A2A
2007 Results & 2008-2012 Plan

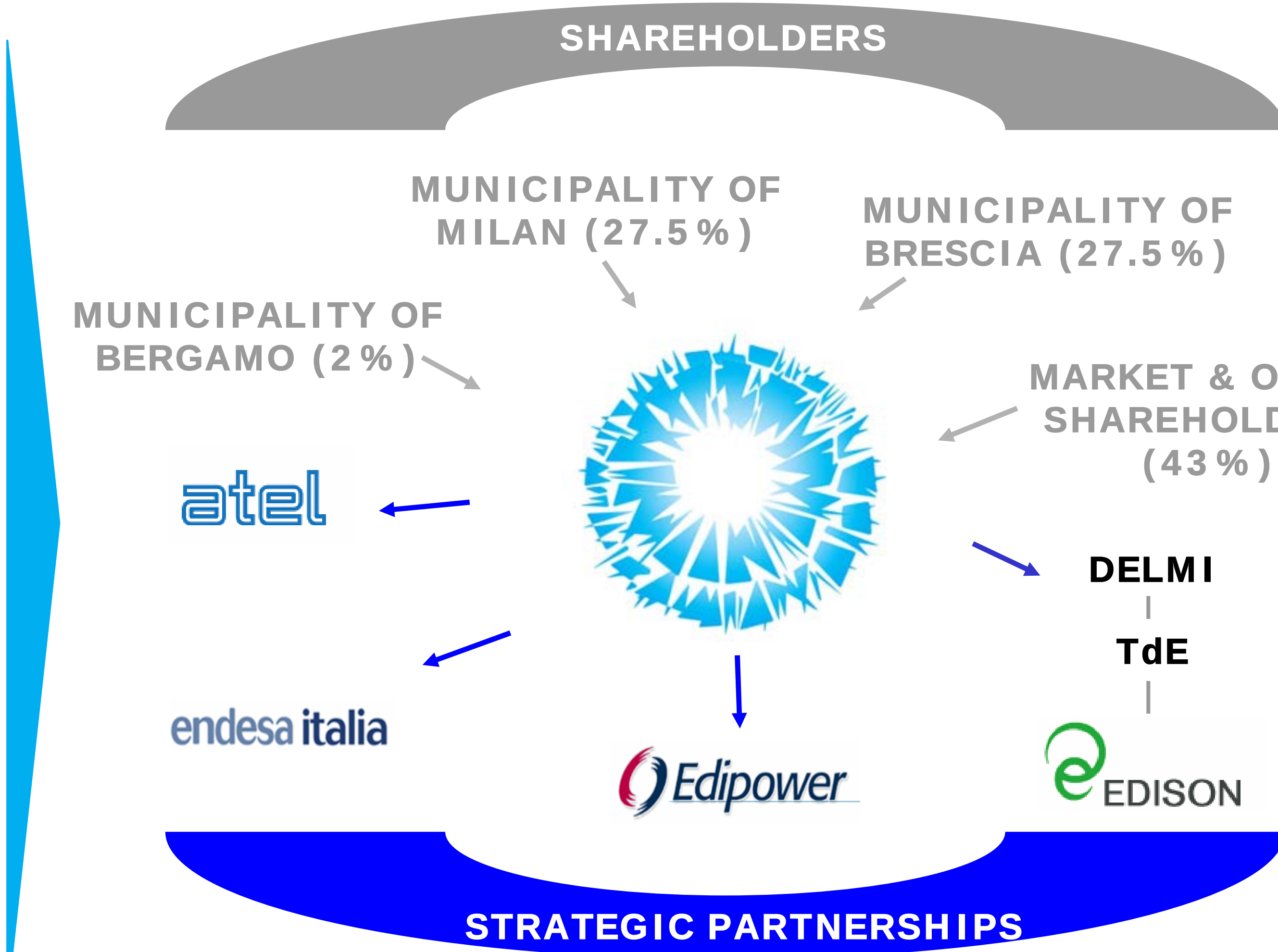
Analyst Presentation

Milan, April 1st 2008

Agenda

- Strategic Overview
  Giuliano Zuccoli
- Asset & Business Outline
  Paolo Rossetti
- FY 2007 Results & 2008-2012 Business Plan
  Renato Ravanelli
- Final remarks
- Q&A

Creation of a new player (1st Jan 2008)

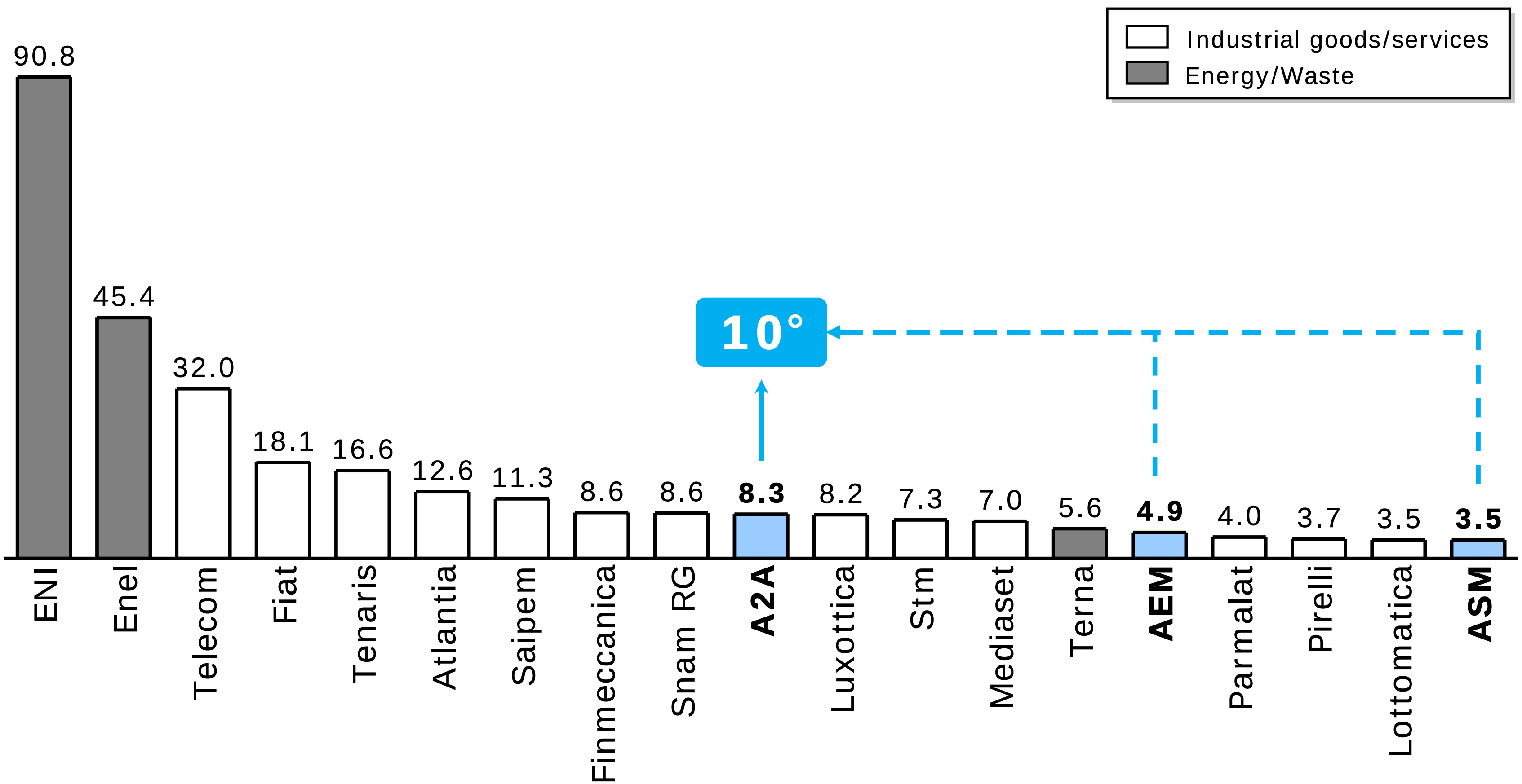


- Shares out: 3.1B
- Mkt cap: €8.3B*

*As of average value of market capitalization since Jan, 1th 2008

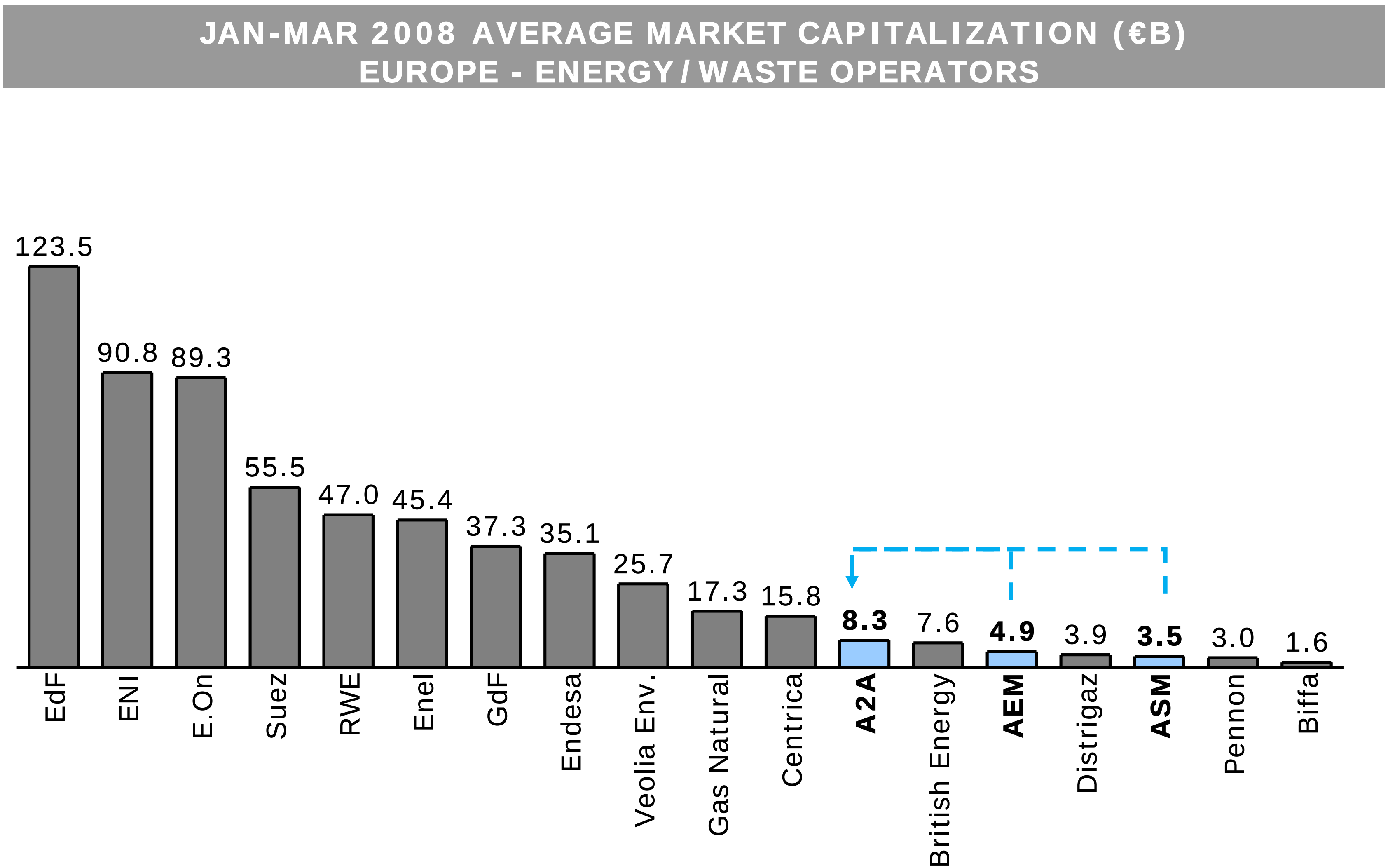
A significant player in Italy

JAN-MAR 2008 AVERAGE MARKET CAPITALIZATION (€B)
ITALY - S&P MIB, INDUSTRIAL COMPANIES



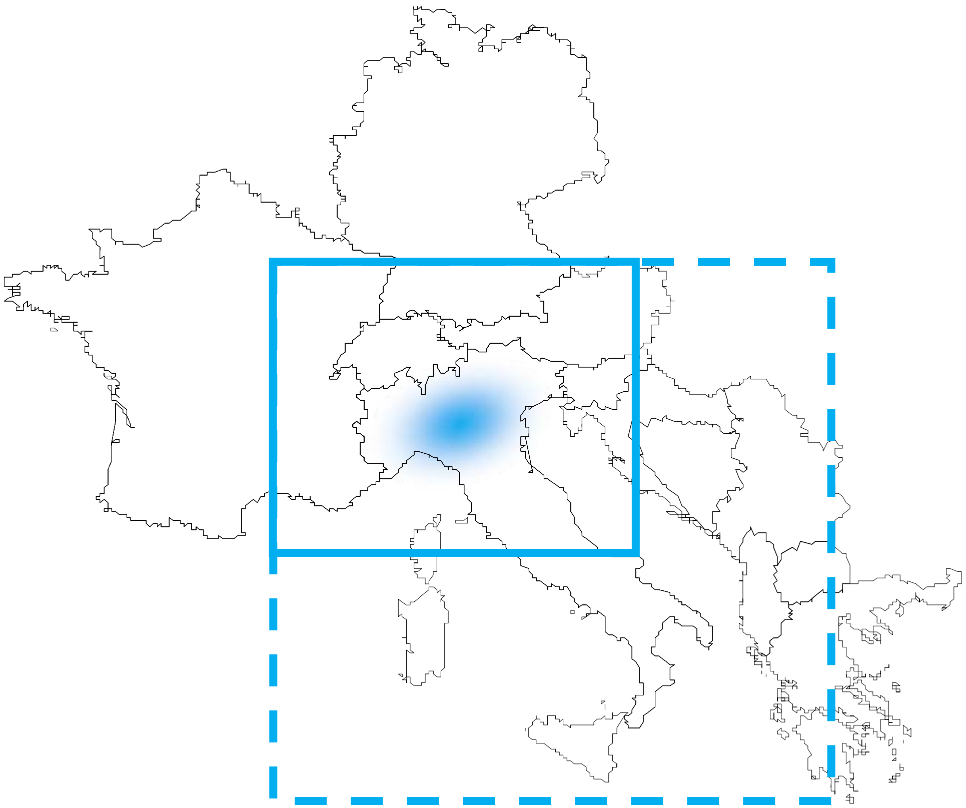
Note: AEM and ASM average market capitalization values since July, 1th 2007

A growing player in the European competition arena



Note: AEM and ASM average market capitalization values since July, 1th 2007

A2A today



- First Italian Local Utility by market capitalization, revenues and margins
- Right balance between regulated and non-regulated markets, supported by a solid asset base
- Diversified business portfolio:
  - <u>Energy</u>: important player in the Italian market, vertical integration, further exploitation of Edison position in upstream gas market
  - <u>Networks</u>: strong local coverage and longstanding relationships with local stakeholders
  - <u>Waste</u>: leading position in Italy across value chain and promising potential for international expansion
  - <u>District heating</u>: first Italian player with innovative technology
- Clean-energy and service-oriented player, with a large and loyal customer base
- Catalyst in the Local Utilities sector for potential consolidation with a solid M&A track record

A2A's focus areas

- Integration, organizational rationalisation and synergy extraction
- Industrial development in Italy and abroad
- Edison: strengthening A2A's industrial role
- Endesa Italia: assets swap
- M&A opportunities

Key strategic guidelines by business

ENERGY	DISTRICT HEATING	WASTE	NETWORKS
Generation plants	Cogeneration plants	Collection	Power networks
Portfolio Management	Networks	Treatment	Gas networks
EE / GAS sold	Heat sold	Disposal	Water

ENERGY

- New plants' start-up
- Consolidation of industrial partnerships
- Further development of trading activities

DISTRICT HEATING

- Focus on development in Northern Italy
- Asset scale optimization
- Clean and cutting-edge technology

WASTE

- New plants' start-up
- Exploitation of best practice and technology excellence
- Expansion abroad by leveraging international partnerships

NETWORKS

- Beating the Regulator
- Service quality
- Start-up of bidding systems

Highlights for shareholders

EBITDA GROWTH	DIVIDENDS POLICY	SHARE BUY-BACK
• Highly sustainable targets for 2008-2012 Plan • EBITDA expected growth: 7-8% CAGR	• Proposed 2007 dividend per share equal to € 0.097 (+38.6%) - Pay-out ~58% - Current Yield 4.2% • Distribution of a dividend per share at least in line with 2007	• Continuing share buy-back program

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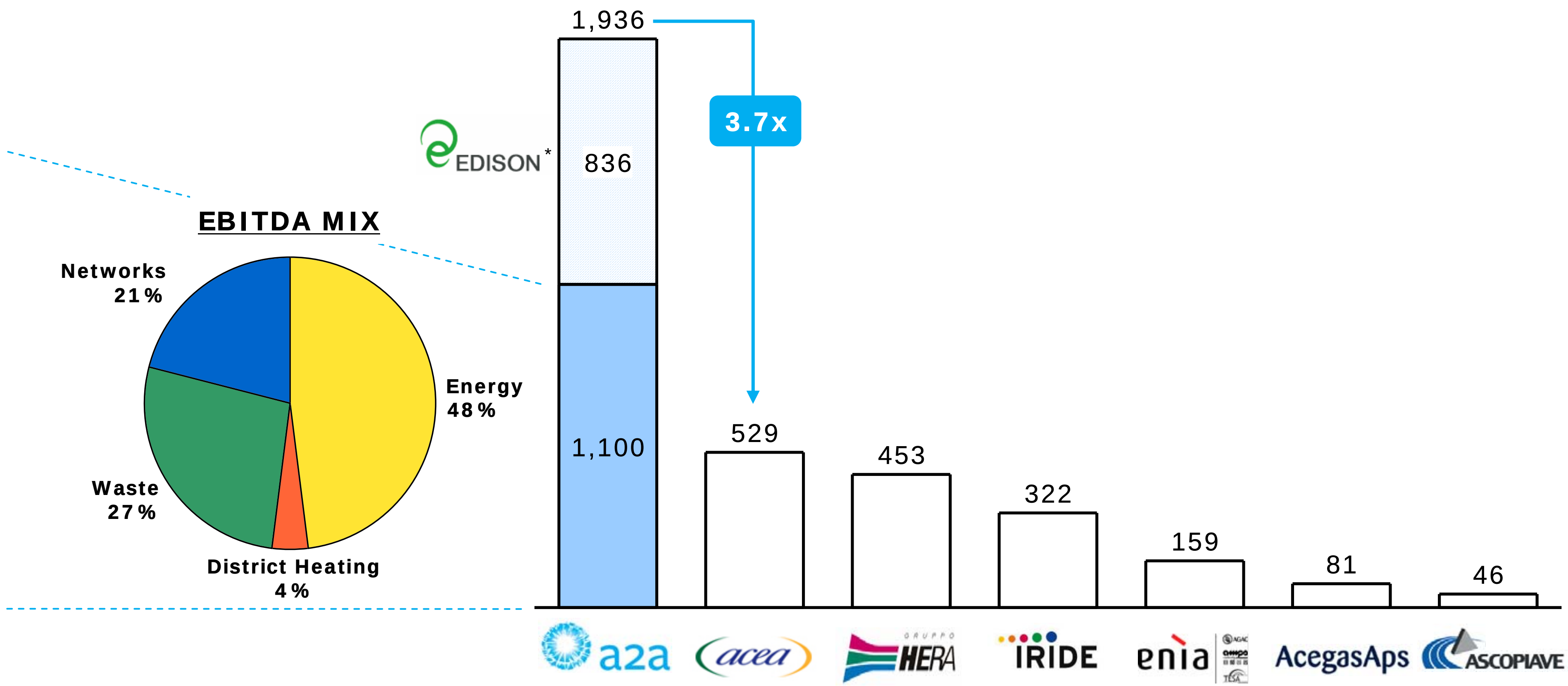
First local utility in Italy by sales and margins

LISTED LOCAL UTILITIES' 2007 EBITDA (€M)



Revenues (€M)	10,103	2,583	2,863	2,492	1,208	443	452

* As for Edison means the pro-quota consolidation through Delmi/TdE
Source: A2A pro-forma data, Annual Reports 2007

A significant presence along the Energy value chain

UPSTREAM	MIDSTREAM	DOWNSTREAM
Generation / **Fuel procurement**	**Energy Management**	**Sales & Marketing**

Upstream

- **3.4-GW thermal and hydro** plants, with diversified and flexible fuel mix
- **Consolidated experience** in plant operation

Midstream

- **~28-TWh** energy portfolio, including **20%** of **Edipower plants**
- **Active** in **CO_2-EUA** and **Green Certificates** markets
- **Growing** presence in **Europe**

Downstream

- **~15 TWh sold to retail customers**
- Strong presence in **Northern Italy** with long-lasting relationship with customers/citizens
- **Partnerships** with wholesalers

Upstream

- **Industrial partnerships** with upstream players (e.g. **Edison**)

Midstream

- Full consolidation of **Plurigas** (gas wholesaler)
- **~ 5-Bcm gas portfolio** under management
- Significant **import** and **trading activities**

Downstream

- ~ **3 Bcm** of **gas sold**
- **Consolidated** presence in **Northern Italy**
- **Commercial partnerships** with **local utilities**

Note: 2007 data

An important role in generation

A2A's ASSETS: GEOGRAPHIC PRESENCE

Thermoelectric plants

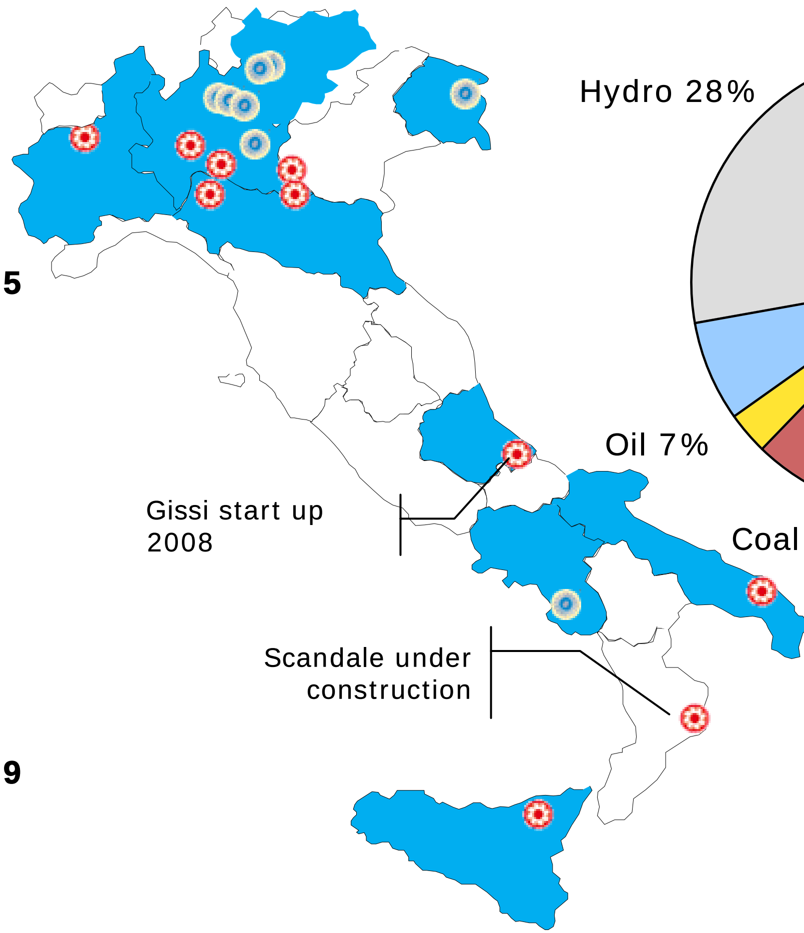
- Cassano d'Adda
- Ponti sul Mincio
- Chivasso
- Turbigo
- Piacenza
- Sermide
- Brindisi
- San Filippo del Mela
- Gissi
- Scandale

GW 2.5

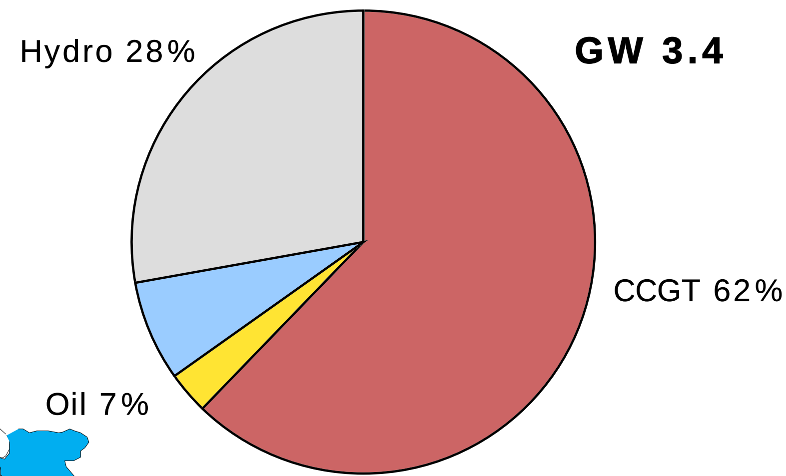
Hydroelectric plants:

- Braulio
- Stazzona
- Lovero
- Grosio
- Grosotto
- Premadio
- 5 plants close to BS
- Mese
- Udine
- Tusciano

GW 0.9



A2A's ASSETS: GENERATION PORTFOLIO

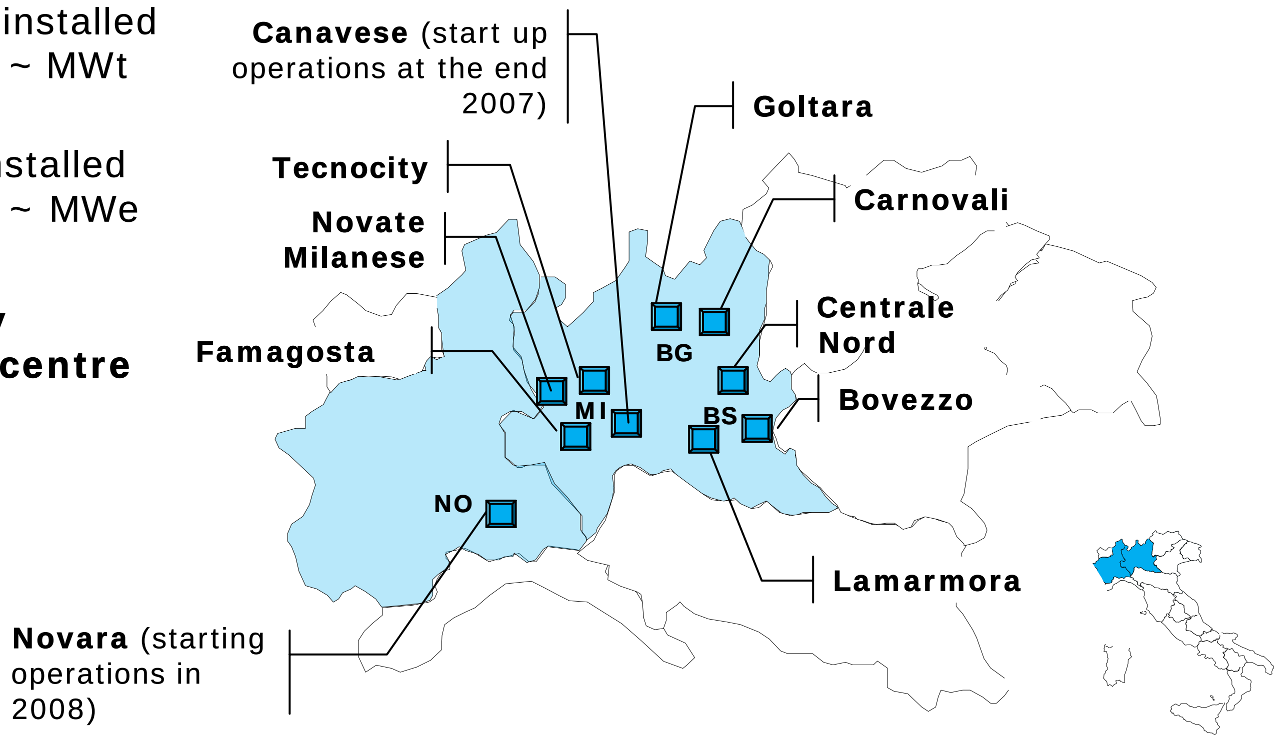


Italy's second independent generation company, considering cocontrolling stake of Edison

* A2A pro-quota directly dispatched
Note: 20% of Edipower included, Gissi: starting operations in 2008, Edison capacity 12.5GW

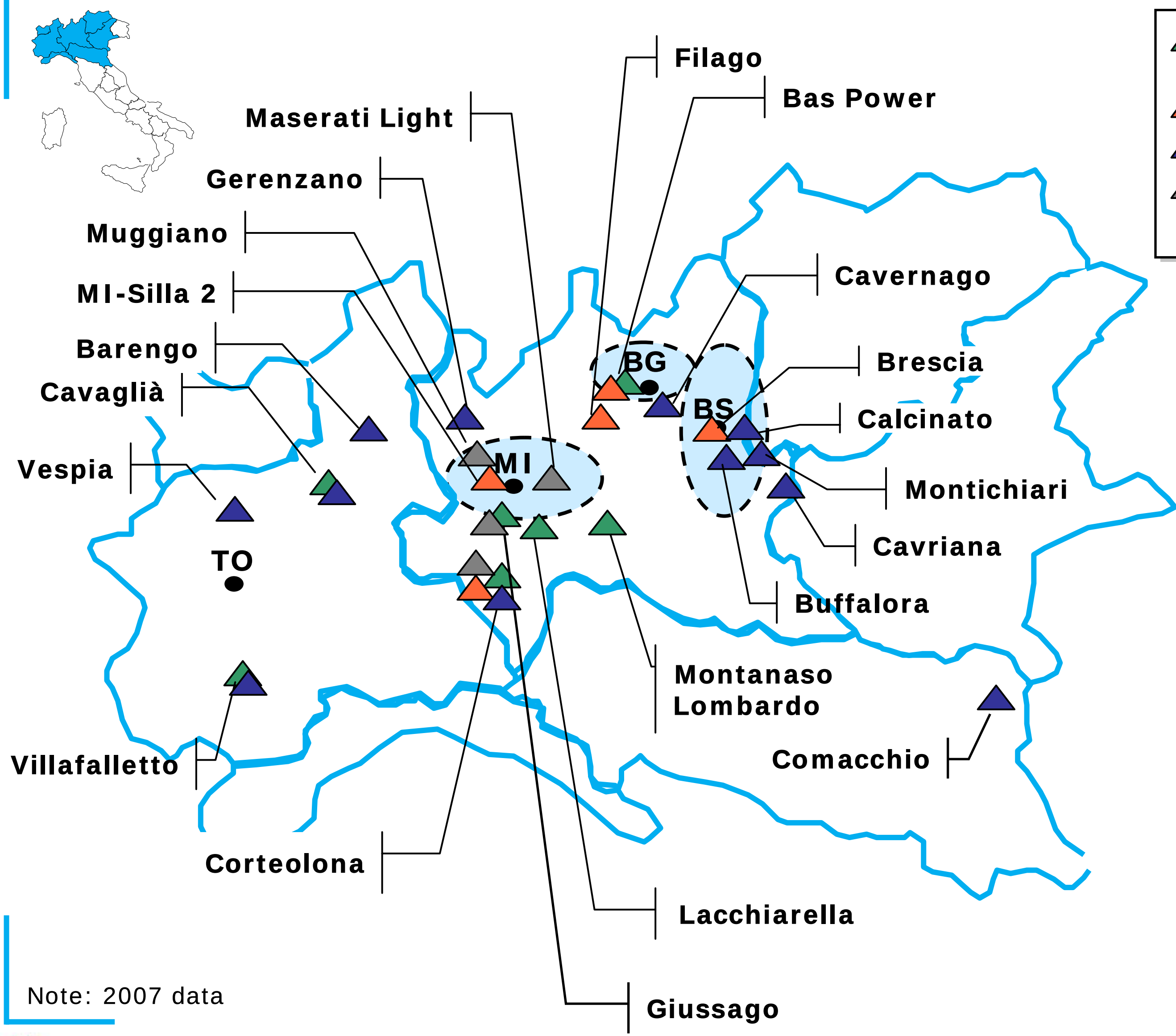
Italian leading player along district heating chain

Cogeneration Plants	Networks	Heat sold
•**5 major plants** in Northern Italy •**Significant assets base**: - Thermal installed capacity: ~ MWt 800 - Electric installed capacity: ~ MWe 180 •**Technology excellence centre**	•Network: **km 710** •Strong presence in the **Northern Italy**	•**First player** in Italy: - **TWh 1.5** of heat sold



Note: 2007 data

Major national player in waste sector



- ITS® (Intelligent Transfer Stations) – MBT (Mechanical Biological Treatm.)
- WTE (Waste to Energy)
- Landfill and biogas
- Other (waste treatment, glass)
- Waste collection area

- **Waste treated:** **Mton 3.0**
- **Waste collected:** **Mton 1.4**
- **Energy produced:** **TWhe 1.2; TWht 0.6**

Waste revenues (~ €800M)

Note: 2007 data

A major presence in regulated businesses

POWER:

- **# Clients: ~ M 1.1**
- **Distributed volumes: ~ TWh 12.0**
- **Power distribution networks: ~ km 15,000**
- **Power transmission networks: ~ Km 180**

GAS:

- **# Clients: M 1.2**
- **Distributed volumes: ~ Bcm 2***
- **Distribution network: ~ Km 8,000**

WATER:

- **# Inhabitants: ~ K 940**
- **Water distribution: ~ Mcm 88; network: ~ Km 5,000**
- **Purification: ~ Mcm 66**
- **Sewage: ~ Mcm 55; network: ~ Km 2,400**

* Included volumes sold to clients directly connected to transport grid

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Group 2007 Pro-forma figures

€M data	2007	2006	YoY %
Sales	10,103	9,540	+5.9%
EBITDA	1,936	1,813	+6.8%
EBIT	1,134	983	+15.4%
Group net income	521	535	-2.6%
	2007	**2006**	**Δ**
NFP	5,771	5,843	-72
NFP/EBITDA	2.98 x	3.22 x	
NFP/EQUITY	0.89 x	1.06 x	
ROI*	9.2%	8.7%	

* Capital invested as of 31/12 (whereas Invested capital = Equity + NFP)

2007 Pro-forma figures – TdE/Edison cons.d at equity

€M data	2007	2006	YoY %
Sales	5,724	4,992	+14.7%
EBITDA	1,100	1,030	+6.8%
EBIT	712	645	+10.4%
Group net income *(of w. Delmi/TdE contribut.)*	521 *72*	535 *64*	-2.6%

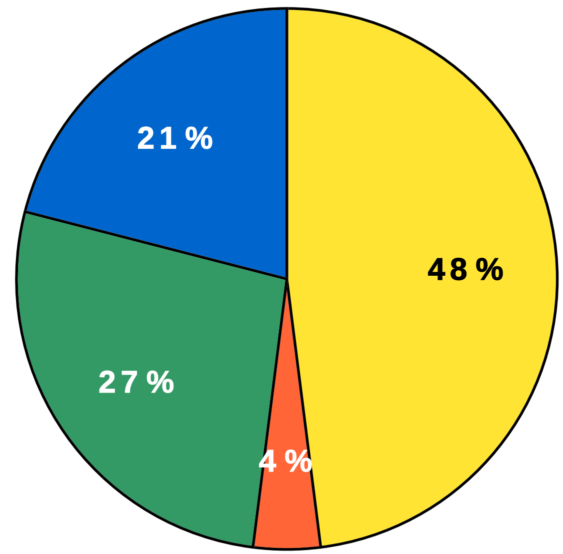
	2007	2006	Δ
NFP*	3,732	3,061	+671
NFP/EBITDA	3.39 x	2.97 x	
NFP/GROUP EQUITY	0.96 x	0.88 x	
ROI**	8.2%	8.5%	

*Includes ~ €900M for Edison stake acquisition; ** Capital invested as of 31/12 (whereas Invested capital = Equity + NFP)
Note: Group Equity: net of minorities

2006-2007 Pro-forma EBITDA breakdown

€M data	EBITDA 2007	EBITDA 2006	Δ
ENERGY	546	516	+30
DISTRICT HEATING	48	62	-14
WASTE	310	259	+51
NETWORKS	244	226	+18
CORPORATE & OTHER SERVICES	-48	-33	-15
TOTAL	1,100	1,030	+70

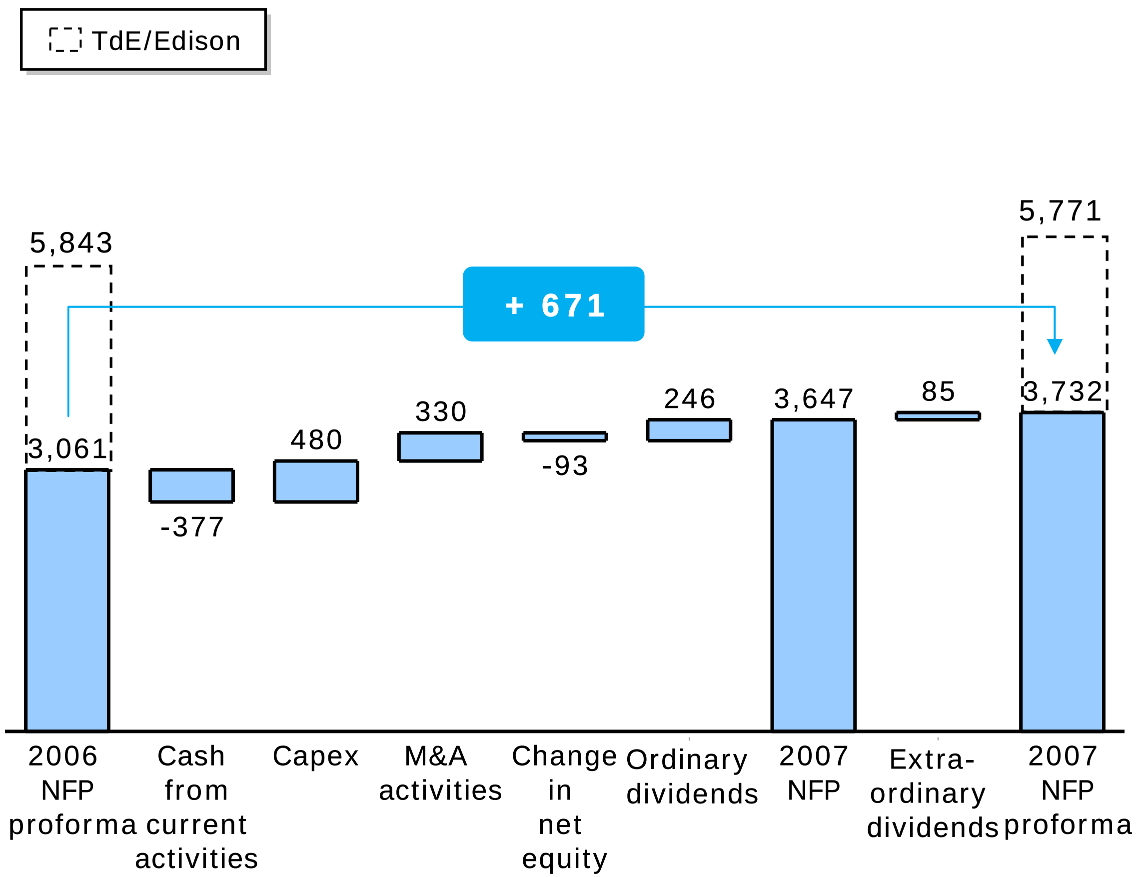
EBITDA BREAKDOWN 2007



Note: TdE/Edison excluded

2006-2007 Pro-forma NFP bridge

2006-2007 NFP BRIDGE (€M)



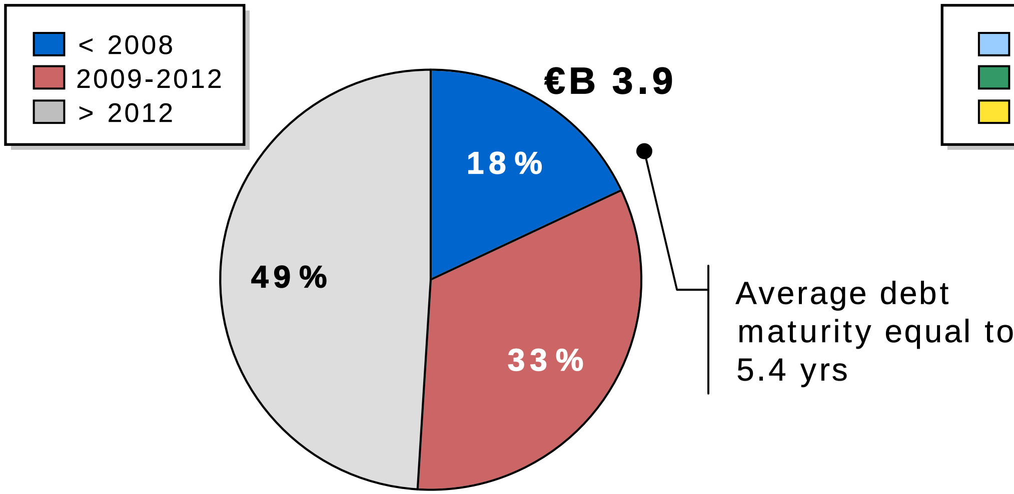
KEY FACTS

- **Development CAPEX: Gissi and Scandale, cogeneration plants**
- **One-off equity investments:**
  - **Ecodeco's acquisition (64%)**
  - **Edipower put option**
- **Share buy-back**

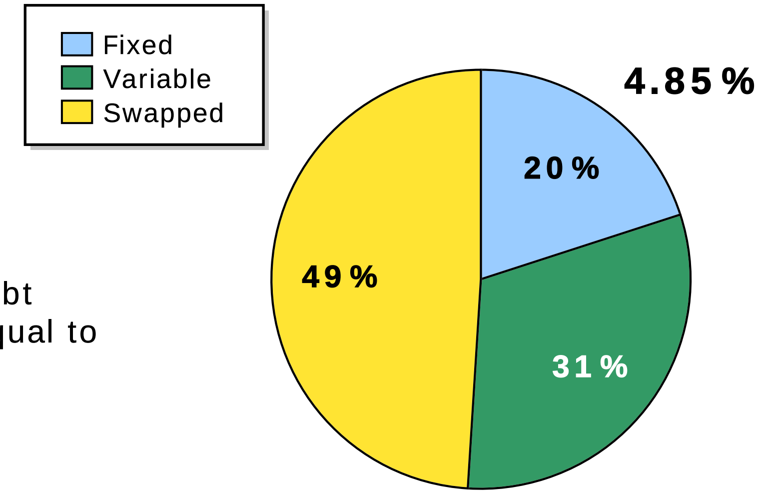
* 2006 pro-forma NFP, equal to €3,146M, includes extra-ordinary dividends

2007 debt and interest rate structure

DEBT STRUCTURE (Dec 2007)



INTEREST RATE STRUCTURE



CURRENT RATING

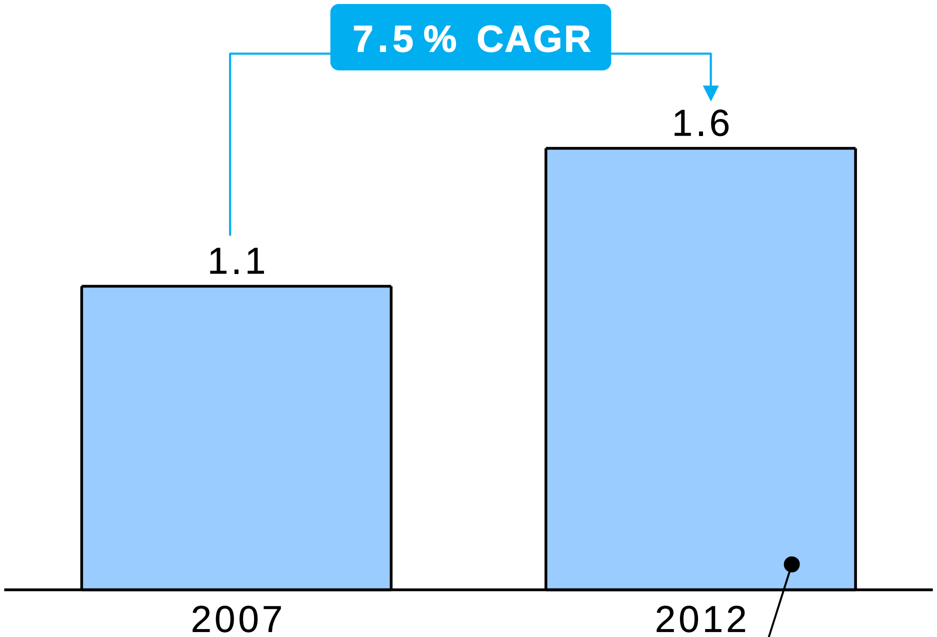
	a2a	EDISON
S&P	BBB / Positive Outlook / A-2	BBB+ / Positive Outlook / A-2
MOODY'S	-	BBB2 / Stable

Balanced and efficient debt structure

Note: TdE/Edison excluded

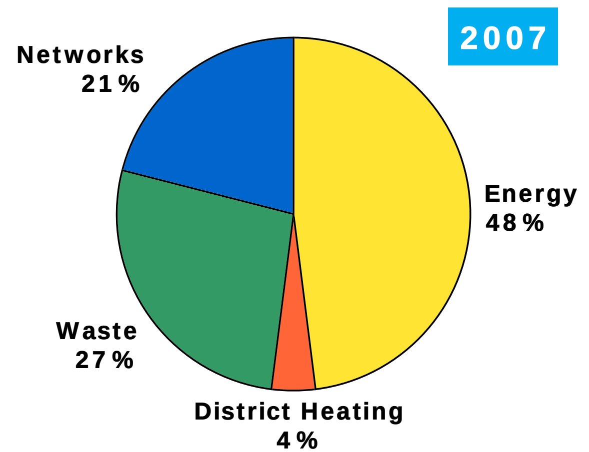
Industrial Plan – EBITDA target (TdE/Edison excl.)

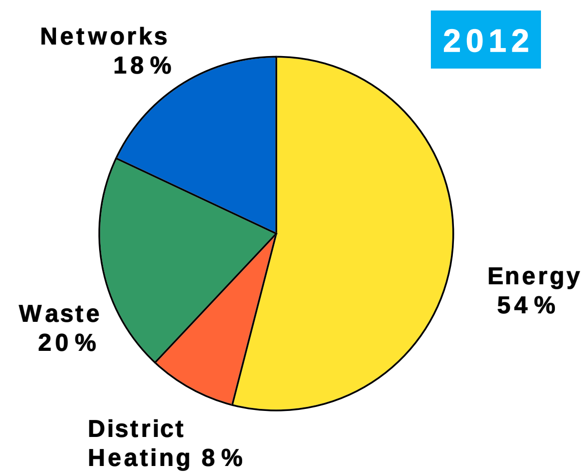
2007-2012 EBITDA TARGET (€B)



Synergies: ~ €110M estimated in 2012, of which 64% development synergies and 36% efficiency gains

EBITDA BREAKDOWN





Industrial Plan - Op. cumulated capex

KEY INVESTMENT FACTS

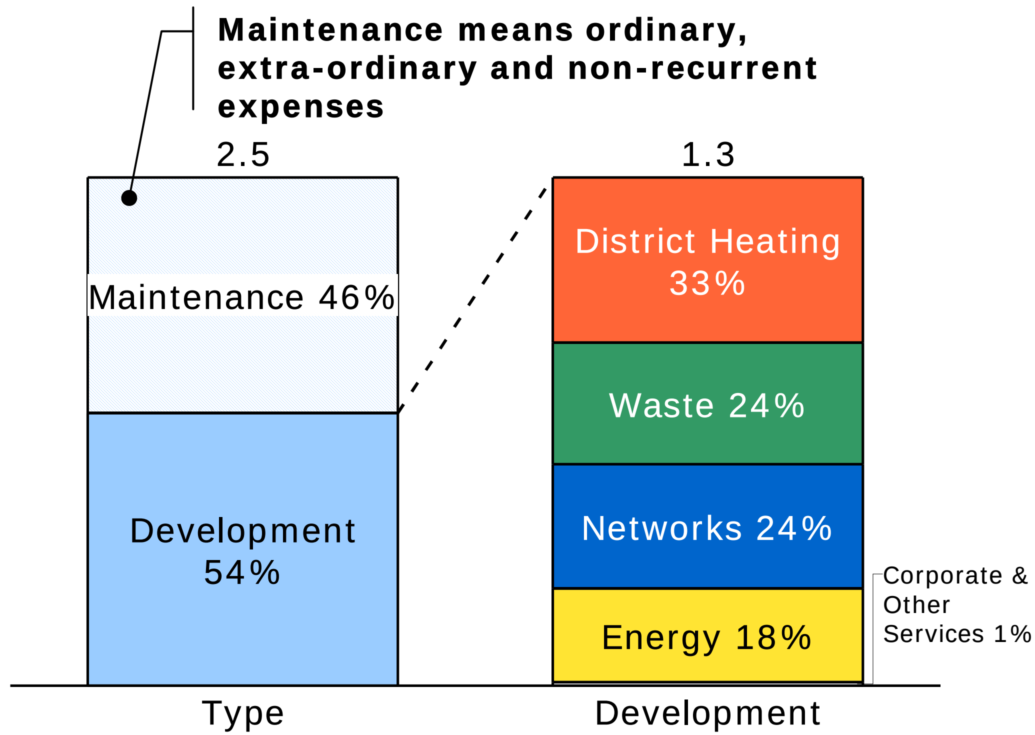
ENERGY
- 1.1 GW new generation thermal capacity (Gissi and Scandale start-up; Turbigo and Brindisi repowering)

DISTRICT HEATING
- ~700 MW new thermal capacity (14 plants of which 9 in Milan area)

WASTE
- New WTE plant in 2012 and start-up of 10 waste treatment plants

NETWORKS
- Focus on infrastructure development and metering equipment replacement (e.g. electronic devices)

2008-2012 OP. CUMULATED CAPEX (€B)

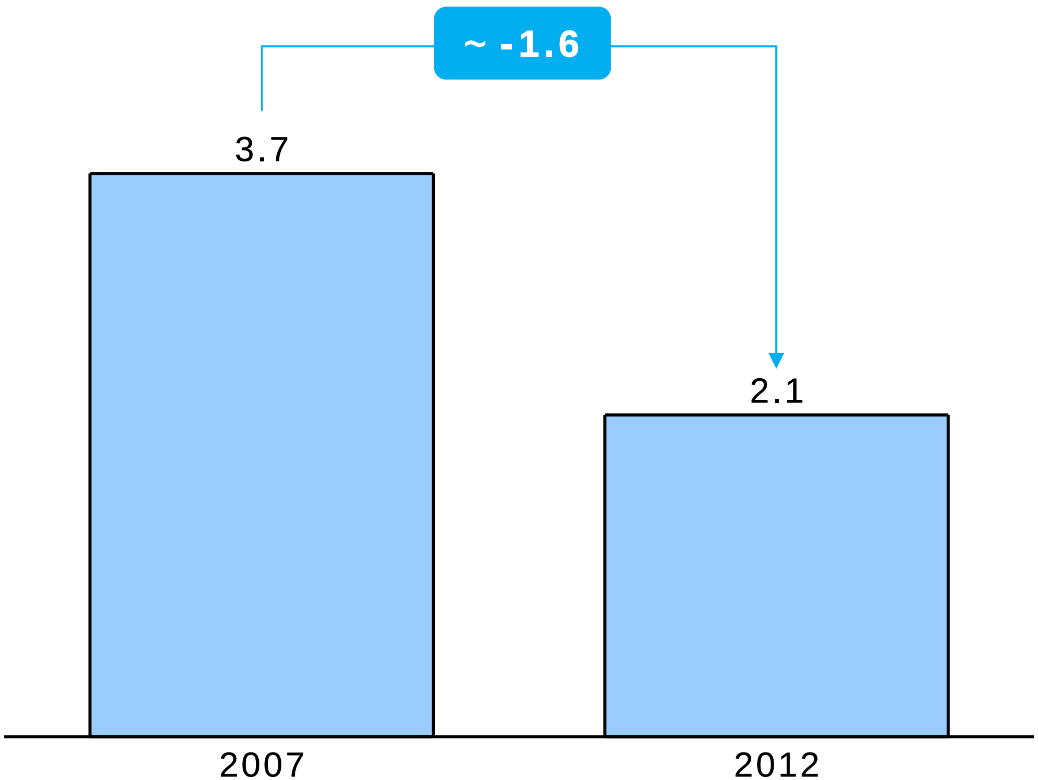


~ €210M estimated synergies cumulated over 2008-2012 period stemming from: asset portfolio rationalization, procurement efficiency and economy of scale

Note: TdE/Edison excluded

2007-2012 Pro-forma NFP - Dividends not included

2007-2012 PRO-FORMA NFP (€B)	KEY FACTS



- **Significant cash flow from operations**
- **Share buy-back program in 2008**
- **M&A activities:**
  - **Endesa's assets acquisition**
  - **One-off equity investments (e.g. Ecodeco and Edipower)**

Note: TdE/ Edison excluded

Contribution of Edison partnership

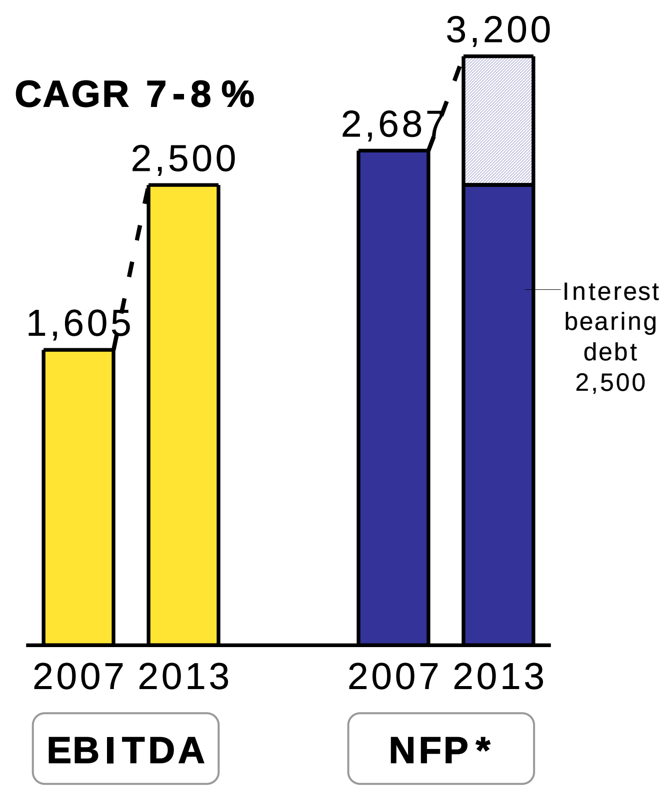
EDISON TARGETS IN POWER SECTOR

MERCHANT PLANTS	• **Capacity development** (**currently: 8 GW**): **800-MW new CCGT** plant in Central Italy (2011), further **400 MW** available for **free market** at CIP6 contract expiration and 500-MW captive generation to be divested by end 2011
CIP 6	• **Rationalisation of CIP6 portfolio:** 600 MW partially repowered in flexible merchant GT, 650MW to be divested after CIP6 expiration, with remaining 700MW maintained as cogenerative implying limited CAPEX
RENEWABLE ENERGY	• **Capacity increase** (+ 470 MW) : Hydro from 1,300 MW to 1,400 MW, Wind from 270 MW to 570 MW, Photovoltaic and biomass up to 70 MW
FOREIGN ACTIVITITES	• **Projects** under evaluation or **development for 1,000 MW (Edison share)**

EDISON TARGETS IN HYDROCARBON SECTOR

INFRA-STRUCTURES	• **Confirmed development** of new import infrastructures (**LNG Terminal, GALSI** and **IGI)** and of **gas storage** up to **1.6 Bcm** of working gas (2.2 Bcm total capacity)
GAS SUPPLY	• Reach **complete independence** in **gas supply** portfolio • Enhance **geographical diversification** of gas sources mix
E&P	• **Growth** towards **15% of equity gas** on total portfolio • Focus on **exploration** and **selected acquisitions**

EBITDA & NFP EVOLUTION (2007-2013, €M)



* Includes dividend payout of 50%

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Forward looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward looking statement. Such factors include, but are not limited to: changes in global economic business, changes in the price of certain commodities including electricity, gas and coal, the competitive market and regulatory factors.

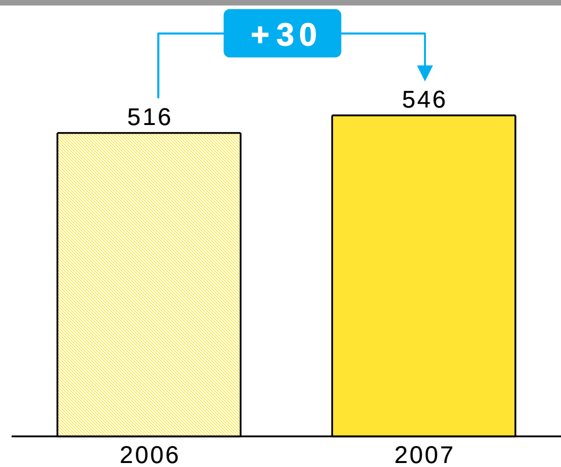
Moreover, forward looking statements are current only at the date they are made.

Appendix

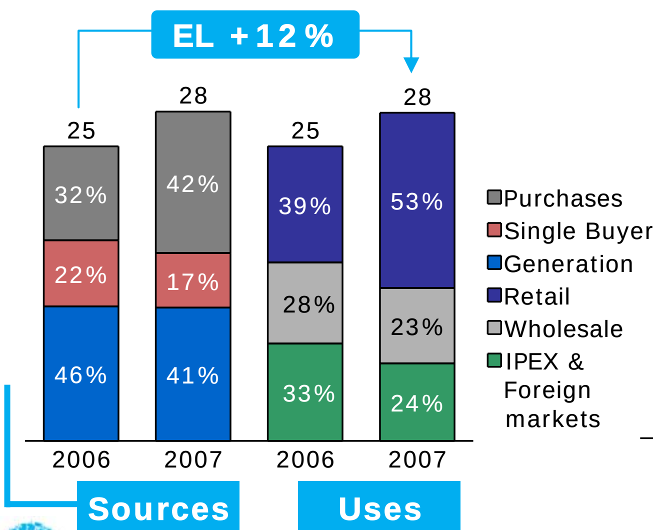
- Details by business
  - ✓ 2006-2007 Results
  - Industrial Plan

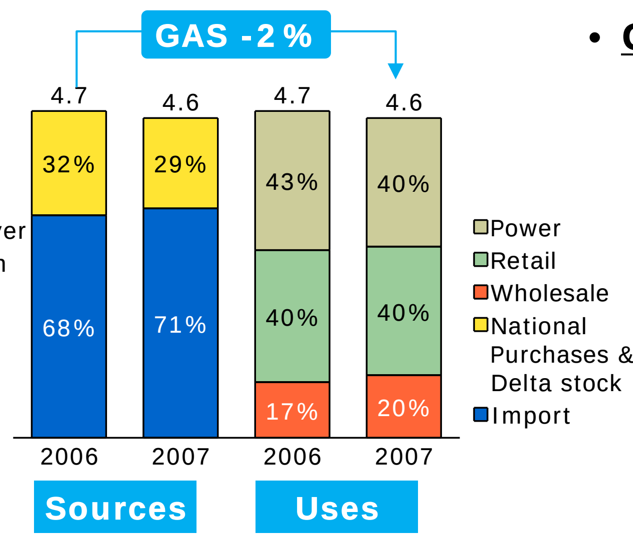
2006-2007 Results (TdE/Edison excl.) - Energy

EBITDA (€M)



VOLUMES (EL: TWh, GAS: Bmc)



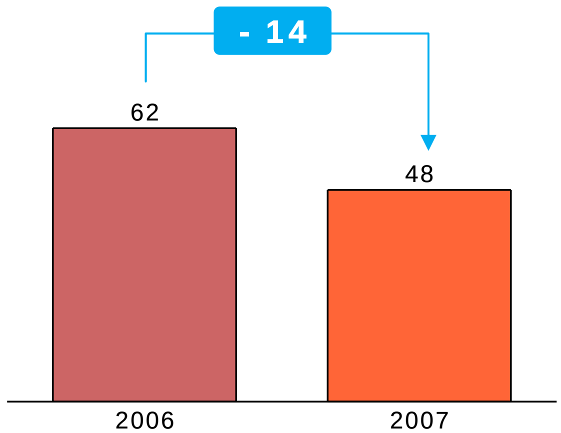


KEY FACTS

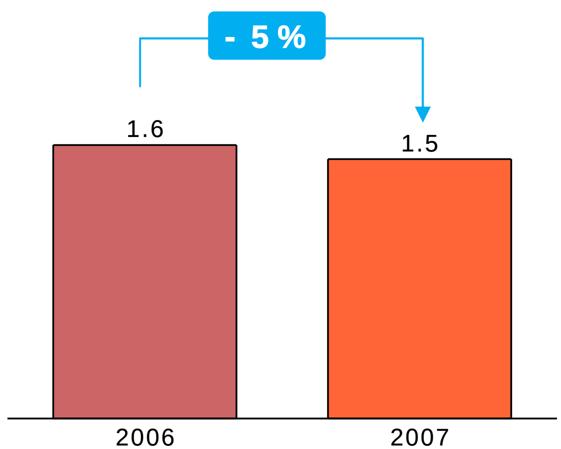
- **Electricity:**
  - positive dynamics of power exchange prices in 2H07
  - performance improvement in energy management portfolio
  - one-off revenues in 2006
  - negative impact of further maintenance of Ponti sul Mincio's plant
- **Gas:**
  - efficient supply source portfolio management
  - margin increase to end customers
  - release of 2006 provisions related to AEEG's 248/04 and 298/05 resolutions
  - volume reduction due to mild weather

2006-2007 Results - District heating

EBITDA (€M)



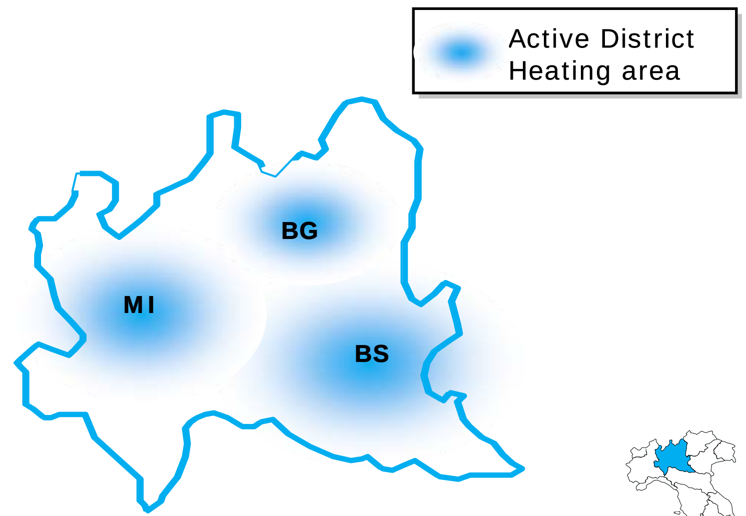
HEAT VOLUMES (TWh)



Note: TdE/Edison excluded

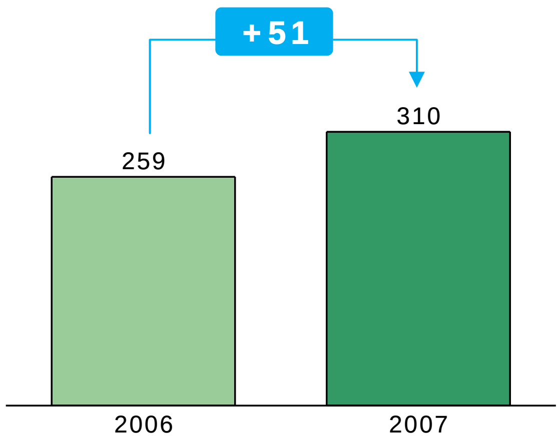
KEY FACTS

- **Negative impact on EBITDA mainly from volume reduction due to exceptional mild weather (1H07)**
- **Increasing margins in Energy Services and Facility Management**



2006-2007 Results - Waste

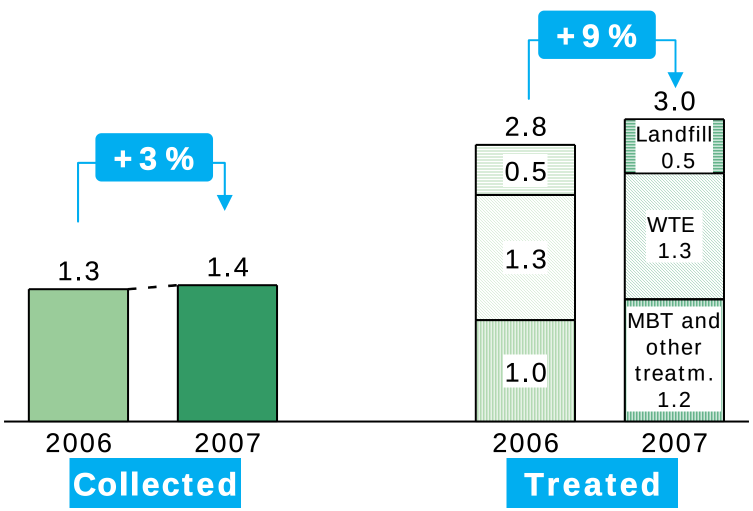
EBITDA (€M)



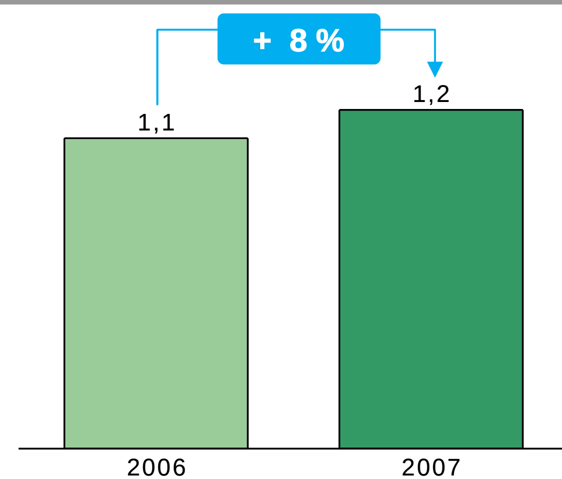
KEY FACTS

- **Ecodeco full-year consolidation in 2007**
- **Increase of electricity production in Brescia’s WTE plant**
- **Increase of treated volumes**
- **Margin improvement due to new service revenues in Milan**

WASTE VOLUMES (Mton)



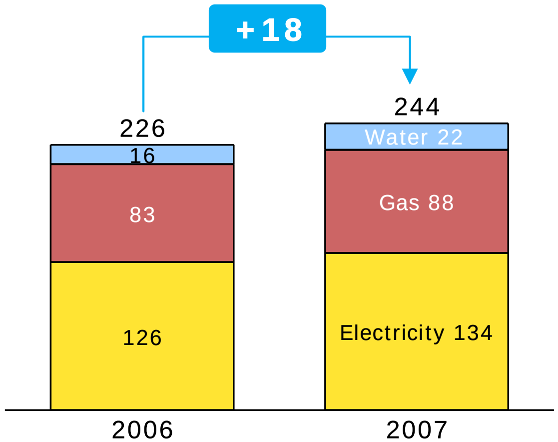
ELECTRICITY PRODUCTION (TWh)



Note: TdE/Edison excluded

2006-2007 Results (TdE/Edison excl.) - Networks

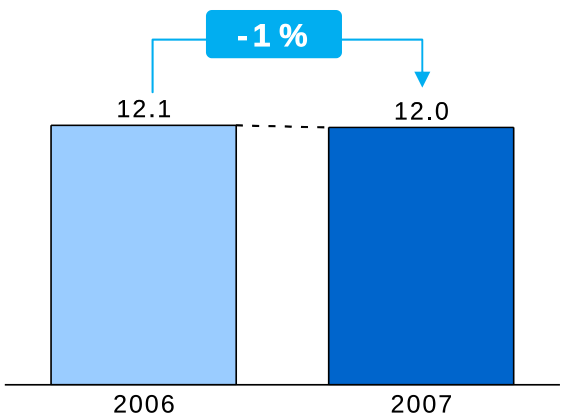
EBITDA (€M)



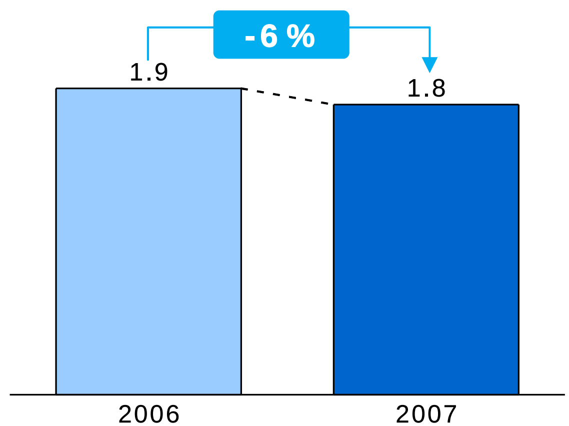
KEY FACTS

- **Electricity: specific company equalisation related to the Brescia's distribution network covering 2004-2007 period**
- **Gas: decreased volumes offset by revenues from services to end-customers**
- **Water: tariff increase following ATO's decision; acquisition of integrated water service in other Municipalities**

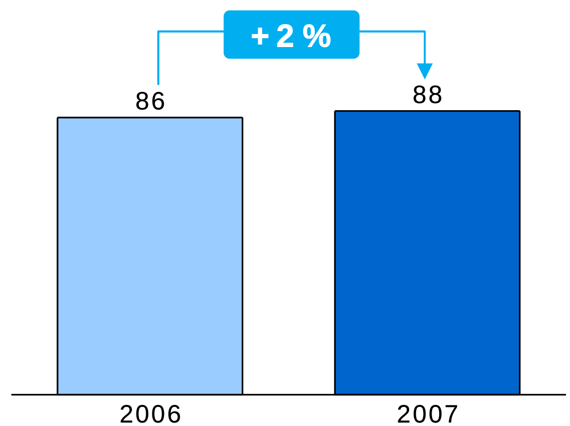
ELECTRICITY (TWh)



GAS DISTRIBUTED (Bcm)



WATER (Mcm)



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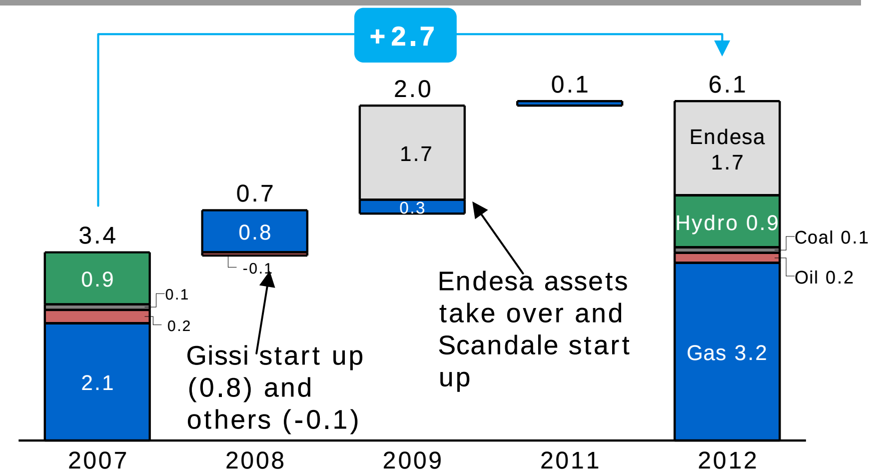
  - 2006-2007 Results
  - ✓ Industrial Plan

Industrial Plan - Energy highlights (excl. TdE/EDN)

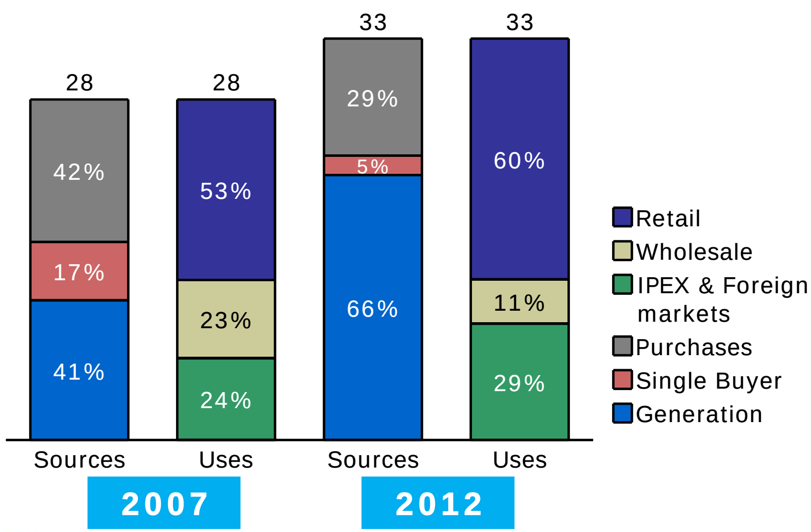
KEY FACTS

- **Development of <u>power capacity</u>**
- **Expansion of <u>trading activities</u>**
- **<u>Energy portfolio</u> management optimization**
- **<u>Cross selling/Dual Fuel</u> sales**

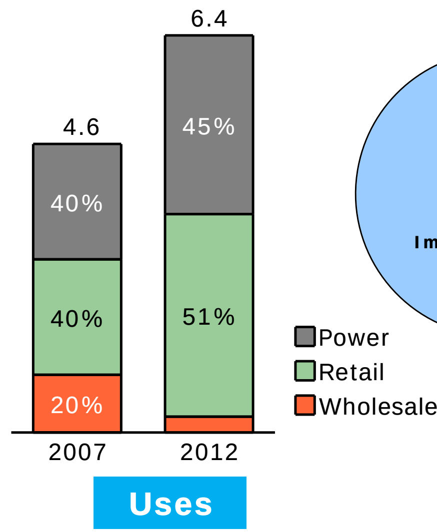
CAPACITY DEVELOPMENT (GW)

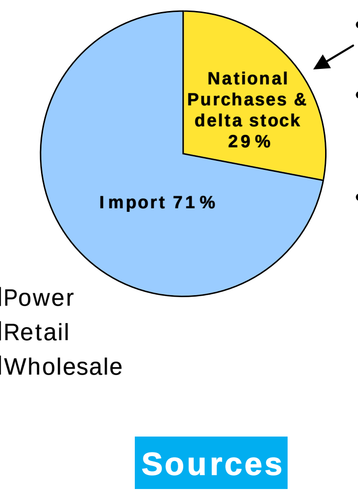


POWER VOLUMES TRENDS (TWh)



GAS VOLUMES TRENDS (Bcm)



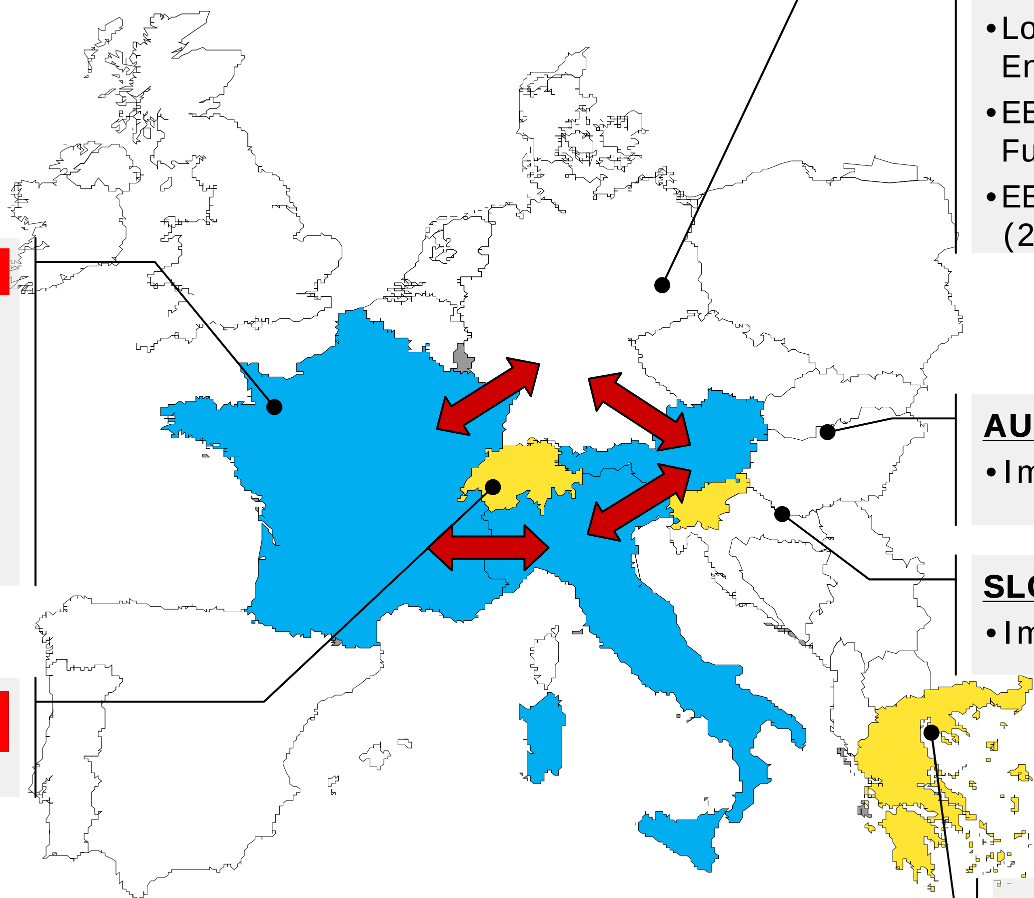


- Full consolidation of Plurigas
- International partnership under discussion
- Further upstream integration with Edison

Trading activities on foreign power markets

FRANCE:
- Load balancing RTE (2003)
- Powernext Day-Ahead (2004)
- Powernext continuous trading (2007)
- Powernext future (2008)

SWITZERLAND:
- Import/export



GERMANY:
- Load balancing RWE, EnBW (2006)
- EEX Day-Ahead, EEX Future (2006)
- EEX continuous trading (2007)

AUSTRIA:
- Import/export

SLOVENIA:
- Import/export

GREECE:
- Import/Export Desmie
- Desmie: application for A2A to be finalized

Focus on energy risk management: maximizing value from energy portfolio activities within acceptable risk limit

CO_2 and green certificates A2A net position

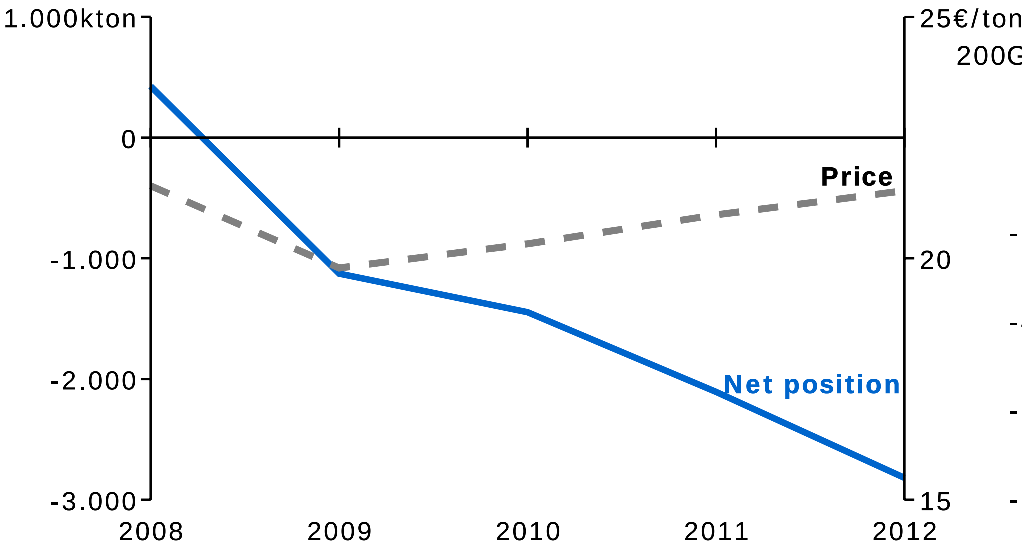
EMISSIONS TRADING	GREEN CERTIFICATES

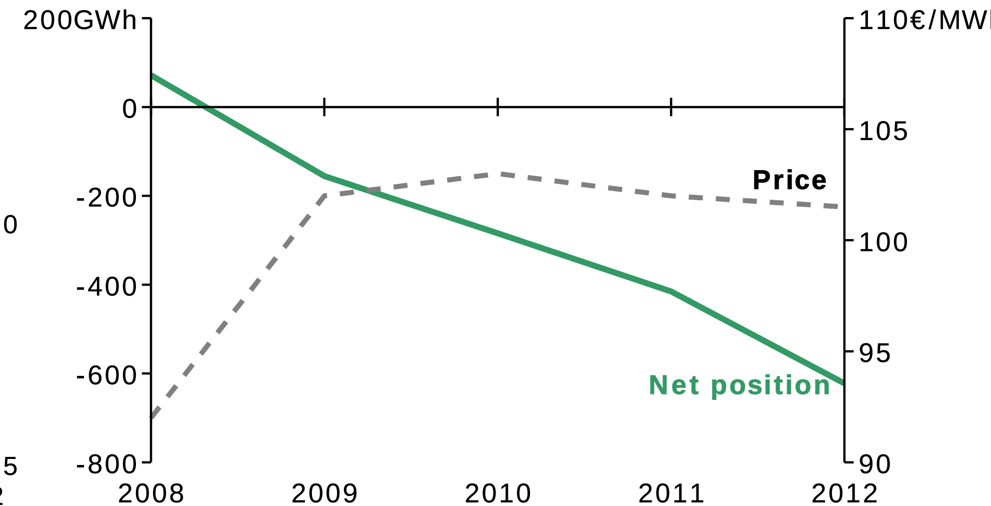
EMISSIONS TRADING

- CO_2 rights allocated according to Italian NAP regulations, as of March 2008
- Electricity price: CO_2 cost partially pass through to final customers

GREEN CERTIFICATES

- Price increase from €/MWh 92 in 2008 to €/MWh 101.5 in 2012
- Requirements: gradual increase from 4.55% in 2008 to 7.55% in 2012





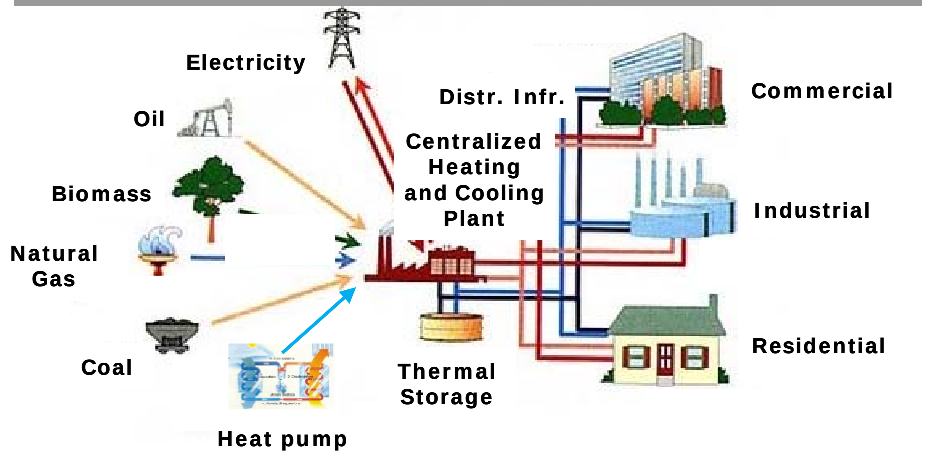
A2A's position slightly long in 2008, progressively shortening after Endesa's asset acquisition

Industrial Plan - District heating highlights

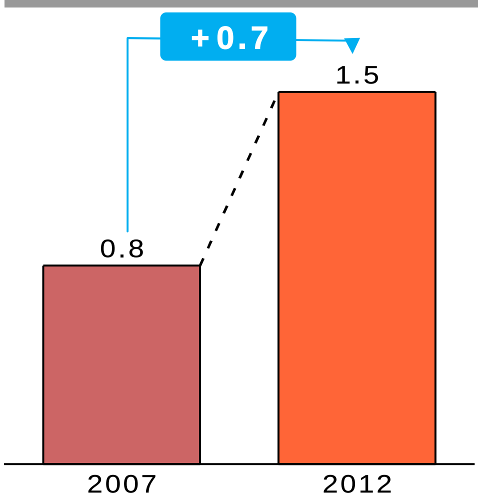
KEY FACTS

- **Development of ~ 700-MW new thermal capacity**
- **Further expansion of new distribution networks**
- **Strong investment in heat sold, doubling 2007 volumes by 2012**

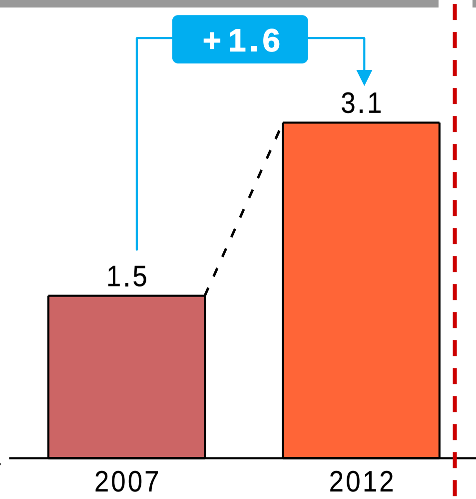
BUSINESS MODEL



HEAT CAPACITY AND VOLUMES



Capacity (GW)



Vol. trends (TWh)

Note: TdE/Edison excluded

COFATHEC CORIANCE (GAZ DE FRANCE)

- **4th district heating player in France (‘07 REV : €63M; ’07 EBITDA : €8.5M)**
- **Over 20 plants managed**
- **Installed capacity: 670 MWt**
- **Diversified technology / fuel mix (cogeneration, biomass, waste, etc.)**

UPSIDE

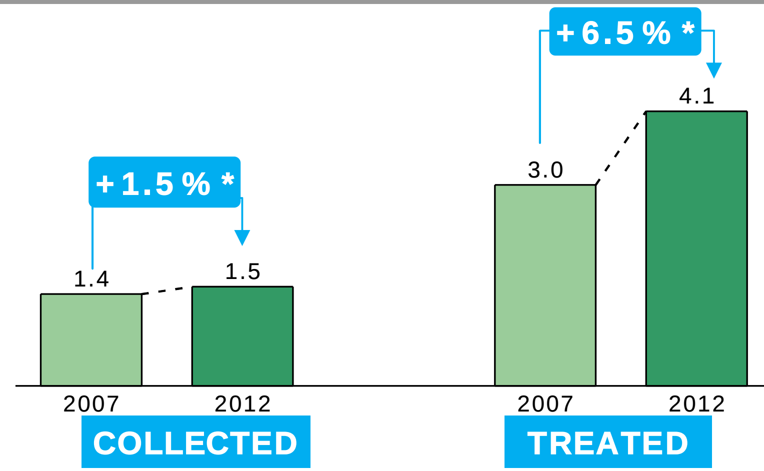
A2A started exclusive negotiations (on 27th March 2008)

Industrial Plan - Waste highlights

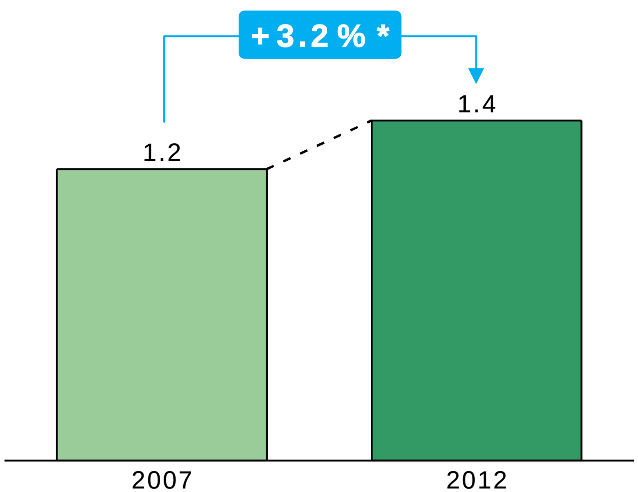
KEY FACTS

- Expiration of CIP6 incentives offset by cash flow from new investments (e.g. new WTE plant in 2012) and operating synergies
- Potential expansion also abroad, leveraging innovation and technology advanced expertise

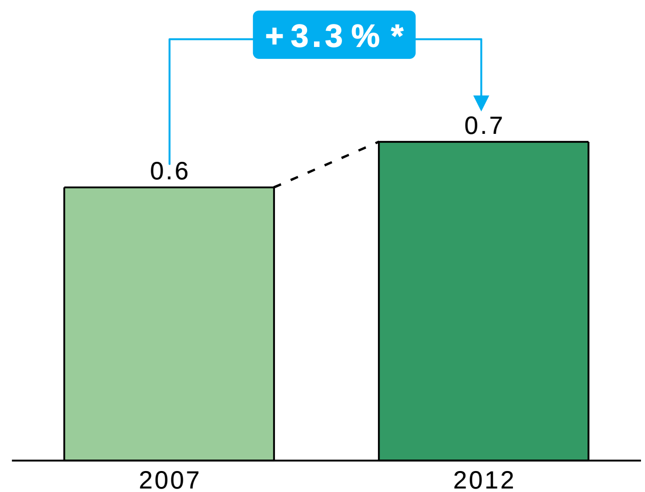
WASTE VOLUMES (Mton)



POWER PRODUCTION (TWhe)



HEAT PRODUCTION (TWht)



*CAGR

Note: TdE/Edison excluded

Presence along waste value chain

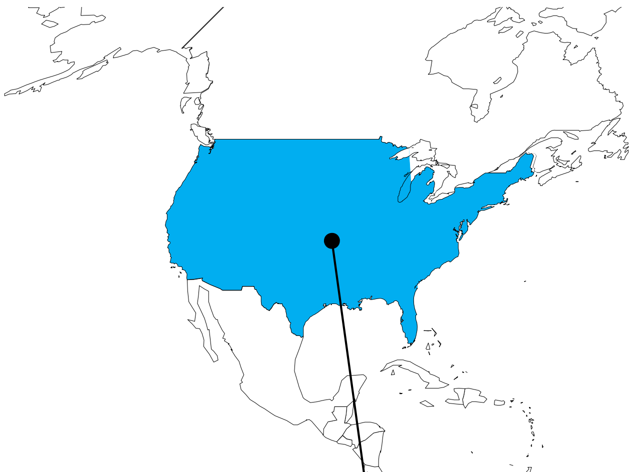
	PLANT CONSTRUCTION	COLLECTING	WASTE TREATMENT AND DISPOSAL				
	R&D, design, construction and sale of waste treatment integrated systems	Waste collection and street cleaning	Sorting, MBT*and Solid Recovered Fuel production, composting, other treatments -	WTE *	Ashes	Landfill	Power production from Biogas
Amsa		✓	✓	✓			✓
ecodeco	✓		✓	✓	✓	✓	✓
aprica		✓	✓	✓		✓	✓
a2a	✓	✓	✓	✓	✓	✓	✓

*MBT: Mechanical Biological Treatment, **Waste to Energy

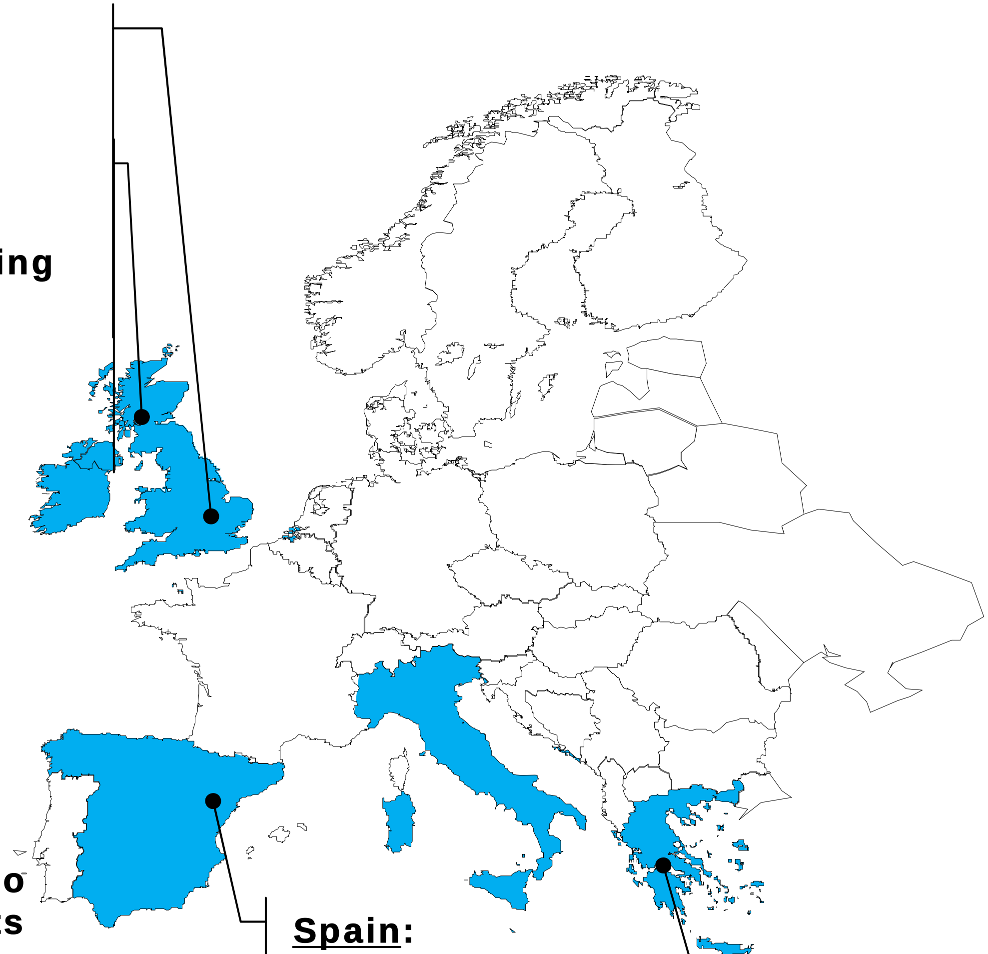
Waste business expansion leveraging innovation

UK:

- **2 contracts signed in partnership with Shanks (i.e. ELWA*, Dumfries & Galloway**) implying 3 MBT plants already completed and operative**
- **Further several bids underway leveraging innovative A2A expertise**



- **USA: partnerships under discussion to develop new plants based on innovative A2A systems**



Spain:

- **1 contract signed (i.e. Castellon)**
- **Active in several bids**

Greece: active in several bids

*East London West Authority (25 yrs contract to treat East London waste)
**South West Scotland

Industrial Plan - Networks highlights (excl. TdE/EDN)

KEY FACTS

- **<u>Electricity and gas</u>: equalisation for electricity distribution grid, efficiency improvement and infrastructure maintenance (e.g. metering, networks)**
- **<u>Water</u>: increase in water tariff and infrastructure development (i.e. sewage and depuration)**

REGULATORY SCENARIO

ELECTRICITY

- 3rd regulatory period (2008-2011) – Del. 348/07:
  - ROI: 7% (distribution), 7,2% (metering)
  - Price cap*: 1,9% (distribution), 5%(metering)

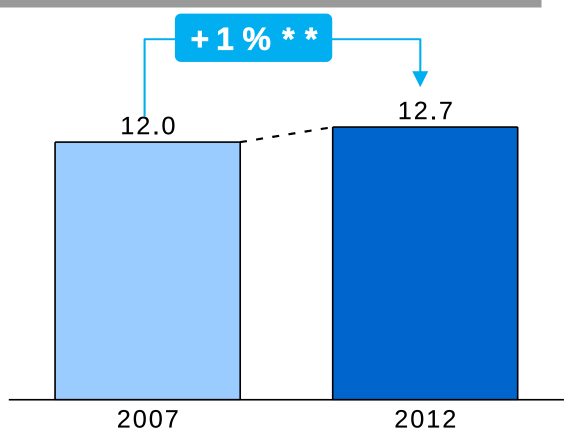
GAS

- 3rd regulatory period (2009-2012): DCO 4/08
  - X-Factor*: between 2%- 3%
  - ROI: ~7%

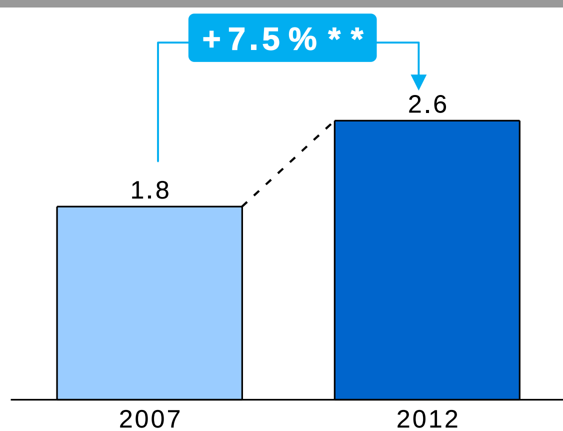
WATER

- Area Plan, 2007-2031 period:
  - Water tariff: return on invested capital: 7%
  - Efficiency improvement: 1%

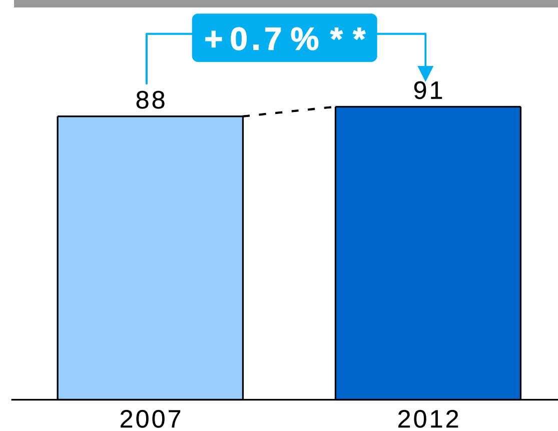
ELECTRICITY (TWh)



GAS (Bcm)



WATER (Mcm)



* "X-Factor" does not include inflation rate; ** CAGR

Source : AEEG, ATO