



A2A Company Presentation

- **2010 Results**
- ***Assets & Strategy***

April, 2011



Index

2010 Results

Company back-up: assets & strategy

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2010 - Main financial highlights

€M data	2009*	2010	Change	Change %
NET SALES	5,401	6,041	+640	+11.8%
EBITDA	1,023	1,040	+17	+1.7%
EBIT	609	498	-111	-18.2%
A2A NET INCOME	80	308	+228	
	2009	2010	Change	
NET CAPITAL EMPLOYED	9,239	8,738	-501	
NET DEBT	4,644	3,893	-751	
EQUITY	4,595	4,845	+250	
NFP/EQUITY	1.01x	0.80x		

- Key facts**
- Positive industrial performance against scenario negative impact
 - EPCG consolidation in 2010 results
 - Positive impact of Alpiq deal both in P&L and in debt reduction
 - TDE write-down effect

* BAS SII reclassified according to IFRS5 and public lighting activities reclassified according to IFRIC12



2010 - Results and main strategic achievements

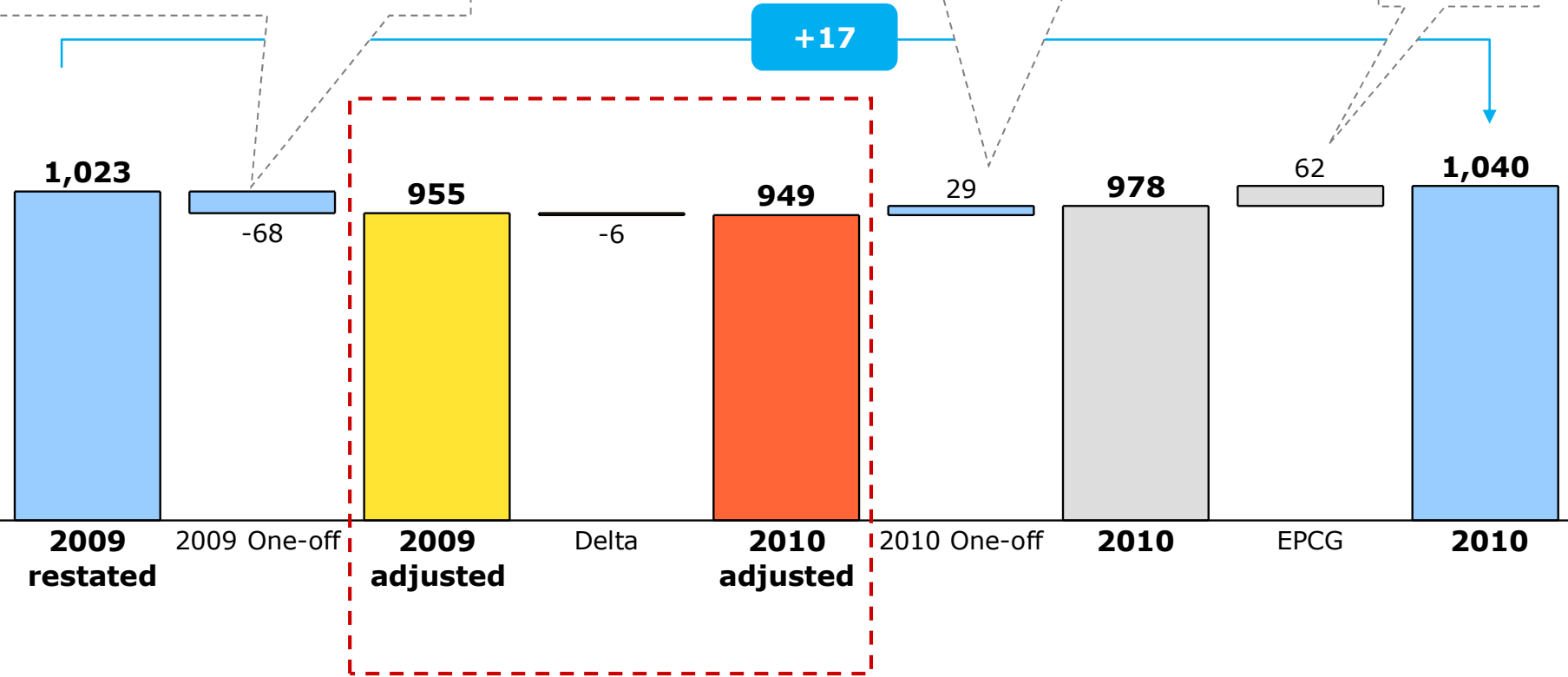
EBITDA

€M data

- +57€M Electricity (of which insurance reimbursement 22 €M)
- +8€M Gas
- +8€M Networks
- -5€M Brescia WTE

- +1.5€M Electricity
- +3€M Gas
- -2€M Cogeneration and District Heating
- +23€M Networks (of which, previous years specific company equalisation: 12€M and gas revenues: 7€M)
- +3€M Waste

Change in perimeter



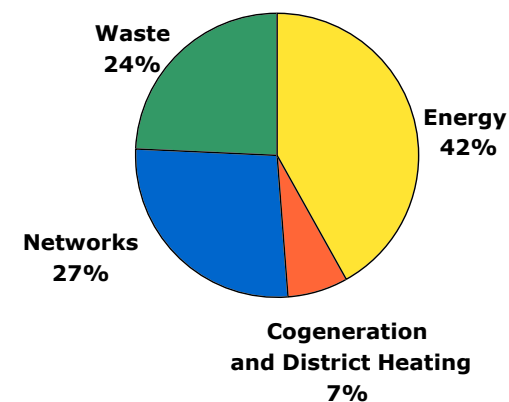
2010 - EBITDA breakdown – One-off not included in the sectors

€M data

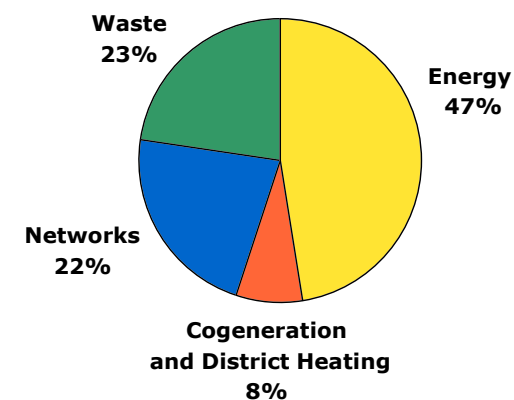
	EBITDA 2009	EBITDA 2010	Δ vs 2009
ELECTRICITY	347	320	-27
GAS	126	79	-47
COGENERATION AND DISTRICT HEATING	76	72	-4
WASTE	226	259	33
NETWORKS	222	253	31
OTHER SERVICES & CORPORATE	-40	-31	9
CONSOLIDATION ADJUSTMENTS	-2	-3	-1
TOTAL (Adj)	955	949	-6
ONE-OFF	68	29	-39
TOTAL (no EPCG)	1,023	978	-45
EPCG	0	62	62
TOTAL	1,023	1,040	17

EBITDA BREAKDOWN

2010



2009



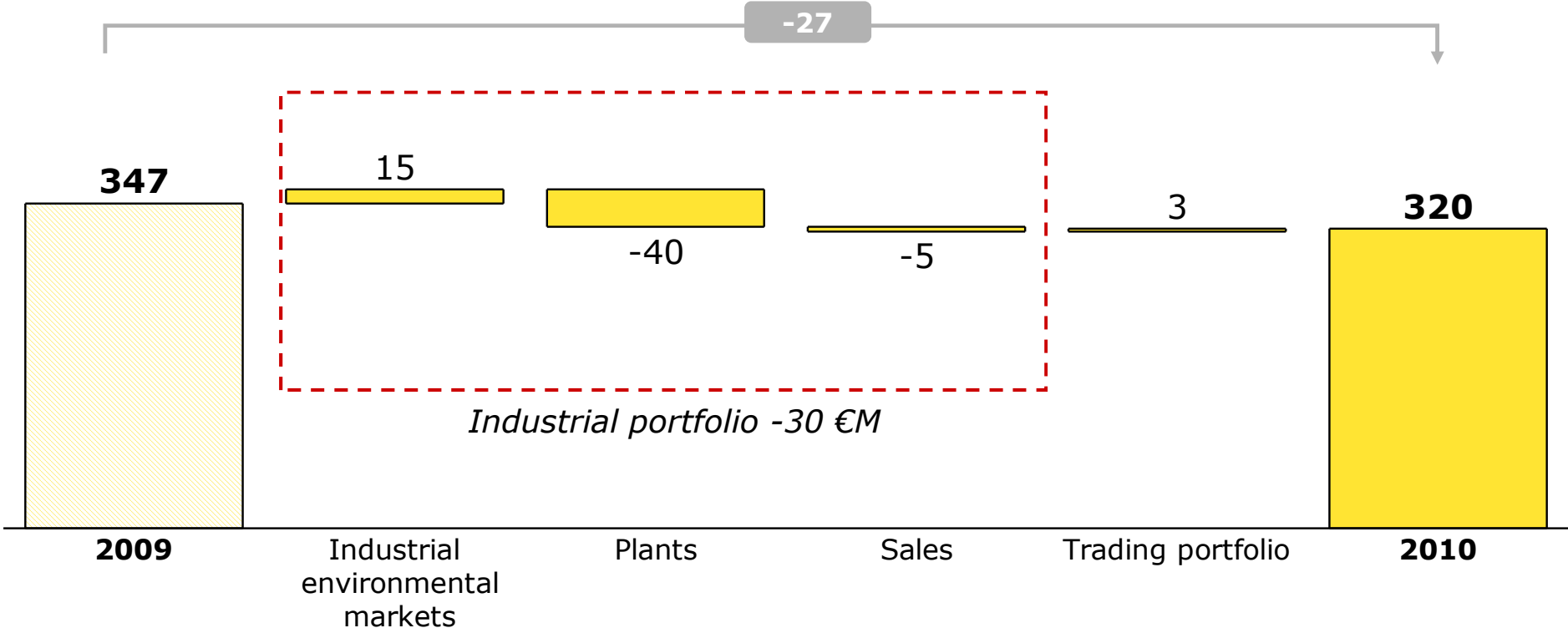
2010 Energy - Electricity Scenario

Average data		YTD 2009	YTD 2010	Var %
Brent	\$/bbl	62.56	80.27	28%
CO2 Average system cost	€/Tonn	13.33	14.45	8%
Green Certificate avg. system cost	€/MWh	85.09	84.03	-1%
€/€	€/€	1.39	1.33	-5%
Brent €	€/bbl	44.59	60.56	36%
PUN BL	€/MWh	63.77	64.09	1%
PUN Peak	€/MWh	82.36	74.62	-9%
PUN Off-Peak	€/MWh	53.41	57.41	7%
CCGT Cost	€/MWh	51.90	54.42	5%
Spark Spread CCGT vs Baseload	€/MWh	11.87	9.67	
Spark Spread CCGT vs Peakload	€/MWh	30.46	20.20	
Spark Spread CCGT vs Off-Peak	€/MWh	1.52	2.99	
Spark Spread CCGT- Environm. costs	€/MWh	8.64	5.02	
Italian electricity demand	GWh	320,268	326,165	1.8%
Net Import	GWh	44,959	43,944	-2.3%

Note: 2010 CCGT based on Gas Release 2007

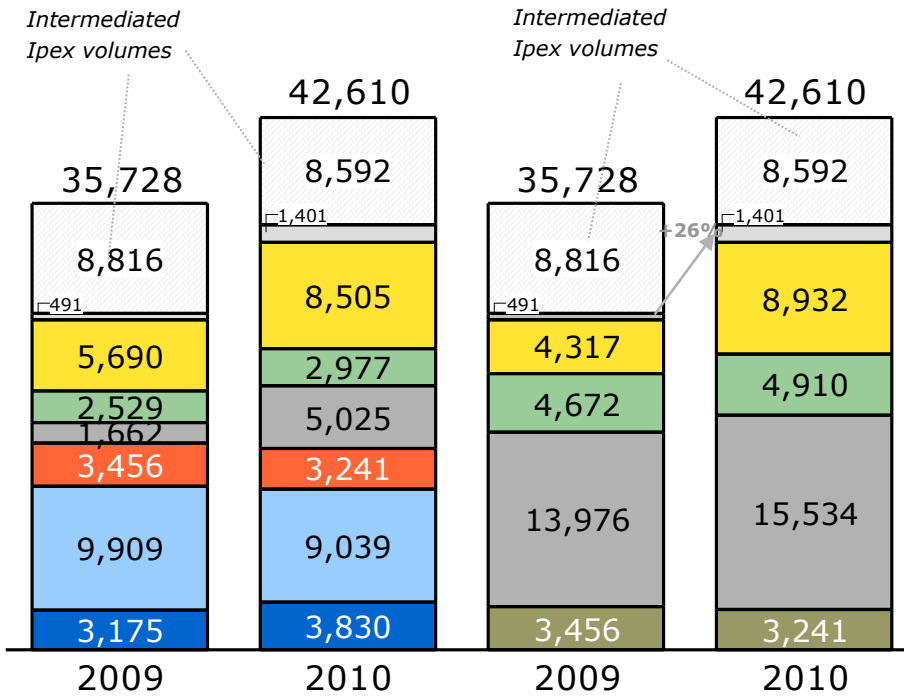
2010 Energy - Electricity Results – One-off not included

EBITDA ADJUSTED EVOLUTION 2009A-2010A (€M)



2010 Energy - Electricity Sources and Uses

VOLUMES (GWh)



Sources

- Sleeve
- Foreign markets
- Ipex
- Domestic purchases
- Single Buyer
- Thermal
- Hydro

Uses

- Sleeve
- Captive customers
- Eligibles,Wholesales
- Ipex
- Foreign markets

GREEN CERTIFICATES POSITION

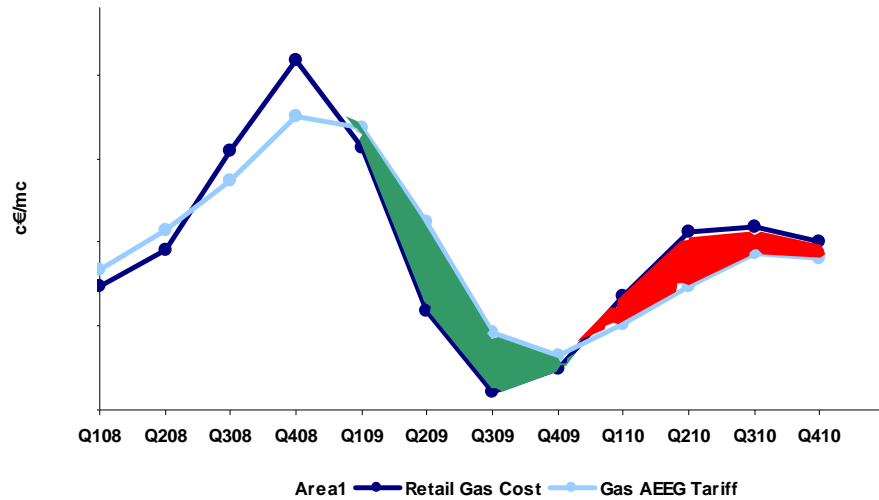
- **A2A Group Green Certificates Long Position at 31.12.2010 ~ 226 GWh**

CO2 POSITION

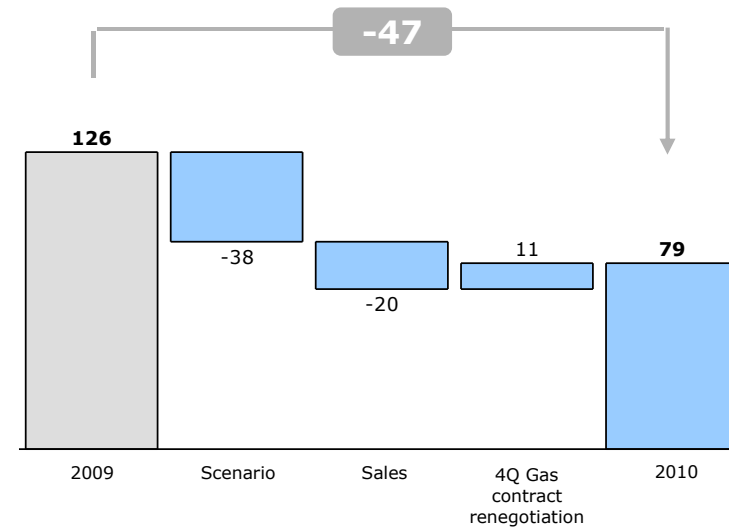
- **A2A Group CO2 Long Position at 31.12.2010 ~ 1,311 Kton**

2010 Energy - Gas Results – One-off not included

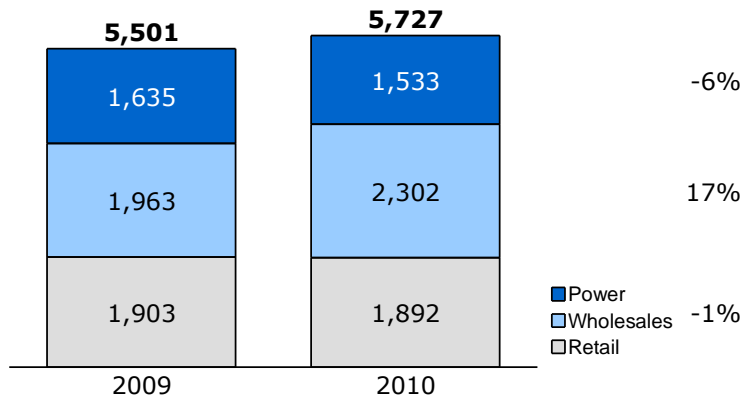
SCENARIO



EBITDA ADJUSTED (€M)



VOLUMES (Mcm)



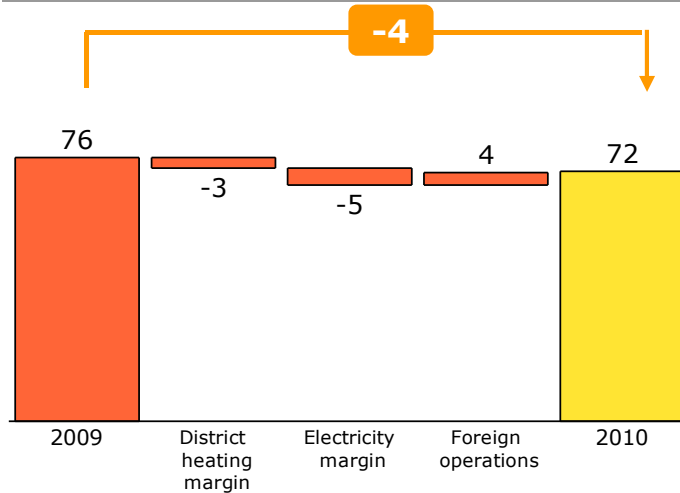
KEY FACTS (VS 2009)

Formulas indexation price and lower margins, partially offset by gas contract renegotiation and volumes increase

2010 - Cogeneration and District heating Results

One-off not included

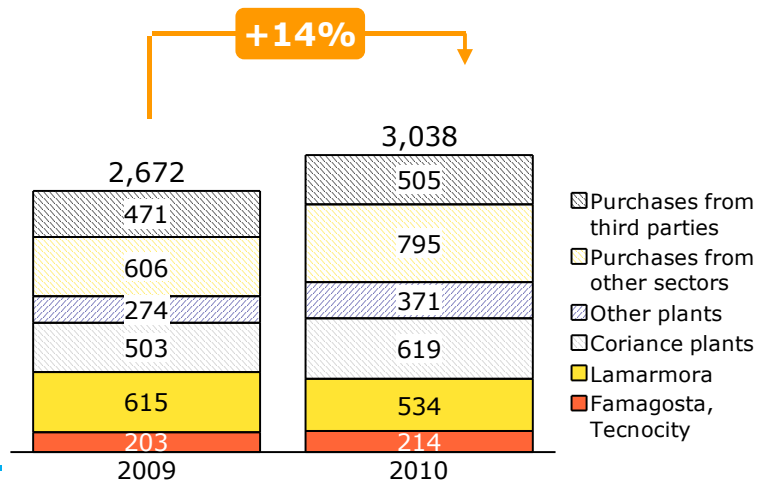
EBITDA ADJUSTED (€M)



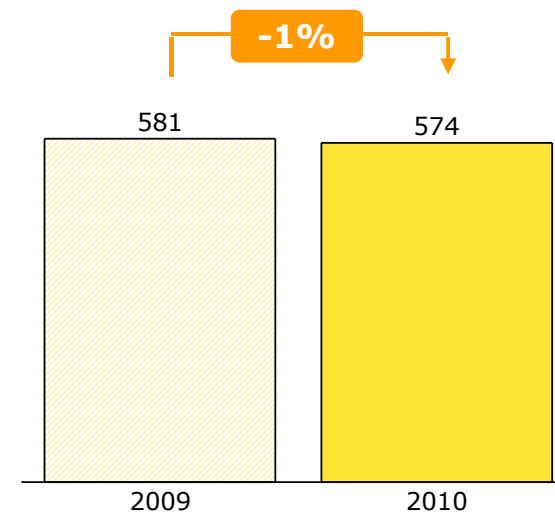
KEY FACTS (VS 2009)

- Electricity margin decrease mainly due to volumes and IPEX prices decrease
- District heating margin decrease mainly due to formulas indexation price
- Coriance activities development

HEAT VOLUMES (GWht)

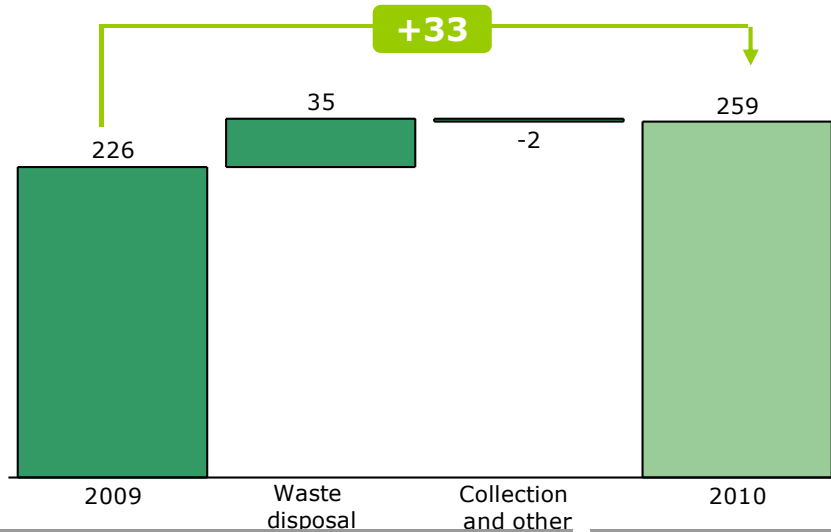


ELECTRICITY (GWh)



2010 - Waste Results – One-off not included

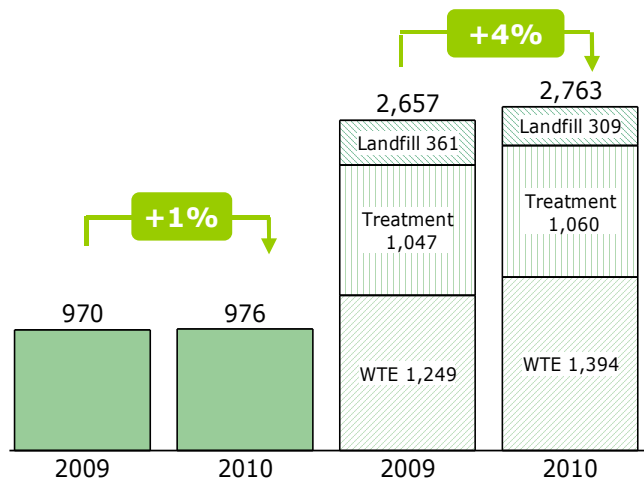
EBITDA ADJUSTED (€M)



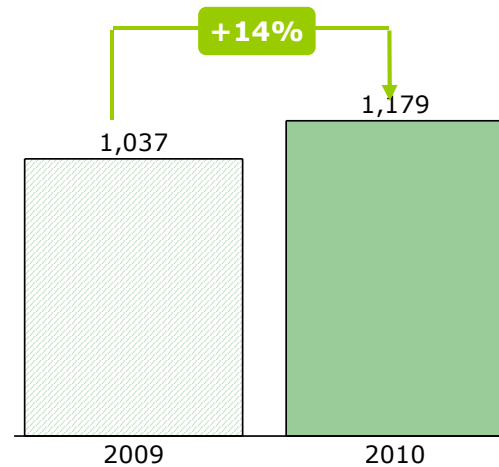
KEY FACTS (vs 2009)

Waste disposal margin increase mainly due to Brescia WTE plant, halted during 2009 (February/April) for extraordinary maintenance, and Naples area contribution

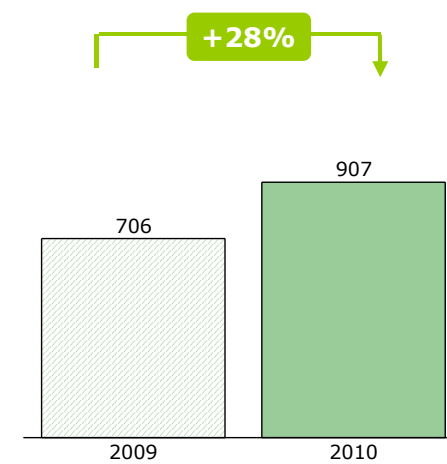
WASTE VOLUMES (Kton)



ELECTRICITY (GWh)



HEAT PRODUCTION (GWht)

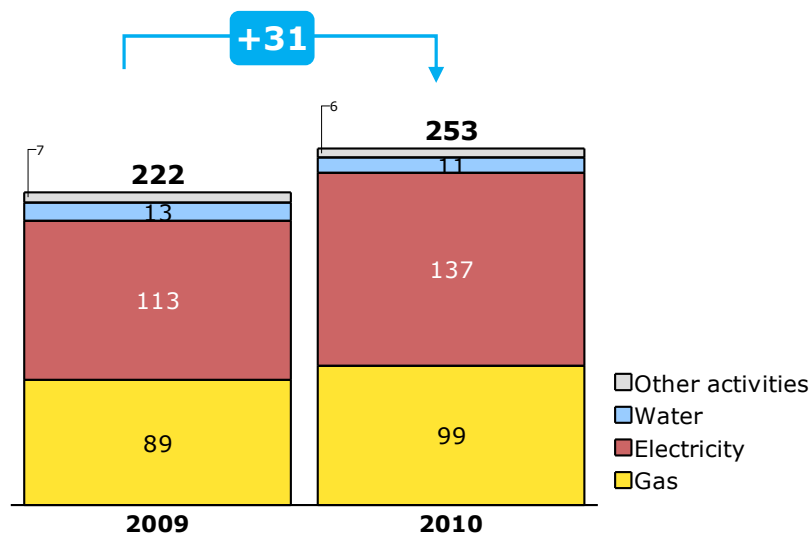


* related to main municipalities (Milan, Brescia, Bergamo, Varese)

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2010 - Networks Results – One-off not included

EBITDA ADJUSTED (€M)



KEY FACTS (vs 2009)

Electricity: +24 €M

- Positive impact on Ebitda due to final determination of company equalisation items (specific company equalisation and lower costs related to other equalisation items)
- Volumes up by 0.5% to 11,375 GWh

Gas: +10 €M

- The result includes the effect of the recent AEEG Deliberations arg/gas 115/10 which set the final gas distribution tariff
- No change in number of points of sales (1,255,885)

Water: -2 €M

- 2010 result in line with 2009 result
- Volumes down by 1% to 69 Mmc

REGULATORY SCENARIO

ELECTRICITY

- ⇒ Regulatory period: 2008-2011
- ⇒ WACC: 7% (distribution), 7.2% (metering)
- ⇒ Price cap*: 1.9% (distribution), 5% (metering)

GAS

- ⇒ Regulatory period: 2009-2012
- ⇒ WACC: 7.6% (distribution), 8.0% (metering)
- ⇒ Price cap*: 3.2% (distribution), 3.6% (metering)

WATER

- ⇒ AATO Plan, 2007-2031 period:
 - Water tariffs: 7% return on invested capital
 - Efficiency improvement: 1%
- ⇒ Sector regulation under revision

* "X-Factor" does not include inflation rate; AATO = Autorità d'Ambito Territoriale Ottimale
 Source : AEEG, AATO

2010 – EPCG: Financial highlights and Volumes

FINANCIAL HIGHLIGHTS (€M)



2010

NET SALES

298

EBITDA

62

of which ELECTRICITY

38

of which NETWORKS

22

of which CORPORATE

2

EBIT

13

NET CAPITAL EMPLOYED

867

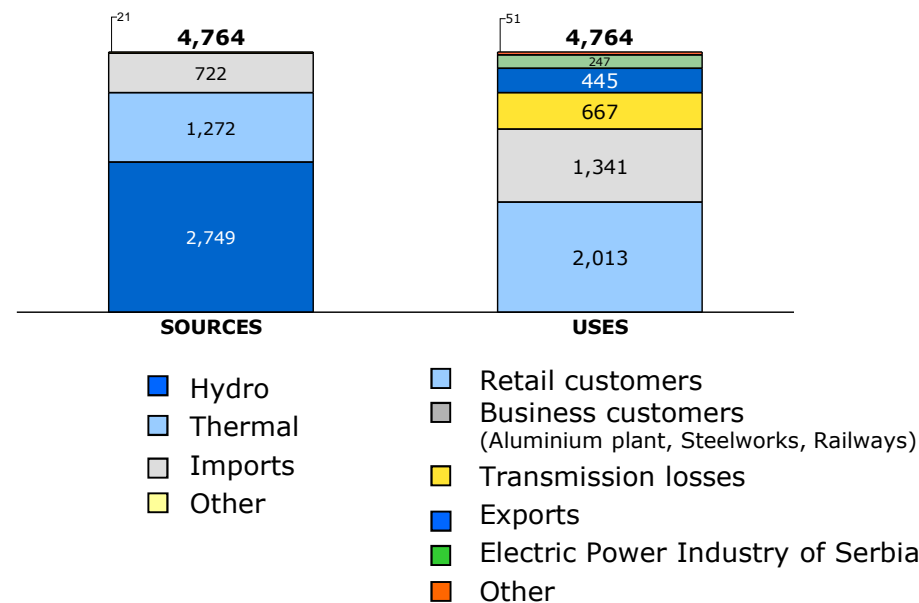
NFP

(71)

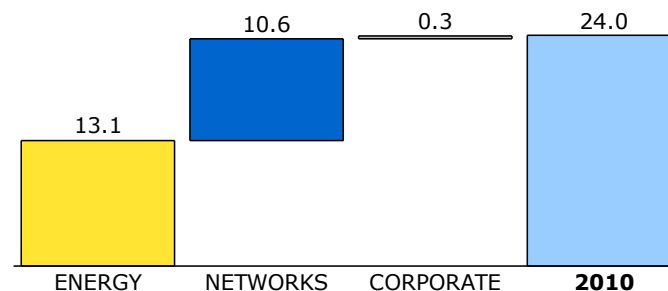
EQUITY

938

VOLUMES (GWh)



CAPEX (€M)



2010 - From EBITDA to Net Income (1/2)

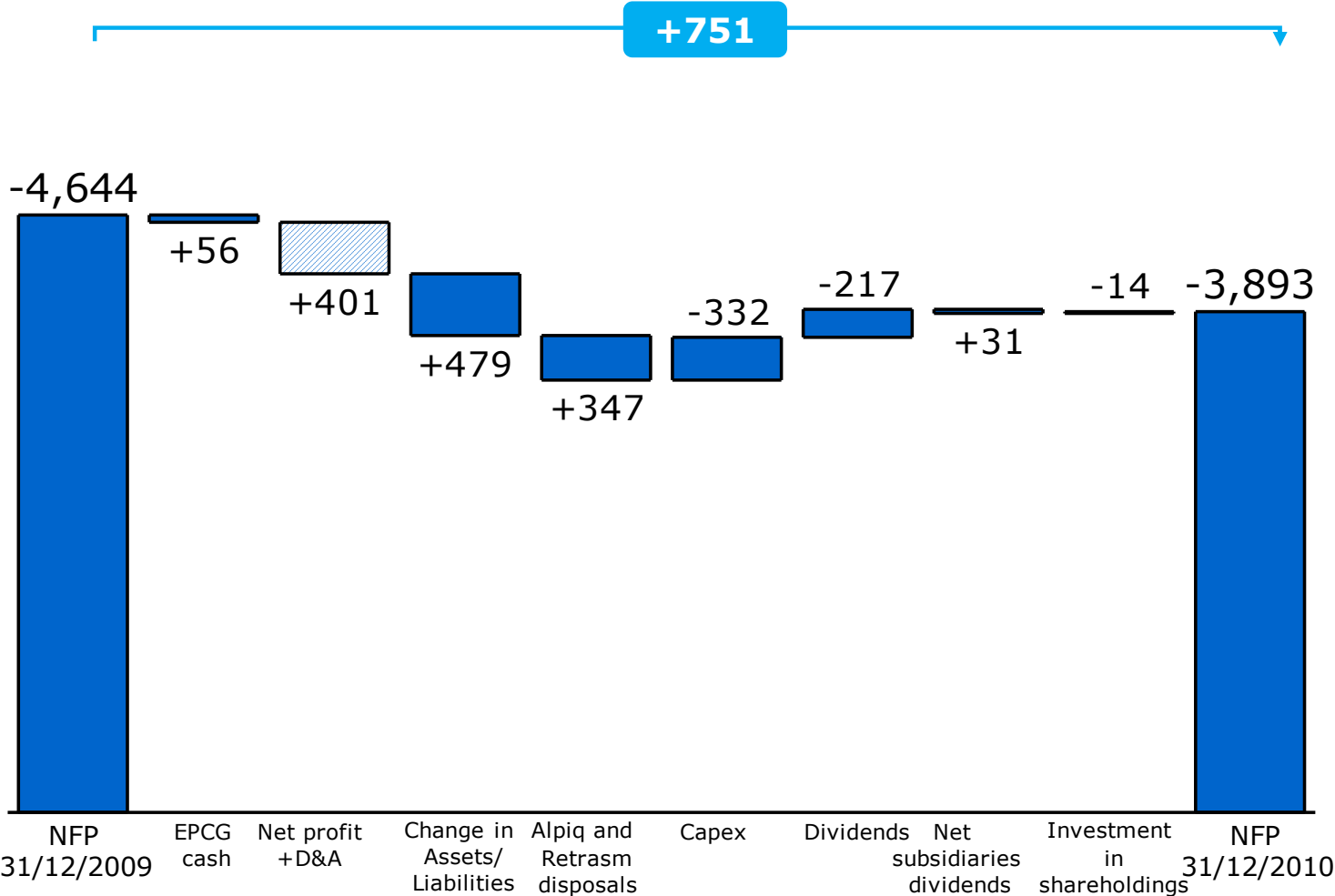
€M data	2009	2010	Change	Key points
EBITDA	1,023	1,040	+17	
D&A, Write Downs and Provisions	-414	-542	-128	<i>€M 2010 depreciation of E.ON asset; -19 €M INPS fund release in 2009</i>
Financial charges	-242	-142	+100	<i>118 €M Fiscal Moratorium 96-99 recorded in 2009;</i>
Derivatives/others	-35	+10	+45	
Associates and JV and others	+66	-231	-297	<i>TdE effect</i>
Others	-166	-1	+165	<i>Fiscal Moratorium (AEM and ASM 96-99)</i>
EBT	232	134	-98	

2010 - From EBITDA to Net Income (2/2)

€M data	2009	2010	Change	Key points
EBT	232	134	-98	
TAXES	-144	-158	-14	
IFRS 5	19	220	+201	<i>Alpiq transaction</i>
MINORITIES	-27	+112	+139	<i>TdE and Plurigas</i>
NET INCOME	80	308	+228	

2010 - Net Debt and Cash Flow

€M data



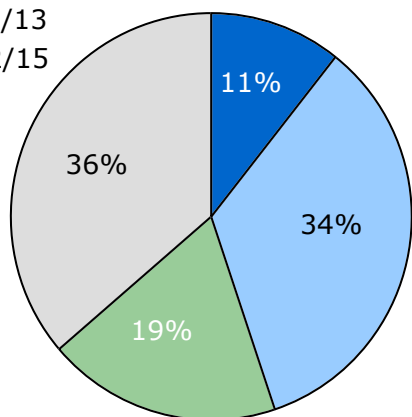
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2010 - Group Financial structure

Total debt – Maturity

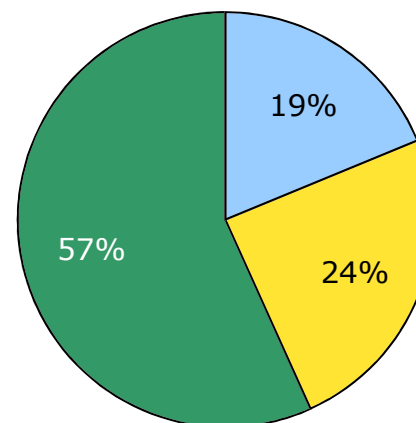
DEBT MATURITY

- <31/12/2011
- 01/01/12-31/12/13
- 01/10/14-31/12/15
- >31/12/2015



DEBT BREAKDOWN BY INTEREST

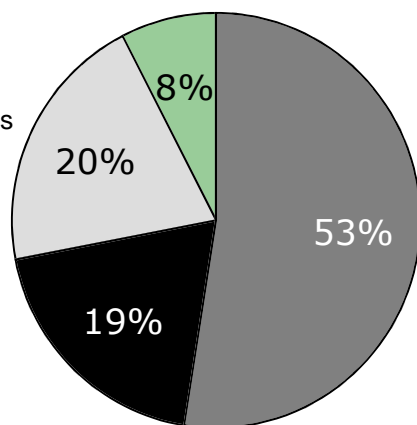
- Swap
- Variable
- Fixed



TOTAL GROSS DEBT: 4.1 €B - AVG. MATURITY: 4.4 YEARS – UNDRAWN LINES*: 2.7 €B – 2010 AVG. RATE 2.96%

DEBT BREAKDOWN

- Uncommitted Lines & Other
- Committed Lines
- Loans
- Bond



COMPANY'S CREDIT RATING



BBB+ / A-2
Outlook Negative

A3
Outlook Negative



Epcg not included
** of which 2.4 €B committed lines, 0.3 €M loans*

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2010 Results

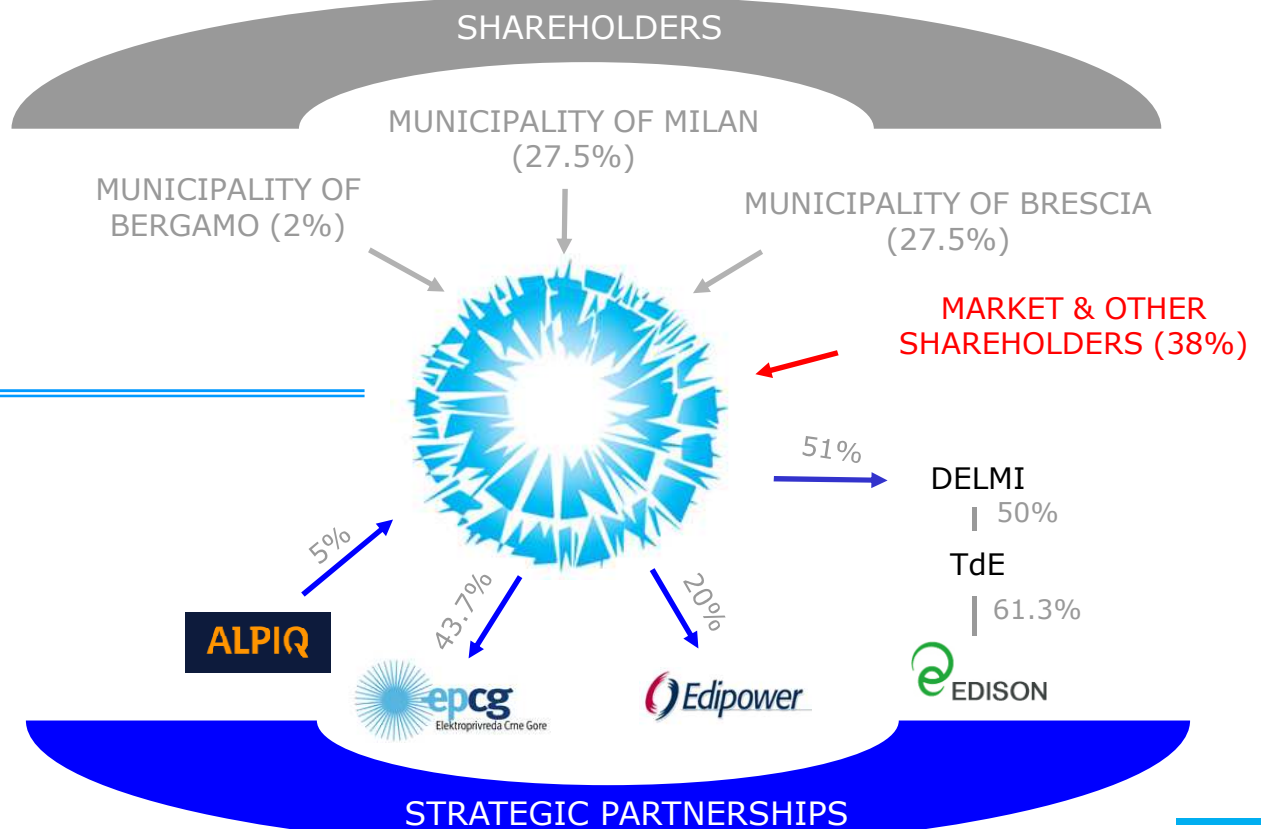
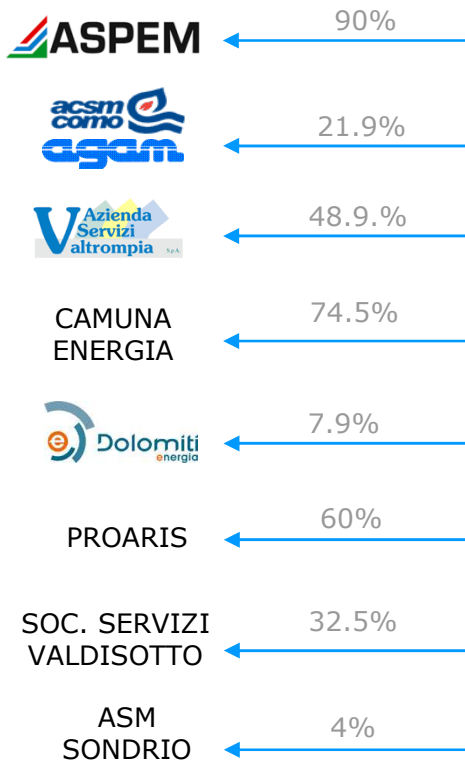
Company back-up: assets & strategy

A2A Group in a snapshot

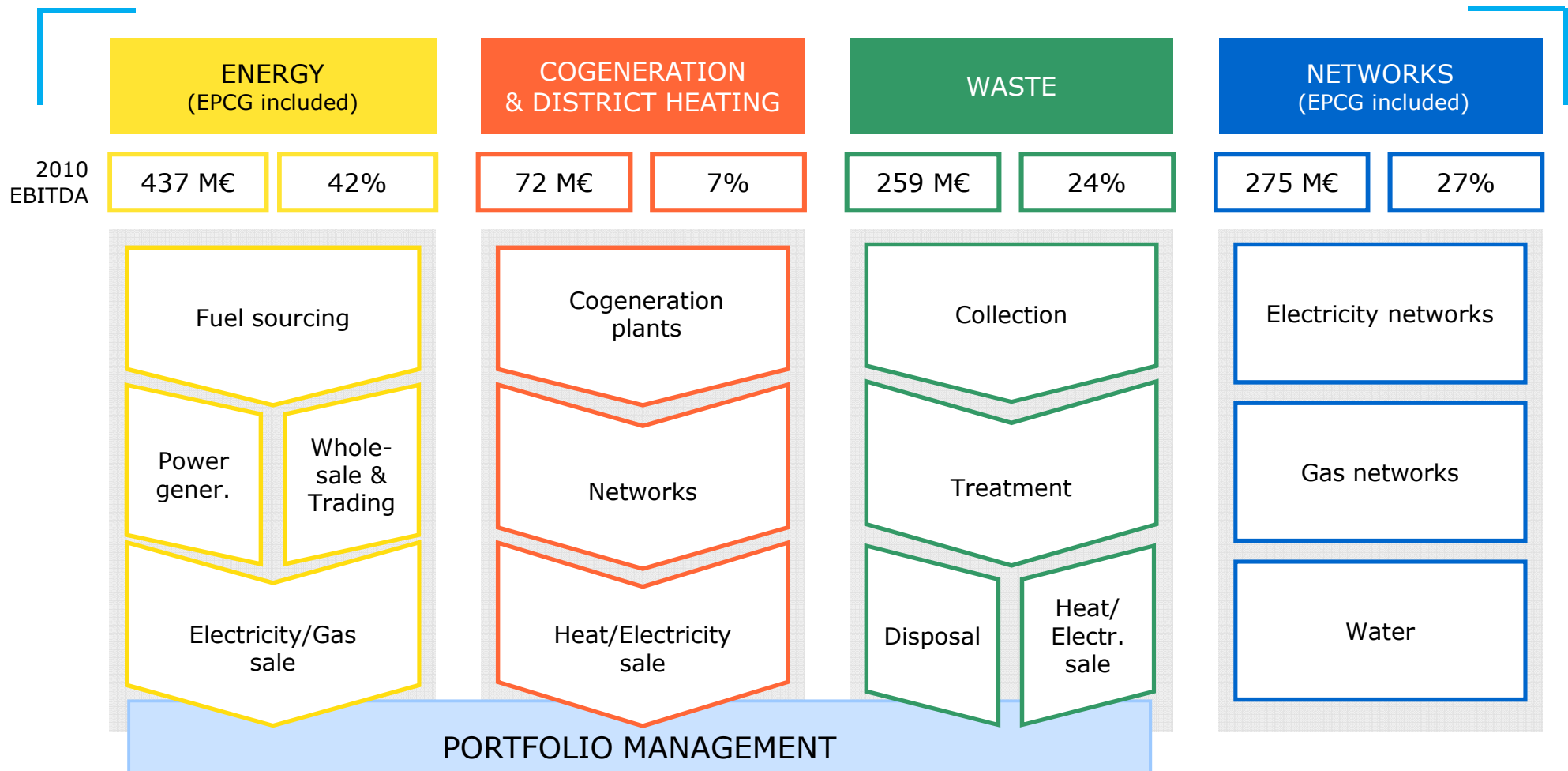
- A2A originates from the merger among AEM, ASM and Amsa, three companies that date back to over 100 years ago
- 1st Local Utility in Italy by revenues, margins and market cap
- A2A is an energy-focused player with a deeply rooted customer base in Northern Italy and a solid asset base across the country. A2A selectively grows its international presence in Montenegro (power production and distribution), France (cogeneration and district heating), UK, Greece & Spain (waste treatment plant development) and Europe (energy trading)

Share capital: 3,132,905,277 shares (par value=0,52 €/share)
 Treasury shares: 26,917,609 shares

A2A "LOCAL" PARTNERS



A2A Group in a snapshot: presence in diversified and complementary business areas



Total 2010 EBITDA 1,040 €M spread among 4 major business areas

Note: 2010 results represented do not include -28 M€ negative Ebitda from "Other services & Corporate", Consolidation Adjustments (-3 M€) and one-off (~29 M€)

A2A business unit strengths

ENERGY

- **Generation/Fuel procurement:**

1. diversified and flexible fuel mix
2. consolidated experience in plant operations
3. large scale renewable productions
4. efficient and low environmental impact portfolio assets
5. industrial partnership with upstream player (i.e. Gazprom)

- **Energy Management:**

1. consolidated activities on main power and environmental markets
2. growing presence in Europe
3. effective risk management presidium

- **Sales & Marketing:**

1. strong presence in Northern Italy with long-lasting relationships with customers/citizens
2. flexible offer

DISTRICT HEATING

- **Clean and cutting-edge technology** (e.g. heat pump)
- **Diversified technology/fuel mix** (cogeneration, biomass, etc.)
- **No boiler requiring maintenance at user level**
- **Tariff customisation**
- **District cooling option**

WASTE

- **Higher value/technology for waste treatment and disposal** (e.g. Waste to Energy, Mechanical Biological Treatment)
- **Expansion abroad by leveraging on innovative A2A systems and international partners**
- **Full integration along the value chain**

NETWORKS

- **High service quality**
- **Good continuity of electricity and gas distribution services**
- **Efficient customer care**
- **E-billing system**
- **Focus on costs**
- **Focus on new technologies**

A2A Group in a snapshot: key competitive advantages

BALANCED BUSINESS MIX

- High diversification between deregulated and regulated businesses
- Capital employed spread among different business areas with a sound risk/return model
- Balanced exposure to external factors (GDP, weather conditions, etc.)

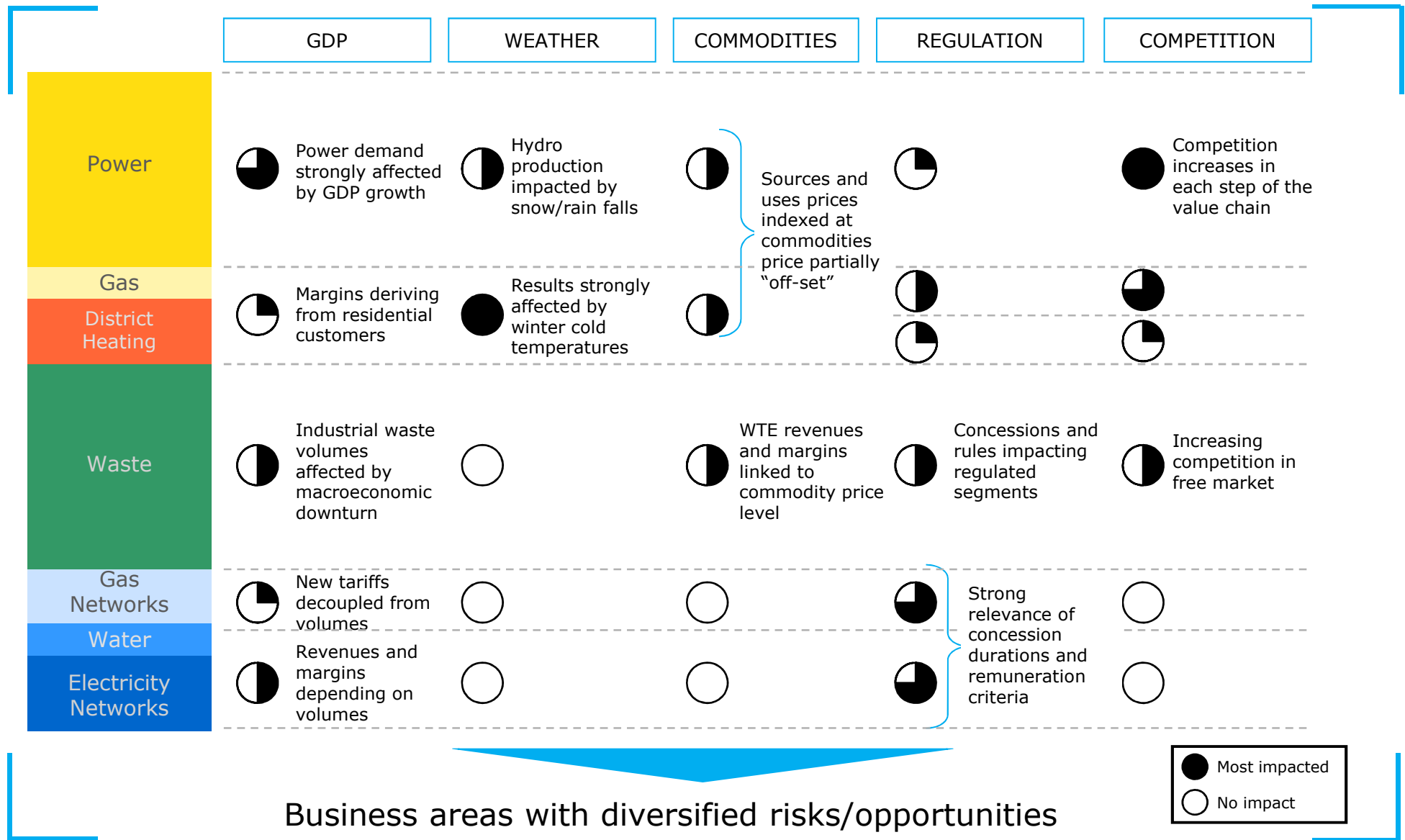
FLEXIBLE AND ENVIRONMENT-FRIENDLY POWER PRODUCTION

- Primary role in “environmentally sustainable” energy production and services
- Cost-based competitive advantage vs. market peers
- Power plants characterized by low emission rates

MULTI-UTILITY IN NORTHERN ITALY

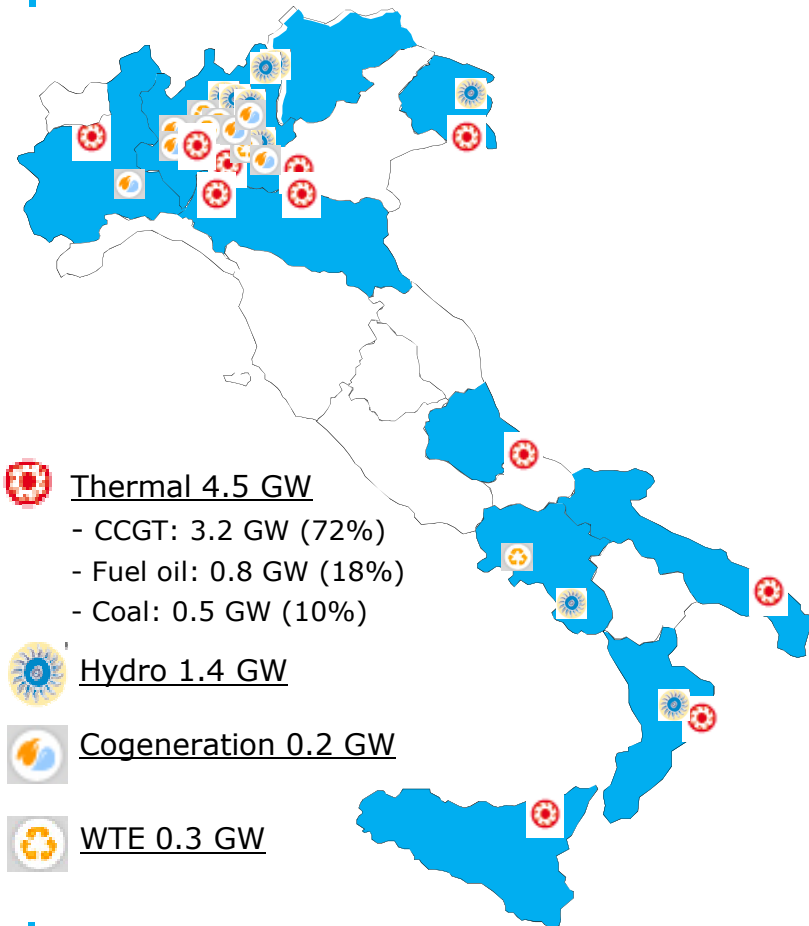
- Long-lasting presence in Northern Italy, richest area of the country, with a multi-business approach
- Strong customer loyalty
- Primary player in all “local” businesses managed

Balanced business mix: Exposure to exogenous risk factors



A2A generation mix

A2A PLANTS IN ITALY



Note: cogeneration includes plants connected to DH networks

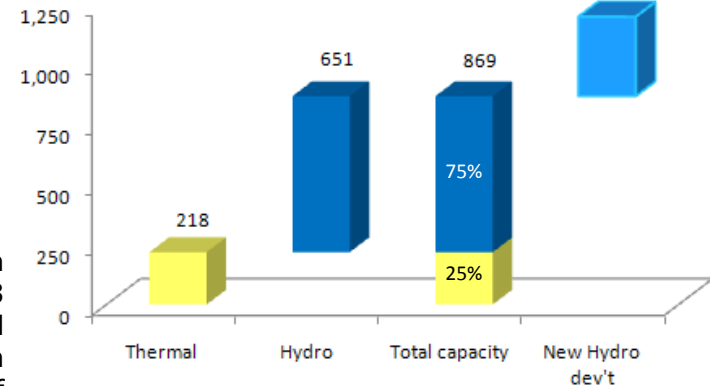
KEY A2A COMPETITIVE ADVANTAGES

- A2A power plants' flexibility higher than market average (hydro vs. other renewables and CCGT vs. conventional thermal); moreover, most hydro capacity is reservoir (i.e. storage proxy)
- Capability to effectively face future market swings due to growing renewables share of overall production and increasing peak-load consumptions
- WTE and cogeneration production with lower CO₂ emissions



- ⇒ With the acquisition of 43.7% of Elektroprivreda Crne Gore (EPCG) A2A has become a strategic industrial partner of the largest electricity player in the Republic of Montenegro
- ⇒ EPCG operates in electricity generation (3 main plants and 7 "small hydro"), distribution (19,000 km), and sale of electricity (300,000 users)

INSTALLED CAPACITY (MW)



A2A District Heating & Cogeneration – Assets base

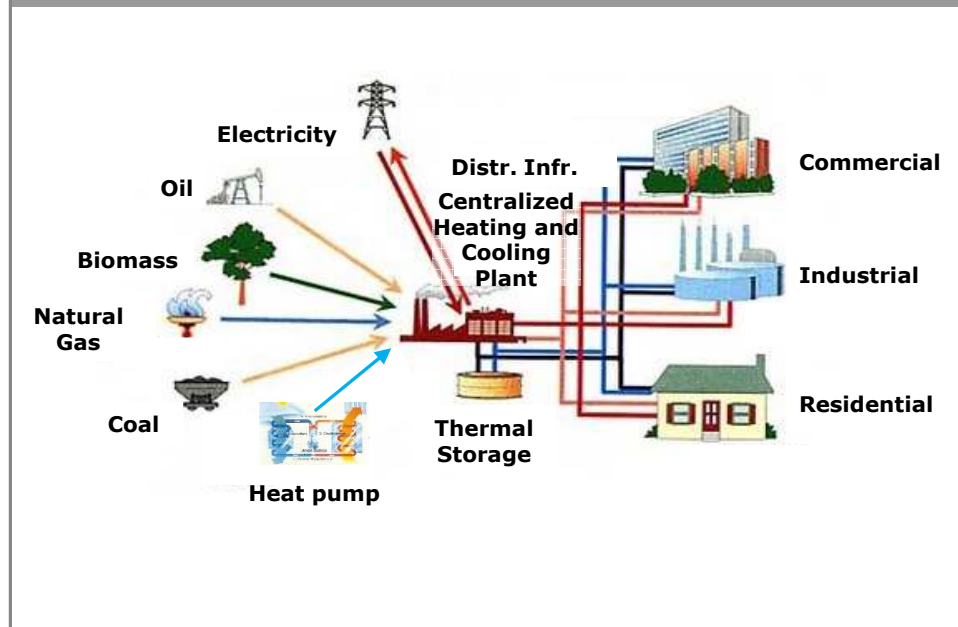
ITALY

- **Thermal installed capacity: 1,324 MWt**
 - cogeneration and thermal plants: 1,019 MW
 - third-parties thermal plants: 305 MW
- District heating network: ~871 Km

FRANCE

- **Thermal installed capacity: 654 MWt**
 - cogeneration and thermal plants: 531 MW
 - third-parties thermal plants: 123 MW
- District heating network: ~143 Km

BUSINESS MODEL

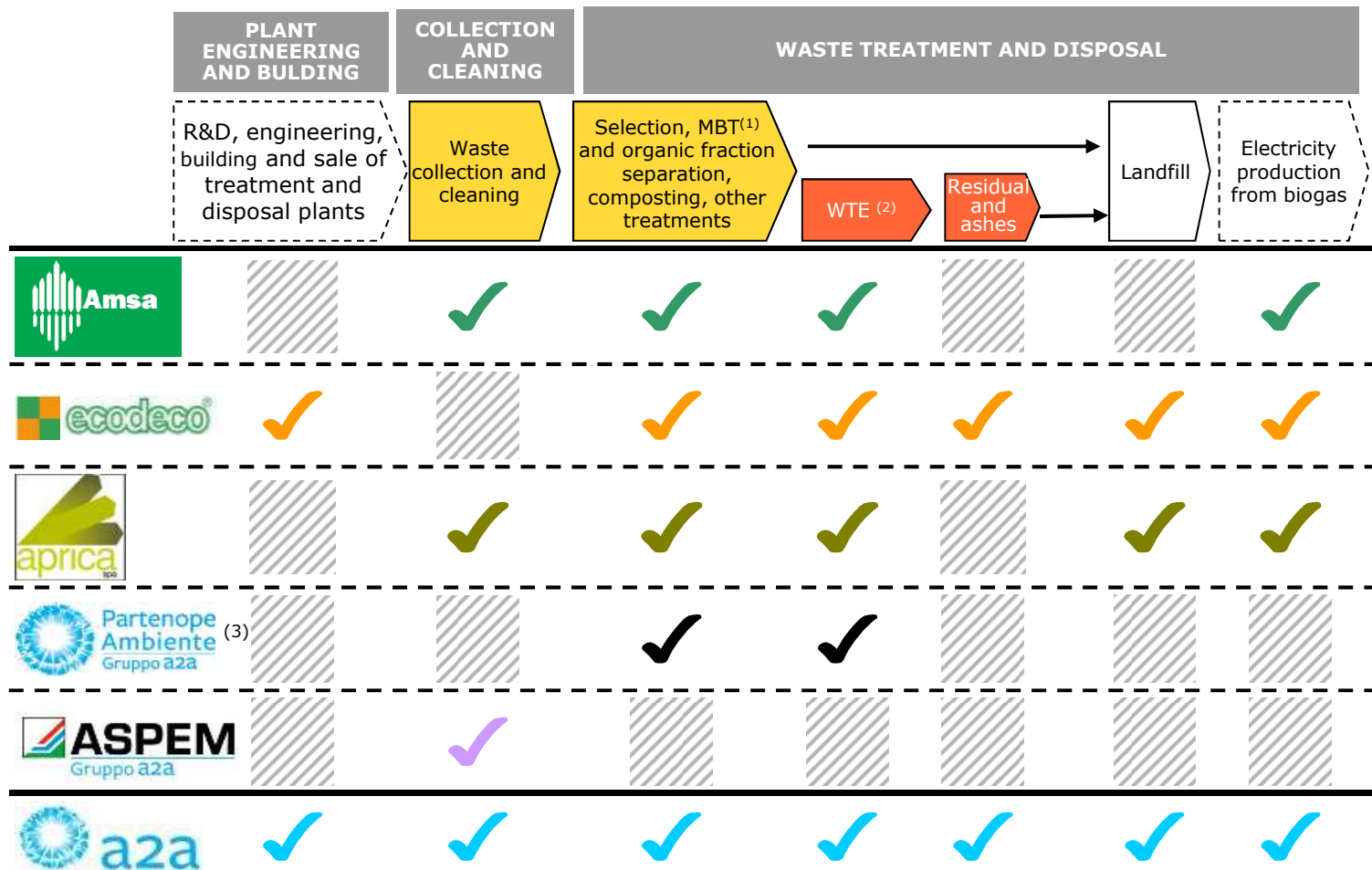


CORIANCE: TERRITORIAL PRESENCE



A2A Waste – Assets base

- **Waste to energy plants: 5 (property plants)**
 - electricity capacity: 169 MW
 - thermal capacity: 230 MWt
- **Acerra waste to energy plant (management only):**
 - electricity capacity: 107.5 MW
 - treatment capacity: 600 Kton/y
- **Mechanical biological treatment plants: 6**
- **Landfills in operation: 8, of which 5 with biogas plants (plus 3 in other sites)**
- **Other waste treatment facilities: 12, of which 1 management only**



(1) MBT: Mechanical Biological Treatment, (2) Waste to Energy, (3) Partenope Ambiente is in charge for plants management only

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Green Activities

A2A business model includes a significant mix of green activities, which represent a growing reality. A2A green activities are focused on electricity production from renewable sources and energy saving through the development of cogeneration and network efficiency. The purpose is to further optimize A2A asset portfolio through green operations with high industrial content. Below a summary table with supporting rationale.

GREEN ACTIVITIES IN THE A2A BUSINESS MODEL		
Main Green Activities	A2A presence	Notes
Electricity Generation		
• Hydro	✓	High industrial content: programmable source and market-based valorisation
• Urban Waste and Biomass	✓	High industrial content: programmable sources and partly based on incentives
• Wind		Low industrial content: non-programmable sources and heavily based on incentives and fiscal grants
• Photovoltaic		
Energy Efficiency		
• District Heating	✓	High industrial content
• Electricity and Gas Distribution	✓	
Environmental Markets		
• Environmental Certificates	✓	Activity based on industrial operations and with high added-value, which also entails trading activity

A2A AND THE ENVIRONMENTAL MARKETS				
	Emissions Trading ^(*)	Green Certificates	White Certificates	Green Pricing
	GHG Emissions	Renewables	Efficiency	Voluntary
Power production from traditional sources	●	●		
Power Trading in Europe/cross border trading	●	●		
Power production from renewable sources	●	●		●
Electricity and Gas distribution			●	
ESCO/Services/Heat sale			●	
Waste-to-Energy	●	●		
District Heating/Cogeneration	●	●	●	
Sales to end-users	●			●

A2A - Ethical indices
- FTSE4GOOD Global and Europe
- FTSE ECPI Benchmark
- Axia Csr and Ethical
- ECPI Ethical Index Global, Euro and EMU
- Solactive Climate Change
A2A is among the <u>leading companies</u> of the <u>Carbon Disclosure Project 2010</u> (based on 2009 data)

(*) EUA (European Allowance Unit), CER (Certified Emission Reduction) and ERU (Emission Reduction Unit) traded also on international markets

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Strategic priorities

1

FOCUS ON
HIGH-GROWTH
BUSINESSES

- Focus on high-return investments in short-supply business areas (waste and district heating)
- New developments in renewables in Montenegro
- Redefinition of low-return investments vs. previous BP (i.e. "freeze" of thermal production CAPEX)

2

COST OPTIMIZATION

- CAPEX efficiency plan
- Fixed costs reduction (both external and labour costs)
- Group streamlining to facilitate synergies extraction (subsidiaries: from 52 in 2008 to 38 in 2010)

3

CAPITAL EMPLOYED
RATIONALIZATION

- Divestment of not strategic assets
- Edison stake redefinition

Corporate Governance

SHAREHOLDERS MEETING

MAIN ROLES

- appoints and revokes the Supervisory Board members
- approves the remuneration of the Supervisory Board members
- deliberates on the responsibilities of the Supervisory Board members
- deliberates on the earnings distribution
- appoints the External Auditors

AGM is called at least once a year to approve dividends

SUPERVISORY BOARD

CHAIRMAN

Mr. Graziano Tarantini

DURATION

- 3 years
- current Board was appointed on June 3, 2009

MEMBERS

- 15 members:
 - 12 appointed by Milan and Brescia Municipalities (6 each)
 - 3 appointed by minority shareholders
- Milan and Brescia municipalities have alternating rights to appoint Chairman and Deputy Chairman as per shareholders agreement

MAIN STATUTORY ROLES

- appoints the Management Board
- sets the remuneration of the Management Board members
- approves the Annual Financial Statements
- authorizes decisions of the Management Board concerning:
 - strategic guidelines of the Group
 - main extraordinary transactions

Renato Ravanelli,

*Managing Director - Markets and Corporate
Executive Member of the Management Board*

Responsible for:

- MARKETS:
 - Asset and energy portfolio management
 - Trading, Marketing and Sales
- CORPORATE:
 - Planning, Control and Finance
 - Mergers & Acquisitions
 - Administration
 - Human Resources
 - Legal Affairs
 - Information & Communications Technology
 - Purchase & Logistics
 - Investor Relations

Paolo Rossetti,

*Managing Director - Technical Operations
Executive Member of the Management Board*

Responsible for:

- TECHNICAL AND OPERATIONAL AREAS:
 - Power, Cogeneration and WTE plants
 - Networks Distribution
 - Environmental Services
 - Health, Safety & Environment

MANAGEMENT BOARD

CHAIRMAN

Mr. Giuliano Zuccoli

MANAGING DIRECTORS

- Managing Director - Markets and Corporate: Mr. Renato Ravanelli
- Managing Director - Technical Operations: Mr. Paolo Rossetti

DURATION

- 3 years
- current Board was appointed on June 22, 2009

MEMBERS

- 8 members:
 - appointed by the Supervisory Board, on basis of slate voting system
- Milan and Brescia municipalities have alternating rights to appoint Chairman and Deputy Chairman as per shareholders agreement

MAIN STATUTORY ROLES

- manages the Group
- appoints the Managing Directors, who could also be appointed Board Members
- appoints and revokes the Manager in charge of drafting the company accounting documents

A2A in Europe

TRADING ACTIVITIES

POWER

Italy

- IPEX Day-Ahead (2004)
- IPEX Intraday Market (2009)
- Ancillary Services (2004)
- Idex (Italian Derivatives Energy Exchange) (2009)
- Forward Electricity Market (MTE) (2009)
- OTC trading

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

GAS

Italy

- OTC trading (PSV)
- P-Gas platform

France

- Powernext Spot (2010)
- Powernext future (2010)
- OTC trading (PEG Nord and PEG Sud)

Netherlands

- Endex trading (expected 2010)
- OTC trading (expected 2010)

Germany

- NCG trading (expected 2010)

Austria

- OTC trading (CEGH - Baumgarten)
- Import

Switzerland

- Import

