchange (down 17.8% to 62.9 euros per MWh, compared with 76.5 euros per MWh in the first quarter of 2009) due to the combined impact of lower natural gas prices and strong competitive pressure and sales price of gas which decreased even more strongly than the costs of the raw material;
- a still weak gas demand which, combined with the remarkable increase in the import capacity, led to a gas availability in Italy from spot international markets at extremely low prices. The strong pressure on final gas prices caused for all importers the necessity to start re-negotiating the current long term contracts.

## **Performance of the Main Operating and Financial Indicators**

A review of the Group's performance shows that **sales revenues** increased to 2,742 million euros, or 1.2% more than the 2,710 million euros booked in the first quarter of 2009, due mainly to the substantial gains in sales volumes reported both by the electric power operations (+24%) and the natural gas operations (+28%). Growing revenues from sales to end customers (+18% for electric power and +11% for natural gas) are the main reason for this improvement.

More specifically, the electric power operations reported sales revenues of 1,746 million euros in the first quarter of 2010, compared with 1,733 million euros in the same period in 2009. The sales revenues booked by the hydrocarbons operations decreased to 1,503 million euros, or 7.3% less than in the first quarter of 2009, when they totaled 1,621 million euros.

In the first three months of 2010, **EBITDA** improved to 321 million euros (+8.8%) compared with the 295 million euros earned in the same period last year. First

quarter EBITDA grew by 1.4% for the electric power operations, rising from 208 million euros in 2009 to 211 million euros in 2010, and by 22.7% for the hydrocarbons operations to a total of 135 million euros in 2010, compared with 110 million euros in 2009. The increase in volumes sold to end customers enabled to effectively contrast the pressure on margins, specially in the gas sector. It is worth noting that the 2009 EBITDA were penalized by charges for commodity hedges executed in connection with the fixed-price sales of the 2008 sales campaign, which were gradually eliminated during 2009.

**EBIT** grew to 149 million euros in the first quarter of 2010, for a gain of 39.3%, compared with 107 million euros at March 31, 2009, due to the factors described above and a difference in the scheduling of exploration investments compared with 2009. The **profit before taxes** totaled 131 million euros, or 84.5% more than the 71 million euros booked in the first three months of 2009, also due to the improvement of financial charges.

The Group interest in **net profit** rose to 67 million euros in the first quarter of 2010, for an increase of 91.4%, compared with the 35 million euros earned in the same period in 2009.

At March 31, 2010, **net financial debt** amounted to 3,970 million euros (4,261 million euros at March 31, 2009), up compared with the 3,858 million euros owed at December 31, 2009. **The debt/equity ratio, while higher than at December 31, 2009 (0.49 compared with 0.47), is still one of the best in the industry.**

### **Outlook for the Balance of 2010**

In 2010, the business environment will be characterized by a modest upturn in demand for electric power and natural gas, which, however, will remain well below pre-crisis levels, and by steady pressure on sales margins caused by the effect of heightened competition on benchmark prices. In response to this situation, Edison is renegotiating its long-term natural gas contracts.

The positive outcome of these re-negotiations, combined with the use of all the operational means which achieved positive results during the past year and the first quarter 2010, justifies to expect for this year results in line with those reported in 2009.

### **Key Events of the First Quarter of 2010**

- **Edison, BEH and DEPA Finalize an Agreement to Build the Greece-Bulgaria Gas Pipeline (IGB).** On March 4, 2010, at a meeting in Thessaloniki, BEH (Bulgarian Energy Holding) and IGI Poseidon Sa (a 50-50 joint venture of DEPA, Greece's national gas company, and Edison) finalized an agreement to establish an asset company (BEH 50% and IGI Poseidon Sa 50%) that will build the new IGB (Interconnector Greece-Bulgaria) natural gas pipeline. The IGB pipeline will have a length of about 160 km, running between Komotini (Greece) and Stara Zagora (Bulgaria). With an annual capacity of 3 to 5 billion cubic meters of natural gas, it will provide Bulgaria with access to new supply sources by way of Greece. Planned investments will total 140 million euros and the project is expected to have access to about 45 million euros in funding under the EU's Economic Recovery Plan.
- **Strengthening Our Balance Sheet. Edison Successfully Completes the Placement of a 500-million-euro Bond Issue.** On March 10, 2010, with demand in excess of about 4 billion euros, Edison Spa completed the placement of a five-year bond issue, listed on the Luxembourg Exchange,

### **Conference Call**

The results from operations for the first quarter of 2010 will be presented today at **2:30 PM (1:30 PM GMT)** during a conference call. Journalists may follow the presentation by telephone, **in listen-only mode, by dialing +39 02 805 88 27**.

The presentation will also be available on the Group's website: **[www.edison.it](http://www.edison.it)**.

### **Pertinent Documents**

The Interim Report on Operations at March 31, 2010 of the Edison Group, approved today by the Board of Directors of Edison Spa, will be available to the public **on May 4<sup>th</sup>, 2010** at the Company's head office and on the Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and Edison Spa ([www.edison.it](http://www.edison.it)) websites.

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*As required by Article 154-bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), Marco Andreasi, in his capacity as "Dirigente Preposto alla redazione dei documenti contabili societari di Edison S.p.A.", attests that the accounting information contained in this press release is consistent with the data in the Company's documents, books of accounts and other accounting records.*

*This press release and, specifically, the section entitled "Outlook for the Balance of 2010" contains forward looking statements. These statements are based on the Group's current projections and expectations with regard to future events, which, by their very nature, are subject to an intrinsic component of risk and uncertainty. Actual results could be materially different from those contained in the abovementioned statements due to a number of factors, including continued volatility and a further deterioration of the capital and financial markets, fluctuations in raw material prices, changes in macroeconomic conditions and economic growth rates and other changes in business conditions, changes in the statutory and regulatory framework and institutional scenario (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.*

*The Group's balance sheet, income statement, cash flow statement (including the Other Components of the Comprehensive Income Statement) and statement of changes in consolidated shareholders' equity are annexed to this press release.*

*Please note that the Interim Report on Operations at March 31, 2010 was not audited.*

*Public disclosure required by Consob Resolution No. 11971 of May 14, 1999, as amended.*

## CONSOLIDATED BALANCE SHEET

(in millions of euros)

03.31.2009 <sup>(1)</sup>		03.31.2010	12.31.2009 <sup>(1)</sup>
	<b>ASSETS</b>		
7.426	Property, plant and equipment	7.455	7.445
14	Investment property	12	12
3.542	Goodwill	3.538	3.538
1.272	Hydrocarbon concessions	1.245	1.259
111	Other intangible assets	121	108
50	Investments in associates	46	43
268	Available-for-sale investments	303	304
93	Other financial assets	106	98
87	Deferred-tax assets	106	103
47	Other assets	20	21
<b>12.910</b>	<b>Total non-current assets</b>	<b>12.952</b>	<b>12.931</b>
111	Inventories	193	308
2.755	Trade receivables	2.263	1.862
11	Current-tax assets	26	33
512	Other receivables	635	545
35	Current financial assets	50	30
160	Cash and cash equivalents	797	748
<b>3.584</b>	<b>Total current assets</b>	<b>3.964</b>	<b>3.526</b>
-	<b>Assets held for sale</b>	-	-
<b>16.494</b>	<b>Total assets</b>	<b>16.916</b>	<b>16.457</b>
	<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
5.292	Share capital	5.292	5.292
565	Equity reserves	748	703
1.132	Other reserves	948	1.127
(1)	Reserve for currency translations	5	4
711	Retained earnings (Loss carryforward)	884	711
35	Profit (Loss)	67	240
<b>7.734</b>	<b>Group interest in shareholders' equity</b>	<b>7.944</b>	<b>8.077</b>
148	Minority interest in shareholders' equity	172	177
<b>7.882</b>	<b>Total shareholders' equity</b>	<b>8.116</b>	<b>8.254</b>
65	Provision for employee severance indemnities and provisions for pensions	63	64
546	Provision for deferred taxes	592	584
781	Provisions for risks and charges	813	837
1.200	Bonds	1.696	1.199
1.953	Long-term financial debt and other financial liabilities	1.611	2.184
32	Other liabilities	30	30
<b>4.577</b>	<b>Total non-current liabilities</b>	<b>4.805</b>	<b>4.898</b>
13	Bonds	748	721
1.364	Short-term financial debt	843	611
1.602	Trade payables	1.680	1.469
77	Current taxes payable	58	38
979	Other liabilities	666	466
<b>4.035</b>	<b>Total current liabilities</b>	<b>3.995</b>	<b>3.305</b>
-	<b>Liabilities held for sale</b>	-	-
<b>16.494</b>	<b>Total liabilities and shareholders' equity</b>	<b>16.916</b>	<b>16.457</b>

<sup>(1)</sup> The data for Property, plant and equipment and Other intangible assets have been represented purely for comparative purposes to reflect the adoption of IFRIC 12.

## CONSOLIDATED INCOME STATEMENT

(in millions of euros)

2009 full year		1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2009 <sup>(1)</sup>
8.867	Sales revenues	2.742	2.710
517	Other revenues and income	133	107
<b>9.384</b>	<b>Total net revenues</b>	<b>2.875</b>	<b>2.817</b>
(7.673)	Raw materials and services used (-)	(2.493)	(2.467)
(240)	Labor costs (-)	(61)	(55)
<b>1.471</b>	<b>EBITDA</b>	<b>321</b>	<b>295</b>
(772)	Depreciation, amortization and writedowns (-)	(172)	(188)
<b>699</b>	<b>EBIT</b>	<b>149</b>	<b>107</b>
(156)	Net financial income (expense)	(25)	(31)
(3)	Income from (Expense on) equity investments	(1)	(1)
(11)	Other income (expense), net	8	(4)
<b>529</b>	<b>Profit before taxes</b>	<b>131</b>	<b>71</b>
(278)	Income taxes	(63)	(40)
<b>251</b>	<b>Profit (Loss) from continuing operations</b>	<b>68</b>	<b>31</b>
-	Profit (Loss) from discontinued operations	-	-
<b>251</b>	<b>Profit (Loss)</b>	<b>68</b>	<b>31</b>
	Broken down as follows:		
11	Minority interest in profit (loss)	1	(4)
<b>240</b>	<b>Group interest in profit (loss)</b>	<b>67</b>	<b>35</b>
	Earnings per share (in euros)		
0,0448	Basic earnings per common share	0,0121	0,0059
0,0748	Basic earnings per savings share	0,0421	0,0359
0,0448	Diluted earnings per common share	0,0121	0,0059
0,0748	Diluted earnings per savings share	0,0421	0,0359

<sup>(1)</sup> Data represented to reflect a presentation of trading activities based on the "trading margin" (net presentation).

### Other Components of the Comprehensive Income Statement

(in millions of euros)

2009 full year		1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2009
<b>251</b>	<b>Profit (Loss) (Minority and Group interest)</b>	<b>68</b>	<b>31</b>
	<b>Other components of comprehensive income:</b>		
298	- Change in the cash flow hedge reserve	39	97
2	- Profit (loss) from available-for-sale financial assets	1	(3)
7	- Differences on the translation of assets in foreign currencies	1	2
-	- Pro rata interest in other components of comprehensive income of investee companies	-	-
(110)	Income taxes attributable to other components of comprehensive income (-)	(15)	(36)
<b>197</b>	<b>Total other components of comprehensive income net of taxes</b>	<b>26</b>	<b>60</b>
<b>448</b>	<b>Total comprehensive profit (loss)</b>	<b>94</b>	<b>91</b>
	Broken down as follows:		
11	Minority interest in comprehensive profit (loss)	1	(4)

**CASH FLOW STATEMENT**

2009 full year	(in millions of euros)	1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2009
240	Group interest in profit (loss) from continuing operations	67	35
-	Group interest in profit (loss) from discontinued operations	-	-
11	Minority interest in profit (loss) from continuing operations	1	(4)
<b>251</b>	<b>Profit (loss)</b>	<b>68</b>	<b>31</b>
772	Amortization, depreciation and writedowns	172	188
5	Interest in the result of companies valued by the equity method (-)	-	1
1	Dividends received from companies valued by the equity method	-	-
(9)	(Gains) Losses on the sale of non-current assets	1	-
(1)	Change in the provision for employee severance indemnities	(1)	-
142	Change in other operating assets and liabilities	(195)	(283)
<b>1.161</b>	<b>A. Cash flow from continuing operations</b>	<b>45</b>	<b>(63)</b>
(1.745)	Additions to intangibles and property, plant and equipment ( - )	(161)	(1.173)
(56)	Additions to non-current financial assets ( - )	(2)	(23)
(80)	Price paid on Business Combinations ( - )	-	(80)
43	Proceeds from the sale of intangibles and property, plant and equipment	-	6
15	Proceeds from the sale of non-current financial assets	-	-
(4)	Other current assets	(20)	(9)
<b>(1.827)</b>	<b>B. Cash used in investing activities</b>	<b>(183)</b>	<b>(1.279)</b>
2.074	Receipt of new medium-term and long-term loans	527	766
(540)	Redemption of medium-term and long-term loans (-)	(304)	(56)
-	Capital contributions provided by controlling companies or minority shareholders	6	-
(278)	Dividends paid to controlling companies or minority shareholders (-)	(2)	-
(26)	Change in short-term financial debt	(40)	613
<b>1.230</b>	<b>C. Cash used in financing activities</b>	<b>187</b>	<b>1.323</b>
<b>(4)</b>	<b>D. Liquid assets from changes in the scope of consolidation</b>	<b>-</b>	<b>(9)</b>
-	<b>E. Net currency translation differences</b>	<b>-</b>	<b>-</b>
-	<b>F. Net cash flow from operating assets of discontinued operations</b>	<b>-</b>	<b>-</b>
<b>560</b>	<b>G. Net cash flow for the period (A+B+C+D+E+F)</b>	<b>49</b>	<b>(28)</b>
<b>188</b>	<b>H. Cash and cash equivalents at the beginning of the period</b>	<b>748</b>	<b>188</b>
<b>748</b>	<b>I. Cash and cash equivalents at the end of the period (G + H)</b>	<b>797</b>	<b>160</b>
<b>748</b>	<b>L. Total cash and cash equivalents at end of period (I)</b>	<b>797</b>	<b>160</b>
-	<b>M. (-) Cash and cash equivalents of discontinued operations</b>	<b>-</b>	<b>-</b>
<b>748</b>	<b>N. Cash and cash equivalents of continuing operations (L-M)</b>	<b>797</b>	<b>160</b>
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**CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings (loss carry-forward )	Reserve for other components of comprehensive income				Profit (Loss)	Group interest in sharehold. Equity	Minority interest in sharehold. Equity	Total sharehold. Equity
				Differences on the translation of assets in foreign currencies	Cash flow hedge reserve	Reserve for available-for-sale investments	Interest in other components of comprehensive income of affiliates				
<b>Balance at December 31, 2008</b>	<b>5.292</b>	<b>72</b>	<b>2.377</b>	<b>(3)</b>	<b>(171)</b>	<b>(4)</b>	-	<b>346</b>	<b>7.909</b>	<b>164</b>	<b>8.073</b>
Appropriation of the previous year's profit	-	18	328	-	-	-	-	(346)	-	-	-
Dividends distributed	-	-	(268)	-	-	-	-	-	(268)	(12)	(280)
Other changes	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Total comprehensive profit (loss)	-	-	-	2	61	(3)	-	35	95	(4)	91
of which:											
- Change in comprehensive income for the period	-	-	-	2	61	(3)	-	-	60	-	60
- Profit for 1 <sup>st</sup> quarter 2009	-	-	-	-	-	-	-	35	35	(4)	31
<b>Balance at March 31, 2009</b>	<b>5.292</b>	<b>90</b>	<b>2.435</b>	<b>(1)</b>	<b>(110)</b>	<b>(7)</b>	-	<b>35</b>	<b>7.734</b>	<b>148</b>	<b>7.882</b>
Change in the scope of consolidation	-	-	(2)	-	-	-	-	-	(2)	15	13
Other changes	-	-	3	-	-	-	-	-	3	(1)	2
Total comprehensive profit (loss)	-	-	-	5	127	5	-	205	342	15	357
of which:											
- Change in comprehensive income for the period	-	-	-	5	127	5	-	-	137	-	137
- Profit from 04.01.2009 to 12.31.2009	-	-	-	-	-	-	-	205	205	15	220
<b>Balance at December 31, 2009</b>	<b>5.292</b>	<b>90</b>	<b>2.436</b>	<b>4</b>	<b>17</b>	<b>(2)</b>	-	<b>240</b>	<b>8.077</b>	<b>177</b>	<b>8.254</b>
Appropriation of the previous year's profit	-	35	205	-	-	-	-	(240)	-	-	-
Dividends declared	-	-	(228)	-	-	-	-	-	(228)	(15)	(243)
Share capital increase	-	-	-	-	-	-	-	-	-	10	10
Other changes	-	-	2	-	-	-	-	-	2	(1)	1
Total comprehensive profit (loss)	-	-	-	1	24	1	-	67	93	1	94
of which:											
- Change in comprehensive income for the period	-	-	-	1	24	1	-	-	26	-	26
- Profit for 1 <sup>st</sup> quarter 2010	-	-	-	-	-	-	-	67	67	1	68
<b>Balance at March 31, 2010</b>	<b>5.292</b>	<b>125</b>	<b>2.415</b>	<b>5</b>	<b>41</b>	<b>(1)</b>	-	<b>67</b>	<b>7.944</b>	<b>172</b>	<b>8.116</b>