



Press Release

EDISON: PUBLICATION OF DOCUMENT AS PER CONSOB'S REQUEST

Milan, July 5, 2012 – As per Consob's request Edison publishes the document that the Director Mario Cocchi gave to the other Independent Directors during the meeting held on June 18, 2012.

Full Cocchi's document is here below:

“Considerazioni sull'offerta e sulla congruità del corrispettivo d'Opa

Ricordo che non ho condiviso le valutazioni relative al valore di cessione del 50% di Edipower, valutazioni proprio elaborate da Goldman Sachs e da Rothschild.

Data l'inscindibilità della vendita del 50% di Edipower e del 50% di TdE, ritengo gli Advisor selezionati non idonei allo svolgimento del compito assegnato, anche solo per effetto del fatto che sono inevitabilmente influenzati dalla valutazione precedente su Edipower peraltro postuma.

A mio giudizio Advisor veramente indipendenti avrebbero dovuto valutare Edison considerando:

- a) La prospettiva di un cambio di controllo;*
- b) L'entità del premio di controllo per analoghe transazioni nel settore di riferimento;*
- c) La coerenza tra l'ultimo test di sostenibilità dell'avviamento, che peraltro evidenzia enormi plusvalori non recepiti dal bilancio e il valore attribuibile all'OPA;*
- d) Le potenziali sinergie esprimibili dell'acquirente:*

Sulla base di quanto sopra, 0,89 centesimi per azione non può essere ritenuto congruo in quanto:

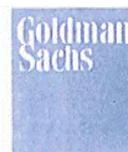
- a) Il prezzo è in linea con le quotazioni degli ultimi 12 mesi che non è nemmeno significativo visto lo scarsissimo flottante;*
- b) Edison è una società strategica per il Paese e ciò deve essere preso in debita considerazione;*
- c) La società dovrebbe essere valutata sulla base di un business plan normalizzato, sia in termini congiunturali che di EBITDA.*
- d) Anche la logica dei multipli di transazioni comparabili, applicati ad un EBITDA normalizzato, dimostra la non congruità del prezzo.*
- e) Da ultimo, il P.N. di Edison, rilevabile dai conti appena approvati, evidenzia 1,34 euro dopo aver scontato l'effetto della svendita di Edipower.*

*A titolo esemplificativo ricordo che la stessa Goldman Sachs nel novembre scorso valutava Edison in una prospettiva di Merger 1,23 euro (**Allegato documento**).*

Mario Cocchi

Milano, 18 giugno 2012”

November 2, 2011



COMPANY UPDATE
Edison SpA (EDN.MI)

Neutral

Equity Research

Neutral following preliminary agreement between EDF and A2A

What's changed

We have updated our forecasts for Edison following its 9M 2011 results and following the announcement of a preliminary agreement between EDF and the Italian shareholders of Edison over a shareholding and industrial restructuring of the company. We maintain a Neutral rating and we see both upside and downside risks on the stock, mainly related to its M&A situation. We see downside risks in case EDF will not need to launch a tender offer on Edison minorities as a result of its agreement with A2A. Upside risks include the possibility that EDF has to launch a tender offer on Edison minorities at a higher price than the last 12-months average share price (€0.84).

Implications

We have reduced our forecasts to reflect: 1) higher gas supply losses in 2011E, which result in a €140 mn net loss expected for 2011E; 2) lower achieved power prices and E&P profits in 2012E (our 2012E net income reduces by 8%). We continue to assume that Edison will successfully renegotiate its long term gas supply contracts (Qatar, Algeria and Libya) in such a way that no gas supply losses will be booked in 2012E (we assume a €205 mn loss in 2011E, €0 mn in 2012 and a €136 mn profit in 2013E).

Valuation

Our 12-month price target of €0.98 is based 50% on an M&A valuation of €1.23/share and 50% on a P/E-SOTP valuation of €0.72/share. Our valuation remains unchanged as a result of the combined effect of lower short term estimates and the roll forward by one quarter of our P/E valuation (which now reflects 100% 2012E EPS).

Key risks

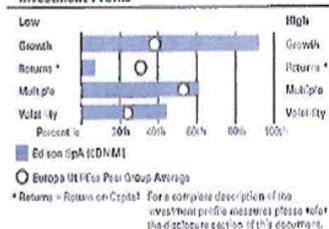
Key risks to our view and price target include higher/lower M&A potential, higher/lower energy commodity prices, higher/lower gas supply losses and higher/lower competition in the Italian gas and power markets.

INVESTMENT LIST MEMBERSHIP
 Neutral

Coverage View: Neutral

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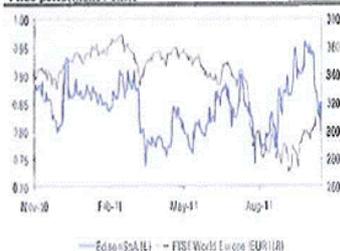
Investment Profile



Key data	Current
P/E (x)	0.92
12 month price target (€)	0.98
Upside/downside (%)	20
Market cap (€ mn)	4,348.0
Enterprise value (€ mn)	9,473.0

	12/10	12/11E	12/12E	12/13E
Revenue (€ mn) New	10,583.2	10,819.1	12,687.1	14,302.2
Revenue revision (%)	0.0	0.2	(5.3)	(0.2)
EBIT (€ mn) New	279.0	164.9	574.5	600.1
EBIT revision (%)	0.0	(20.3)	7.5	2.1
EPS (€) New	0.00	(0.03)	0.04	0.65
EPS (€) Old	0.00	(0.01)	0.04	0.00
EV/EBITDA (x)	7.5	10.3	7.5	6.0
EV (x)	242.9	NM	21.4	15.0
Dividend yield (%)	0.0	0.0	3.0	3.7
FCF yield (%)	0.2	(0.1)	7.0	12.9
CNOCI (%)	7.7	4.1	5.9	6.5

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	(1.3)	(2.9)	(3.3)
Rel to FTSE World Europe (EU)	9.5	18.9	4.6

Source: Compustat, Goldman Sachs Research estimates, PastNet. Price as of 10/19/11 close.

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Edison SpA: Summary Financials

Profit model (€ mln)	12/10	12/11E	12/12E	12/12E	Balance sheet (€ mln)	12/10	12/11E	12/12E	12/12E
Total revenues	10,553.2	10,553.1	12,687.1	14,702.2	Cash & equivalents	511.0	534.2	507.3	468.6
Operating costs	(9,594.2)	(9,731.2)	(11,459.4)	(12,665.8)	Accounts receivable	3,045.0	3,055.0	3,065.0	3,055.0
R&D					Inventory	331.0	331.0	331.0	331.0
Lease payments	0.0	0.0	0.0	0.0	Other current assets	0.0	0.0	0.0	0.0
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	3,887.0	3,960.2	3,893.3	3,842.6
EBITDA	1,359.0	916.0	1,247.7	1,458.5	Net PP&E	7,002.0	6,522.4	6,409.0	6,150.1
Depreciation & amortisation	(1,035.0)	(923.0)	(873.2)	(885.4)	Net working bias	4,628.0	4,628.0	4,628.0	4,628.0
EBIT	223.0	164.9	574.5	608.1	Total investments	316.0	946.0	946.0	946.0
Net interest income/(expense)	(161.0)	(163.1)	(160.0)	(160.5)	Other long term assets	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	Total assets	16,519.0	16,048.6	15,888.4	15,609.7
Profit/(loss) on disposals	(46.0)	(14.0)	0.0	0.0	Accounts payable	2,153.0	2,153.0	2,153.0	2,153.0
Others (recurring)	0.0	0.0	0.0	0.0	Short term debt	1,601.0	1,601.0	1,601.0	1,321.8
Pretax profits	132.0	(32.1)	416.5	647.6	Other current liabilities	1,823.0	1,393.0	1,353.0	1,389.0
Income tax	(83.0)	(100.0)	(193.2)	(302.5)	Total current liabilities	5,577.0	5,176.1	5,037.4	4,857.8
Tax rate (%)	12.3	(31.7)	45.1	46.7	Long term debt	2,739.0	2,793.7	2,162.9	2,155.3
Minorities	(26.0)	(6.0)	(12.0)	(12.0)	Other long term liabilities	62.0	62.0	62.0	62.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	2,799.0	2,855.7	2,624.9	2,518.3
Net income (pre-exceptionals)	21.0	(140.1)	203.2	339.2	Total liabilities	8,376.0	8,031.7	7,662.2	7,176.1
Other non-recurring items post-tax	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	21.0	(140.1)	203.2	339.2	Total common equity	7,549.0	7,616.1	8,024.1	8,228.5
EPS (underlying) (€)	0.00	(0.03)	0.04	0.05	Minority interest	100.0	194.8	200.0	205.1
EPS (basic, reported) (€)	0.00	(0.03)	0.04	0.05	Total liabilities & equity	16,519.0	16,048.6	15,888.4	15,609.7
Weighted shares outstanding (mln)	5,291.7	5,291.7	5,291.7	5,291.7	Capitated losses	0.0	0.0	0.0	0.0
Common dividends declared	0.0	0.0	132.3	158.8	Capital employed	12,475.0	12,448.6	12,288.4	12,011.7
DPS (€)	0.00	0.00	0.03	0.03	Adj for unfunded pensions & CW	0.0	0.0	0.0	0.0
Dividend payout ratio (%)	0.0	0.0	65.1	47.7	Adj capital employed	12,475.0	12,448.6	12,288.4	12,011.7
Dividend cover (X)	NM	NM	1.5	2.1	Gross cash invested	15,655.0	16,368.4	16,523.3	17,460.7
Growth & margins (%)	12/10	12/11E	12/12E	12/12E					
Revenue growth	16.8	(2.9)	10.1	12.7	ROIC (%)	7.7	4.5	5.9	6.6
EBITDA growth	(7.0)	(32.5)	30.9	19.9	CROICWACC (X)	1.3	0.8	1.6	1.1
EBIT growth	(61.0)	(39.6)	280.3	46.7	ROIC (X)	2.3	1.4	4.7	0.9
Net income growth	(91.2)	(766.4)	245.0	63.9	ROICWACC (X)	0.4	0.2	0.8	1.7
EPS growth	(91.2)	(766.4)	245.0	63.9	ROA (%)	0.7	(0.2)	1.9	2.8
DPS growth	(100.0)	-	-	20.0	WACC (%)	6.1	9.9	5.8	6.0
EBITDA margin	12.5	8.6	9.8	10.6	Inventory days	11.0	11.3	9.6	8.4
EBIT margin	2.5	1.5	4.5	5.7	Asset turnover (X)	1.6	1.6	2.0	2.3
					Net debt/eq. (X)	48.0	48.5	43.2	37.1
					EBITDA interest cover (X)	13.0	5.0	7.9	9.3
Cash flow statement (€ mln)	12/10	12/11E	12/12E	12/12E	Valuation	12/10	12/11E	12/12E	12/12E
Net income	21.0	(140.1)	203.2	339.2	EV/stea (X)	0.8	0.8	0.7	0.6
D&A add-back (incl. ESO)	1,456.0	754.0	673.2	698.4	EV/EBITDA (X)	6.7	9.1	6.6	5.3
Minority interest add-back	23.0	8.0	12.0	12.0	EV/EBITDA (X)	6.7	9.1	6.6	5.3
Net (incl)dec working capital	(167.0)	(440.0)	0.0	0.0	EV/EBIT (X)	33.7	50.0	14.4	9.8
Other operating cash flow	0.0	0.0	0.0	0.0	PIE (X)	242.9	NM	21.4	13.0
Cash flow from operations	97.0	180.9	688.4	1,033.5	Dividend yield (%)	0.0	0.0	3.0	3.7
Capital expenditures	(557.6)	(631.4)	(659.8)	(472.4)	FCF yield (%)	8.2	(6.1)	7.6	12.9
Acquisitions	0.0	0.0	0.0	0.0	EV/GCI (X)	0.6	0.5	0.5	0.5
Disposals	0.0	241.0	0.0	0.0	EV/adj. capital employed (X)	0.8	0.7	0.7	0.7
Others	0.0	0.0	0.0	0.0	Price/book (X)	0.6	0.6	0.5	0.5
Cash flow from investing	(557.6)	(287.4)	(559.8)	(472.4)					
Dividends paid (common & pref)	(259.0)	0.0	0.0	(135.6)					
Inc/(dec) in debt	(331.0)	105.7	(376.1)	(486.2)					
Other financing cash flows	0.0	0.0	0.0	0.0					
Cash flow from financing	(640.0)	105.7	(376.1)	(621.8)					
Total cash flow	(297.0)	14.2	(45.9)	(60.7)					
Capex/D&A (%)	50.9	70.6	83.2	68.6					
Reinvestment rate (%)	45.7	52.6	63.0	45.7					
Cash flow cover of dividends (X)	NM	NM	6.9	6.6					
Free cash flow cover of dividends (X)	NM	NM	2.5	3.5					

Note: Ratios are adjusted for taxes where applicable. Only separately disclosed where significant and ongoing.

Note: Last fiscal year may include reported and unreported data.
Source: Company data, Goldman Sachs Research estimates.

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Duty to notify the public in accordance with Consob decision no. 11971 of 05/14/1999 as amended.

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