

SUSTAINABILITY REPORT 2009



EDISON IN ITALY



* Edipower thermoelectric power plants
 ** Edipower hydroelectric power plants

FACILITIES AND INFRASTRUCTURES AT ITALY'S SERVICE

ELECTRIC POWER

28 thermoelectric power plants

68 hydroelectric power plants

3 mini hydro power plants

12,232 MW of installed capacity, including 2,104 MW in capacity from renewable sources*

29 wind farms

1 photovoltaic power plant

1 biomass power plant

* Installed capacity data include those of Edipower at 50%

HYDROCARBONS

58 concessions and exploration permits in Italy

22 concessions and permits for natural gas and crude oil exploration and production outside Italy

3 storage center concessions in Italy*

56.1 billion m³ equiv. in hydrocarbon reserves

3.71 thousand km of natural gas distribution networks

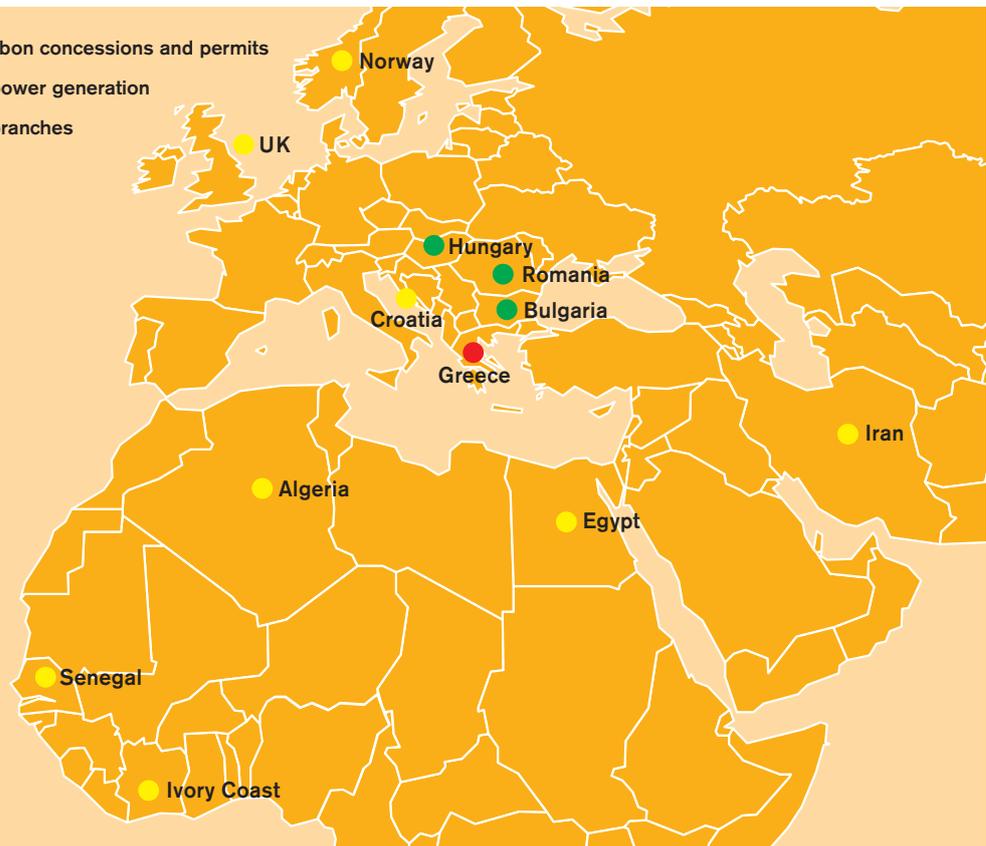
* 2 storage centers in operation and 1 under development

EDISON'S INTERNATIONAL PRESENCE

● Hydrocarbon concessions and permits

● Electric power generation

● Trading branches



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GRI INDEX



Edison decided to renew its Sustainability Report, focusing on the main socio-environmental issues and emphasizing the results it achieved in these areas. Other corporate communication tools are available on the www.edison.it website, to which we specifically ask you to refer for further information, in accordance with the "Guidelines for Sustainability Reporting" published by the Global Reporting Initiative (GRI) and the principles of the U.N. Global Compact.

Many of the photographs that illustrate this Report were taken by Edison employees who participated in the 2008-2009 editions of the internal photographic context on sustainability.

Starting with this reporting year, this report includes the data and performances of Edison International, a company that operates at the Abu Qir concession, in Egypt, and of AMG Gas Palermo, both having joined the Group in 2009.

SUSTAINABILITY REPORT 2009

A LETTER TO OUR STAKEHOLDERS

In 2009, Edison intensified the process of making social responsibility an integral part of its business model. For Edison, corporate social responsibility is more than just charitable contributions and sponsorships. It is something that it applies every day to the management of its business operations, always keeping in mind the expectations of its stakeholders.

In 2008, Edison published its *Sustainable Development Policy* setting down four challenges regarding the fight against climate change and environmental protection, occupational health and safety, transparency and fairness in market transactions, and relationships with its host communities.

The Sustainable Development Policy provides a strategic frame of reference that enabled the Company to reach important achievements in 2009 and serves as the benchmark for the future of Edison.

Edison intends to address with determination the issue of climate change and shares the vision presented in the European Union's E.U. 2020 Program of a strategy based on new synergies between the social, economic and industrial stakeholders for the achievement of more sustainable development. Besides, achieving the Program's objectives will prove to be difficult if they are not framed within a global context in which other countries make concrete commitments towards greenhouse gas reduction. With such an approach, the Climate Package ceases to be a penalty for the countries of the European Union, providing instead an opportunity to grow and reconvert the economic system. The Copenhagen Accord had the merit of uniting all participating countries in the political goal of preventing the average global temperature from rising by more than two degrees centigrade.

This was an important step forward, compared with the past, even though a binding and uniform agreement on specific CO₂ reduction targets and related mechanisms could not be reached. The current year will be a decisive year, as the requirement that all European Union member countries define quantifiable CO₂ reduction targets will provide a measure of the true difficulties posed by the adoption of the Copenhagen Accord's guidelines. Also in 2010, the other countries (beginning from USA and China) are expected to define their policies about their CO₂ reduction.

Edison's commitment to *fighting climate change* is carried out concretely in a number of ways: from the choice of the best available technologies for the construction of new facilities to its capital investment decisions, particularly concerning renewable sources; from the research and development of technologies with a low environmental impact to the promotion of sustainable development in emerging countries; from educational projects

about energy conservation in the classroom and the musical world to energy efficiency services and the offer of green energy to customers. In 2009, there was a further reduction in CO₂ emissions (specific emissions 486 g/kWh) released by Edison facilities, confirming the positive trend of the past three years, and, on the other side, an increase in production from renewable sources (5,954 GWh).

For our Group, energy efficiency is a business in the true sense of the word. Specifically, a unit created in 2009 helps Edison's customers adopt a rational approach to the use of energy resources, starting with optimization of energy utilization processes, through production with low environmental impact sources and, ultimately, offsetting the residual carbon footprint. Energy conservation must become a profit motive for our Group and consumers alike. The problem of climate change is closely linked with that of *protecting biodiversity*, because the preservation of healthy ecosystems helps mitigate the impact of the climate. Edison has chosen to adopt a clear approach in this area. In 2010, the International Biodiversity Year, it will define an action plan with realistic objectives for the management and conservation of biodiversity in the areas where its activities are located.

The *protection of health and safety in the workplace* is a commitment that is constantly at the center of Edison's attention. The adoption of management systems that comply with international standards (BS OHSAS 18001) demonstrates the Group's determination to go beyond mere regulatory compliance, promoting a policy of continuous improvement with a beneficial impact on the development of a culture of safety at all levels of the organization. For this reason, all employees are involved in the pursuit of the "Zero Risk" objective. As part of this ongoing effort, the MBO system now includes a safety target for all first-level managers. In 2009, following the significant improvements achieved in recent years, the Group's occupational safety performance stabilized at levels of excellence both at the Italian and international level. This was especially true for employees of contractors (employee injury incidence rate of 3.04, down 5.6%), reflecting the positive impact of numerous educational and training programs about safety.

Edison maintains an ongoing *dialog with the market and the shareholder community*, providing them with the information they need to evaluate as effectively as possible the Company, its plans and its strategies. Despite a highly negative market environment, the Group succeeded in maintaining its profitability at a level substantially in line with that of previous years. Continuous communications helped make the market aware of the strategies deployed by Edison to respond to the economic crisis.

In 2009, Edison focused intensely on its end *customers*. After achieving in little more than a year a significant position in the residential market for electric power and natural gas and improving its customer service activities (specifically, the Electric Power and Natural Gas Authority placed Edison's call center among the top performers in the Call Center Quality Rankings), Edison refined the tools it had been using to listen to and analyze the needs of Italian consumers and thought it indispensable to open new direct communication and collaboration channels with consumer associations, through a series of projects and initiatives – such as the Joint Conciliation Protocol – that enable Edison to monitor and continuously improve the level of customer service.

In 2009, the activities of the *Edison Foundation* gained even greater prominence. The Foundation engages primarily in the study of industrial clusters and small and medium-sized businesses, which are of critical importance in Italy. Through the publication of papers, books and news bulletins and the organization of conventions, the Edison Foundation highlighted how, compared with the industrial systems of other countries, these strong points helped the Italian economy retain its extraordinary vitality and resiliency during the current crisis. The Foundation's studies were extremely well received by politicians, the media, Italy's industrial cluster systems, the National Federation of Industry and individual businesses, and helped enliven the debate about the strengths and weaknesses of Italy's industrial system. A concrete sign of the Foundation's success is the steadily increasing number of new members, who appreciate and support its activities.

Edison is strongly committed to strengthening its ties with its *host communities*. Discussion forums, an ongoing dialog with all parties involved and a lasting relationship with the local stakeholders are the tools of this process, of which Edison has been a trailblazer in Italy, particularly in terms of its ability to listen to and involve the host communities in the shared development of new projects. The Group's ambitious capital investment program was carried out with this approach of dialoging with the host communities, with excellent results. Two examples of projects mentioned as best practices at the European level are the Rovigo regasification terminal and the Candela thermoelectric power plant in Apulia, both of which were honored with the Pimby (Please in my backyard) award by local administrations that chose to build major sustainable projects in their areas.

Edison views partnering with *non-profit associations* as an integral part of its corporate social responsibility strategy because these associations provide an effective tool to interact with society. In 2009, the Company established a Committee charged

with evaluating socially beneficial projects and address the need to develop specific guidelines, take a proactive approach in the identification of socially beneficial projects and make the entire process transparent. As part of this effort, in selecting projects for the areas where it operates, Edison decided to select projects that target young people and small children, focusing on such issues as the promotion of sustainable development and energy efficiency, sports and culture.

Specifically, in 2009, Edison co-financed the construction of a welcome center for disabled adolescents built entirely in accordance with ecoefficiency criteria, it intensified its energy conservation effort with educational programs that included the "Kyoto anch'io – La scuola amica del clima" contest for schools and "Edison change the music," the first ever zero-impact musical project, winner of the Sodalitas Prize, and took up the challenge of introducing the inmates of the Beccaria juvenile detention center in Milan to the discipline and values of rugby. Lastly, to encourage employees to identify with the Company and develop team spirit, Edison activated a series of programs to involve its staff in socially beneficial programs and supports them when they decide on their own to promote humanitarian causes that are especially meaningful to them.

Last, but not least, during its current phase of international development, Edison, in collaboration with the Italian network of the UN Global Compact, of which it is an active supporter, launched a strategic assessment of human rights issues, publishing a specific policy that will be integrated into the Group's business processes through the training of employees and appropriate monitoring activities. Activities planned for 2010, in keeping with the renewed interest in this issue, include a major project for the protection of vulnerable children in Egypt.

Umberto Quadrino
Edison's Chief Executive Officer





EDISON'S SUSTAINABLE DEVELOPMENT POLICY

Sustainability is a strategic element of Edison's business model. The creation of value is based on the ability to pursue economic objectives while at the same time steadily reducing environmental impacts, consistent with a sustainable development approach, thereby meeting the expectations of all stakeholders.

The world is faced with the global challenge of climate change, which can be successfully tackled only if we all get involved. As an electric utility, we have a great responsibility: we have to manage and mitigate our environmental impact and help minimize the effects on climate, while delivering energy to all of our customers. We are convinced that the promotion of a culture of energy conservation, coupled with special services for our customers and the development of an energy system with a low

environmental impact, can help contain global warming and provide growth opportunities in our markets.

Empowering our employees and providing them with a healthy and safe work environment are core objectives for Edison, which views them as fundamental elements to guarantee the respect and integrity of all our associates. We treasure diversity and foster the professional development of our employees by listening to their needs and expectations.

Edison is committed to strengthening its ties with its local communities by respecting the aspirations of the local population and supporting growth in the areas where it operates. We involve the communities in decisions that affect them, we invest in cultural development and we promote social, educational and sports initiatives that benefit the community.

Edison's Responsibility: 4 Challenges and 11 Commitments for Sustainable Development

The Environment

Help fight climate change and develop an energy system with a low environmental impact:

- Positioning ourselves among the energy companies with the most efficient facilities and the lowest level of greenhouse gas emissions, pursuing objectives of continuous improvement as we shift our energy mix towards sources with lower emissions;
- Aiming to play a leadership role in the field of renewable sources in Italy;
- Operating with the utmost respect for the environment and biodiversity.

Our Employees

Foster the development of our employees by providing healthy and safe work environments:

- Strengthening programs that empower our employees by helping them develop competencies and finding an optimum work-life balance;
- Strengthening and improving our management system for occupational health and safety prevention and monitoring (already one of the most advanced in Europe); attaining accident levels that are among the lowest in our industry, while continuing to pursue a "zero accidents" objective.

The Market

Be a transparent and fair player in the market in which we operate to establish respectful and lasting relationships with our counterparties:

- Investing in research to develop new energy-saving solutions for our customers, offering them services that are respectful of the environment and promoting an informed use of energy;
- Developing dialog with our customers and consumer groups to improve the services that we offer.

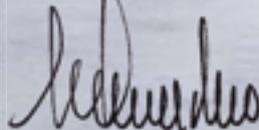
Local Communities

Consolidate our ties with public institutions and our local communities by listening to the legitimate expectations of our stakeholders:

- Communicating our values, actions and achievements, while listening to the expectations and changing needs of our local communities and those of public institutions;
- As responsible citizens, supporting social, educational and sports initiatives that benefit the community;
- Establishing and maintaining stable, transparent and collaborative relationships with our suppliers;
- Maintaining an effective system of Corporate Governance capable of steadily creating value for our shareholders.

Milan, February 11, 2009

Umberto Quadrino
Chief Executive Officer



WHO WE ARE

DIRECT ECONOMIC VALUE GENERATED

2008 **10,914** mln euros
2009 **9,529** mln euros

CAPITAL EXPENDITURES AND EXPLORATION INVESTMENTS

2008 **644** mln euros
2009 **1,745** mln euros

DIVIDEND PAYOUT

2008 **268** mln euros
2009 **228** mln euros

CHARITABLE CONTRIBUTIONS AND SPONSORSHIPS

2008 **3.3** mln euros
2009 **3.9** mln euros

NUMBER OF EMPLOYEES

2008 **2,976**
2009 **3,923**

EMPLOYEE INJURY INCIDENCE RATE

2008 **3.22**
2009 **3.04**

TOTAL TRAINING HOURS PER EMPLOYEE

2008 **38**
2009 **32**

SALES OF "GREEN ENERGY"

2008 **176** GWh
2009 **106** GWh

LOCATIONS WITH EMS (ENVIRONMENTAL MGMT SYSTEMS)

Electric power **100%**
Hydrocarbons **89%**

ENERGY PRODUCED FROM RENEWABLE SOURCES

2008 **5,545** GWh
2009 **5,954** GWh

CO₂ EMISSIONS AVOIDED USING RENEWABLE SOURCES

2008 **3.27** mln t
2009 **3.32** mln t

SPECIFIC CO₂ EMISSIONS

2008 **523** g/KWh
2009 **486** g/KWh

Respect for the environment, dialog with local communities, concern for safety, delivery of high quality services, and transparency and ethics in dealings with stakeholders: these are the foundations on which the Company builds its business. Edison is Italy's second largest electric power and natural gas operator.

Between 2001 and 2008, the Group's electric power operations completed the most ambitious program of generating capacity expansion carried out in Europe in the past 10 years, building combine-cycle, cogenerating power plants fueled with natural gas, which is today's most efficient and environmentally friendly thermoelectric technology. Edison's distinctive characteristic is its success in developing a well balanced portfolio of highly efficient facilities that enables it to produce energy with an optimum mix, ranging from gas-fired, combined-cycle facilities to hydroelectric units and other renewable sources. In the hydrocarbon area, Edison has an integrated presence, ranging from exploration to production, importation, distribution and sales.

Edison is also developing infrastructural projects of strategic importance for the Italian and European supply system that will improve the energy mix and provide Italy with greater independence from individual hydrocarbon producing countries. Adriatic LNG's Rovigo regasification terminal, the first offshore facility of this kind in the world, was commissioned in 2009. It will make it possible to import 8 billion cubic meters of natural gas a year, equal to 10% of Italy's total supply needs.

In the international arena, Edison is working to further strengthen its presence both in the electric power generation and hydrocarbon sectors. Since the first quarter of 2009, Edison is the operator of the Abu Qir concessions in Egypt, one of the largest hydrocarbon fields active in the Mediterranean today. This concession will help meet part of Edison's natural gas needs, with the possibility of exporting LNG starting in 2012. In the electric power area, Edison is present in Greece with ElpEdison, the second largest operator in that country's electric power industry, and is seeking additional growth opportunities

in southeast Europe, Turkey and the Mediterranean Basin. In Italy, after recently entering the residential electric power market, Edison launched in September 2009 a new integrated offer for households that combines the supply of electric power and natural gas.

ELECTRIC POWER – SOURCES (GWh)*			
	2008**	2009	% change
Net production of the Edison Group	50,151	41,601	(17.0%)
Thermoelectric power plants	44,606	35,646	(20.1%)
Hydroelectric power plants	5,021	5,397	7.5%
Wind farms and other renewables	524	558	6.4%
Other purchases ⁽¹⁾	15,040	18,771	24.8%
Total sources	65,191	60,732	(7.4%)

⁽¹⁾ Before line losses and excluding the trading portfolio.

* One GWh is equal to one million kWh; in terms of physical volumes.

** The data for 2008 have been restated in accordance with the new classification criteria adopted.

NATURAL GAS – SOURCES (millions of m³)			
	2008*	2009	% change
Production in Italy	662	604	(8.8%)
Pipeline imports	7,554	8,678	14.9%
LNG imports	-	1,682	n.s.
Domestic purchases and other ⁽¹⁾	5,281	2,246	(57.5%)
Total sources (Italy) ⁽¹⁾	13,497	13,210	(2.1%)
Production outside Italy ⁽²⁾	352	1,231	n.s.

⁽¹⁾ Includes changes in inventory and pipeline leaks.

⁽²⁾ Counting volumes withheld as production tax.

* The data for 2008 have been restated in accordance with the new classification criteria adopted.

CRUDE OIL – SOURCES (thousands of barrels)			
	2008*	2009	% change
Production in Italy	1,729	1,703	(1.5%)
Production outside Italy ⁽¹⁾	-	957	n.s.
Total production	1,729	2,660	553.8%

⁽¹⁾ Counting volumes withheld as production tax.

* The data for 2008 have been restated in accordance with the new classification criteria adopted.

**THE WORLD'S
MOST
ADMIRABLE
COMPANIES**

Fortune rewards Edison's reputation

For the second consecutive year, Edison was ranked first in Italy in the listing of the "World's Most Admired Companies" published each year in the United States by Fortune magazine. In the global rankings, Edison finished second overall in the Energy sector.

This prestigious mention comes on the heels of Edison's achievements as the developer of internationally significant and strategic projects, such as the ITGI (Italy-Turkey-Greece natural gas pipeline) and the Rovigo regasification facility, the world's first offshore LNG terminal.

For more information: <http://money.cnn.com/magazines/fortune/mostadmired/2010/intl/Italy.html>

STRUCTURE OF THE GROUP

Edison is structured to operate in all of the strategic areas of the electric power and natural gas businesses. The Group's corporate organization is based on an integrated business model that reflects Edison's commitment to the energy

sector. The coordinated operations of different Group companies enable Edison to generate electric power with a low environmental impact, which it offers in the deregulated market at increasingly competitive prices, for the benefit of its customers.



■ Electric Power Business Unit ■ Hydrocarbons Business Unit ■ Main companies included in the scope of consolidation
 (*) Company subject to unbundling requirements.

- 1881** Giuseppe Colombo founds the Committee to Promote the Use of Electric Power in Italy. The Committee will become Società Generale Italiana di Elettività Sistema Edison in 1884.
- 1883** Europe's first power plant capable of distributing a continuous supply of electric power begins to operate at Milan Santa Radegonda.
- 1898** The Bertini hydroelectric power plant in Paderno d'Adda is commissioned. At that time, it was the most powerful power plant in Europe.
- 1931** Edison begins to supply natural gas to households in Milan.
- 1963** Italian electric utilities are nationalized.
- 1966** Merger with Montecatini; Montedison is born.
- 1990** Under the new National Energy Plan, businesses are again allowed to build new power plants, provided they use environmentally compatible technologies.
- 1992** Edison introduces to Italy the combined-cycle technology for power plants fueled with natural gas.
- 1993** The Edison Research Center opens in Trofarello (TO).
- 1994** Edison publishes its first Environmental Report.

BUSINESS ENVIRONMENT

In 2009, demand for energy decreased due to the financial crisis, with reductions in the Italian market amounting to 6% for electric power and 8% for natural gas.

While the International Energy Agency (IEA) expects demand to start growing again (by about 2.5%) during the 2010-2015 period, the effects of the financial crisis could have repercussions on capital expenditures in the energy sector and, by discouraging investments in reduced-emissions technologies, hamper the achievement of CO₂ emissions reduction targets.

Moreover, lower investments in the energy industry could constrain the available supply sufficiently to produce price increases when demand bottoms out. These developments, when viewed in conjunction with long range forecasts calling for demand to continue rising until 2030, could pose additional challenges, including international competition for the available energy resources.

In such an environment, international and national institutions have a fundamental role to play in addressing these challenges by acting quickly and forcefully to ensure that the market has sufficient energy resources to ensure its competitiveness.

The European Union Council has already taken action, adopting the European Recovery Plan (ERP) to support the European economy as it deals with the crisis. In the energy sector, 2.3 billion euros have been earmarked to support a series of projects for the development of electric power and natural gas interconnector projects, including the ITGI and Galsi natural gas pipelines. Specifically, because the European energy market is heavily dependent on imports from sources outside the European Union, one of the priorities that must be addressed is the reliability of supply sources. The Southern corridor for the supply of natural gas from the Middle East and the

Caspian Basins is now viewed as a top priority for Europe's energy security.

Insofar as the Italian regulatory framework is concerned, changes in 2009 included the enactment of several energy-related statutes, including the provisions of the Development Law concerning the safety and development of the energy industry, energy efficiency industry regulations and the delegation of powers to the government in the nuclear area. Additional legislation dealt with the governance of energy infrastructures, trading in environmental securities markets (green certificates, CO₂ certificates, etc.) and regulating the electric power and natural gas markets.

FUTURE STRATEGY AND CHALLENGES

While the economic and financial crisis caused a slump in the demand for energy, expectations call for the economic recovery to get under way in 2010, producing a steady rise in global energy consumption. Specifically, according to projections, European installed electric power generating capacity will have to increase by about 40%, compared with 2005 installed capacity, to meet the new, higher demand for energy.

Edison, which stood out among European operators for the higher growth rate of its domestic market, intends to take up the challenge posed by the market scenario by further expanding its international operations. Such an approach will have the added benefit of diversifying the Group's risk portfolio, duplicating in new areas with a high growth potential the business model it successfully applied in Italy.

In Italy, Edison will continue to follow its strategic guidelines:

- Maintain a 15% share of national energy production, but with a better balance between upstream and downstream operations;

Edison's Bussi power plant is the first facility in Italy to receive ISO 14001 environmental certification. The CET 3 power plant in Taranto is the first facility in the world to use, on an industrial scale, a combined-cycle system fueled with recycled gas from the neighboring steel mill complex.

1997

Ten years after publishing its first Environmental Report, Edison publishes its first Sustainability Report and approves the 231 Organizational Model.

2004

A 400-MW turbogas power plant fueled with a mixture that includes "lean" natural gas from local deposits is commissioned in Candela (FG). The steam generated by the facility is used to heat about 150 acres of greenhouses built by a local floricultural business.

2007

A Corporate Responsibility Department is established and Edison publishes a Human Rights Policy. Elpedison Power, Greece's second largest electric power operator, is created.

2009

1996

Edison commissions its first wind farm. The farm is located in Casone Romano, in the municipality of Castelnuovo della Daunia, province of Foggia.

2002

Edison Energie Speciali (wind power generation) is the first organization in Italy to receive multi-site EMAS registration.

2005

Edison joins the U.N. Global Compact.

2008

Publication of the Sustainable Development Policy. A Sustainable Development Business Unit is established.

- Complete its natural gas transmission infrastructural projects, reaching full energy independence and accounting for 15% of total natural gas imports.

The Group's rate of growth will be modulated to make sure that capital expenditure levels are consistent with changes in energy demand trends. In addition, Edison's strong financial position will enable it to pick up the pace of capital investments, should the economic recovery begin sooner than anticipated.

Electric Power Operations

Besides Italy, the Group's main areas of interest include Greece, where the Group is already present with a commercial joint

Hydrocarbons Operations

Over the next 10 years, Europe and Italy will be faced with a very complex situation. Specifically, rising demand and dwindling North Sea reserves will make it necessary to invest in new importation infrastructures.

In such a scenario, Italy can play a key role, thanks to its favorable position with respect to Africa and the Middle East, and Edison has been doing its part as the leader in two key projects:

- The Galsi (Algeria-Sardinia-Italy) pipeline, which will bring 8 billion cubic meters of natural gas a year from Algeria to Italy; and
- The ITGI (Interconnector Turkey-Greece-Italy) pipeline, which will link Italy with the Caspian Sea basin and deliver up to 10 billion cubic meters of natural gas a year.

EDISON IN EGYPT

In January 2009, Edison International, an Edison subsidiary, signed a twenty-year agreement with Egyptian General Petroleum Corporation (EGPC) for the exploration, production and development rights of the Abu Qir offshore concession, located north of Alexandria, in Egypt.

Operational since the 1980s, the Abu Qir fields produce about 1.5 billion cubic meters of natural gas and 1.5 million barrels of liquids a year. The concession's reserves have been estimated at about 70 billion cubic meters of natural gas equivalents, about 40% of which is attributable to Edison. EGPC and Edison plan to increase hydrocarbon production above the current level and develop the concession's high exploration potential. For Edison, this agreement represents a major investment in the Egyptian oil and gas market that will significantly increase the Group's hydrocarbon reserves, adding 27 billion cubic meters of natural gas equivalents to the existing reserves of 33.5 billion cubic meters. Abu Qir Petroleum has fewer than 800 employees working at

the Alexandria office and at the Meadia operating unit, where the staff directly manages the onshore and offshore production facilities.

In 2009, a team of Group employees was selected and seconded to Egypt to support the local staff in managing the local company.

The presence of expatriate personnel at Abu Qir Petroleum merely broadens Edison's well established operations in Egypt, as the Group has been active in Cairo for about 10 years with the stable organization of Edison International's Egyptian Branch.

In addition to Abu Qir, Edison has stakes in the Rosetta concession, which is already operational, and is the operator of the Sidi Abd el Rahman offshore concession and the West Wadi el Rayan on shore concession, where, recently, oil reserves that are currently being developed were discovered. About 20 employees have been internationally seconded to the operations in Egypt.

venture and T-Power's 389-MW combined-cycle power plant, the Balkans, Turkey and the Mediterranean Basin. Edison's pursuit of its objectives in the international scenario will be driven by an effective long-term strategy, implemented by the Group with its proven management skills and broad technological knowhow.

In 2010, Edison will be working to achieve such challenging targets as bringing on stream a new 412-MW power plant in Thisvi (Greece) and commissioning the 30-MW Mistretta wind farm, in Italy. Alongside the production and sale of electric power generated from renewable sources, Edison will be increasingly involved in the development of new energy efficiency services provided by a dedicated business unit established in 2009. In addition, greater attention will be paid to customer relations, strengthening Customer Care services and upgrading them to match the steady increase in customer base experienced in recent years.

By building these infrastructures, Italy and Europe will take a major step forward toward improving their energy security and creating the conditions for the development of a market that is more competitive and less dependent on the traditional producing countries.

MAIN COMPLETED PROJECTS

Against the backdrop of the highly challenging economic environment outlined above, Edison's operations performed remarkably well in 2009, producing electric power and hydrocarbons in quantities equal to 15% and 7.3%, respectively, of the total Italian output. In addition, while sales volumes were down overall, the Group successfully pursued a strategy of increasing sales in the end-customer segments, achieving important growth targets in both areas: +24.6% for electric power sales and +12.4% for hydrocarbon sales. At the operational level, 2009 was marked by the startup of two

major endeavors in the hydrocarbon area: the commissioning of the Rovigo regasification terminal in the Adriatic Sea and the beginning of hydrocarbon production at Abu Qir, in Egypt. Edison is also engaged in exploration and production activities in Iran, Algeria, Senegal, Ivory Coast, Croatia, Great Britain, Qatar and Norway. In Norway, Edison recently qualified for "operator" status, which enables it to compete in public calls for tenders for the award of exploration concessions.

In the electric power area, significant achievements of 2009 included bringing on stream the Lucito and Melissa/Strongoli wind farms and commissioning Italy's first merchant line for the flow of electric power between Italy and Switzerland. This infrastructure will increase the safety and reliability of the link



between Italy and Northern Europe. Other important results achieved in 2009 included the Group's expansion in the retail market, with the number of customers increasing from 215,000 in 2008 to about 540,000 in 2009. Also in this area, Edison strengthened its sales organization, launched new sales offers and acquired new companies, such as AMG Gas, a natural gas distributor in the Palermo metropolitan area with over 133,000 customers and an annual sales volume of 80 million cubic meters of natural gas.

A number of major investment projects were also carried out in 2009, with about 2 billion euros used for the Group's core businesses and for acquisitions. Significant projects included development of new production capacity from renewable sources in Italy (mainly hydroelectric and wind power), repowering and maintenance of existing thermoelectric power plants and expanding hydrocarbon exploration, production, storage and distribution activities both in Italy and internationally.

PROJECTS IN THE ELECTRIC POWER AREA

- Construction of a 420-MW CCGT power plant in Thisvi, in Greece;
- Startup of the first unit of the Azotati power plant in Porto Marghera, Europe's first LMS100 gas turbine;
- Commissioning of the Melissa/Strongoli wind farm, in Calabria;
- Commissioning of a new electric power infrastructure linking Italy (Tirano) with Switzerland (Campocologno);
- Development of projects for the use of renewable sources;
- Commissioning of a power plant fueled with solid biomass in Castellavazzo (BL);
- Startup of a 3.3-MW pilot photovoltaic facility in Altomonte;
- Entry into the residential market with a combined sales offer for electric power and natural gas and expansion in the microbusiness segment;
- Establishment of Elpedison Power (Greece), a joint venture with Hellenic Petroleum that operates Edison's power plants in Greece and engages in the distribution of electric power and the provision of related services;
- Commissioning of a photovoltaic system on the roof of the Foro Buonaparte headquarters, in Milan.

PROJECTS IN THE HYDROCARBON AREA

- Commissioning of the Adriatic LNG terminal in Rovigo;
- Start of operations and new hydrocarbon discovery at the Abu Qir concession, in Egypt;
- Beginning of importation of natural gas from Algeria via pipeline;
- Discovery of two natural gas fields in the Algerian desert;
- Resumption of crude oil production from the offshore Vega field, near Sicily;
- Progress in the development of the projects for the construction of the IGI and Galsi infrastructures;
- Signing of a Memorandum of Understanding by Edison, BEH (Bulgarian Energy Holding) and DEPA (Greek Public Gas Corporation) for the construction of the IGB (Interconnector Greece-Bulgaria) pipeline;
- Acquisition of an 80% stake in AMG Gas, a natural gas distributor that operates in the Palermo metropolitan area.

OUR RESPONSIBILITY

Values and Business Conduct

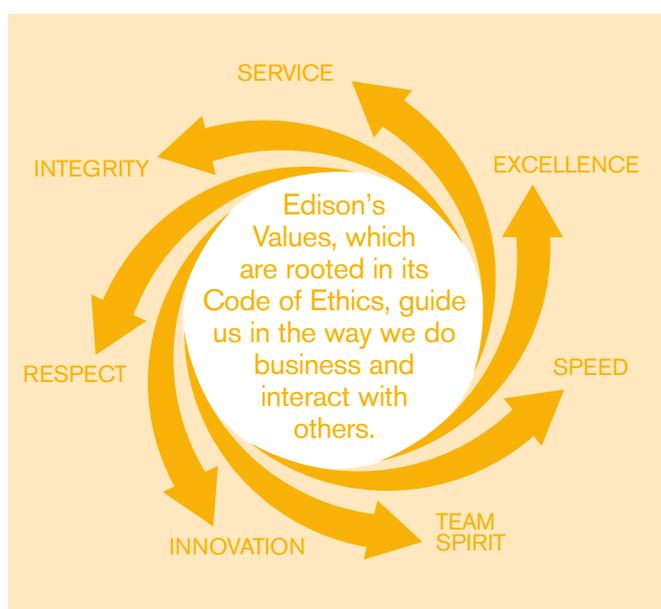
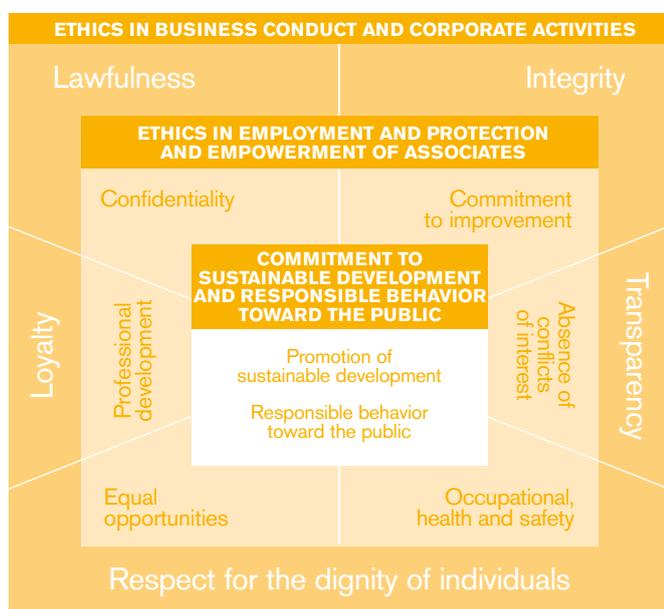
Edison's fundamental principles of ethics, which are set forth in the Group's Code of Ethics, provide the foundation for its corporate culture and represent the standard of conduct that all Group employees are required to follow.

Edison supports the U.N. Global Compact, an initiative launched by the United Nations by which companies agree to uphold and publicize ten universal principles that cover human rights, labor standards, environmental protection and anti-corruption.

Since 2009, Edison has been a member of the Italian Network

of the U.N. Global Compact, which it supports as a tangible sign of its active commitment to the advancement of these issues.

Edison's Mission, Code of Ethics, Company Values, Sustainable Development Policy and its new Human Rights Policy are the key elements that help define the Group's strategies and guide the daily conduct of all of its employees.



EDISON'S MISSION IS TO SUPPLY ITS CUSTOMERS WITH HIGH QUALITY ENERGY AND SERVICES, WORKING IN PARTNERSHIP WITH ITS SUPPLIERS TO DEVELOP AND DEPLOY MORE EFFICIENT TECHNOLOGIES THAT ARE COMPATIBLE WITH THE ENVIRONMENT AND INCREASE SAFETY.

EDISON AND HUMAN RIGHTS

Edison believes that, even though the protection of human rights continues to be a key responsibility of governments, business can play an important role, within their context, in supporting and promoting them and ensuring their respect. A proactive stance with regard to human rights is what "good business" is all about. Moreover, companies have a long-term strategic interest in finding good governance and socially stable environments in the regions where their international operations are located. During the current phase of its international development and as part of the incorporation of social responsibility into its business model, Edison, in collaboration with the Italian

Network of the U.N. Global Compact, Edison launched a strategic assessment about the issue of human rights, the first result of which was the adoption of a specific policy. The Human Rights Policy, the implementation of which will be monitored by the Human Resources Department, is based on the ten principles of the U.N. Compact and is consistent with established guidelines and international conventions. Objectives for 2010 include employee training and the development of operational procedures to monitor potential violations of this policy, a copy of which is available online at: www.edison.it (<http://www.edison.it/edison/site/en/csr>).

CORPORATE GOVERNANCE

Edison's system of corporate governance is the set of standards and behavior guidelines deployed by the Company to ensure that its governance bodies and control systems are functioning efficiently and transparently. In developing its governance structure, Edison adopted the principles and implementation criteria recommended by the Corporate Governance Code promoted by Borsa Italiana (2006 version). This structure includes the following governance bodies:

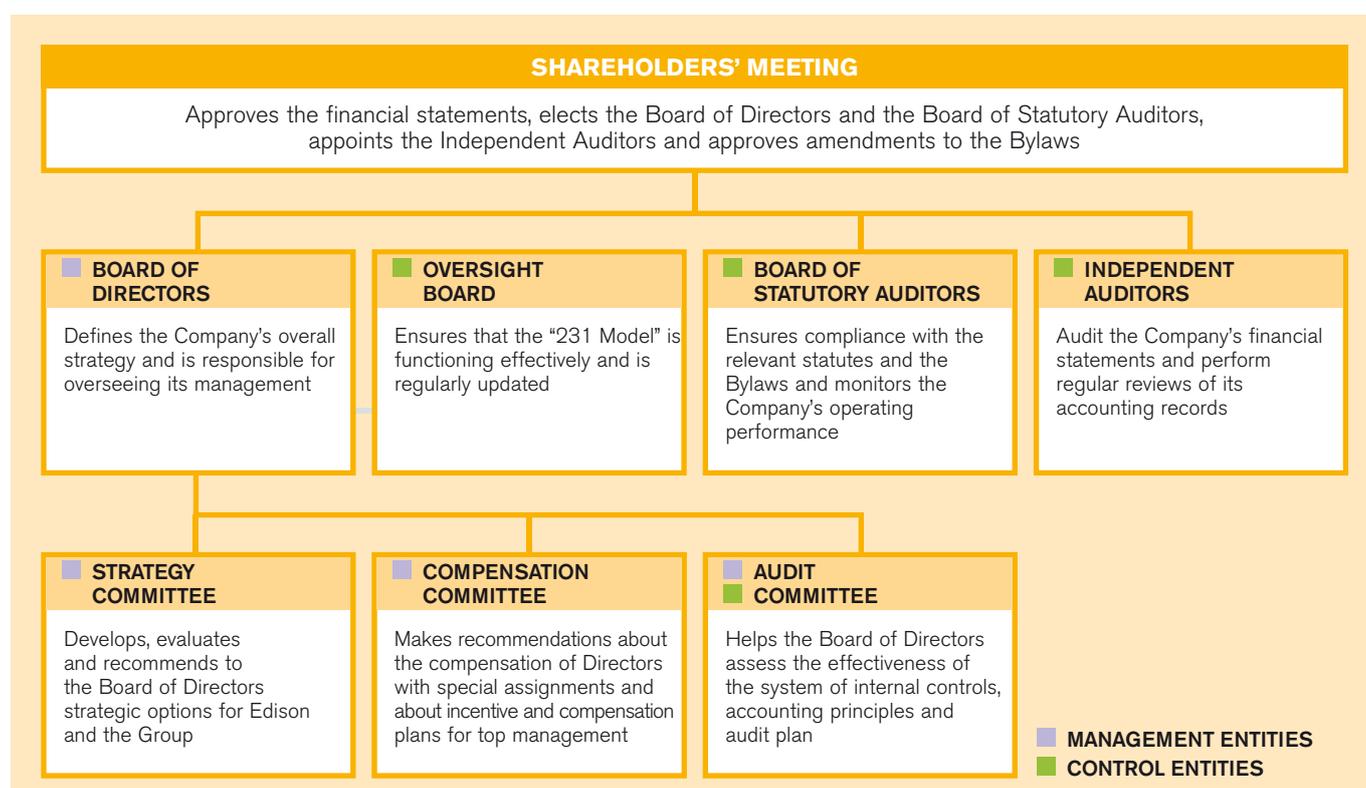
- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Independent Auditors.

Edison's governance structure also includes its system of internal controls, its Code of Ethics, its system of powers and proxies and its organizational structure.

The corporate governance system adopted by Edison defines and regulates a series of activities reserved for the Board of Directors, such as transactions with related parties, determination of Directors' compensation and assessment of their performance, and provides procedures to prevent the occurrence of conflicts of interest. More information is provided in the Report on Corporate Governance, which is available online at: www.edison.it.

In the performance of its tasks, the Board of Directors is assisted by the following three consulting committees:

- Strategy Committee;
- Compensation Committee;
- Audit Committee.



CORPORATE GOVERNANCE	2007	2008	2009
Total number of BoD (Board of Directors) members	12	13	13
Number of Directors with executive authority on the BoD ⁽¹⁾	2	1	1
Number of independent Directors on the BoD	2	3	3
Number of women on the BoD	-	-	-
Number of BoD meetings	9	8	8
Average percentage attendance of BoD meetings by Directors	92.6%	97.1%	96.1%
Average percentage attendance of BoD meetings by Statutory Auditors	85.2%	83.3%	83.3%
Number of Audit Committee meetings	5	6	5
Number of Compensation Committee meetings	5	4	7
Number of Strategy Committee meetings	5	4	6
Number of meetings of the Board of Statutory Auditors	8	11	11

⁽¹⁾ The Chairman does not perform any function requiring executive authority.

MANAGEMENT TOOLS FOR THE PREVENTION OF CRIMES

In July 2004, Edison S.p.A. adopted the Organizational Model required pursuant to Legislative Decree No. 231/2001. The Model is designed to prevent the perpetration of the unlawful acts referred to in the abovementioned Decree and, consequently, shield the Company from administrative liability. The Model, which was adopted following a detailed analysis of the Company's operations to identify activities with a risk potential, includes a series of general principles, rules of conduct, control tools, administrative procedures, training and information programs, and disciplinary systems that are designed to prevent, as much as possible, the occurrence of the abovementioned crimes. The Board of Directors also established an Oversight Board (OB), which is responsible for ensuring that the Model is functioning effectively and is kept up to date, and is required to report to the Board of Directors and the Board of Statutory Auditors at least once every six months. In 2005, the main subsidiaries adopted models based on the amended guidelines used by the Group's Parent Company.

The OB of Edison and its subsidiaries receive information flows on a regular basis (every six months) from the individuals responsible for the Model's implementation ("Unit Officers").

The Model was updated in 2008 and the new Model was approved by the Board of Directors with a resolution dated December 5, 2008. The Model had to be updated to address the impact of new crimes introduced in the "231 System" (market abuse, money laundering, computer crimes, etc.) and in response to changes in Edison's business activities. In 2009, the Board of Directors approved a protocol for the management of occupational safety risks. For Model updating purposes, the OB used the same interdepartmental work group that developed the Model in 2004.

The Model updating process for the main Group subsidiaries is currently in the completion phase. The members of the OB of Edison S.p.A. include an outside professional (Umberto Tracanella), who serves as Chairman, and two independent Directors (Gregorio Gitti and Gian Maria Gros-Pietro). The OB met five times in 2009 and once in February 2010. At those meetings, it reviewed the findings of audit engagements and the information flows it received from the Unit Officers, and received updates on the progress made by the subsidiaries in adopting the Model. The OB reported every six months to the Board of Directors on the Model's adequacy and effectiveness, submitting a specific report.

System of Internal Controls

Edison's system of internal controls is a structured and organic set of rules and procedures and organizational structures designed to prevent or minimize the impact of unexpected results and allow the Company to achieve its strategic, operating, statutory and regulatory compliance, and fair and transparent internal and market disclosure objectives.

Operational audits covered all of the Company's businesses, including issues with a social and environmental impact. Work carried out in this area in 2009 included six major audit engagements that concerned mainly customer relationship management, hydroelectric energy production activities and projects for the development of renewable source facilities, wind farms in particular. In 2010, the Company plans to perform an equal number of audits focused mainly on customer relationship management, external relations and the development of renewable source projects.

In addition, most audit engagements will include specific modules to assess compliance with the Code of Ethics.

In 2009, with regard to training concerning topics covered by Legislative Decree No. 231/01 and concerning fraud prevention, 30 Edison Group employees attended training courses that covered the updates made to the Organizational Model.

As for the specific occupational safety issues incorporated into the Model in 2008, Edipower will develop a training program in the first quarter of 2010 to bring all of the relevant parties up to date with regard to regulatory changes and the new model.

Sustainability Governance

Over the years, Edison adopted the tools needed for an effective and efficient governance of its corporate social responsibility. In 2009, the process of making CSR an integral part of the Group's business activities gained further ground, thanks to the adoption of new policies and the launch of new projects in such areas as human rights and biodiversity.

A Corporate Responsibility function was officially established in September 2009. This new function is responsible for managing and coordinating communication and reporting activities concerning Corporate responsibility (CR) processes, specifically with regard to the Group's Sustainability Report, and for providing specialized support to the Group's Departments and Business Units in the process of identifying and assessing environmental and social responsibility issues suitable for integration in their respective operating programs.

The manager of the CR function reports directly to the manager of the External Relations and Communications Department, which is a staff function of the Chief Executive Officer.

At the end of 2009, the Company adopted a Human Rights Policy that provides a more comprehensive and systemic coverage of sustainability issues formerly addressed in part by the Environment, Safety and Quality Policy and the Code of Ethics and by the Sustainable Development Policy.

Management Systems and Audit Process

Edison addresses environmental and safety issues by means of management systems, which, thanks to their adoption at virtually all production facilities, enabled the Group to achieve levels of excellence with regard both to its ability to communicate and interact with third parties who are affected by or involved in the performance of its environmental activities and to its ability to activate, motivate and maximize the contributions of all interested parties within the organization. Edison was the first company in Italy to receive ISO 14001 and EMAS environmental certifications. Currently, 100% of the electric power operations' locations have been certified and only two hydrocarbon locations lack certification. The objectives achieved in 2009 included the following:

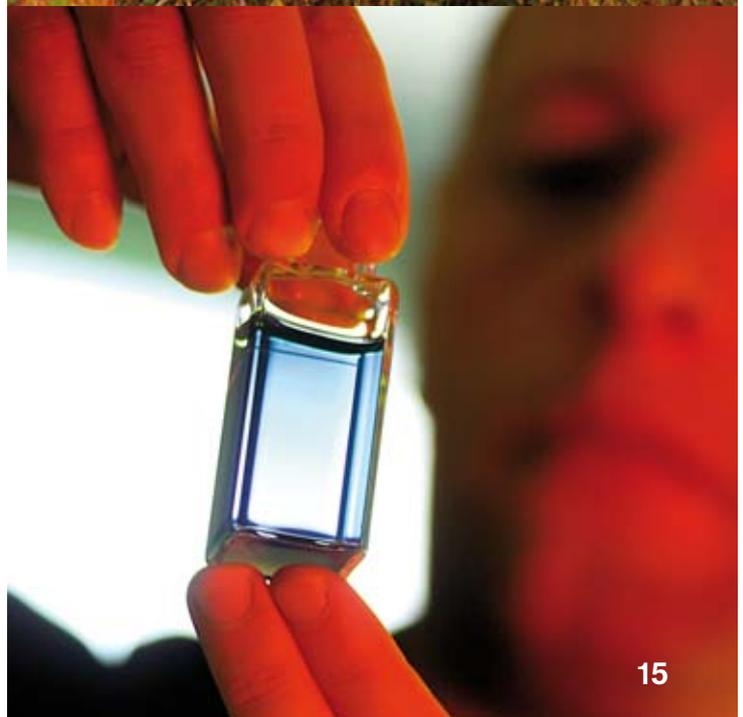
- Completion of the certification process for the integrated environmental and safety management system for the Sarago - Maria a Mare site and the Transportation Operational Unit of Edison Stocaggio (hydrocarbons operations).
- Start by the Engineering Department of the process required to adopt a BSI OHSAS 18001 certified Health and Safety Management System. As part of this process, the Department successfully completed the first level of the certification path. The safety management system is integrated with the quality management system, which is already certified.
- Launch and completion by the Electric Power Business Unit of the renewal of the EMAS registration for its Thermoelectric Divisions 1, 2 and 3 and its Hydroelectric Division.

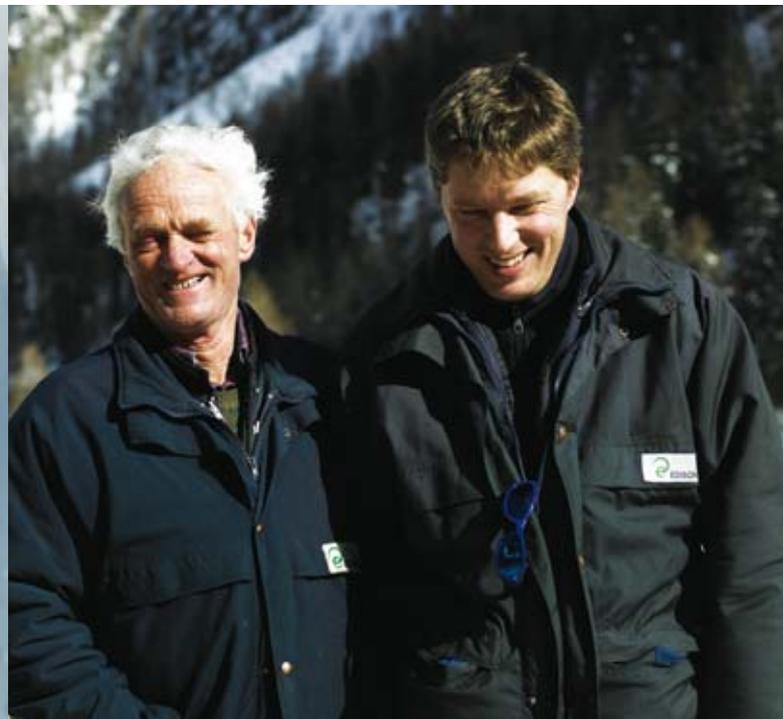
The steady increase in certified locations demonstrates the Company's commitment and attention to environmental and safety issues. A tool in this area is provided by the internal auditing process, which is designed to bolster and improve the handling of operational practices. Compliance with relevant standards has reached outstanding levels, system activities have become common practice and operational competency is growing and widespread. Consequently, as independent audits have also shown, situations of statutory non-compliance are virtually non-existent and the risk levels of field activities are kept under control and managed in accordance with system rules.

RISK MANAGEMENT

Edison uses a centralized corporate function to control the risks that arise in connection with the pursuit of its different business activities. This function's purpose is to maximize the efficiency and effectiveness of the risk mitigation actions implemented by the Company, while providing a significant tool to exploit the full range of development opportunities.

The Group's system to control and manage corporate risks addresses two main areas: Enterprise Risk Management, which is designed to identify, monitor and control risk in accordance with the integrated management system model adopted by the Group, and Energy Risk Management. The latter is designed to manage the commodity market risk, which is the risk entailed by changes in the prices of energy raw materials in the financial and physical markets in which the Company operates.





Type of risk	Risk area	Examples
Risks related to the external environment	Institutions and society	Image risks, regulatory risks, risks of conflicts with host communities, etc.
	Market	Risks related to market prices, etc.
	Weather events and natural disasters	Risks of business interruption, unavailability of materials, etc.
Process risks	Transversal	Ethics, sustainable development, etc.
	Core businesses	Failure to achieve objectives, etc.
	Human resources	Risks related to occupational safety, losing qualified personnel, etc.
	Finance	Credit rating and financial credibility, liquidity, etc.
	Other support processes	Information systems, etc.
Strategy and planning risks	Strategy	Business model, etc.
	Management of return on investment	Performance monitoring, etc.



Enterprise Risk Management

Edison has developed an integrated risk model based on the Enterprise Risk Management (ERM) international principles. ERM's main purpose is to adopt a systematic approach to the process of mapping the Company's most significant risks, assess in advance their potential negative effects and take appropriate mitigating action.

For this purpose, Edison adopted a Corporate Risk Model that covers all types of risks inherent in the Group's businesses and applies a risk scoring method that assigns a relevance index to each risk, based on an assessment of its overall impact, probability of occurrence and level of control.

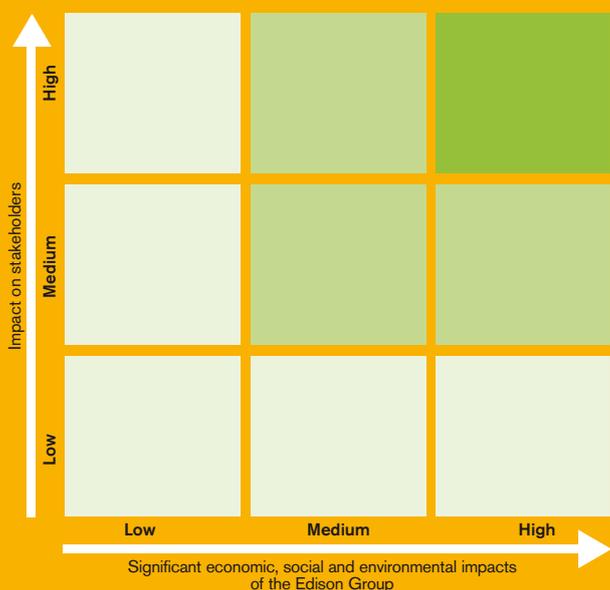
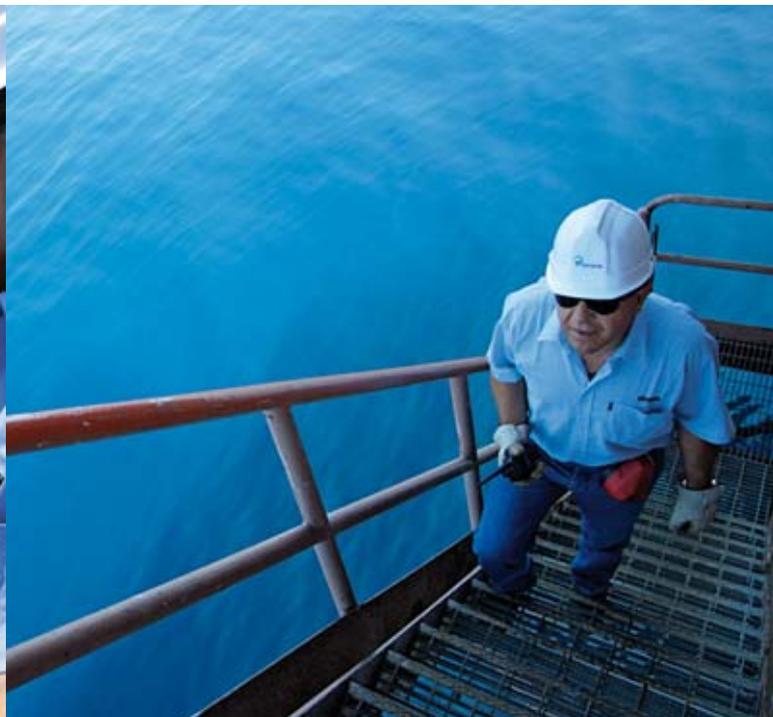
The table above provides an overview of the risk model adopted by Edison.

Examples of risks related to the external environment include regulatory issues, macroeconomic factors, the impact of changes in public opinion and social views, climate and weather

conditions and the effect of fluctuations in prices and rates. In addition to the risks inherent in the Group's core businesses, process risks include such risks as those related to ethics, social responsibility and environmental issues, human resource management and litigation.

Examples of strategy risks include all risks related to the Group's business model, to the process of making strategic decisions, to corporate governance tools and to performance monitoring.

The issue of respect for human rights, which recurs pervasively throughout the Group's diverse activities, affects transversally all of the risks in the Risk Model. For example, risks that are most affected by this issue include environmental responsibility, social responsibility in managing projects with regard both to the work performed directly and the work of contractors, and the management of human resources, particularly with regard to occupational health and safety.



RELEVANT ISSUES BY STAKEHOLDER

Environment

- Climate change
- Nuclear energy development
- Renewable energy
- Energy efficiency
- Impact reduction
- Protection of biodiversity

Shareholders

- Business integrity
- Economic performance

Customers

- Development of green products
- Fair contracts
- Transparent communications
- Customer satisfaction

Employees

- Health and safety
- Training
- Equal opportunities
- Employee satisfaction

Host communities

- How new facilities are sited within the territory
- Support of communities
- Sports and culture
- Low-impact events

Suppliers

- Supply chain monitoring
- Partnering and fair dealing

Lastly, a significance and priority analysis is applied to the mapped risks to define the appropriate mitigation plans, consistent with an integrated risk management approach.

Identification of Relevant CSR Issues

Through a process that included interviewing management, assessing the input of stakeholders and analyzing the main sustainability issues that appear to be relevant to the energy industry, as discussed in the main national and international media, Edison monitors social responsibility issues that it believes should be analyzed for the purpose of developing future action plans. The approach used is based on a broader concept of significance, which defines the relevance of information relative to the impact of the Group's activities on economic, environmental and social issues. The issues that were deemed to be relevant and, consequently, are discussed in this Report, were identified through the use of a matrix that included such variables as Edison's significant

economic, environmental and social impacts and the effects that these impacts have on the perceptions and decisions of its stakeholders. The analysis was based on a scale with three levels of assessment: low, medium and high.

The analysis performed in 2009 showed that, compared with the previous year, new issues that are deemed to be relevant are emerging both in the environmental and social arenas.

Insofar as the environment is concerned, nuclear energy has been a primary concern for stakeholders, due mainly to the launch of a new government program in this area. Other significant issues included the reduction of environmental impacts and how new facilities are sited within the territory, particularly in connection with the Rovigo regasification terminal and the development of new natural gas transmission projects, and, lastly, the topic of energy conservation. This issue, which Edison has been actively addressing with programs for public schools, collaborative projects

with Lifegate and the establishment of the Energy Efficiency and Sustainable Development Business Unit in 2009, received significant attention by the media. In the social area, the community and the institutions focused mainly on socially beneficial activities (e.g., Rugby at the Beccaria), support for sports and culture, organization of environmentally themed (Energy Festival) and low environmental impact (Edison Change the music) events. Lastly, with regard to employees, the attention of stakeholders (the media, in particular) focused on such issues as equal opportunities and employee satisfaction, particularly after Edison was honored with the "Family and Work" prize.

Tools to Listen and Talk to Our Stakeholders

Dialoging with the various parties that for different reasons interact with Edison is an ongoing practice that occurs daily with different modalities. The publication of the Sustainability Report provides each year an important opportunity to communicate with the different categories of stakeholders and provides an overview of the main activities carried out as part of the dialog and involvement process. These activities are the embodiment of our commitment to learn the opinions of our stakeholders and conduct an open, ongoing and constructive dialog with them. In preparation for the writing of this Report, a sample of



Stakeholder category	Stakeholder engagement activities
Employees	<ul style="list-style-type: none"> Satisfaction survey concerning the "Edison per te" project Employee questionnaires about the Sustainability Report
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Analysis of the needs of business customers Research on customer satisfaction during the after-sale phase Focus groups with consumer associations
Shareholders	<ul style="list-style-type: none"> Meetings with the financial community (investors and analysts)
Communities and NGO	<ul style="list-style-type: none"> Annual survey performed by Eurisko, discussion panels, Energy efficiency conventions, Social Committee (conventions on partnerships of companies and NGO)
Public Administration	<ul style="list-style-type: none"> Discussion panels, direct interaction with public entities, focus groups

EDISON AND ITS STAKEHOLDERS

Consistent with Edward Freeman's classic definition, Edison identifies as its stakeholders "all individuals and clearly identifiable groups that can affect or be affected by the activity of an organization in terms of its products, policies and work processes."

As part of its responsible management path, Edison interacts with and involves all its counterparties both internally (employees and shareholders) and externally (customers, suppliers, financial community, public administration, competitors, community and the environment) and undertakes specific commitments toward each one of them. The analysis of the level of impact of Edison's activities was used to develop a map that lists the main categories of stakeholders with whom the Group interacts.

employees with a particularly keen interest in social responsibility issues was surveyed about which significant subjects that should be discussed in the Report. The main issues mentioned were energy efficiency, sustainable development and climate change, followed by health and safety, equal opportunities, diversity and respect for human rights.

In 2009, Edison established a committee responsible for evaluating social programs and developing specific guidelines. The Social Committee was born of the need for a clear and transparent interface with the world of non-profit and international cooperation organizations and the desire to take a proactive stance in identifying and developing socially useful projects. In this area, Edison collaborated with a group of Bocconi University students in studying more in detail some of the issues raised at Committee meetings, and attended the "Face-to-Face" event (organized by a group of non-profit associations), where it learned about the needs of the 50

associations present at the event. The results of these activities will be presented in 2010 in connection with the publication of the Company's Policy and guidelines for the selection of social projects.

Projects launched in 2010 included "Eco-Generation – Your School is the Climate's Friend," a web community entirely devoted to the issues of sustainability and energy efficiency in school buildings. The goal of this community, which is managed in collaboration with Legambiente, is to provide a venue where all members of the school community and anyone with an interest in climate change can interact and exchange information.

In 2009, in the area of customer relations, the Group carried out



two intra-annual flash surveys (in April and December) in addition to its traditional annual customer satisfaction survey.

In addition, a survey conducted in collaboration with Eurisko to assess how Edison's activities are perceived outside the Group and the quality of its relationships with customers, journalists, public institutions, suppliers and financial analysts was repeated in 2009.

The survey, which showed that Edison is viewed favorably and that its image is steadily improving, provided important information about priority areas that stakeholders perceive as needing improvement.

In 2010, the Group will define a detailed plan for stakeholder involvement and the plan's initial activities will be implemented. These initiatives are part of a broader and structured program of activities that Edison carries out with its stakeholders as part of a dialog and involvement process. The table on the opposite page provides an overview of these activities.



ECONOMIC RESPONSIBILITY

SALES REVENUES

2008 **10,064** mln euros
2009 **8,867** mln euros

EBITDA

2008 **1,643** mln euros
2009 **1,471** mln euros

EBIT

2008 **861** mln euros
2009 **699** mln euros

GROUP INTEREST IN NET PROFIT

2008 **346** mln euros
2009 **240** mln euros

NET FINANCIAL DEBT

2008 **2,920** mln euros
2009 **3,858** mln euros

DEBT/EQUITY RATIO

2008 **0.36**
2009 **0.47**

THE WEALTH WE CREATED

The incremental wealth that Edison creates through its industrial activities is computed by determining the Economic Value that it generates and how it is distributed among its main stakeholders.

In 2009, the total Economic Value generated by the Group amounted to 9,529 million euros. Edison retained only 8.5% of this amount and distributed the remaining 91.5% to its stakeholders.

A breakdown of the Economic Value distributed to the stakeholders is as follows:

RELATIONS WITH THE FINANCIAL COMMUNITY

Through its departments and representatives, Edison engages in an ongoing dialog with the market and its shareholder community, while fully complying with the laws and regulations governing the circulation of insider and confidential information. One of the goals of the Group's activities and procedures is to provide equal access to information and safeguard the right of every investor to receive the accurate and timely information required to make informed investment decisions. Edison has established a department responsible for handling investor

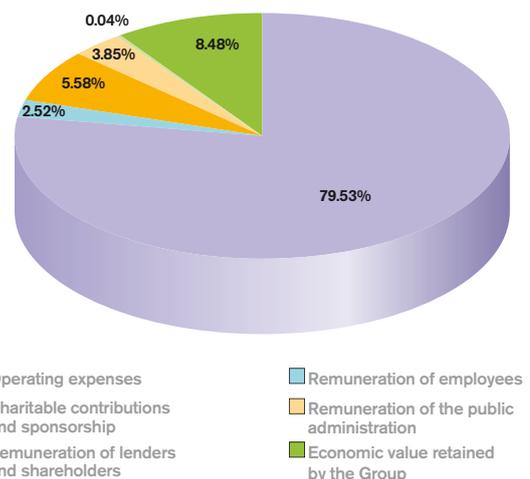
ECONOMIC VALUE GENERATED AND DISTRIBUTED (in millions of euros)

	2007	2008	2009
Economic value generated by the Group	9,040	10,914	9,529
Sales revenues (*)	8,859	10,729	9,384
Financial income	181	185	145
Economic value distributed by the Group	8,158	9,918	8,721
Operating expenses (**)	6,957	8,797	7,578
Remuneration of employees	219	223	240
Remuneration of lenders and shareholders	664	553	532
Remuneration of the public administration	316	338	367
Charitable contributions and sponsorships	2	3	4
Economic value from discontinued operations	-	4	-
Economic value retained by the Group	882	996	808
Depreciation and amortization	709	782	772
Additions to provisions and reserves	173	214	36

(*) Sales revenues reflect a new presentation of trading activities that recognizes only the resulting "trading margin" (net presentation).

(**) Operating expenses do not include expenses attributable to trading activities, which are reflected in "trading margin" (net presentation) included in "Total revenues."

VALUE ADDED DISTRIBUTED BY THE EDISON GROUP



- For operating expenses (payments to suppliers, non-strategic investments, royalties and other payments), 7,578 million euros (79.53% of the total);
- To employees (direct and indirect remuneration: wages and salaries, social security contributions and benefits, severance indemnities, bonuses, and professional development and supplemental training expenses), 240 million euros (2.52% of the total);
- To shareholders and lenders (remuneration of equity capital and debt capital), 532 million euros (5.58% of the total);
- To the Public Administration (income taxes for the year), 367 million euros (3.85% of the total)
- To the community (including non-commercial sponsorships, community programs and charitable contributions), 3.9 million euros (0.04% of the total).

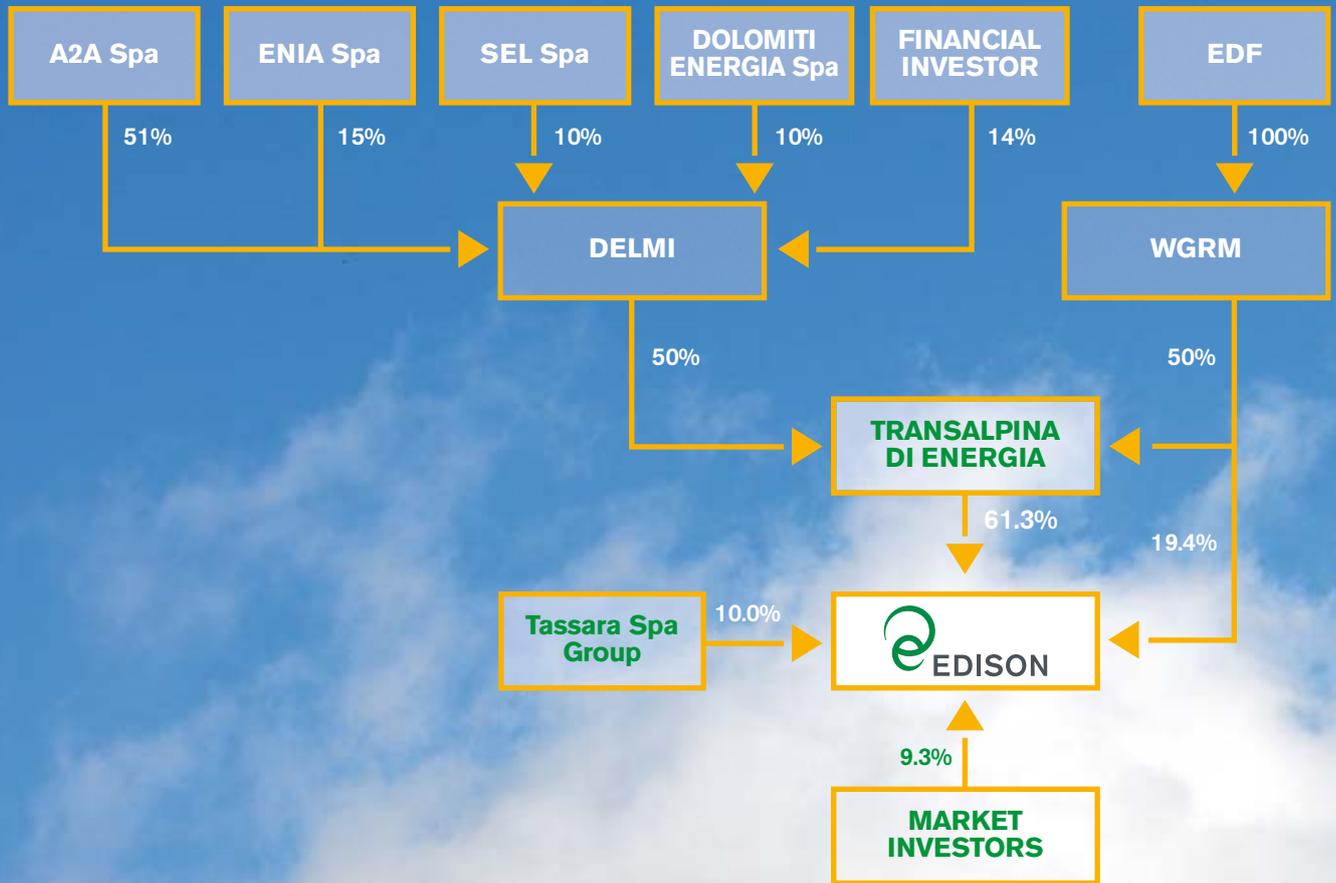
relations. The manager of the Investor Relations Department is responsible for managing relations with equity and fixed-income institutional investors and with the rating agencies.

The shareholder chart shown on the following page provides a breakdown of Edison's shareholder base.

Transparency and Timeliness of Financial Communications

Edison's communication activities are designed to provide the market with information that makes it increasingly simple to assess the Company's operating and financial performance and its growth outlook. They are carried out through an ongoing dialog both with buy-side counterparties – one-on-one meetings, roadshows and conference calls – and sell-side counterparties – meetings with financial analysts to discuss corporate strategies – and include the daily availability of the Investor Relations team. In managing communications with shareholders and investors,

EDISON'S SHAREHOLDERS

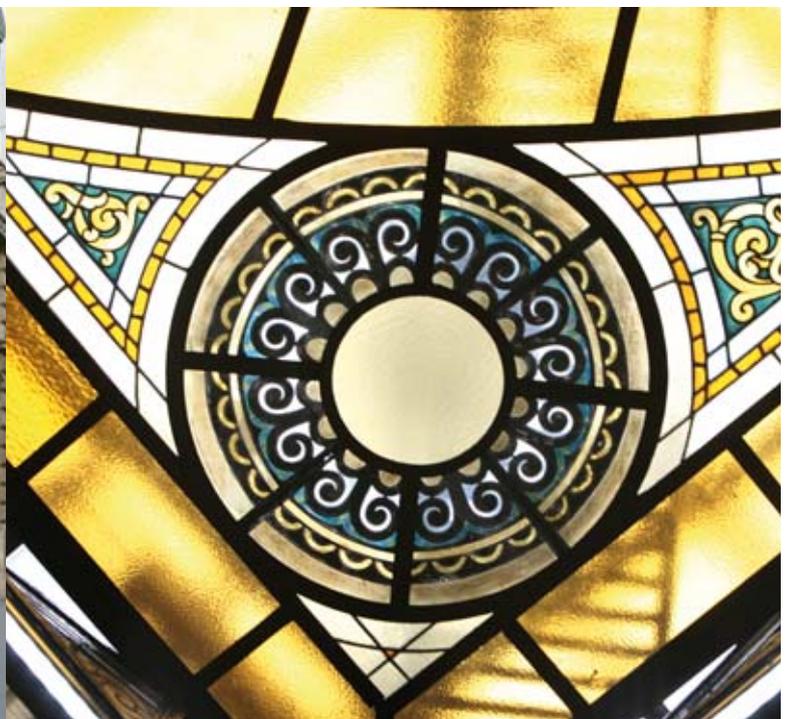


the tool that reaches the widest audience is the Group's website, which has separate Governance, Investor Relations and Press Room pages.

On the occasion of the announcement of its annual, semiannual and quarterly results, the Company organizes special conference calls with institutional investors and financial analysts that are also open to members of the financial press. All press releases, paid announcements published by the Company regarding the exercise of rights conveyed by its securities and documents concerning Shareholders' and Bondholders' Meetings are posted on the www.edison.it website. The Company encourages qualified journalists and experts to attend its Shareholders' Meetings.

and macroeconomic levels has an impact on its stock price, irrespective of the Company's results and growth plans. Other activities in this area included the interaction with the rating agencies, which included conference calls and meetings with top management.

Despite a highly negative market environment characterized by an unprecedented slump in demand and steadily declining prices, the Company succeeded in maintaining its profitability at a level substantially in line with those of previous years, thanks mainly to a sales policy focused on end customers and a better production mix. Continuous communications helped make the



Investor Relations Activities in a Year of Deep Economic Crisis

The main purpose of the activities of the Investor Relations Department is to provide the market with the information it needs to assess most effectively the Company's performance and its projects and strategies. However, even transparent and comprehensive communications are not always sufficient to value the Company correctly. Often, instability at the statutory/regulatory

market aware of the strategies deployed by Edison to respond to the economic crisis and achieve such positive results.

Edison has never been a party to disputes with institutional investors or common shareholders. However, a court decision in a civil action involving savings shareholders was handed down in 2008.

In June 2009, the Company reached a settlement with the largest plaintiff in these proceedings, permanently closing this dispute.

ENVIRONMENTAL RESPONSIBILITY

ENERGY PRODUCED FROM RENEWABLE SOURCES

2008 **11.1%**
2009 **14.3%**

ENERGY USED BY THE GROUP

2008 **360.4** mln GJ
2009 **288.1** mln GJ

WATER RESOURCES USED

2008 **4,978** mln m³
2009 **3,657** mln m³

EFFLUENTS GENERATED

2008 **3,723** mln m³
2009 **2,790** mln m³

SPECIFIC EMISSIONS OF CO₂

2008 **523.6** g/kWh eq
2009 **486.0** g/kWh eq

WASTE GENERATED

2008 **116.5** thou
2009 **110.9** thou

GAS DISTRIBUTION NETWORK INSPECTED

2008 **2,000** Km
2009 **2,111** Km

ENVIRONMENTAL EXPENSES

2008 **50.3** mln euros
2009 **41.7** mln euros

MINIMUM VITAL DOWN-STREAM WATER FLOW

2008 **961.9** mln m³
2009 **1,254.9** mln m³

PROMOTING SUSTAINABLE DEVELOPMENT

For Edison, sustainability is based on the continuous improvement of its performance. For this reason and thanks to a virtuous management model, its environmental performance has reached levels of excellence. The promotion of sustainable development is pursued at all Edison production sites in Italy and abroad through:

- The adoption of certified environmental management systems and the use of the best techniques available;
- Activities to protect air quality, climate, soil, subsoil, nature and the surrounding landscape;
- Activities to minimize noise, vibrations and electromagnetic fields;
- Management of surface effluents;
- Ongoing use of programs to train and increase the awareness of employees and outside contractors;
- Research and development of new technologies and new non-polluting energy sources.

Significant Environmental Issues

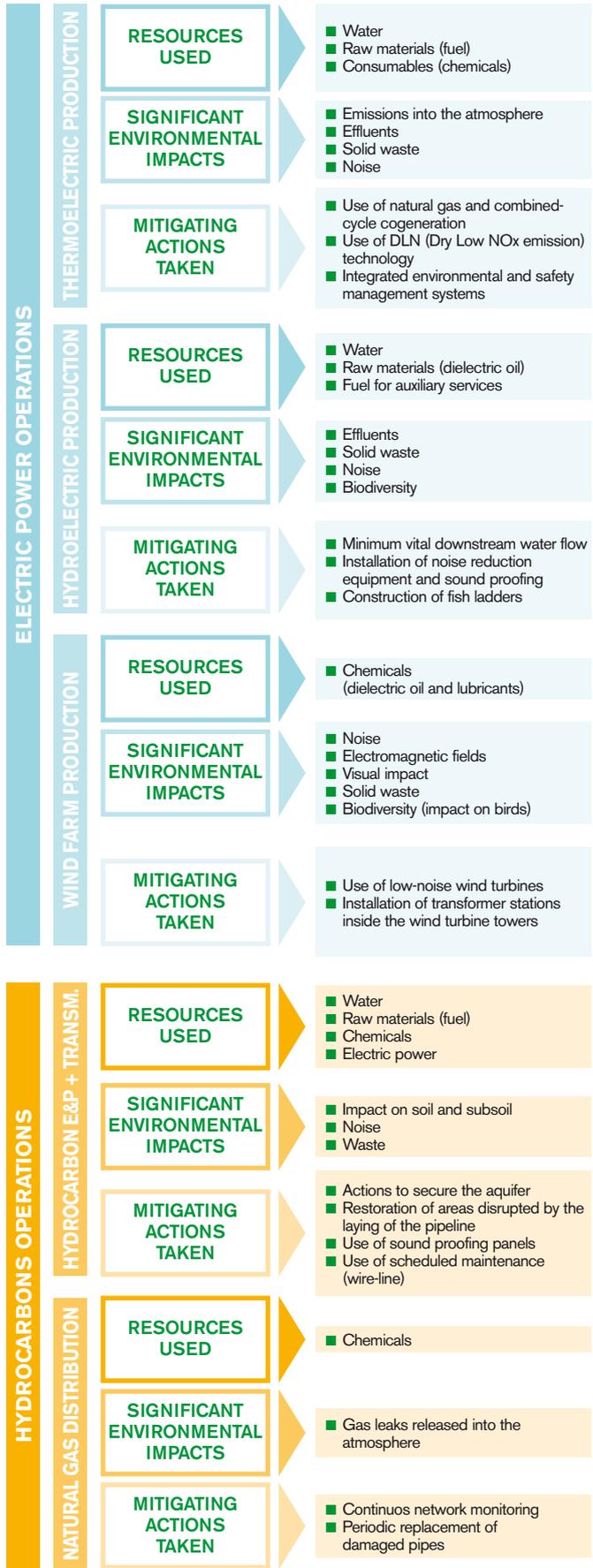
Energy consumption, emissions into the atmosphere and waste generation are the most significant environmental issues faced by Edison in the course of regular activities at the facilities it operates. The chart to the right shows the resources-impacts-mitigating actions correlation for every one of Edison's areas of activity.

In 2009, the Company opened and managed about 25 construction sites in Italy and abroad, where it built new production facilities and infrastructures and revamped/repowered power plants with the support of numerous trusted contractors selected over the years.

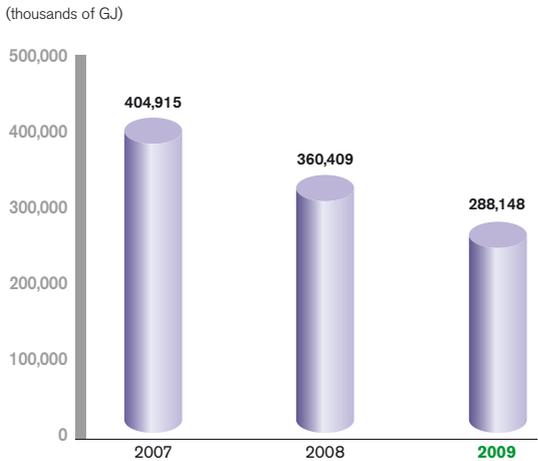
In addition, it completed the construction of Europe's first high-voltage merchant power line linking Italy and Switzerland. Because the entire line runs underground, it has no visual impact on the landscape and a portion of its track was used to bury existing lines in Valtellina, in accordance with a plan that is being implemented to rationalize the power line grid.

Extraordinary Environmental Events

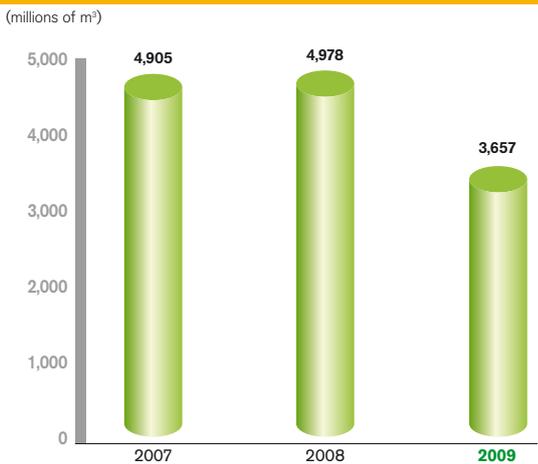
The only extraordinary environmental event that occurred in 2009 affected the Farigliano hydroelectric power plant. Due to an intense rain event, a portion of the hillside on the right bank of the Tanaro River collapsed at a location near the Clavesana Dam, causing damage to some structures and equipment appurtenant to the dam. Specifically, a relatively small double-lined gas oil tank used to fuel a generator was swept away and may have fallen into the Tanaro River. The Company immediately filed a report of the event with all relevant authorities (Piedmont Regional Administration, ARPA Piedmont, Province of Cuneo, Cuneo Prefecture, Municipality of Clavesana) due to the potential risk of environmental contamination under Article 242, Section 1, and Article 304, Section 2, of Legislative Decree No. 152/06. Subsequent tests showed that no environmental contamination attributable to this event had occurred.



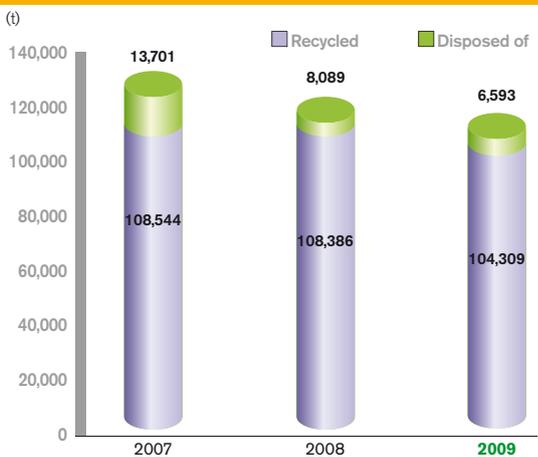
DIRECT ENERGY CONSUMPTION



TOTAL WATER RESOURCES USED



WASTE GENERATED BY DESTINATION



Protecting Biodiversity

Edison's commitment to conservation and the protection of biodiversity is carried out through a series of activities leading to the gradual development of a Biodiversity Action Plan.

The first step under this Plan is to develop a method to assess the risk entailed by the potential impact of the Company's activities on biodiversity.

In 2009, consistent with this approach, Edison focused on creating a tool for the macro-assessment of environmental impacts: the goal of this project was to develop a software capable of generating a biodiversity profile for each Company asset and monitor the progress made over time. For each type of facility (wind farm, hydroelectric power plant, etc.), this tool takes into account its potential macro-impact in the following categories: soil, water, climate and air, and flora and fauna. The control factors and mitigating actions deployed by the Company were then assessed and weighed against these impacts, taking into account the number of facilities and their specific characteristics. Downstream of this input, the software generated an overall score for each type of facility. The software was developed by an internal biodiversity work team of the EDF Group. This work team included experts with different professional profiles who are continuing to share information and best practices regarding biodiversity issues even after the completion of the pilot project.

The process of adopting a method to assess biodiversity impacts, of which the development of the analysis tool described above is just a part, will be followed by the creation of a geo-referenced databank that will make it possible to focus on areas that are more sensitive and potentially at greater risk, by identifying the environments in which the Company operates that are characterized by the highest level of biodiversity.

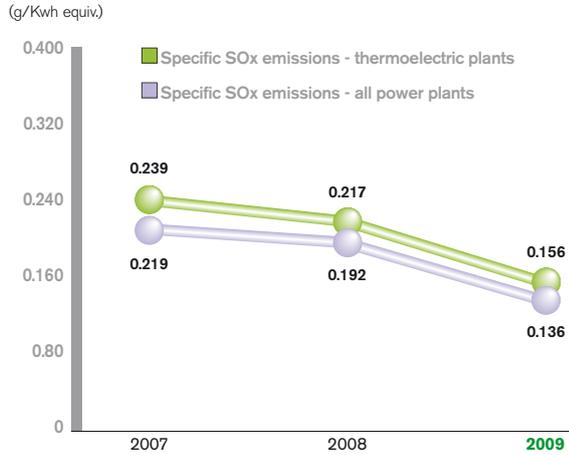
The Action Plan also calls for defining clear and realistic objectives for the management and preservation of biodiversity, which must include the gradual integration of this issue within the environmental management systems already in place at production sites. Edison's choice of applying a well-defined approach to this issue is motivated by a strong determination to make the handling of sustainable development issues an integral part of its business processes and achieve operating excellence while fully respecting the environmental characteristics of the areas where it operates.

Remediation of Industrial Sites

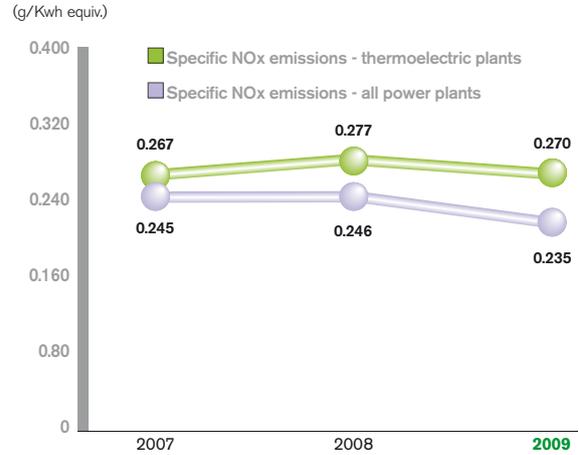
The Group continued the remediation of some of its site, most of which are within high profile industrial areas, potentially polluted by activities carried out in previous years and designated as areas of "national interest" pursuant to law.

In 2009, projects involving the characterization, remediation and securing of 11 industrial sites continued at the following locations: the Levante and Azotati power plants in Porto Marghera (VE); the Torviscosa (UD), Sesto San Giovanni (MI), Piombino (LI), Bussi sul Tirino (PE), Taranto and Milazzo (ME) power plants and the Sinigo (BZ) and San Giuseppe di Cairo (SV) electrical stations. In addition, the remediation of a circumscribed area within the Venina (SO) power plant was completed and certified by the Sondrio Provincial Administration.

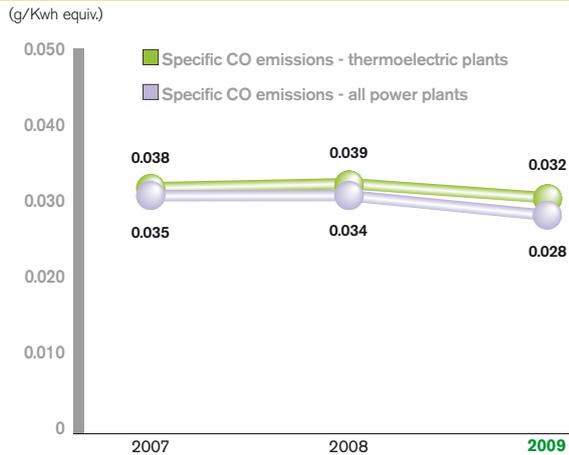
SPECIFIC SO_x EMISSIONS



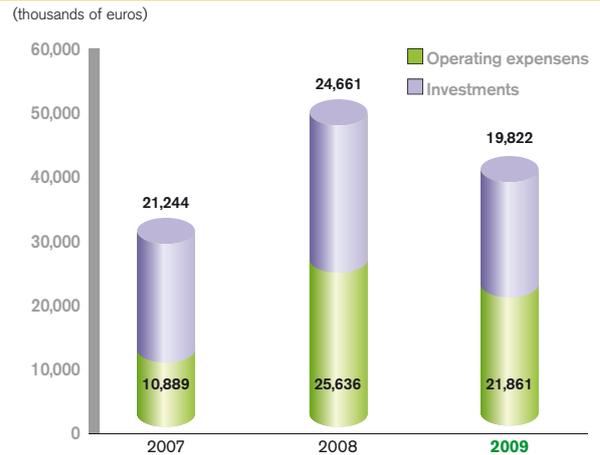
SPECIFIC NO_x EMISSIONS



SPECIFIC CO EMISSIONS



ENVIRONMENTAL EXPENSES



THE ROVIGO TERMINAL: INNOVATION AND RESPECT FOR THE ENVIRONMENT

The Adriatic LNG Terminal, near Rovigo, has been designed to operate in a manner that fully respects the environment. The project received a favorable rating in four separate Environmental Impact Assessments, resulting in the adoption of over 100 specific environmental protection measures and the implementation of a comprehensive monitoring program. In January 2009, the terminal was awarded an Integrated Environmental Permit, which approved the adoption of the environmental protection program and allowed the terminal to begin operating. The goal of protecting the environment was a priority throughout the project's design, planning and development process:

- The terminal's offshore placement was chosen to minimize its impact on the environment and the local community;
- The work required for laying the natural gas pipeline was scheduled taking into account the timing of the transi of migratory birds who stop to rest in the Po River Delta;
- To protect the most sensitive areas, the natural gas pipeline was built using sophisticated technologies, such as Controlled Horizontal Drilling, and temporary barriers were installed to minimize noise and water turbidity;
- To minimize emissions of greenhouse gases, the gas turbines installed at the terminal are equipped with some of the most advanced emission control systems in the world and comply with national regulatory requirements;
- The terminal has been surrounded with artificial barriers that will eventually provide an ideal habitat for marine fauna.

Emissions into the Atmosphere

In 2009, a reduction in demand resulted in an across-the-board decrease in the production of electric power. Consequently, emissions into the atmosphere were lower than in 2008 in absolute terms.

However, it is worth noting that, in percentage terms, the reduction in emissions was larger than the drop in demand for electric power.

This positive performance was achieved by using natural gas as a replacement for fuels with a high environmental impact (lower SO_x and Particulate emissions) and, more generally, by favoring energy production from combined-cycle facilities with gas turbines and steam production over the output of facilities powered with a mix of fuels.

More specifically, the SO_x and Particulate emissions index was down about 30%, while the CO₂ and CO emissions indices decreased by about 10%.

Avoided CO₂ emissions, computed based on Edison's specific CO₂ emissions index (down compared with the previous year) and its production from renewable sources (up compared with 2008) continued to show a positive trend, in line with the past three years.

Lastly, the Electric Power Business Unit, which is responsible for managing Edison's portfolio of thermoelectric power plants, completed the plan for the disposal of equipment contaminated by PCBs, disposing of the last three transformers in 2009.

Innovation and Impact Reduction

The startup of the first GE LMS100 gas turbine installed at the Marghera Azotati power plant was completed in 2009, marking the first phase of an investment project to replace the GE F9E gas turbines of the Azotati thermoelectric facility, which date back to 1993, with turbines derived from aeronautical systems that can deliver high efficiency and lower emissions of nitrogen oxides. The second phase will be completed in 2010.

A similar project is scheduled to get under way in 2010 at the power plant located in Bussi sul Tirino.

Other projects completed in 2009 included the revamping of the Ganda, Belviso and Campo hydroelectric power plants. The revamping of the Albano, Sonico, Cividate and Caffaro 2

hydroelectric facilities is being planned for 2010.

The upgrades of the Marghera Azotati power plant, where the first phase has been completed, and of the Bussi power plant, scheduled to start in 2010, will produce a significant reduction in CO₂ emissions and will cut NO_x emissions by more than 40%.

Insofar as noise is concerned, the level of external noise is monitored at predetermined intervals or in connection with changes in production systems and/or organizational structure. In this area, noise monitoring activities carried out at hydroelectric power plants showed that repowering projects helped reduce the impact of noise. Lastly, Edison implements programs to monitor electromagnetic fields. In this area, special measuring campaigns are carried out at least every four years or whenever production facilities are modified.

Environmental Accounting

The environmental expenses incurred by Edison decreased slightly compared with 2008, with operating expense amounting to about 22 million euros and investments totaling 20 million euros, while the total figure for 2008 was 50 million euros.

These investments show how the Company's governance process is able to account for the results of an environmental policy that includes soil, subsoil, nature and biodiversity protection projects and programs to manage waste and water resources. Concession fees and taxes paid in connection with activities that are not directly related to environmental protection or remediation projects are not included in the environmental accounting.

The main investments carried out in 2009 included the following:

- Complete elimination of the use of ozone-depleting gases (R22-HCFC), which were removed from the air-conditioning systems at Edison's thermoelectric facilities;
- Replacement of the burners in the combined-cycle units of the Sermide power plants (Edipower), to improve the system's emissions performance.
- Completion of the installation of systems to reduce SO_x (Desox) and NO_x (Denox) emissions at two 160-MW units of the San Filippo del Mela power plant (Edipower) and construction of ancillary facilities (new gypsum storage building, etc.)
- Additional expenses for the decommissioning of a coal fired power plant owned by Caffaro at the Torviscosa site.

EDISON AND CLIMATE CHANGE

CO₂ EMISSIONS

2008 **27.7** mln tons
2009 **20.8** mln tons

NUMBER OF CDM/JI PROJECTS

2008 **16**
2009 **21**

INVESTMENTS IN CARBON FUNDS

2009-2012 **50** mln euros

INSTALLED HYDROELECTRIC CAPACITY IN ITALY

2009 **1,740** MW

INSTALLED WIND FARM CAPACITY

2009 **354** MW

INSTALLED PHOTOVOLTAIC CAPACITY

2009 **3.6** MWp

RESEARCH AND INNOVATION COSTS

2008 **3.5** mln euros
2009 **3.8** mln euros

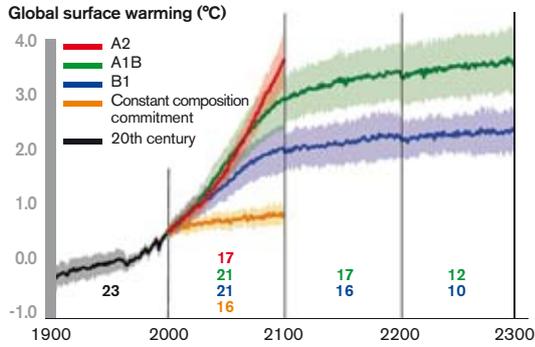
RESEARCH AND DEVELOPMENT STAFF

2008 **24** employees
2009 **25** employees

RESEARCH FACILITIES

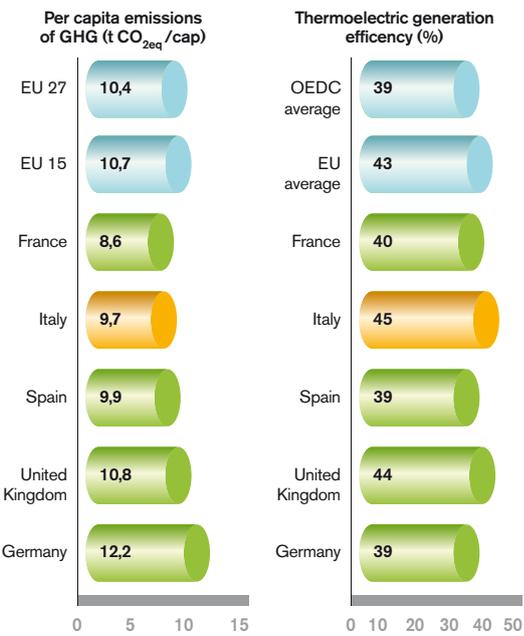
2009 **2** research centers
Edison Trofarello
CNR in Lecco

GLOBAL EMISSIONS SCENARIO



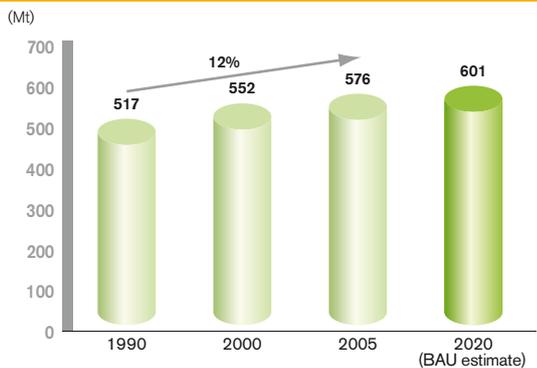
Source: IPCC (Inter Governmental Panel on Climate Change)

EUROPEAN ENERGY SECTOR



Source: EEA - GHG emission trends and projections in Europe, 2008.

TREND EMISSION CO₂ - ITALY



Climate Change and Energy Related Emissions

To address the environmental emergency created by the occurrence of global warming, which has been confirmed by all major scientific authorities, the international community has identified three main measures:

- Reduce greenhouse gas emissions to stabilize the concentration of CO₂ in the atmosphere (450 ppm) and hold the earth's warming to two degrees centigrade by 2050;
- Strengthen the capability to adjust to dislocations in the natural and economic system and/or support specific adjustments through a medium- and long-term multi-sector approach;
- Adopt concrete policies to face adjustments to climate changes, as suggested, for example, in the EU's White Paper.

The tools that are available to drastically reduce CO₂ emissions are energy efficiency, reconfiguration of the generating mix with more renewable sources and nuclear energy, and development of the Carbon Capture and Storage (CCS) technology, with a 2030 time horizon.

Specifically, the European Union unilaterally defined ambitious objectives with regard to emissions reductions for the revision of the Kyoto Protocol and the European emissions market, starting in 2013. Moreover, the "climate package" sets forth major commitments regarding renewable sources and energy efficiency. As a result, the energy industry is being asked to play a crucial role to meet this challenge effectively and innovatively. If the objectives of the 2020 package are going to be reached, the energy industry must develop economically sustainable programs that can bring about concrete progress in the reduction of greenhouse gas emissions, within the shortest possible time, by seeking a better energy mix with "cleaner" fuels (from coal to natural gas), increasing energy efficiency and expanding the use of renewable sources and nuclear power. Research will make it possible to develop and, in the future, use new technologies, launch new investments in fourth-generation nuclear facilities and in emissions capture (CCS) technologies, thereby contributing to a more sizable reduction in emissions by 2020.

Italian objectives for the reduction of CO₂ emissions by 2020 call for decreases of 13% for industries not covered by the Emissions Trading Scheme (ETS) and 26% for ETS industries, compared with 2005 levels.

Within Europe, Italy has the lowest per capita emissions after France, which benefits from an electric power generating mix that is 80% nuclear based. In addition, Italy's complex of thermoelectric power plants is the most efficient in Europe and among the industrialized countries.

Edison's Commitment to Supporting the European Union's 2020 Strategy

Edison shares the vision expressed by the European Union in the EU 2020 program, which calls for a strategy based on new synergies among the social, economic and industrial members of society to achieve more sustainable development.

Viewed from this perspective, the role played by the energy industry becomes crucial for the definition of a new growth model that takes

into account economic, social and environmental issues. Edison understands that the coming years will be crucial in winning the challenges that the European Union and the energy industry will face. Edison firmly believes that securing energy supplies for the European Union, promoting a reduced use of fossil fuels and technological progress will be the key drivers to achieve the desired change. Therefore, an efficient and effective energy generation and consumption framework that encourages as much as possible an increased use of renewable energy sources by the system (as defined by the European Union at the demand level) must be developed by 2020. Moreover, the availability of competitive and reliable supplies of natural gas and incentives for the use of low emissions fuels will make it possible to reduce the carbon footprint of energy generating facilities.

In the meantime, huge investments will have to be made in research and in the development of new technologies, such as second-generation renewable sources, carbon capture and next-generation nuclear power.

Edison intends to tackle with determination the issue of climate change. "We are aware that the objectives are extremely ambitious and onerous, when they are not framed within a global context in which the other countries also undertake concrete commitments for the reduction of greenhouse gas emissions," said Umberto Quadrino, Edison's Chief Executive Officer. "The Climate Package must not become a penalty for the member countries, providing instead an opportunity for growth and the reconversion of the economic system. The development of renewable sources and, consequently, the achievement of the EU's 2020 objectives, must be pursued taking into account the maximum potential available both at the national and regional level.

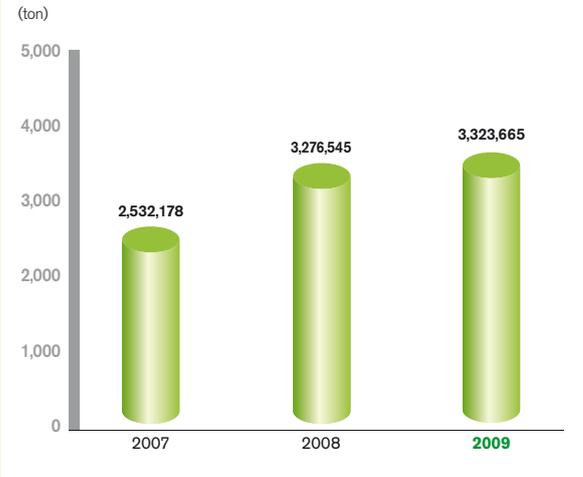
It is important to develop a census as accurate as possible of the available potential by technology and geographic region, in order to create binding regional targets and define systems for rewarding virtuous regions."

Edison's commitment to fighting climate change is reflected in many of its concrete activities: from selecting the best available technologies for the construction of new facilities to investing in renewable sources, from researching and developing technologies with a low environmental impact to promoting sustainable development in emerging countries, through the implementation of low emissions projects linked with the flexible mechanisms of the Kyoto Protocol (CDM and JI), and educating users about energy conservation.

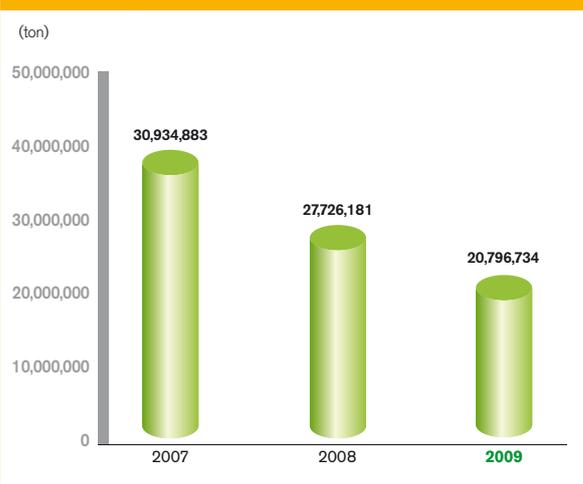
Emissions Trading & Carbon Management

Edison was one of the first utilities in Italy to take concrete action toward the achievement of the Kyoto objectives, creating as early as 2004 a team specialized in the development of emissions reduction projects based on the so-called flexible mechanisms provided in the E.U. emissions trading regulations. CDM (Clean Development Mechanism) and JI (Joint Implementation) projects are chosen based on strict internal guidelines concerning technologies, target countries and prices. When choosing technologies, preference is always given to renewable sources (hydroelectric, wind power, solar, biomasses, etc.), projects to increase energy efficiency in industry with

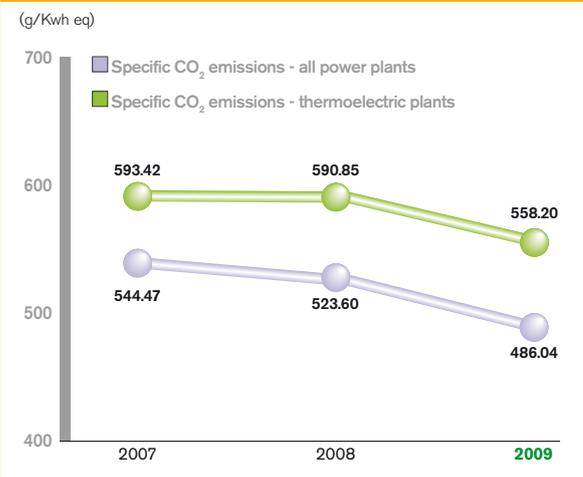
CO₂ EMISSIONS AVOIDED WITH THE PRODUCTION OF RENEWABLE ENERGY - EDISON



TOTAL CO₂ EMISSIONS - EDISON



SPECIFIC CO₂ EMISSIONS ALL POWER PLANTS - EDISON



production of electric power and fuel switching processes (switching to fuels with lower environmental impact). The first projects were undertaken in China and the Group is currently considering other areas in India, South America, Russia, the Ukraine and Southeast Asia to diversify and optimize its portfolio of projects. Other opportunities are also being assessed in countries in the Mediterranean area, leveraging existing partnerships in North Africa and the Balkans. Each chosen project undergoes a detailed preliminary analysis based on environmental, social and sustainability criteria over both short-term and long-term horizons. Projects planned in proximity of protected areas are excluded. The full assessment process also looks at technical, legal and financial issues to evaluate the

renewable sources, an area in which it has been active throughout its history. Currently, the Group operates renewable source facilities with a generating capacity of about 2,104 MW, including about 1,690 MW from large hydroelectric power plants and 50 MW from mini-hydro systems (19 MW from facilities operated by the Sistemi di Energia subsidiary); 354 MW from wind farms; 3.6 MW from photovoltaic systems (0.35 MW from Edipower units); and 6 MW from biomass power plants (through the Sistemi di Energia subsidiary). Growth in the wind power area is expected to be particularly strong, raising installed capacity in Italy to about 440-450 MW by 2011/2012 and establishing an important presence abroad. Expansion in the photovoltaic segment will come from the projects currently in the pipeline, consistent with the new



environmental and social sustainability potential and risks entailed by each transaction. After completing this process, Edison may decide to purchase any CER/ERU credits that a project is expected to generate, assuming responsibility for supporting the entire registration and credit issuance process.

Development of Renewable Sources

Edison has always been active in the field of renewable sources because it is convinced that they can play an important role in fighting climate change. An expanded use of renewable sources makes it possible to diversify the energy mix and increase the environmental compatibility of production facilities. Edison plans to invest significant resources over the coming years to build new wind farms in Italy and abroad, develop new small-size hydroelectric power plants (mini-hydro) and install photovoltaic systems, so as to about double its current generating capacity. Edison's objective is to increase and consolidate its development in

incentivized rates of the Energy Account. Plans for the hydroelectric sector call both for the development of new mini-hydro facilities and the revamping of Edison's historic power plants. In July, in an extraordinary transaction, the Edison Group acquired 86.12% control of the Sistemi di Energia Group, in which it previously held a 40.57% interest. In addition, it purchased from Gamesa 100% of Parco Eolico San Francesco Srl, which has almost completed the construction of a 26-MW wind farm in the municipality of Melissa (Crotone). A 30-MW wind farm built in Mistretta, in Sicily, will be commissioned early in 2010. In addition, the administrative procedures required for the construction of two additional wind farms in the Campania region with a total capacity of 72 MW were completed in 2009 and the Group expects to break ground in 2010. In addition to constantly monitoring all aspects of renewable-source generation, Edison is also assessing the development potential of innovative technologies, such as offshore wind farms.

Lastly, Edison and the Ministry for the Environment and the Protection of the Territory and the Sea signed a Pact for the Environment, an agreement by which Edison undertakes to expand production from renewable sources in Italy.

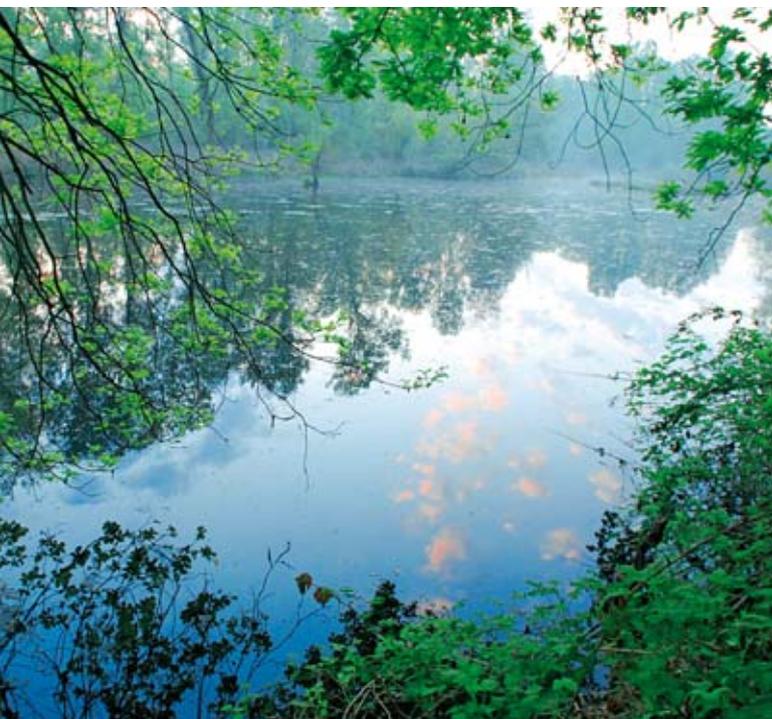
Research and Innovation for the Environment

Edison's research and development activities covered a broad range of issues, all related to environmental sustainability, such as renewable sources, energy efficiency, low-impact power generation technologies and development of advanced energy materials. Renewable-source projects carried out in 2009 focused on conventional and concentrating photovoltaic systems,

out in 2009 studied issues such as carbon sequestration (CO₂ capture and geological storage technologies) and various high efficiency generation and cogeneration technologies.

Activities in this area included fuel-cell testing projects at the Research Center and collaborative projects with Turin's Polytechnic and the Eifer Institute in Karlsruhe.

In the area of energy efficiency, Edison's R&D Department worked in close collaboration with and in support of the Energy Efficiency and Sustainable Development Business Unit. Several technologies, including heat pumps (both electrical and gas fired) and small cogenerating systems, were studied in 2009. Other studies focused on innovative solutions that have the potential of making energy use by the Group's customers more efficient, with application in fields



thermodynamic solar systems, innovative wind power facilities and biomass power plants.

Photovoltaic projects completed in 2009 included the construction of a testing facility at the Altomonte (CS) power plant, where systems based on different technologies, both commercial and developmental, can be field tested. The systems currently installed at this facility include both conventional silicon-based modules and more innovative thin-film modules, as well as two concentrating photovoltaic systems. Also in the photovoltaic area, Edison R&D operations also include a special laboratory at the Company's Trofarello Research Center equipped with the tools needed to study the various fuel cell technologies. A number of collaborative projects in these areas are being carried out both with research institutes and technology developers.

Several testing and study programs focused on power generation with a low environmental impact. Projects carried

such as lighting, refrigeration and compressed air.

Many energy topics share as their common denominator the use of advanced materials, which are the subject of a specific research project by Edison's R&D Department.

The main line of research in this area is that of superconductors, which is carried out primarily at the Trofarello Research Center and in collaboration with the CNR's IENI Institute in Lecco.

Edison and Italy's Nuclear Program

Edison is currently carefully assessing the use of nuclear energy as a technology for the production of electric power that generates no CO₂ emissions and provides better diversification of supply sources than conventional technologies.

Consequently, it has carried out detailed feasibility studies about the use of advanced third-generation nuclear systems and is ready to contribute to the development of nuclear projects in Italy once the legislative and regulatory framework is decided.

SOCIAL RESPONSIBILITY

TOTAL NUMBER OF GROUP EMPLOYEES

2008	2,961
2009	3,923

NUMBER OF EMPLOYEES HIRED

2008	300
2009	252*

(* Not counting acquisitions)

FEMALE EMPLOYEES (%)

2008	19%
2009	17%

NUMBER OF EMPLOYEES TRAINED DURING THE YEAR

2008	2,478
2009	3,025

TRAINING HOURS PROVIDED

2008	111.8 thou
2009	124.9 thou

TRAINING AND DEVELOPMENT COSTS

2008	2,303 thou
2009	2,081 thou

AVERAGE PRODUCTIVITY BONUS PER CAPITA

2008	1,507 euros
2009	1,554 euros

EMPLOYEE INJURY INCIDENCE RATE

2008	3.22
2009	3.04

LOST WORKDAY INCIDENCE RATE

2008	0.06
2009	0.07

OUR EMPLOYEES

Edison's people are a significant factor in the achievement of the Group's industrial objectives.

Equal opportunities, awareness of employees' professional and personal needs and expectations, protection of employee health, a commitment to support professional development and rewards for performance are the fundamental principles on which Edison's relationship with its staff is based.

Edison rigorously complies with all statutes governing labor contracts and promotes its internal personnel management standards and the principles of the Group's Code of Ethics to ensure that the rights enshrined in the Universal Declaration of Human Rights and the principles of the U.N. Global Compact are protected in all of the countries where it operates. Edison does not tolerate any type of irregular work, off-the-books employment and, especially, child or forced labor and has adopted an internal policy for the respect of human rights.

Employee Recruitment Methods

Edison fully understands that the cooperation of highly motivated individuals with outstanding professional skills is a strategic factor of fundamental importance for the Company's growth. Consequently, it adopted a comprehensive recruitment process, followed by a human resources management and development system that, subsequent to their hiring, offers to all employees equal opportunities for improvement and professional development. While the Company continues to pursue a policy that favors the internal development of professional competencies, the interaction with the labor market can provide important opportunities to acquire competencies and professional skills that are not available within the Group or hire and invest in young resources.

The recruitment and selection of employees to staff the

Company's organization is carried out consistent with the principles of objectivity, transparency and equal opportunity, while respecting the privacy of each candidate. The principles defined in the Group's Code of Ethics do not call for the preferential hiring of candidates from the areas where most of the Company's businesses are located.

Consistent with the provisions of the Group's Code of Ethics, all discriminatory practices based on race, nationality, political, union or religious affiliation, sex and sexual orientation, health and personal characteristics are avoided.

Recruitment and selection processes are designed to cover all of the Group's requirements with regard to human resources and, therefore, hiring employees to take up work positions in various business environments.

Special attention is paid to college seniors and recent graduates, to whom Edison offers numerous internships and work opportunities to help them develop dissertations in various professional fields. These potential employees are recruited through numerous meetings with students at top universities.

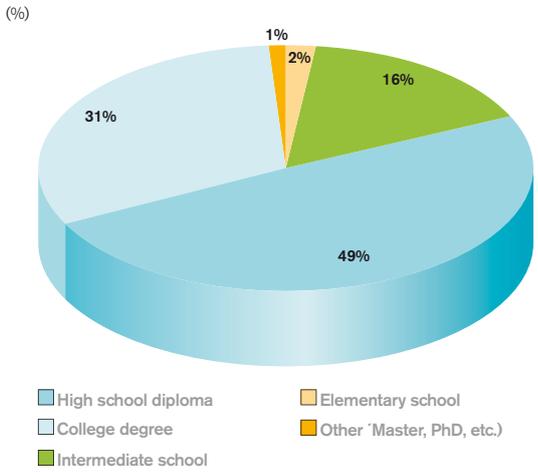
Employee Development

The development of the Group's employees is guided through specific professional and career paths. For several years, the Company has adopted a Management Model that it uses to identify, guide and develop the management skills required of Company managers to achieve the Group's objectives. Edison also developed a Performance Assessment process that was applied to more than 950 employees in 2009. This process, which targets executives, middle managers and office staff, is designed to promote and reward the achievement of business objectives, within the framework of an objective and transparent dialog between managers and employees.

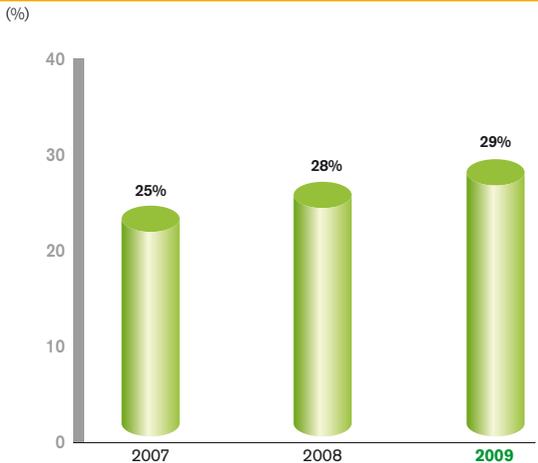
The purpose of the Development Potential Assessment process, which is based on the Management Model, is to determine whether executives and middle managers are qualified to handle



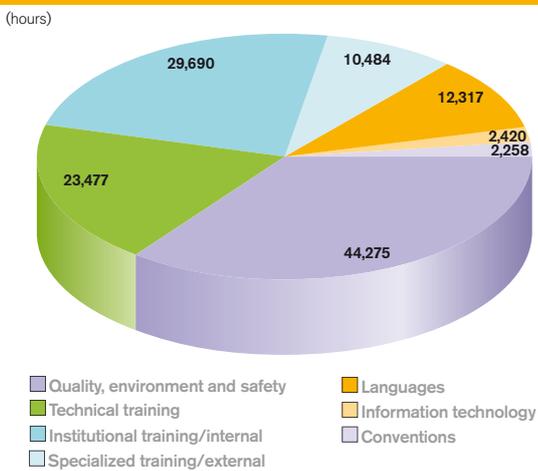
EMPLOYEE EDUCATION LEVEL



EMPLOYEES WHO UNDERWENT PERFORMANCE ASSESSMENT



BREAKDOWN OF TRAINING BY TYPE



the strategies and changes in the business model and, consequently, identify the resources who, over the short and medium term, will be able to seize the professional growth opportunities created by the Company's organizational needs. This process, which is implemented on a three-year basis, is designed to support personal development paths, by providing access to both training and internal and international mobility. Edison has also developed a Professional Competencies Assessment system, within professional families and role classifications, which it uses to identify technical-knowledge competencies of key value for the development of the Group's businesses and deploy appropriate training and organizational activities to enhance and augment them.

The second cycle of the Management Review, which is the process of assessing the managerial and professional skills of Edison's executives and middle managers, got under way in 2009. It involved over 500 executives and middle managers. Edison pays special attention to the management of recent college graduates, to whom it applies a special development, training and compensation policy during the first three years they spend at the Company.

The identification of Company profiles that, because of the position, experience and key competencies involved, must be constantly monitored and protected is an integral part of the purposes and output of the Company's Management Review and Professional Competencies Assessment processes. For all positions deemed to be essential and/or critical, the Company updates periodically special replacement charts and takes the most appropriate management actions to protect the corporate assets, which without doubt include employees. Lastly, it is worth noting that the small decrease in the percentage of female employees, compared with 2008, is due mainly to the acquisition of a new company in Egypt (Abu Qir).

Compensation and Incentive System

Edison compensates its employees in accordance with merit-based criteria that take into account the results achieved, management potential and professional competencies.

The compensation system for all employees, with the exception of executives, includes collective incentives (result bonus) based on the achievement of profitability and productivity targets and is designed to foster a more direct involvement of the staff in the pursuit of the Group's objectives.

In addition to a fixed amount, the compensation system for executives and professionals with positions of high responsibility, includes a specially designed system of variable incentives based on the achievement of annual and multi-year targets.

An important innovation introduced in 2009 is the addition of a target tied to the Group's occupational safety performance. For some employees in this group, Edison also developed a long-term incentive program based on the achievement of value creation objectives over a period of three years

In 2007, the Company launched the Edison Group Award, an annual event to honor teams involved in special strategic Group projects, who receive non-cash prizes.

The 2009 awards went to honor:

- The “ELITE” project (construction of an Italy-Switzerland interconnector power line);
- The results achieved in strengthening Edison’s financial structure;
- The Company’s achievements in the dispatching services market and on the power exchanges;
- Edipower’s success in securing an integrated environmental permit for the San Filippo power plant and building the related environmental facilities.

Training and Empowerment of Human Resources

Based on the findings of a structured process designed to determine the Group’s training needs and assess professional competencies, the Personnel Department defines extensive training programs that benefit the entire staff by addressing the dual needs of developing professional technical competencies and strengthening management competencies.

In 2009, extensive training was again provided on the new Occupational Health and Safety Act (Legislative Decree No. 81 of April 9, 2008). Out of a total of 44,275 hours devoted to environmental, quality and safety issues (35% of the Edison Group’s total training hours), more than 7,500 hours were used to update various Edison employees with oversight responsibilities (executives, managers, supervisors and technicians) about Legislative Decree No. 81/2008. The goal was to emphasize and clarify the obligations imposed on the abovementioned employees by the new statute with regard to occupational health and safety, and make them more aware of the function they perform within the Company with regard to these issues.

In 2009, a total of 124,935 training hours were provided to 3,025 employees at a total cost of 2,081,435 euros. A portion of the cost was covered by funding grants.

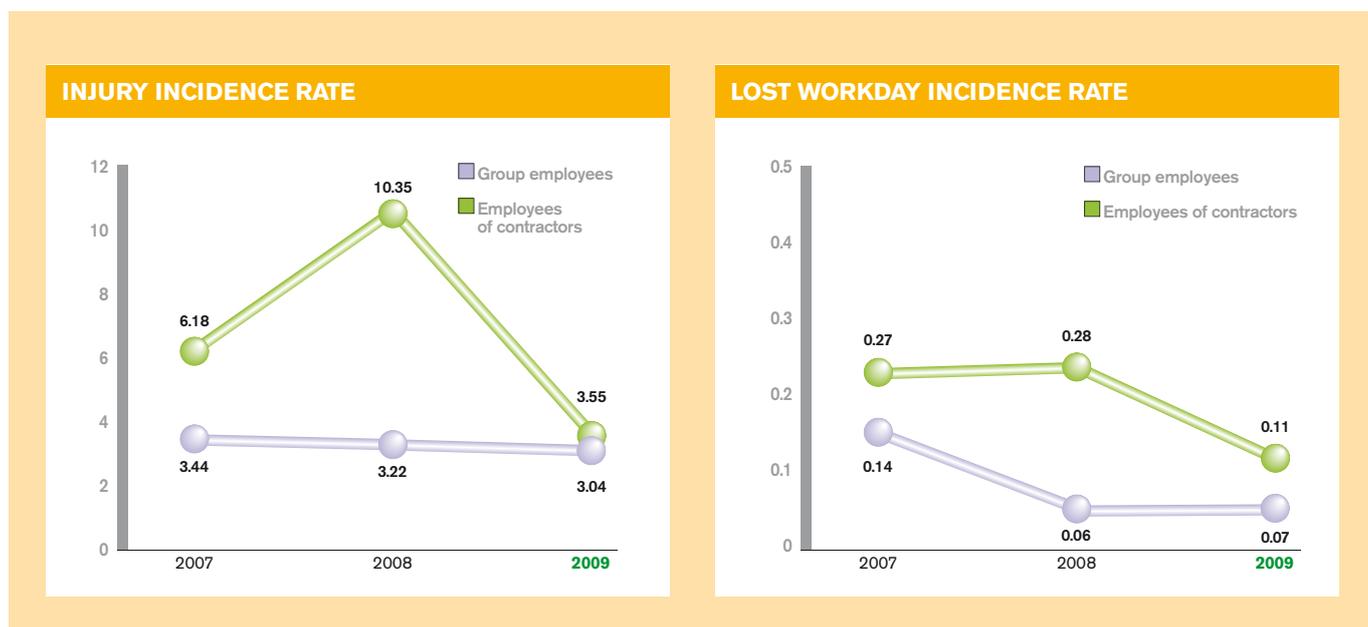
The purpose of the corporate training programs provided in 2009 was to broaden the different training paths offered to the different target populations. This included introducing laboratory sessions on corporate values that targeted mainly recent college graduates; upgrading the investment evaluation seminar (economics module) in the advanced path for professionals; and introducing courses on employee motivation to the management training program. A bi-weekly management course for newly appointed executives and a management course for young managers were also added in 2009. A significant investment was made in language training (English and French) for employees at all levels.

Lastly, special training sessions were held in the last quarter of 2009 in connection with the requirements of the Unbundling Code regarding the functional separation of natural gas transmission, storage and distribution activities.

Occupational Health and Safety

Occupational health and safety has always been a core concern for Edison because of the fundamental role it plays in protecting the integrity of all working people, including both employees and outsiders who contribute to the Group’s activities. The adoption of health and safety systems that comply with international benchmark standards (BS OHSAS 18001) demonstrates the Group’s commitment to going beyond merely maintaining compliance with statutory requirements, choosing instead to promote a policy of continuous improvement that fosters a culture of safety at all levels of the organization.

Consistent with this approach, Edison was an active participant in the 2009 European Health and Safety Week (OSHA Week), organizing training courses for prevention and protection service managers and employee safety representatives, a meeting with the Group’s designated physicians and an annual event designed to increase



awareness of risk assessment issues. The Group invited outside speakers who discussed such topics as managing contractors, assessing the risk of work-related stress, conduct at work and the OHSAS 18001 organizational model. Lastly, the Group's future objectives in the area of occupational health and safety were defined. Occupational safety data show that, after the significant reductions in accident rates achieved in earlier years, the Group's performance has stabilized at levels of excellence for Italian and international industrial organizations. The injury accident rate for employees of contractors improved significantly compared with 2008, as did the lost workday incidence rate.

The activities carried out to address the requirements introduced by the new Occupational Health and Safety Act included the following:

- The implementation of the process to control risks from interferences during work activities was completed and perfected with the development of the Comprehensive Document for the Assessment of Risks from Interferences;
 - A procedure to identify safety costs related to relationships with contractors was implemented, as required by the Code;
 - A special plan to prevent and manage the AH1N1 influenza emergency, prepared in accordance with international guidelines and with the support of the designated physicians, was presented.
- Edison's presence outside Italy increased in 2009, due to a greater involvement in international operations. To address this new development, the Company strengthened the protection of traveling employees, defining new measures to prevent and manage



LISTENING TO THE NEEDS OF EMPLOYEES AND BALANCING WORK AND

Edison per Te, the program launched in April 2008 to help employees reconcile their personal needs with their professional obligations, was expanded and upgraded with new initiatives and activities, demonstrating Edison's growing concern for the needs of its employees.

This program, which in January 2009 took first place in the prestigious *Famiglia-Lavoro* prize sponsored by the Regional Administration of Lombardy and ALTIS, includes four areas: In the Health and Wellness area, a new cardiovascular prevention campaign that was extremely well received by employees was added to the existing cancer prevention program. Additional initiatives included online medical consultations, information about medical facilities and hospitals, and wellness programs designed to promote physical activity. The Family area includes pediatric assistance services,

summer camps, online computer and foreign language courses for the children of employees, and information about facilities and services for young children and teenagers. In addition, since April 2009, employees with children at the Milan and Rome offices are being provided with prepaid vouchers for at-home babysitting services.

The Personal Time area offers employees in the Milan area special conventions with ATM, Ferrovie Nord and Trenitalia Lombardia, support by specialized personnel in dealing with the public administration paperwork, and employees at all locations online support for private and personal legal and tax issues. This area has been expanded to include recreational and cultural services, with the launch of ticketing (Box Office) travel services.

Within the Savings Opportunities area, the network of suppliers

emergencies affecting expatriate staff or traveling employees. Working in collaboration with a partner who is a leader in the fields of medical assistance and security services, Edison was able to develop and implement an international aid and assistance system for its employees and their families. In addition, the foreign branches have finalized their Group policies and completed the process of monitoring legislative compliance.

Outside companies (contractors and subcontractors), which represent slightly more than 50% of the Group's suppliers, were offered educational and training courses to increase their awareness of such topics as emergency regulations, construction site risks, interference risks, specific risks (high elevation jobs, excavating and excavation protection, lifting of loads, road work), approved conduct

and training in the use of protection devices and special equipment. In the case of construction sites, contractors receive initial training at the beginning and additional training if required by the job.

Industrial Relations

Edison shares with the labor unions a structured system of industrial relations based on an ongoing constructive dialog, carried out with the utmost respect for the fundamental principles that underpin the main relevant collective bargaining agreements. Early communication, consultation and debate and dialog between the parties are the essential tools to maintaining a systematic approach to union relations and, consequently, deploy positive solutions for the Company and its employees and



PERSONAL LIFE: EDISON PER TE

and stores located throughout Italy who, through new conventions and agreements, provide significant economic benefits to employees was expanded in 2009.

Since 2009, the programs previously handled by the Edison Recreational Association have gradually shifted to the *Edison per te* program, which has also been made available to members of the Edison Seniors Group.

Compared with 2008, the use of these services by employees and associates was up significantly at all Company locations and actually tripled at operating facilities in Italy.

A satisfaction survey of this program, which was open to all employees, including part-time and temporary staff, was again carried out in 2009. The survey showed that between 82% and 92% of the people surveyed found the individual areas of the program useful.

avoid the occurrence of personal and collective conflict. The most significant events of 2009 included the following:

- In June, the Group and the labor unions signed agreements allowing the utilization of resources available in the "bilateral" funds, the purpose of which is the development of funded training programs for eligible companies.
- Thanks to the agreement reached with the national representatives of the labor unions (FilcemCgil, FlaeiCisl, UilcemUilil) the Group, with the financial support of *Fondimpresa – Fondo Paritetico Interprofessionale Nazionale*, will be able to develop training programs designed for newly hired, young college graduates, professionals and young managers.
- The ability to access the resources available from *Fondirigenti – Fondo per la Formazione Professionale Continua dei Dirigenti delle Aziende Produttrici di Beni e Servizi*, made possible by an agreement reached with the local union representatives of Edison Group executives, will be used to

ensure full continuity of training programs for Group executives, consistent with the Group's management model.

- In March, the Company and the unions signed a memorandum of understanding and mutual consultation that deals specifically with the services established to respond to the employees' need to balance work and personal life obligations.
- The Company began to meet with the labor unions for the renewal of the National Collective Bargaining Agreement for the Electrical Industry.
- Negotiations are also ongoing with the labor unions for the renewal of the National Collective Bargaining Agreement for the Energy and Oil Industry, which expired on December 31, 2009.
- In recent years, Edison has been free of collective work stoppage events related to specific Company issues. Most of the strikes, which lacked significant support among Edison's employees, were called at the national level in pursuit of industry-wide objectives or to protest the economic policies of the government then in power.

Employee Involvement and Internal Communications

In 2009, Edison +, the Company's Intranet portal, was upgraded and expanded with new services and functionalities that reflect in part the input obtained by constantly listening to and interacting with employees. Edison + is a reference point used by all employees to share information, simplify their jobs, interact more effectively and obtain a better understanding of the Company, its activities, its projects, its plans, its results and its people. It is a useful tool to reinforce the sense of belonging and Company cohesion. Concurrently with the restyling of the Intranet, the *Edison +* electronic newsletter was also revamped. This monthly publication, delivered directly to employee inboxes, presents the main new developments occurring in the Edison world and helps save paper. However, the publication of *MondoEdison*, a paper

magazine that provides more in-depth analyses, is continuing. Other programs in 2009 included the second edition of the Sustainable Development Trophy, which provided employees with a venue for sharing and implementing new ideas and projects that promote sustainability, and a continuation of the Re-evolution Project, which created opportunities to reflect on issues, such as energy conservation and sustainability, that are important for the Group's businesses. Specifically, an internal communication campaign proposed models of daily conduct to achieve energy conservation both at the office and at home. Re-evolution is carried out through three types of action: Re-cycling, Re-respecting and Re-reducing energy use. A Photography Competition was held again in 2009. The theme was energy that changes and is transformed by the momentum provided by Re-evolution. In order to foster and strengthen employee cohesion, the Company provided several regular meeting opportunities and organized corporate, sports and team-building events that included: Parents at Work Day, which enabled the children of employees to become acquainted with the place where their mothers and fathers work; the Summer Festival, which marked the conclusion of the annual Company Tournament of Arena Soccer; the Diversity Day, which included a luncheon based in ethnic foods, which symbolized acceptance of the different countries and cultures that are part of Edison's organization, and a workshop on the theme of inter-generational diversity; and competition in the StraMilano half marathon by the Edison team. The closing events of 2009 were the Managers and Executives Convention and the annual Christmas Party for the Milan metropolitan area. The stars of the party were Company employees who were honored with prizes for the Edison Awards, the photography competition and the Sustainability Trophy. The party also featured entertainment and music provided by the Edison Band, with musically gifted employees as musicians and singers. Lastly, starting in 2009, Edison offered all employees a discount on the cost of electric power and natural gas through the Edison and *6 un amico* sales packages.



OUR CUSTOMERS

In 2009, Edison focused intensely on its end customers. After achieving in little more than a year a significant position in the residential market for electric power and natural gas and a leadership position in customer care (Call Center and website), Edison chose to rely on transparency to drive its continued success. Accordingly, starting this year, any launch of a new sales package will be preceded by focus groups representing a heterogeneous mix of consumers, enabling the Company to meet optimally the needs of its customers, who will be able to choose the sales package that best satisfies their requirements and is most reflective of the values of eco-sustainability. With 24/7 customer service, highly competitive sales packages and clear and simple contract clauses, Edison created a new way to deal with consumers.

In addition, in the first quarter of 2009, Edison closed the purchase of an 80% interest in AMG Gas Srl from AMG Energia Spa. The acquisition of AMG Gas Srl, a natural gas distributor in the Palermo area, bought to the Edison Group more than 130,000 customers and sales of about 80 million cubic meters of natural gas.

A Sustainable Product Line

Edison's sustainable product line includes ZeroE People for residential customers and ZeroE Planet for microbusiness customers, both with zero environmental impact.

These sales packages, created in partnership with Lifegate, are the first offers of Zero Impact® energy certified by RECS International (Renewable Energy Certificate System). In addition to the lack of CO₂ emissions, as is usually the case for energy produced from renewable sources, the CO₂ emissions produced from the construction of the generating facility and the emissions caused by administrative, billing and customer service activities are computed and offset by creating new forests.

To its Business segment customers Edison offers the "Green Energy" option, with the use of a RECS certificate to offset emissions. In addition, Edison Energia licenses the use of its "ECODOC - Energia elettrica dalla natura" trademark, which was created to promote a culture of sustainability among Italian businesses, based on three key clean-energy concepts:

- Production of electric power using exclusively renewable sources available in nature;
- Respect for the environment;
- Audited certification of DOC production provided by an independent guarantor (RECS International).

Despite Edison's efforts to promote its sustainable product line, sales of RECS certified energy were lower in 2009 than in the previous year. The main reasons for this decrease are greater competitiveness in the electric power market and difficult economic conditions, which caused an across-the-board reduction in consumption and shifted demand towards conventional and cheaper sales offers.

Customer Satisfaction and Service Quality

Edison adopted a Quality Management System back in November 2007 and was the largest energy wholesaler, in terms of revenues, active in the deregulated market to become ISO 9001 certified, receiving its certification in 2008 and renewing it in 2009.

The certification received in 2009 was in accordance with the new ISO 9001:2008 standard. In addition, the Company defined a new quality program that is consistent with the principles and objectives that Edison adopted in connection with its entry in the residential market and which are consistent with the basic principles of its Quality Policy. These principles and objectives are:

THE VALUE OF ENERGY

Today, the issues of energy efficiency and rational use of energy sources are more important than ever, not only in terms of seizing opportunities to reduce energy costs and improving the competitiveness of Italian businesses, but also with regard to increasing the environmental sustainability of Italy's industrial and manufacturing system. With this in mind, Edison established the Energy Efficiency and Sustainable Development Business Unit in 2009. Its mission is to help customers use energy resources rationally, starting with the optimization of energy usage processes (optimization of processes for cooling/heating, compressed air, motors and inverters, lighting, etc.) through on-site power generation with systems with low or no environmental impact (photovoltaic, other renewables, high yield cogeneration, geothermal, etc.), and all the way up to providing support on how to offset the residual carbon footprint.

Activities carried out in 2009 included several analyses of methods of using energy resources, definitions of virtuous processes that reduce both costs and environmental impact and projects for the construction of photovoltaic systems sized in accordance with customer energy needs and located inside manufacturing facilities.

Edison's business model in this area calls for:

- Direct investment by Edison, which relieves clients of the need to divert significant financial resources from their core businesses;
- Guaranteed results, i.e., Edison's commitment to deliver the expected efficiency gains;
- Support in communicating to the relevant markets the activities implemented and the environmental benefits achieved.

Social Responsibility

- Focus on customers;
- Continuous improvement of processes;
- Dissemination of a culture of quality within the Company.

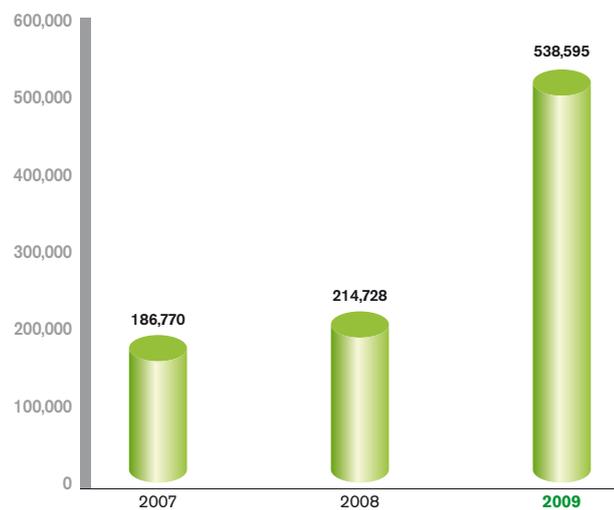
Specifically, the 2009 quality program called for:

- Positioning the Company in the energy market as the true alternative;
- Offering a product line diversified by customer segment and designed to maximize savings and environmental sustainability opportunities;
- Improving customer service quality by continuously monitoring the quality of the services provided and compliance with contractual terms.

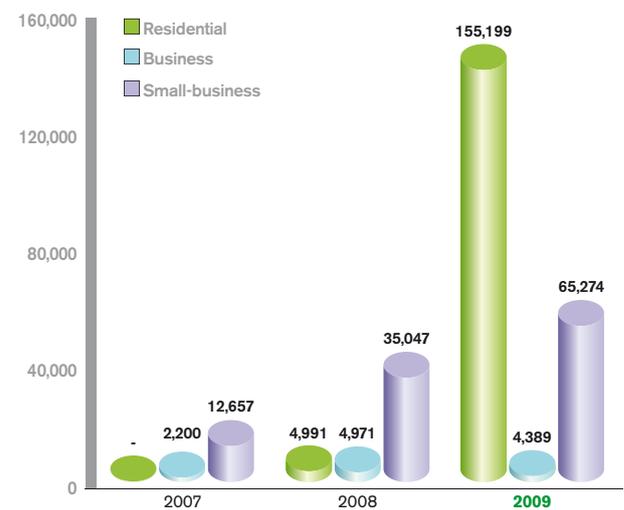
problems identified by the Customer Satisfaction survey and, if necessary, plan additional remedial actions.

The success of the customer service operations in meeting the needs of a steadily growing number of retail customers was confirmed by the Electric Power and Natural Gas Authority, which placed Edison's call center (the only one of its kind active 24 hours a day, 365 days a year) among the top performers in the Call Center Quality Rankings. In addition, in the preparation of its sales and advertising material for the domestic market, Edison is fully compliant with the statute that governs the handling of personal data. As of December 31, 2009, the Company had received no complaints and/or was not the target of any investigations regarding such issues.

TOTAL NUMBER OF CUSTOMERS (GROUP)



EDISON ENERGIA CUSTOMERS - ELECTRIC POWER SERVICE



- Updating and improving contact and communication channels with customers;
- Periodically reviewing business and quality targets and results;
- Continuous employee training and development activities.

One of Edison's primary objectives for 2010 is to evolve its Quality Policy, implementing it through a program of activities aimed at achieving continuous improvement and customer satisfaction.

At Edison, the organization's focus on customers is maintained through detailed satisfaction surveys. An in-depth customer satisfaction survey is conducted once a year. It provides an important tool to assess the performance of the services provided by the different divisions and make the improvements necessary to meet customer needs. Two additional monitoring tools (i.e., two flash surveys in April and December) were introduced in 2009 to review the implementation of activities introduced to resolve

Interacting and Dialoging With Consumers

From the moment the electric power market was deregulated in July 2007, Edison began a long-range process of listening to Italian consumers and analyzing their needs. As part of this process, the Company thought it indispensable to open new direct communication and collaboration channels with consumer groups, provided they are members of the National Council of Consumers and Users and are recognized by the Ministry of Economic Development, through a series of projects and initiatives that enable Edison to monitor and continuously improve the level of customer service.

In addition, thanks to an agreement between Edison and 11 consumer groups, the Joint Conciliation tool was activated in 2009. This tool can be used to resolve disputes amicably, voluntarily and free of charge, contributing to the improvement of the services provided to the public. In January 2010, after an

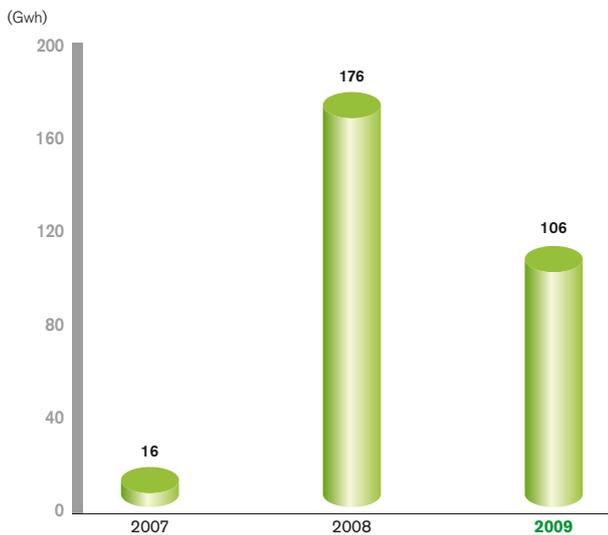
initial six-month testing phase in two regions (Piedmont and Molise) and a training period for about 20 Conciliators for Edison and 25 for the consumer groups, Edison extended the use of the conciliation tool to all of Italy and to all customers who have a contract with Edison to supply electric power and natural gas to their homes. Differently from other industry protocols, Edison agreed to accept requests for conciliation for any type of dispute. In addition, to foster a better understanding of the rights of the public and consumers, Edison agreed to participate in the publication of a Conciliation Guide.

In 2009, Edison began a collaborative project with Adiconsum and some of Assoelettrica's member companies to develop a campaign to educate the public about issues related to the

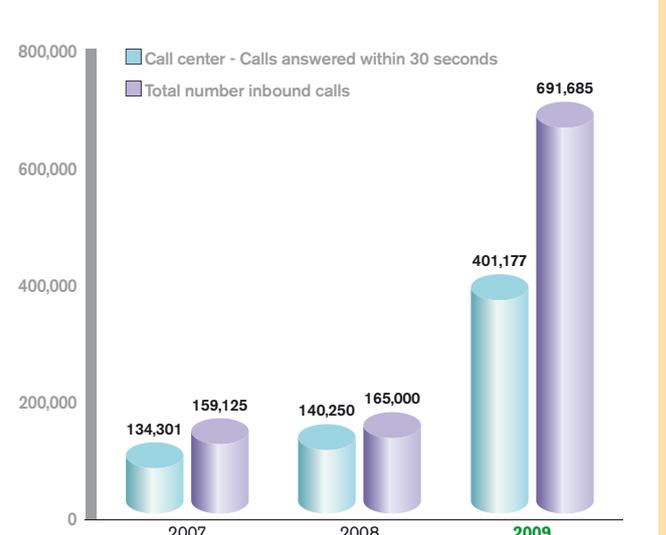
deregulation of the electric power market and the opportunities it created for residential customers. This campaign, which was launched in February 2009, included numerous local events, where participating companies were able to advertise their sales packages. A second edition of this campaign, which is being planned for 2010, will also address such issues as complaints and conciliation, reading and understanding utility bills, dual hourly rates for electric power and energy conservation.

In 2010, Edison will adopt a Service Charter, which will be a source of additional and more in-depth information about its contractual obligations.

EDISON ENERGIA: RECS CERTIFIED GREEN ENERGY SOLD



CALL CENTER - NUMBER OF CALLS ANSWERED WITHIN 30 SECONDS (EDISON ENERGIA)



Lastly, consistent with the goal of improving the understanding of contractual and sales documents by customers and providing greater consumer protection, Edison, working with the Consumatori Cittadinanzattiva association carried out a critical review of its contracts, flyers, bills, FAQ and other documents that produced the following results: some contract terms were amended, flyers were made more readily understandable, a bill reading guide was developed, FAQ were expanded and a series of tools to help customers make informed choices were developed. Also in this area, Edison, complying ahead of time with statutory requirements that will go into effect on July 1, 2010, issues once a year, together with its bill, a dedicated flyer explaining the mix of energy sources used to generate the electric power it sells.

Edison physically cuts off the supply of power (or reduces it, when so required). The supply of power is reactivated only when evidence of payment is provided or an application for an installment payment plan is received. Information about service interruptions for non-payment is provided in the Annex. Lastly, In May 2009, the Italian Antitrust and Market Competition Authority levied two separate fines on Edison Energia S.p.A., amounting to 195,000 euros and 165,000 euros, respectively, for deceptive advertising of its Edisoncasa and Eco3business sales packages.

With regard to Edisoncasa, the advertising communication was found to be deceptive because it failed to disclose the true



Management of Complaints and Disputes

The number of complaints increased in 2009, reflecting the impact of the surge in the number of customers that followed Edison's entry into the retail segment of the market. Specifically, the number of complaints to number of customers ratio increased from 1.10% in 2008 to 2.23% in 2009, following a sharp rise in the number of customers (+80%).

In order to ensure the transparent handling of any problems with its customers, Edison, consistent with the relevant regulation (AEEG No. 04/08), defined a procedure to handle payment reminders that protects equally the interests of the Group and those of its consumers. The procedure calls for a sequence of three payment reminders. After the third reminder, Edison sends a letter demanding payment. After five days have passed from the delivery of the letter without receiving a response from the customer (challenging the bill or providing proof of payment),

scope of the 20% discount "on the cost of energy." The Authority fined Edison because the 20% discount was applied only to the PED rate component and not to the entire bill.

In the case of Eco3business, a violation of the advertising law was said to have occurred with regard to the message "fixed price of electric power for three years." In this case as well, the failure to disclose the actual amount of the locked price, which was not the same as the total bill, was found to be deceptive. Edison produced a series of elements in its own defense, showing that all supporting documents correctly explained the references made to the discount and the fixed price, but it was not enough to avoid the imposition of fines. Subsequent to the Authority's decision, Edison chose not to proceed with an official challenge of these charges, given the very short deadline and the fact that the end of the campaigns in question was imminent.

OUR SUPPLIERS

Edison is aware of the role played by its suppliers in ensuring and increasing the Group's overall competitiveness. Accordingly, it defined in its Code of Ethics the basic principles for building and maintaining mutually beneficial and lasting relationships with its commercial partners. Cooperation, transparency, lack of discrimination and respect are the key values that underlie the relationship between Edison and its suppliers.

Purchasing and Supplier Relations

When purchasing products and services, Edison follows a policy based on maximum transparency, impartiality and open



competition, dealing with suppliers who, in addition to meeting the Company's needs, also apply optimum organizational methods, adopting the best safety and environmental protection standards and enjoy an unblemished reputation.

Edison's qualification, selection and procurement procedures guarantee compliance with social and environmental requirements and include control systems and the involvement of entities who can take direct action against suppliers who operate in violation of the principles set forth in Edison's Code of Ethics and 231 Organizational Model.

The recent internationalization of Edison's operations will create new scenarios and relational dynamics with foreign suppliers who operate in emerging countries. Edison intends to "export its ethics" and promote relationships with businesses that are present in the geographic regions where its activities are located, supporting their development and the establishment of stable relationships.

Qualification and Selection System

In October 2009, Edison launched a new supplier portal that streamlines the qualification process and includes a supplier's questionnaire that provides more relevant information.

In order to help the evaluators appraise a new candidate's true degree of concern for social responsibility issues, the section dealing with safety, certifications, authorizations and acknowledgments that a supplier received from international organizations was given special prominence. The rating for issues related to a supplier's sustainability has a weight of about 30% in terms of the qualification's decision, the same as the technical rating and larger than the commercial and financial rating.

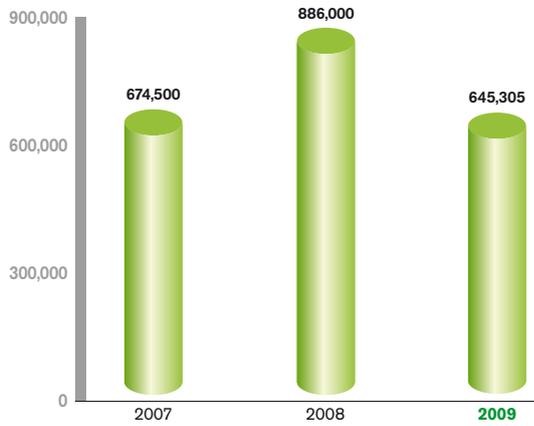
Qualification Process

Any supplier of goods or services can spontaneously submit an application, through the suppliers' qualification portal, for the relevant merchandise and service categories.

A prerequisite for applying is the explicit acceptance of Edison's Code of Ethics and 231 Organizational Model, both of which become contractually binding on the applicant. Depending on the strategic significance of each merchandise or service category, the qualification process proceeds in the manner required to enter the applicant either in the Vendors' List or the Suppliers' Register. In the latter's case, once the prequalification phase is completed, the application is submitted to a Supplier Qualification Team (SQT), which decides whether proceeding with the qualification phase is warranted. The SQT is cross-functional and, depending on the merchandise categories involved, can ask outside professionals to render an independent technical opinion.

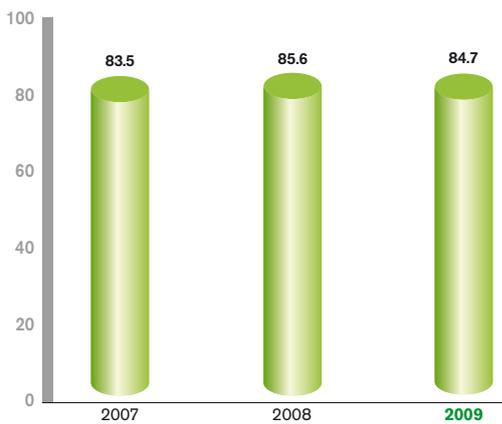
VALUE OF PURCHASES OF GOODS AND SERVICES

(thousands of euros)



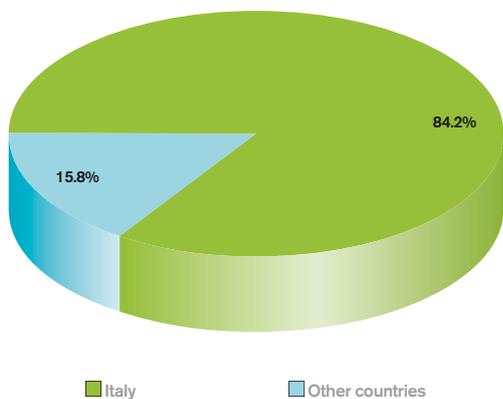
VALUE OF PURCHASES FROM QUALIFIED SUPPLIERS

(%)



GEOGRAPHIC BREAKDOWN OF PURCHASES

(%)



Contract Award Criteria

In the selection process, in addition to a supplier's rating (which summarizes Edison's opinion about the supplier's technical capabilities and reputation), special attention is paid to historical data about accident incidence rates and to whether the bidding contractor is compliant with regard to employee compensation and benefits. At the start of a job, the general specifications require the contractor to supply various types of documents, which are reviewed by an Edison project representative. Subcontracting issues are governed by the Group procedure on occupational health and safety and environmental protection. A subcontracting authorization is issued only after an algorithmic assessment of accident incidence rates and a review of the subcontractor's paperwork regarding social security contributions and insurance. With regard to repetitive purchases of non-strategic items, Edison has been gradually increasing the use of framework contracts, which can be used by individual users through online catalogs, supported by dedicated software.

Vendor's Rating

Orders of goods and services that entail distinctive competencies or significant levels of risk must be evaluated by the Edison employees who are responsible for testing the supplied items and managing the project. The evaluation process focuses mainly on safety issues, the quality of goods or services and the vendor's reliability. Each evaluation produces a positive or negative change in the vendor's rating for the merchandise category that corresponds to the order being evaluated. The rating change is determined based on the evaluation's outcome, the amount of the order and historical evaluation data. Evaluation data are collected and analyzed every six months by a homogenization committee. Unsatisfactory performances or occurrences of serious negligence can result in actions ranging from the vendor taking corrective action to suspension of the vendor's qualification.

Order Placement Plan

Since 2009, the activities of the Purchasing Department have been supported by the Group Order Placement Plan. Planning purchasing needs over a three-year horizon makes it possible to develop a strategic vision to guide negotiating activities, which are carried out not only for the purpose of making purchases more efficient, but also, and more importantly, to develop more stable, responsible and sustainable commercial partnerships. In this area, Edipower's Purchasing Department strengthened its preventive and post-completion vendor assessment systems in 2009, using in some cases non-conventional review tools, such as audits, assessment inspections, inventory analyses, requests for multi-year investment plans, order portfolios and production outsourcing strategies.

Disputes and Human Rights

In 2009, a dispute with a supplier requiring arbitration, as provided for in Edison's contracts, occurred for the first time since 2006. The only instance of a contract for the provision of armed security services in emerging countries occurred in the Ivory Coast. An onsite visit was performed prior to awarding this contract to directly review the local situation and evaluate the bidders. A similar approach will be followed in 2010 for the newly consolidated Abu Qir subsidiary.

PUBLIC INSTITUTIONS

Sustainability and the challenges of climate change are the issues that dominate national and international political agendas, with an undeniable and highly significant economic impact.

Edison followed closely these developments, becoming actively engaged in the dialog between national and European institutions and all stakeholders, particularly with regard to the processes that recently followed the adoption at the European level of a package of initiatives concerning energy and the fight against climate change (the "Climate Package").

Consistent with its Code of Ethics, "Edison engages in relationships with political organizations only for the purpose of gaining insight into issues that are relevant to the Group and of transparently promoting the positions it supports. The Group neither finances nor supports political parties or their representatives and takes a strictly neutral stance toward contending political groups during election campaigns or events involving political parties."

Edison interacts on an ongoing basis with central and local public administrations to monitor and manage the process of securing authorizations, permits, concessions and public grants and financing. This process entails establishing discussion groups and direct relationships, always carried out in compliance with the Organizational Model pursuant to Legislative Decree No. 231/81. Besides communicating with the outside world, the Institutional and Regulatory Affairs Department also focuses on picking up any tentative signals emanating from the political, administrative and social system in order to anticipate and redirect relevant strategic choices by the Company. Accordingly, Edison is also in contact with government entities, the Parliament, independent Authorities (AEEG – AGCM) and industry associations, actively collaborating with these parties and making available to them its knowhow in specific areas. Through an ongoing dialog with these institutions, Edison provides

valuable support to the bill drafting process, developing "corporate position papers" that best represent the interests of the Group. The monitoring process has been expanded to the regional level. Specifically, the Institutional Affairs Department monitors public institutions in 13 regions, organizing each region's activities and initiatives into a single database, so as to support the Company within the context of the current federalist approach to energy and environmental issues. This monitoring process, combined with a careful identification of the main institutional counterparties at the local level, makes it possible to begin a transparent, effective and informed dialog with the stakeholders involved in defining the regional scenarios. Lastly, Edison is actively involved with national and European industry associations (Confindustria, Assoelettrica, Assomineraria, Federestrattiva, Eurelectric, Eurogas, Unice, etc.), through its contribution to various work groups, and associations that support broad-based interests, such as environmental associations, consumer associations and labor unions. In the area of consumer associations, Edison recently joined the Consumers' Forum, an independent association whose members include major consumer associations, numerous manufacturing and service-sector companies and their industry associations. The Consumers' Forum provides a venue for joint discussion and analysis, created to facilitate mutual understanding, overcome challenges to interaction and jointly promote an evolution of consumer protection policies. The goal of this process is to improve the quality of life for everyone; carry out studies, research, training programs and any other initiative to promote, develop and disseminate a culture of responsible consumption; support the establishment of discussion groups; and improve the level of information and transparency about the quality and safety of products and public and private-sector services and the applicable national, E.U. and international regulations.



THE ROVIGO TERMINAL AND THE DIALOG WITH THE COMMUNITY

In 2009, the Rovigo regasification terminal and the Province of Rovigo were honored with the Pimby Prize, an award given to local administrations that agreed to build major sustainable projects in their territory. The work done by Edison alongside the Province of Rovigo and the other institutions involved made it possible to build the terminal, an infrastructure of strategic importance for Italy's energy system, capable of supplying by itself 10% of the country's natural gas needs. "The work we did together with local administrations to build the regasification terminal is recognized as a best practice at the European level and is an example of "can do" culture," said Umberto Quadrino, Edison's Chief Executive Officer. "Over the years, our Group developed valuable knowhow about managing complex projects at the local level. The terminal's example shows that local development can occur concurrently with infrastructural development. The key to success is dialog and the willingness to involve all local players in a shared investment project."

The terminal's project is part of a program that began on March 26, 1999 with the signing of the Territorial Pact for the Polesine district, the purpose of which was to support industrial projects that would foster local economic and social development. The Consortium for the Economic and Social Development of Polesine was asked to join the Pact, later becoming the party implementing it, as the representative of all signatories: local institutions and locally active trade associations and unions. On February 20, 2008, after a lengthy and complex process, the Province of Rovigo, the Consortium, Adriatic LNG and Edison signed an agreement regarding the local compensation for the Polesine district in connection with the terminal's placement within the district. The agreement calls for collaborative projects between the local community and Edison: sharing with the local authorities environmental monitoring data, fostering the development of business transactions between local operators and Qatar, promoting training opportunities to support local employment, cooperating with commercial fisheries to rebuild and monitor fish stocks, and ensuring shipping safety. Large contracts (valued at about 43 million euros) signed in the Province of Rovigo include construction of the pipeline and the onshore operating station, design and construction of two special tugboats, installation of an environmental monitoring system, waste disposal systems and security services.

Safety and environmental protection were top priorities at every phase in the development of the Adriatic LNG project. The terminal operates in full compliance with all Italian regulations and is consistent with the strictest international standards. The siting of the terminal and the path of the underwater pipeline were determined based on detailed seismic, geological and meteorological-marine studies and the terminal is equipped with the most modern security services.

OUR COMMUNITIES

Developing New Projects Through Constant Dialog with the Community and Institutions

The building of a new facility, the construction of a gas pipeline or the development of a major infrastructure constitute activities that have a major impact on the territory and local communities. Edison's responsibility is to develop its projects identifying shared solutions through dialog with local communities and transparent communication. During the past 10 years, Edison completed an investment plan in the electric power area that is unmatched in Europe, adding about 7,000 MW of new generating capacity. The process that made such an achievement possible requires a



Photo by Sergio Rigamonti – The energy of a smile is ageless

unflinching commitment by our people that could last several years and an effort to achieve a broad involvement of the local communities. The key elements that characterize Edison's interaction with the local communities include:

- Presence – Constant contact at the local level to listen, understand and meet the needs and expectations of the local community
- Trustworthiness and Reliability – Willingness to be held responsible for the consequences of one's actions
- Communication – Establishment of a team at the local level capable of providing clear, complete and transparent information.

The use of discussion forums, an ongoing dialog with the opposition and a lasting relationship with the local authorities are the tools used in this process, within which Edison has been playing a leading role in Italy in terms of its willingness to listen to and dialog with local communities for the shared development of new projects.

The success of this process can be measured with the following quality indicators:

- The project's actual implementation
- The development of economic initiatives tied to the project's implementation
- Widespread support among political groups and the population
- A strong relationship with local players based on trust and ongoing collaboration
- Administrative continuity at the local level as evidence of a constructive approach to managing local relationships.

Edison is one of the founders of the "Vajont October 9, 1963" Foundation, which was established to promote studies and

In 2009, Edison established a Committee to evaluate socially useful projects, with the goal of addressing the need for specific guidelines, and adopt a proactive approach in seeking such projects, optimizing their development process and making the process transparent for all stakeholders. The guidelines for socially useful projects will be published on the Company website in 2010 and will be widely promoted within the world of non-profit associations.

The Committee selected a project by the Noi Genitori di Erba Cooperative, which built a new, environmentally compatible facility to welcome disabled children after they complete their school education and, in cooperation with COSPE, a project for the protection of the rights of vulnerable children in Egypt.



scientific research for the prevention of hydro-geological risks, and organize research and study projects and scientific, cultural and promotional activities designed to prevent an imbalanced use of natural resources from producing in the future disasters similar to what occurred in the Vajont district in 1963.

Partnerships and Projects for the Community

Edison views partnerships with entities, nonprofit associations and institutions as an integral part of its corporate responsibility, because they represent effective tools to dialog with civil society and its stakeholders.

The Company has chosen to pursue projects developed in the territories where it operates, selecting initiatives that target young people and small children and focusing on a few priority issues, including the promotion of sustainable development and energy conservation, sports and culture.

Edison Changes the Energy: Promoting Sustainable Development

Energy conservation and renewable energy sources can provide significant momentum to the recovery of the global economy. Therefore, the dissemination of a culture of awareness and concern about these issues is important, particularly at a time of crisis, such as the one we are facing now, when the climate emergency risks fading into the background, justifying the use of more polluting technologies. For this reason, Edison, traditionally committed to creating a widespread culture about climate and energy conservation, has focused for the past two years on the younger generations with projects in schools and the world of music.

Edison Change the Music: Music Delivers the Message of the Value of Energy Conservation

Edison Change the Music (www.edisonchangethemusic.it), Italy's first project for the development of culture of sustainability and

energy conservation in the music world, ran for its second season in 2009, with growing support from the Italian music community. On the occasion of the launch of the second edition, Edison helped establish an observatory of CO₂ emissions associated with musical events that, over time, will allow a reliable monitoring of the environmental impact of such events. The results of a survey promoted by Edison's Research and Innovation Department showed that Italian have chosen with great determination the path of concern for the environment and energy conservation, including in the world of musical entertainment.

The purpose of this project is to encourage everyone, but especially young people who are more frequent music listeners,

collect information about energy usage by schools, from lighting to heating, and including waste management and security, and about other relevant factors.

Individual schools followed a common path toward the reduction of CO₂ emissions with concrete initiatives, such as accounting for emissions, implementing plans to reduce them and defining a list of ten good practices to improve quality of life in the school environment.

A photovoltaic system donated by Edison to the Righi Institute, in Chioggia, winner of the previous year's edition of the context, was activated in December. This facility will generate 14,576 KWh a year, avoiding the release of seven tons of carbon dioxide into the atmosphere.

EDISON FOR ABRUZZO

Edison has several production facilities in the Abruzzo region and is involved in a number of initiatives that benefit local communities.

- The "It's Vacation Time" project, promoted by Edison and Edipower to help families from this region affected by the earthquake, enabled children between 6 and 14 years of age to enjoy a free vacation at the Marina di Massa and Policoro campuses.
- To help the population affected by the earthquake that struck Abruzzo, Edison covered the entire cost of the electric power consumed in the first six months of 2009 by its residential customers.
- In 2009, consistent with its commitment to protecting the environment and biodiversity, Edison continued its collaboration with the Abruzzo, Latium and Molise National Park for the protection of the Marsican Bear and other important mammals who live in the Park's regions.



to exchange ideas, compare life styles, discover a new way to enjoy and make music, fully respecting the environment but without giving up the pleasure of listening and being creative. Edison Change the Music has been honored with important awards: it was selected as a project partner of the Sustainable Energy Europe Campaign promoted by the European Commission and won a prize in the "Best Sustainable Initiative" category of the Sodalitas Social Award, in recognition of its educational value and replicability in different contexts.

"Kyoto anch'io. La scuola amica del clima" Program

Edison has been collaborating with Legambiente for over 10 years on programs about environmental education and energy conservation. The 2009 edition of the "Kyoto anch'io - La scuola amica del clima" program involved 1,800 schools in conducting the first national survey of building construction and energy conservation in schools. The survey made it possible to

Other educational activities included "Edipower in the Schools" a program about energy and sustainability for elementary, intermediate and high schools in the areas where Edipower operates.

The Cres.Co Project and the Virtuous Circle of Sustainability

Edison has joined 22 other companies in supporting the "Cres.Co" Project about sustainable development promoted by the Sodalitas Foundation to encourage the adoption of environmentally sustainable behaviors in three cities in Lombardy, involving representatives of local institutions, the public in general, students and businesses in the development of a model of virtuous and replicable territories, known as Cresco Islands. The project focuses on three areas:

- Conservation and Energy;
- Recovery - Recycling and Disposal;
- Sustainable Mobility.

The Power of Positive Energy

Edison is keenly aware of the needs of the younger generations and is committed to protecting their fundamental rights to life, education, family and, in simple words, the right to grow up. Respect is the primary value embraced by the Company, shaping not only the way it does business, but also in how it chooses the many initiatives it carries out in partnership with associations. The aggressiveness of adolescents is just energy, which, when properly channeled in a “positive” direction, can help them grow and develop their personalities, as they learn to interact with others and society in general. This is the common thread that runs through two important programs developed to help young people: “Essere felici a scuola” [Happy in School] with the

Sodalitas Foundation, “Il senso di una meta” [Keep Your Eyes on the Prize] in collaboration with AS Rugby Milan .

Happy in School and Learning to Dialog to Prevent Bullying

The purpose of this project is to create, through training and support programs, a network of qualified and skilled intermediate school teachers who know how to strengthen communications and interpersonal relations and incentivize the development of social and emotional components in educational relationships. At the intermediate school level, it is still possible to intervene before bullying, violence among minors and other dysfunctional behaviors reach extreme levels, requiring the use of repressive



“IL SENSO DI UNA META” – RUGBY AS AN AVENUE TO PERSONAL GROWTH

“Il senso di una meta,” a project launched in 2008, includes two programs called “L’ovale al Beccaria” and “Soft Rugby – Psychomotor Skills and Rugby for Schools,” which share rugby as their common denominator, viewed as a tool for growing, sharing and belonging in accordance with the ethics of sportsmanship. The goal of “L’ovale al Beccaria” is to teach and convey the values of rugby to youngsters of different ages and social backgrounds, who are inmates at the Milan juvenile detention facility, and welcome them to the clubhouse when they are released. About 20 boys, 16 to 20 years old, entered the program, including three who joined the AS Rugby Milan, training and playing with boys of their age who were already members of the club.

The programs also supports and welcomes boys who have become eligible for “trial periods” at communities outside the detention facility. The goal is to provide continuity for the activity performed within the detention facility and use rugby to create a

true relationship between each boy and a club that serves this specific function, which could represent an alternative and an unprecedented opportunity compared with the environments in which some of these youngsters have grown up.

In 2009, in addition to various events held inside the detention facility to promote rugby, a match between players from New Zealand’s All Blacks and the Beccaria team helped to further motivate the project’s participants. Six hundred students from schools in Milan participated in the “Soft Rugby – Psychomotor Skills” program, which applies interpretative categories and psychomotor techniques to mini-rugby (7-13 year olds). The goal is to eliminate any form of discrimination arising from the ability of more precocious children, accommodating different paces in the developmental process. This makes it possible to use a “softer” approach to rugby and creates an opportunity to involve a larger number of teachers and parents.

Social Responsibility

measures, with higher social costs compared with those required for preventive action. This project requires the involvement of all of the parties who interact in a school environment, from managers to teachers and from students to parents, showing them that a school is a place where they all can come together. In 2009, 30,000 students and 100 teachers from 60 schools in Milan were involved in this project.

Missione Sogni – Make Dreams Come True to Fight Illness

For the past two years, Edison has been supporting "Missione Sogni," an association that helps 5 to 18 years old boys and girls suffering

from serious diseases or disabilities realize their dreams.

It is scientifically proven that pain and illness-induced anxiety lower our organism's natural defenses, while anything that brings joy and serenity has a beneficial effect and undoubtedly helps the healing process.

As part of its collaboration with "Missione Sogni," Edison supports the "A Dream Pediatrician" project, specifically designed to make the 1,000 pediatricians who work in Lombardy and the 783,200 families who visit their offices aware of the association's existence. Thus far, 42 of the 69 dreams brought to the association's attention have been realized.



THE EDISON FOUNDATION

The Foundation carries out scientific research projects and studies of the economic, cultural and social issues concerning local manufacturing systems and industrial clusters, focusing on relationships between small/medium-size businesses and large enterprises and between communities and local development, as well as of issues relating to the infrastructure and services offered by a civil society, particularly in light of the globalization process. The foundation also promotes studies, surveys, publications and events both on its own and in cooperation with research entities and institutes, other foundations, associations, businesses and individuals, sponsoring projects that are consistent with the purposes stated in its Bylaws.

Significant events held in 2009 included a convention organized to present a book entitled "The World Crisis and Italy" and an event promoted in collaboration with Accademia Nazionale dei Lincei entitled "Environmental and Energy Innovation in Economic

Dynamics." Books published in 2009 included "Foundations, Public Entities and Networks in European Research. Complementarity in Action," "The World Crisis and Italy" and "Returning to the Territory." Lastly, work was completed on a new book entitled "New Polarities in the Geo-economy," scheduled for release in January 2010.

The Foundation continued to publish *Approfondimenti Statistici* (15 issues) on economic issues and studies and a regular newsletter about its activities. It also published two issues of *Approfondimenti Energia*, a new magazine focused on issues in the energy industry.

The Edison Foundation also supports the Energy Lab Foundation, which sponsors research, development and innovation in the energy and environmental sectors to achieve a better understanding of issues and challenges in the energy and environmental areas by citizens, public institutions, private entities, the media and public opinion.

**Volunteering by Employees:
Together for a Common Goal**

Siticibo is a project in which a large number of employees at the Foro Buonaparte headquarters volunteer during business hours to collect surplus food from the Edison cafeteria for donation to soup kitchens in Milan.

About 2,000 meals were distributed in 2009.

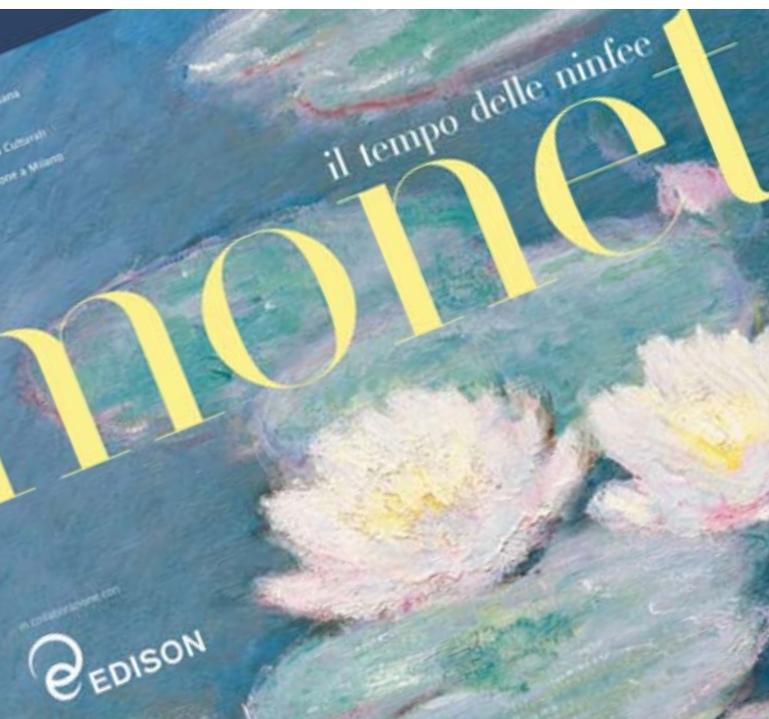
Edison Supports Culture

Edison supports directly or through sponsorships the implementation of culturally significant initiatives and activities. One such program is the ongoing project for the preservation of

Edison supports the Italian Environmental Fund (FAI) and, on the occasion of the XVII FAI Spring Day, the Edison Building was opened to the public for the first time, welcoming thousands of visitors who were able to see some rooms that are usually closed. Also in 2009, Edison was a participant in the fifth edition of "Dal dire al fare" [Walking the Walk], an Italian event about corporate social responsibility, and in "Faccia a Faccia," a venue where businesses can interact with social and non-profit organizations.

Edison Supports Sports

Edison supports sports because it fully shares the values of integrity, team spirit and respect. In addition, support for amateur,



entrepreneurial memory that involved digitizing over 4,200 images from Edison's photography and film archives, which can now be viewed on the www.lombardiabeniculturali.it website.

Edison sponsored the Milan Film Festival, including in particular the "Tutto Olmi" retrospective, which presented all the works of filmmaker and former Edison colleague Ermanno Olmi.

Since 2008, Edison collaborates with the Italian School of Archaeology at Athens, a reference point for all archeologists and antiquity historians from universities, the National Research Center and cultural heritage entities that carry out programs in Greece to restore valuable monuments in the islands of Crete and Limnos. In 2009, Edison also sponsored the "Monet-The Time of the Water Lilies" art show at Milan's Palazzo Reale.

youth or "minor league" programs, which always have a significant local following, have traditionally been one of the tools with which Edison interacts with local communities. In 2009, the Group supported sports initiatives both locally and at the national level. Edison is the main sponsor of the Italian Basketball Federation and official sponsor of the Italian Volleyball Federation and of the Italian Rugby Team. In addition, under an agreement with the Italian National Olympic Committee, it is the main sponsor of the Italian Olympic Team.

Sponsorships and Charitable Contributions

In 2009, Edison disbursed more than 3.2 million euros in sponsorships and about 650,000 euros in charitable contributions.

A NOTE ON METHODOLOGY: SOCIAL AND ENVIRONMENTAL ACCOUNTING

Edison views its Sustainability Report as a tool to communicate how the Group manages its social responsibility and provide a complete and balanced presentation of its values, strategies and performance during the reporting period. The Report is also a management tool that can be used to monitor the Group's sustainability performance and set improvement goals for the future.

Edison was one of the first companies in Italy to prepare an environmental report. Since 1994, the year when it published the first document of this kind, it has been steadily expanding the scope of the report, moving from a strictly environmental focus to the coverage of health and safety issues and, starting with the first Sustainability Report in 2004, all areas of Corporate Social Responsibility.

The 2009 Sustainability Report was prepared in accordance with the Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI) in 2006 (G-3), integrated with the additional disclosures required by the Electric Utilities Sector Supplement, as approved in 2009. This standard is internationally recognized as the best practice in sustainability reporting. Edison chose to follow a gradual approach in adopting the GRI Guidelines and plans to add to the Report new indicators of social and environmental performance each year. In 2009, the Group applied the A+ level of the Guidelines.

The Sustainability Report is published each year and is distributed to the Board of Directors concurrently with the presentation of the Annual Report, which this year occurred February. It is also distributed at the Shareholders' Meeting

The consolidation method adopted requires the following:

- The operating and financial data and the data for the main performance indicators shown in the Report must be the

consolidated data of the Edison Group, computed in accordance with the IAS/IFRS International Accounting Principles, and must include Edipower at 50%

- Starting in 2009, the social and environmental data must be those of Edison's core businesses (electric power operations and hydrocarbons and natural gas operations), stated in accordance with the abovementioned consolidation principles and, therefore, with Edipower consolidated at 50% (previously consolidated at 100%).

Moreover, in order to allow a comparison with the performance in previous years, the data for 2007 and 2008 have been restated accordingly.

Insofar as the scope of the Report is concerned, the 2009 edition reflects the following peculiarities:

- Unless otherwise stated, the data include the performance data for the Group's Abu Quir activities
- Unless otherwise specified, data and information about the performance with customers refer to Edison Energia.

As mentioned above, some changes in the data computation method were made in 2009, specifically with regard to Edipower's consolidation and some other items for which specific disclosures are provided within the Report. In addition, further progress was made in systematizing the data collection process, which made it possible to further improve the Report's information delivery function and the quality of the final qualitative and quantitative data it provides.

As was the case in previous years, the 2009 Sustainability Report was audited by Independent Auditors in order to certify its compliance with the guidelines defined by the GRI-global reporting initiative. This process was completed successfully with the issuance of a certification letter, which is annexed to this Report (page 62).

COMMITMENTS FOR THE FUTURE

CLIMATE CHANGE

Expand the information about issues related to climate change, developing, when possible, analyses of the main financial implications, risks and opportunities entailed by these issues.

BIODIVERSITY

Develop a more specific and systematic approach to monitoring the impact of the Group's activities on biodiversity, also for the purpose of mitigating any risks that could affect the Group's operations. Subsequent to this activity, the monitoring process will cover the impact on biodiversity in areas undergoing environmental remediation or selected to satisfy offsetting obligations.

HUMAN RIGHTS

The Group is committed to providing its employees with training about issues related to the respect of human rights.

In addition, Edison will be developing an operating procedure to monitor any failure to comply with the Human Rights Policy recently adopted by the Group.

DIALOG WITH THE STAKEHOLDERS

In 2010, the Group will define a structured program to encourage the involvement of its stakeholders and will begin to carry out the projects developed for this purpose.

IMPACT ON THE COMMUNITY

Over the next two years, the Group will further refine the system used to monitor its activities within the local communities and their impact, with special emphasis on sponsorships and charitable contributions.

PERFORMANCE INDICATORS

ENVIRONMENT (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	% change	GRI reference
Energy produced						
Total thermoelectric power	Gwh	49,137	44,606	35,646	-20.1%	EU 2
Total hydroelectric power	Gwh	3,757	5,021	5,398	7.5%	
Total electric power from wind energy	Gwh	510	524	556	6.1%	
Electric power from other renewable sources	Gwh	-	-	5	-	
Total net electric power	Gwh	53,404	50,151	41,604	-17.0%	
Total thermal energy	Gwh equiv.	1,486	1,024	811	-20.8%	
Total energy produced	Gwh equiv.	54,890	51,175	42,415	-17.1%	
Electric power produced from renewable sources	%	8.0%	11.1%	14.3%	3.3%	
Efficiency of the thermoelectric power plants						
Average yield of the thermoelectric power plants	%	44.5%	44.8%	43.0%	-1.8%	EU11
Availability factor for the thermoelectric power plants	%	85.2%	86.7%	89.5%	2.9%	
Availability factor for the hydroelectric power plants	%	89.4%	92.0%	92.5%	0.5%	
Availability factor for the wind farms	%	96.5%	95.3%	95.3%	-	
Average availability factor	%	90.4%	91.3%	92.5%	1.1%	EU 30
Energy used to produce electric power						
Natural gas	millions of Sm ³	8,980.0	7,828.9	6,538.4	-16.5%	EN3
Coke-oven gas	millions of Nm ³	557.7	594.1	437.0	-26.4%	
Blast-furnace gas	millions of Nm ³	6,235.7	5,725.7	4,368.0	-23.7%	
Steel-mill gas	millions of Nm ³	71.2	68.2	75.7	11.0%	
Blast-furnace and steel-mill gas mixture	millions of Nm ³	3,405.1	3,610.7	888.5	-75.4%	
Fuel oil	thousands of t	809.5	717.2	645.4	-10.0%	
Gasoil	thousands of t	6.3	6.1	5.9	-2.6%	
Coal	thousands of t	740.6	714.0	398.0	-44.3%	
Bark	thousands of t	44.3	55.5	48.7	-12.2%	
Mud	thousands of t	24.3	21.2	17.9	-15.4%	
Wood chips	thousands of t	-	-	1.4	-	
Total energy used	thousands of GJ	404,915	360,409	288,148	-20.0%	
Energy used for ancillary services ⁽¹⁾						
Natural gas	thousands of Sm ³	7,028.6	4,757.1	42,838.8	(*)	
Gasoil	t	4,646.8	5,119.8	4,486.2	-12.4%	
Fuel oil	t	8,509.7	2,005.0	7,766.0	(*)	
Purchased electric power	MWh	90,487	102,750	100,955	-1.7%	EN 4
Materials used						
Total process chemicals	t	37,513	31,205	30,893	-1.0%	EN1
<i>Dielectric oil used as a lubricant and coolant</i>	<i>t</i>	<i>339</i>	<i>444</i>	<i>357</i>	<i>-19.7%</i>	
Water resources used						
Sea water	thousands of m ³	2,598,087	2,751,025	2,036,806	-26.0%	EN 8
Water from rivers and canals	thousands of m ³	1,004,556	968,063	744,245	-23.1%	
Water drawn from the aquifer	thousands of m ³	5,434	4,508	3,317	-26.4%	
Purchased demineralized water	thousands of m ³	3,512	2,075	1,662	-19.9%	
Other water resources used	thousands of m ³	218	250	295	18.0%	
Recycled water – thermoelectric operations	thousands of m ³	1,293,343	1,252,064	870,496	-30.5%	EN 10
<i>Recycles industrial water</i>	<i>thousands of m³</i>	<i>9,168</i>	<i>7,165</i>	<i>7,068</i>	<i>-1.3%</i>	
<i>Water from condensation and purchased steam</i>	<i>thousands of m³</i>	<i>1,284,175</i>	<i>1,244,899</i>	<i>863,428</i>	<i>-30.6%</i>	
Total water resources used	thousands of m ³	4,905,150	4,977,984	3,656,821	-26.5%	
Recycled water – thermoelectric operations	%	26.4%	25.2%	23.8%	-1.3%	
Flow-through water and biodiversity – hydroelectric operations						
Turbine powering water	thousands of m ³	16,057,128	18,621,583	21,064,597	13.1%	EN 12
Minimum vital water flow	thousands of m ³	959,126	961,917	1,254,953	30.5%	
Minimum vital water flow releases	%	6.0%	5.2%	6.0%	0.8%	
Effluents						
Industrial effluents generated	thousands of m ³	17,365	30,661	29,881	-2.5%	EN 21
Reinjected water (hydrocarbons operations)	thousands of m ³	14	17	19	8.3%	
Cooling water	thousands of m ³	3,580,839	3,692,596	2,760,604	-25.2%	
Residential waste water	thousands of m ³	115	116	114	-1.0%	
Total effluents	thousands of m³	3,598,333	3,723,375	2,790,618	-25.1%	
Greenhouse gas emissions						
Electric power operations						
CO ₂ emissions – thermoelectric operations	t	30,934,883	27,726,181	20,796,734	-25.0%	EN 16
<i>Specific CO₂ emissions – thermoelectric power plants</i>	<i>g/kWh equiv.</i>	<i>593.4</i>	<i>590.9</i>	<i>558.2</i>	<i>-5.5%</i>	
<i>Specific CO₂ emissions – all power plants</i>	<i>g/kWh equiv.</i>	<i>544.5</i>	<i>523.6</i>	<i>486.0</i>	<i>-7.2%</i>	
SF ₆	t of CO ₂ equiv.	775	191	845	(*)	
<i>Emissions rights allocated</i>	<i>t</i>	<i>-</i>	<i>-</i>	<i>19,190,650</i>	<i>-</i>	
<i>Level of compliance with the Kyoto Protocol (rights allocated/emissions generated)</i>	<i>%</i>	<i>-</i>	<i>-</i>	<i>92%</i>	<i>-</i>	EU 5
<i>Emissions avoided by using renewable energy sources</i>	<i>t</i>	<i>2,532,178</i>	<i>3,276,545</i>	<i>3,323,665</i>	<i>1.4%</i>	
Hydrocarbons operations						
CO ₂ emissions – hydrocarbons operations	t	34,829	29,065	108,707	(*)	EN 16
Natural gas distribution operations						
CO ₂ emissions from pipeline leaks	t of CO ₂ equiv.	27,887	16,544	16,544	-	
Indirect emissions ⁽²⁾						
Emissions attributable to consumption of purchased electric power	t	41,714	47,368	46,540	-1.7%	EN 16

⁽¹⁾ The data do not include Edipower.

(*) Change greater than 100%.

ENVIRONMENT (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	% change	GRI reference	
Emissions of gases harmful to the ozone layer							
CFC-11 equivalents	t	-	-	0.5	-	EN 19	
Emissions into the atmosphere							
Electric power operations							
SO _x	t	12,446	10,187	5,830	-42.8%	EN 20	
<i>Specific SO_x emissions – thermoelectric power plants</i>	<i>g/Kwh equiv.</i>	<i>0.239</i>	<i>0.217</i>	<i>0.156</i>	<i>-27.9%</i>		
<i>Specific SO_x emissions – all power plants</i>	<i>g/Kwh equiv.</i>	<i>0.219</i>	<i>0.192</i>	<i>0.136</i>	<i>-29.2%</i>		
NO _x	t	13,929	13,022	10,058	-22.8%		
<i>Specific NO_x emissions – thermoelectric power plants</i>	<i>g/Kwh equiv.</i>	<i>0.267</i>	<i>0.277</i>	<i>0.270</i>	<i>-2.7%</i>		
<i>Specific NO_x emissions – all power plants</i>	<i>g/Kwh equiv.</i>	<i>0.245</i>	<i>0.246</i>	<i>0.235</i>	<i>-4.4%</i>		
CO	t	1,980	1,824	1,191	-34.7%		
<i>Specific CO emissions – thermoelectric power plants</i>	<i>g/Kwh equiv.</i>	<i>0.038</i>	<i>0.039</i>	<i>0.032</i>	<i>-17.8%</i>		
<i>Specific CO emissions – all power plants</i>	<i>g/Kwh equiv.</i>	<i>0.035</i>	<i>0.034</i>	<i>0.028</i>	<i>-19.2%</i>		
Particulate	t	553	411	224	-45.3%		
<i>Specific particulate emissions – thermoelectric power plants</i>	<i>g/Kwh equiv.</i>	<i>0.011</i>	<i>0.009</i>	<i>0.006</i>	<i>-31.1%</i>		
<i>Specific particulate emissions – all power plants</i>	<i>g/Kwh equiv.</i>	<i>0.010</i>	<i>0.008</i>	<i>0.005</i>	<i>-32.3%</i>		
Hydrocarbons operations							
SO _x	t	566	133	122	-8.3%		
NO _x	t	97	51	101	98.4%		
CO	t	18	10	65	(*)		
Particulate	t	15	8	4	-46.7%		
Total emissions into the atmosphere – electric power and hydrocarbons operations							
SO _x	t	13,012	10,320	5,953	-42.3%		
NO _x	t	14,026	13,072	10,158	-22.3%		
CO	t	1,999	1,833	1,255	-31.5%		
Particulate matter	t	569	419	229	-45.4%		
Waste generated							
Special non-hazardous waste	t	118,583	109,674	106,679	-2.7%	EN 22	
Special hazardous waste	t	3,661	6,800	4,222	-37.9%		
<i>Total waste generated</i>	<i>t</i>	<i>122,244</i>	<i>116,474</i>	<i>110,902</i>	<i>-4.8%</i>		
Recycled waste	t	108,544	108,386	104,309	-3.8%		
Waste sent to landfills	t	13,701	8,089	6,593	-18.5%		
Inspections to locate natural gas leaks							
Pipelines inspected	Km	1,924	2,000	2,111	5.6%	PR 1	
Total pipelines (l.p. + m.p.)	Km	3,363	3,404	3,628	6.6%		
<i>Network inspected</i>	<i>%</i>	<i>57%</i>	<i>59%</i>	<i>58%</i>	<i>-1.0%</i>		
Total number of leaks located	No.	1,902	1,056	1,363	29.1%		
<i>Total volume of leaks</i>	<i>thousands of Sm³</i>	<i>1,684</i>	<i>999</i>	<i>999</i>	<i>-</i>		
HSE management systems							
Sites covered by ISO 14001 management systems							
<i>Electric power operations</i>	<i>%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>-</i>		
<i>Hydrocarbons operations</i>	<i>%</i>	<i>53%</i>	<i>79%</i>	<i>89%</i>	<i>10%</i>		
Sites covered by EMAS management systems							
<i>Electric power operations</i>	<i>%</i>	<i>97%</i>	<i>99%</i>	<i>99%</i>	<i>-</i>		
<i>Hydrocarbons operations</i>	<i>%</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>-</i>		
Sites covered by OHSAS 18001 management systems							
<i>Electric power operations</i>	<i>%</i>	<i>94%</i>	<i>95%</i>	<i>95%</i>	<i>-</i>		
<i>Hydrocarbons operations</i>	<i>%</i>	<i>67%</i>	<i>67%</i>	<i>89%</i>	<i>22%</i>		
Audit Process							
Internal audits	No.	142	108	102	-5.6%		
External audits (third-party audits)	No.	17	16	18	12.9%		
Total audits	No.	159	124	120	-3.2%		
Inspections – Italy							
Performed by local governmental entities	No.	15**	6**	19	-		
Other	No.	7**	1**	17	-		
Total inspections	No.	22**	7**	36	-		
Environmental accounting							
Protection of air and climate	€/000	5,040	26,485	24,381	-7.9%	EN 30	
Water management	€/000	7,104	2,711	4,021	48.3%		
Waste management	€/000	4,940	5,385	4,991	-7.3%		
Soil, subsoil and aquifer protection	€/000	7,330	6,809	1,723	-74.7%		
Protection of nature and landscape and remediation projects	€/000	706	5,046	2,022	-59.9%		
Other environmental protection activities	€/000	6,587	3,399	4,033	18.6%		
Noise and vibration reduction, CEM	€/000	428	463	513	10.7%		
<i>Total outlays</i>	<i>€/000</i>	<i>32,133</i>	<i>50,296</i>	<i>41,683</i>	<i>-17.1%</i>		
Investments	€/000	10,889	25,636	21,861	-14.7%		
Operating expenses	€/000	21,244	24,661	19,822	-19.6%		
Material environmental events							
Spills	No.	1	1	0	-	EN 23	
Fines	€	0 ⁽¹⁾	0 ⁽¹⁾	0	-	EN 28	
Other non-cash penalties	No.	0 ⁽¹⁾	0 ⁽¹⁾	0	-	EN 28	

⁽¹⁾ The data do not include Edipower and the Group's international operations.

(*) Change greater than 100%.

PERSONNEL (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	% change	GRI reference
Personnel breakdown by classification						
Executives	No.	156	157	164	4.5%	LA 1
Middle managers	No.	491	532	568	6.8%	
Office staff	No.	1,642	1,652	1,788	8.2%	
Production staff	No.	685	621	619	-0.4%	
Abu Qir staff	No.	-	-	785	-	
Total	No.	2,973	2,961	3,923	32.5%	
Personnel breakdown by type of contract						
Permanent employees	No.	2,962	2,945	3,832	30.1%	LA 1
Temporary employees in Italy	No.	11	16	17	6.3%	
Temporary employees in Abu Qir	No.	-	-	74	-	
Total	No.	2,973	2,961	3,923	32.5%	
Personnel breakdown by geographic region						
Italy	No.	2,921	2,876	3,044	5.9%	LA 1
International	No.	53	86	879	(*)	
Total	No.	2,973	2,961	3,923	32.5%	
Presence of female employees						
Executives	%	10%	10%	10%	0.2%	LA 13
Middle managers	%	23%	24%	26%	1.3%	
Office staff	%	23%	24%	25%	0.4%	
Production staff	%	1%	1%	1%	-0.1%	
Abu Qir staff	%	-	-	9%	-	
Average	%	17%	19%	17%	-1.4%	
Women/Men compensation ratio ⁽³⁾						
Top management						LA 14
Women/Men % compensation ratio	%			n.a.		
Women/Men age ratio (average year differential)	No.			n.a.		
Management						
Women/Men % compensation ratio	%			105.7%		
Women/Men age ratio (average year differential)	No.			< 2.6		
Professionals						
Women/Men % compensation ratio	%			92.6%		
Women/Men age ratio (average year differential)	No.			< 5.7		
Office staff						
Women/Men % compensation ratio	%			89.3%		
Women/Men age ratio (average year differential)	No.			< 3.7		
Production staff						
Women/Men % compensation ratio	%			n.a.		
Women/Men age ratio (average year differential)	No.			n.a.		
Training-work						
Apprentices	No.	4	7	20	(*)	
Interns	No.	33	30	32	6.7%	
Part-time employment						
Employees with part-time contracts	%	2.1%	2.2%	1.7%	-21.8%	
Employees belonging to protected categories ⁽¹⁾						
Disabled	No.	77	78	85	9.0%	DMA LA
Other (e.g., orphans)	No.	32	31	30	-3.2%	
Total	No.	109	109	115	5.5%	
Personnel breakdown by educational level						
Elementary school	%	1%	1%	2%	0.7%	
Intermediate school	%	15%	14%	16%	2.5%	
High school diploma	%	58%	56%	49%	-6.6%	
College degree	%	24%	28%	31%	3.6%	
Other (Masters, PhD, etc...)	%	2%	1%	1%	-0.2%	
Personnel breakdown by age group						
Younger than 25 years of age	%	2%	2%	3%	1.1%	
Between 25 and 35 years of age	%	22%	24%	25%	1.6%	
Between 36 and 45 years of age	%	34%	33%	31%	-1.4%	
Between 46 and 55 years of age	%	34%	34%	30%	-3.2%	
Older than 55 years of age	%	8%	9%	10%	2.0%	
Average staff age⁽²⁾	No.	46.4	45.7	45.9	0.5%	
Average length of service at the Company ⁽²⁾						
Executives	No.	14.5	13.9	15.1	8.6%	
Middle managers	No.	14.9	14.4	14.6	1.6%	
Office staff	No.	19.3	19.4	19.7	1.8%	
Production staff	No.	19.7	19.8	19.8	0.1%	
Average	No.	17.1	16.9	17.3	2.7%	

⁽¹⁾ Independent contractors and the employees of AMG GAS, Sistemi di Energia, CEB, Sei Edison and Eneco are not included.

⁽²⁾ The Abu Qir employees are not included.

⁽³⁾ Gross annual compensation, including collective and personal fixed components, but excluding any indemnities.

(*) Change greater than 100%.

PERSONNEL (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	% change	GRI reference
New hires by classification						
Executives	No.	3	5	2	-55.6%	LA 2
Middle managers	No.	30	50	23	-54.0%	
Office staff	No.	106	200	158	-21.0%	
Production staff	No.	46	45	70	56.2%	
Acquisitions (Abu Qir , AMG, CEB)	No.	-	-	856	-	
Total	No.	185	300	1,109	(*)	
Separations by reason						
Resignation	No.	67	95	45	-52.9%	LA 2
Retirement	No.	45	75	66	-12.0%	
Death	No.	1	1	1	-	
Termination/Divestment of business operations	No.	18	18	5	-74.3%	
Other	No.	27	106	31	-71.2%	
Total	No.	157	294	147	-50.2%	
Employee turnover by classifications						
Executives	%	0.2%	0.2%	0.0%	-0.1%	LA 2
Middle managers	%	0.8%	1.1%	0.3%	-0.7%	
Office staff	%	1.3%	1.7%	0.7%	-1.1%	
Production staff	%	0.1%	0.2%	0.1%	-0.1%	
average	%	2.3%	3.2%	1.1%	-2.0%	
by gender						
Women	%	0.5%	1.0%	0.4%	-0.6%	
Men	%	1.8%	2.2%	1.1%	-1.1%	
by age group						
Younger than 30 years of age	%	0.3%	0.6%	0.2%	-0.4%	
Between 30 and 45 years of age	%	1.6%	2.3%	0.6%	-1.6%	
Older than 45 years of age	%	0.3%	0.3%	0.3%	0.0%	
by length of service at the Company						
Less than 3 years of service	%	0.5%	1.1%	0.5%	-0.6%	
Between 3 and 10 years of service	%	1.4%	1.7%	0.5%	-1.2%	
More than 10 years of service	%	0.3%	0.3%	0.2%	-0.2%	
Employees who received training						
Employees who attended at least one training course	No.	2,463	2,478	3,025	22.1%	
Employees who received training	%	82.8%	83.7%	77.1%	-6.1%	
Hours of training provided						
Executives	No.	9,935	8,259	8,069	-2.3%	LA 10
Middle managers	No.	21,939	17,741	19,372	9.2%	
Office staff	No.	49,759	56,086	68,881	22.8%	
Production staff	No.	31,422	29,762	27,548	-7.4%	
Total	No.	113,054	111,848	124,935	11.7%	
Average hours per capita	No.	38.0	37.8	31.9	-15.3%	
Training hours and costs by type						
Quality, environment and safety	No.	34,969	36,072	44,275	22.7%	LA 8
Technical training	No.	32,153	35,215	23,477	-33.3%	
Institutional training – internal	No.	18,947	14,231	29,690	(*)	
Institutional training – external	No.	8,962	11,958	10,484	-12.3%	
Language courses	No.	9,893	8,100	12,317	52.1%	
Computer training	No.	4,830	3,362	2,420	-28.1%	
Conventions	No.	3,301	2,911	2,258	-22.4%	
Total hours	No.	113,054	111,848	124,920	11.7%	
Total cost	€/1000	2,202	2,303	2,081	-9.6%	
Occupational safety						
Accidents occurred to Group employees	No.	18	16	19	18.8%	LA 7
Injury incidence rate	No.	3.44	3.22	3.04	-5.6%	
Lost workday incidence rate	No.	0.14	0.06	0.07	22.0%	
Health support ⁽³⁾						
Medical examinations provided	No.	1,579	1,599	3,454	(*)	LA 7
Average number of medical examinations per employee	No.	0.53	0.54	0.88	63.9%	
Average number of hours worked per capita ⁽²⁾						
Regular hours	No.	1,550	1,557	1,571	0.9%	
Overtime hours	No.	132	126	94	-25.1%	

⁽²⁾ Abu Qir is not included.

⁽³⁾ For Edipower, only the data for office locations are included.

(*) Change greater than 100%.

PERSONNEL (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	% change	GRI reference
Average hours of absence from work per capita ⁽⁴⁾						
Illness	No.	49.4	48.2	45.9	-4.3%	LA 7
Accident	No.	3.1	1.0	1.1	18.5%	
Maternity	No.	18.1	12.2	13.8	13.2%	
Strike	No.	0.0	0.1	0.0	-65.1%	
Employee Assembly	No.	2.6	2.6	2.2	-13.0%	
Paid leave	No.	13.9	17.3	15.2	-11.9%	
Unpaid leave	No.	7.0	7.9	3.4	-57.2%	
Other	No.	0.0	0.0	0.0	-	
Total	No.	94.1	89.9	81.6	-8.1%	
Occupational safety expenditures						
Operating expenses	€/000	6,068	6,200	7,394	19.3%	
Investments	€/000	5,434	3,720	4,090	10.0%	
Total	€/000	11,502	9,920	11,484	15.8%	
Employees who underwent performance review ⁽²⁾						
Executives	%	100%	100%	100%	0.3%	LA 12
Middle managers	%	80%	76%	76%	0.2%	
Office staff	%	13%	16%	17%	1.7%	
Production staff	%	0%	0%	0%	-	
Total	%	25%	28%	29%	1.3%	
Average productivity bonus per capita ⁽⁵⁾						
Middle managers ⁽⁶⁾	€	1,489.5	1,598.0	1,600.0	0.1%	
Office staff	€	1,569.5	1,628.5	1,712.5	5.2%	
Production staff	€	1,248.5	1,295.5	1,350.0	4.2%	
Average	€	1,435.8	1,507.3	1,554.2	3.1%	
Incentivizing bonuses ⁽²⁾						
Employees who received an incentivizing bonus, not counting the productivity bonus (MBO)	No.	281	318	376	18.2%	
Employees who received a non-cash incentivizing bonus (Award)	No.	35	38	61	61.0%	
Incentivized employees	%	10.6%	12.0%	13.9%	1.9%	
Promotions ⁽²⁾						
Promotion from middle manager to executive	No.	11	7	11	57.1%	
Promotion from office staff to middle manager	No.	45	39	34	-11.7%	
Promotion from production staff to office staff	No.	39	53	30	-43.4%	
Total	No.	95	99	75	-23.9%	
Collective bargaining and union membership ⁽⁴⁾						
Employees covered by national collective bargaining agreements	%	100%	100%	99%	-1.5%	LA 4
Employees who are union members	%	43%	39%	48%	8.7%	
Disputes with employees						
Outstanding at 12/31/09	No.	-	-	26	-	
Occurred in 2009	No.	-	-	5	-	
Closed in 2009	No.	-	-	11	-	
Employees of contractors						
Full Time Equivalent (FTE) average	No.	-	-	3,791	-	LA 1 EUSS
Days worked by employees of contractors ⁽²⁾						
Construction activities	No.	-	-	335,817	-	EU 17
Maintenance activities	No.	-	-	497,325	-	
Total	No.	-	-	833,142	-	
Occupational safety of contractors						
Accidents occurred to employees of contractors	No.	25	26	19	-28.8%	LA 7 EUSS
Injury incidence rate	No.	6.18	8.22	3.55	-56.8%	
Lost workday incidence rate	No.	0.27	0.24	0.11	-55.0%	

⁽²⁾ Abu Qir is not included.

⁽⁴⁾ The data for Abu Qir do not include temporary workers.

⁽⁵⁾ The Group's independent contractors and the employees of AMG GAS, Sistemi di Energia, CEB, Sel Edison and Eneco are not included.

⁽⁶⁾ Edipower's middle managers receive only the portion of the results bonus tied to the Company's profitability (50% of the total bonus) and not the portion tied to productivity.

CUSTOMERS (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	GRI reference
Total number of electric power and natural gas customers	No.	186,770	211,728	538,595	
Residential (Edison Energia)	No.	-	4,991	155,199	EU 3
	Gwh	-	10	304	
Business (Edison Energia)	No.	>2,200	4,971	4,389	
	Gwh	21,792	18,745	22,862	
Small business soho (Edison Energia)	No.	12,657	35,047	65,274	
	Gwh	1,916	1,299	1,812	
<i>Electric power services (Edison Energia) total</i>	No.	14,857	45,009	224,862	
	Gwh	24,000	20,054	24,978	
<i>Eneco business customers</i>	No.	-	-	2,076	
	Gwh	2,061	2,300	2,186	
<i>Total electric power service customers</i>	No.	-	-	224,862	
	Gwh	26,061	22,354	27,164	
Edison Energia residential gas customers	No.	171,452	169,200	179,078	
	million Sm ³	252	288	254.4	
Edison Energia industrial gas customers	No.	461	519	610	
	million Sm ³	3,484	3,646	4,382	
<i>Total natural gas operations, Edison Energia</i>	No.	171,913	169,719	179,668	
	million Sm ³	3,736	3,934	4,636	
AMG gas Palermo residential gas customers	No.	-	-	133,045	
	million Sm ³	-	-	-	
AMG gas Palermo industrial gas customers	No.	-	-	1,000	
	million Sm ³	-	-	-	
<i>Total natural gas operations, AMG Palermo</i>	No.	-	-	134,045	
	million Sm ³	-	-	80.0	
Natural gas operations, total for the Group	No.	171,913	169,719	313,733	
	million Sm ³	3,736	3,934	4,716	
"Green" energy sold					
<i>RECS certified energy</i>	<i>Gwh</i>	<i>16</i>	<i>176</i>	<i>106</i>	
Interruptions of electric power service ⁽¹⁾					EU 27
"Interrupted" customers broken down by length of time between disconnection and payment < 48h	No.	-	-	2,229	
48h-1 week	No.	-	-	150	
1 week - 1 month	No.	-	-	125	
1 month - 1 year	No.	-	-	0	
> 1 year	No.	-	-	0	
"Interrupted" customers broken down by length of time between payment and reconnection < 48h	No.	-	-	2,500	
48h-1 week	No.	-	-	4	
1 week	No.	-	-	0	
Failures to comply with codes and regulations on advertising and product marketing					PR6
Electric power operations	No.	n.a.	0	2	
Natural gas operations	No.	n.a.	1	0	
Contact center service					
Total number of inbound calls	No.	159,125	165,000	691,685	
Total number of outbound calls	No.	275,000	285,000	490,000	
Number of calls answered within 30 seconds	No.	134,301	140,250	401,177	
% of calls answered within 30 seconds	%	84%	85%	58%	
Number of complaints					
Total number of complains for the electric power services (Edison Energia)	No.	n.a.	2,091	7,749	
Complaints as a % of the total number of electric power customers (Edison Energia)	%	n.a.	4.65%	3.45%	
Total number of complains for the natural gas services (Edison Energia)	No.	n.a.	907	1,257	
Complaints as a % of the total number of natural gas customers (Edison Energia)	%	n.a.	0.53%	0.70%	
<i>Total number of complaints (Edison Energia)</i>	No.	n.a.	2,998	9,006	
<i>Complaints as a percentage of the the total number of Edison Energia's customers</i>	%	n.a.	1.40%	2.23%	

⁽¹⁾ Data reported starting in 2009, in accordance with the GRI-G3 EU55 guidelines.

SUPPLIERS (data at 12/31)

Performance indicator	Unit of measurement	2007	2008	2009	GRI reference
Breakdown of suppliers					
Total number of suppliers	No.	n.a.	n.a.	3,860	
Total value of goods and services supplied ⁽¹⁾	€/000	674,500	886,000	645,305	
Breakdown of purchases by geographic region					EC 6
Italy	€/000	530,950	788,528	543,582	
	%	78.72%	89.00%	84.24%	
International	€/000	143,550	97,472	101,723	
	%	21.28%	11.00%	15.76%	
Value of purchases from suppliers qualified by Edison (in thousands of euros) ^{(1)*}					
Total value of purchases from qualified suppliers	€/000	563,050	758,257	546,705	
as a % of total purchases	%	83.5%	85.6%	84.7%	
Contract fairness					
<i>Average length of contractual payment terms ⁽²⁾</i>	days	66.03	60.26	78.00	

⁽¹⁾ The amount includes purchases of goods, services and labor.

⁽²⁾ The data for 2007 and 2008 do not include Edipower.

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Share capital: 5,291,700,671.00 euros, fully paid-in
Milan Company Register and Tax I.D. No. 06722600019
VAT No. 08263330014
Milan REA No. 1698754

Published by
**External Relations and Communications Department –
Corporate Responsibility**
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A thank you to all Edison Departments and colleagues who
collaborated in creating this Report

In collaboration with
KPMG Global Sustainability Services

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Polifemo Fotografia
Eye Photography
Jenny Zarins

A thank you to all Edison employees who took the photographs
published in this Report

Printed by
Grafiche Maggioni, Milan

Milan, March 2010

This publication was printed on ecological paper, with a low impact on the environment.



GRI INDEX

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EU3	Number of customers, broken down by type	61	
EU4	Length of transmissions and distribution networks		Indicator not reported because Edison does not provide electric power distribution and transmission services
EU5	Allocation of emissions rights and compliance with the Kyoto Protocol	56	
3	Report Parameters		
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4.09	Procedures to identify and manage economic, environmental and social performance	13, CG pg. 29	
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4.15	Basis for identification of stakeholders with whom to engage	18	
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4.17	Key topics and concerns raised through stakeholder engagement and actions taken	17, 18	
ECONOMIC PERFORMANCE			
DMA EC	Disclosure on management approach	4 RO	
EU6	Management strategy to ensure the availability of energy over the medium/long-term	9	
EU7	DSM (demand-side management) programs	41	
EU8	R&D activities and investments	33	
EU9	Decommissioning of nuclear facilities		Indicator not reported because it is significant for the type of business operated by the Group
EC1	Direct economic value generated and distributed	21	
EC2	Risks and opportunities due to climate change	9	
EC3	Coverage of pension obligations	RO	
EC4	Significant financing received from the public administration	21, RO	
EC6	Policy, practices, and proportion of spending on locally-based suppliers	46, 61	
EC7	Hiring of residents from the locations where most of the organization's activities are carried out	35	
EC8	Development of investment provided primarily for "publicly useful projects"	48	
EU10	Planned capacity vis-à-vis projected long-term energy demand	9	
EU11	Average yield of the thermoelectric power plants	56	
EU12	Energy losses during transmission and distribution		Indicator not reported because Edison does not provide electric power distribution and transmission services
ENVIRONMENTAL PERFORMANCE			
DMA EN	Disclosure on management approach	5, 25, 30	
EN1	Raw materials used	56	
EN2	Materials reused or recycled	NA	
EN3	Direct energy consumption by source	26, 56	
EN4	Indirect energy consumption	56	
EN5	Energy saved	28	
EN6	Energy-efficient or renewable-energy-based products and services	41	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	41	
EN8	Water consumption by source	26, 56	
EN11	Siting of facilities in protected areas or areas with high biodiversity	26, WS	See also the EMAS statement for Edison sites
EN12	Description of significant impacts on biodiversity	26	
EU13	Biodiversity of offset habitats compared with damaged habitats		No offsetting activities were carried out during the reporting period
EN13	Habitats protected or restored	26, 50	
EN14	Future strategies and plans to manage impacts on biodiversity	26	
EN16	Direct greenhouse gas emissions	6, 24, 31, 56	
EN17	Indirect greenhouse gas emissions	38, 56	

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EN18	Initiatives to reduce greenhouse gas emissions	28, 32, 56	
EN19	Emissions of substances harmful to the ozone layer	57	
EN20	Other air emission	27, 57	
EN21	Water discharge	24, 57	
EN22	Waste production and disposal methods	24, 57	
EN23	Total number and volume of polluting spills	58	
EN26	Initiatives to mitigate environmental impacts of products and services	25, 28, 57-58	
EN27	Percentage of products sold and packing materials recycled		Indicator not reported because it is significant for the type of business operated by the Group
EN28	Fines for non-compliance with environmental laws and regulations	58	
EN30	Environmental protection expenditures and investments	27-28, 57	
SOCIAL PERFORMANCE			
EU14	Programs to ensure the availability of specialized personnel	36, 37	
EU15	Employees who potentially could be leaving the organization over the next 5-10 years	36	
EU16	Policies concerning the health and safety of employees and contractors	37, 38	
DMA LA	Disclosure on management approach	35	
LA1	Breakdown of workforce by employment type, employment contract, and region	34, 58	
LA2	Turnover by age group, gender, and region	59	
EU17	Days worked by contractors	60	
EU18	Employees of contractors who received health and safety training	39	
LA4	Collective Bargaining Coverage	60	
LA5	Minimum notice period for operational changes		Covered by current legislation: Legislative Decree No. 18/2001 and Law No. 223/1991
LA7	Injuries and occupational diseases	37, 60	
LA8	Training programs concerning prevention and risk control to assist employees regarding serious conditions or diseases	37	
LA10	Employee training	37, 59	
LA12	Percentage of employees receiving performance and career development reviews	36, 60	
LA13	Breakdown of employees by gender and other indicators of diversity (e.g., disability)	34, 58	
LA14	Ratio of the base salary of male employees to that of female employees in the same category	58	
HUMAN RIGHTS			
DMA HR	Disclosure on management approach	12, WS	
HR1	Transactions that have undergone human rights screening	12, 46	
HR2	Supplier and contractors who have undergone human rights screening	12	
HR4	Occurrences of discrimination and actions taken	12	
HR5	Activities in the course of which the freedom of association and the right to collective bargaining could be jeopardized	12	Covered by current legislation: Article 21 of the Italian Constitution
HR6	Transactions with a high risk of the use of child labor	12	
HR7	Transactions with a high risk of the use of forced labor	12	
IMPACTS ON SOCIETY			
EU19	Involvement of stakeholders in the decision making process for the development of new energy facilities	48	
EU20	Approach adopted to manage the impact of decommissioning projects		During the reporting period Edison did not carry out any decommissioning projects Covered by Legislative Decree No. 334/1999
EU21	Plans to manage emergencies		
DMA SO	Disclosure on management approach	48	
SO1	Management of impacts on communities	14, 48	
EU22	People in the community who were physically displaced or economically compensated		During the reporting period Edison did not carry out any decommissioning projects
SO2	Monitoring of the risk of corruption	14	
SO3	Employees trained in preventing corruption crimes	14	
SO4	Actions taken in response to corruption cases	14	
SO5	Positions on public policy and lobbying	47	
SO8	Fines and non-cash penalties for failures to comply with laws and regulations	44	
PRODUCT RESPONSIBILITY			
EU23	Programs to improve or maintain access to electric power	50	
EU24	Information provided to customers about the safe use of energy and support services	42	
DMA PR	Information about approaches to manage electrical networks	41	
PR1	Phases in the life cycle of services the impacts of which on health and services have been assessed	14, 25	
EU25	Number of accidents that affected the community and any resulting judicial proceedings		There were no accidents resulting in disputes against Edison in 2009
PR3	Information requested for the procedures and services subject to such disclosure requirements	42	
PR5	Customer satisfaction	41	
PR6	Programs to comply with laws and voluntary codes on marketing activities	42, 43	
PR8	Complaints regarding breaches of privacy	52	At December 31, the Company had received no complaints and/or inquiries in this area.
PR9	Fines for non-compliance with laws and regulations	42, 43	
EU26	Population not served in the distribution area		Indicator not reported because Edison does not provide electric power distribution and transmission services
EU27	Disconnections from the network for non-payment	61	
EU28	Frequency index of network interruptions		Indicator not reported because Edison does not provide electric power distribution and transmission services
EU29	Length index of network interruptions		Indicator not reported because Edison does not provide electric power distribution and transmission services
EU30	Average availability factor for all power plants	56	

Legend

CFN: Consolidated Financial Statements – CE: Code of Ethics – CG: Corporate Governance Report – N/A: Indicator not applicable – RO: Report on Operations – WS: Edison's website – IC: Inside cover – IBC: Inside back cover

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