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Press release

EDISON: EBITDA AT 652 MILLION EUROS, UP COMPARED WITH THE FIRST NINE MONTHS OF 2013, NET OF THE NONRECURRING EFFECTS OF GAS RENEGOTIATIONS. NET PROFIT HOLDS STEADY, DEBT DECREASES TO 2,145 MILLION EUROS.

Milan, November 13, 2014 – Edison's Board of Directors reviewed yesterday the Quarterly Report at September 30, 2014, which shows improved results compared with those in the same period last year, excluding the nonrecurring impact of the renegotiations of gas contracts.

Abundant water resources, the optimization of the facility portfolio and the significant contribution of the hydrocarbon exploration and production activities boosted the results for the first nine months of the year, which show an improvement compared with those in the same period in 2013, net of the nonrecurring effect of the price review conclusions signed last year for the gas purchased from Algeria and Qatar and this year for gas from Russia, which included a one-off component attributable to previous years. In a context of strong competitive pressure on gas supply and sales activities, Edison is about to complete a second cycle of price reviews for its long-term gas procurement contracts, with the aim of reestablishing a reasonable level of profitability for its portfolio of multi-year contracts.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	**9 months 2014**	**9 months 2013**[1]	**Δ %**
Sales revenues	**8,794**	**8,994**	*(2.2)*
EBITDA	**652**[2]	**816**	*(20.1)*
EBIT	**402**	**399**	*0.8*
Profit (Loss) before taxes	**299**	**306**	*(2.3)*
Group interest in net profit (loss)	**177**	**174**	*1.7*

[1] Further to the adoption of the IFRS 11 accounting principle, joint ventures, previously consolidated by the proportional method, were valued by the equity method. The data for 2013 were restated accordingly, in order to provide a comparison between homogeneous data.

[2] Net of the nonrecurring impact of the renegotiation of gas contracts for the component attributable to previous years, the increase compared with the same period in 2013 amounts to more than 100 million euros.

Operating Performance of the Group at September 30, 2014

In the first nine months of the year, **Italian demand for electric power decreased to 231.8 TWh, or 3% less than in the same period in 2013,** with the reduction in thermoelectric production accounting for the entire shortfall, due to the structural growth of renewable-source capacity, a significant availability of water resources during the period and an increase in net imports.

Consumption of natural gas was also down sharply in Italy in the reporting period, falling to 43.6 billion cubic meters for a contraction of 11.9% compared with the first nine months in 2013. Unusually mild winter weather at the beginning of the year, which curtailed consumption by residential customers, and a reduction in demand for electric power together with a significant availability of water resources, which lowered consumption by thermoelectric users, account for this decrease.

In this scenario, Edison ended the first nine months of the year with **sales revenues of 8,794 million euros** (-2.2% compared with 8,994 million euros in the same period in 2013). A **positive performance by the electric power operations** (+11.7% to 5,900 million euros), which benefited from an increase in sales volumes, offset in part the impact of a **reduction by the hydrocarbons operations** (-21.7% to 3,405 million euros) caused by a decline in average sales prices and lower sales volumes.

EBITDA totaled 652 million euros compared with 816 million euros reported in the first nine months of 2013. Both amounts reflect the one-off impact, attributable to previous years, of the agreements reached for the long-term contracts to import gas from Algeria and Qatar (concluded last year) and Russia (concluded this year). Net of this effect, **the increase in EBITDA amounts to more than 100 million euros compared with the same period in 2013.**

More in detail, the **Adjusted EBITDA[3] of the electric power operations held steady at 510 million euros** (512 million euros in the first nine months of 2013), thanks to programs to optimize the portfolio of power generating facilities and the plentiful water resource available during the period. The **Adjusted EBITDA[3] of the hydrocarbons operations decreased to 233 million euros,** down from 373 million euros in the same period in 2013. EBITDA of both years include the one-off impact, attributable to previous years, of the agreements for the long-term contracts for the supply of gas from Algeria and Qatar signed in 2013, and from Russia signed in 2014. Net of this effect, the **hydrocarbons operations** benefited from E&P's important contribution and a limited upturn in the performance of gas supply and sales activities, which, however, continued to be characterized by strong pressure on sales margins. To address this situation, Edison is currently in the process of completing a second cycle of renegotiations for the contracts to import gas. The Company is currently negotiating with Eni for gas from Libya, having already successfully completed the revisions of the contracts for gas from Algeria, Qatar and Russia.

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[3] Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas attributable to the Electric Power Operations. This reclassification is being made to provide a consistent operational presentation of industrial results. Adjusted EBITDA does not include central staff and technical services.

EBIT increased by 0.8% to 402 million euros thanks to lower writedowns and a net positive change in the fair value of commodity hedges (+120 million euros).

The **profit before taxes amounted 299 million euros** (306 million euros in the same period in 2013) due in part to transaction-related foreign exchange losses.

Edison ended the first nine months of 2014 with a **net profit of 177 million euros** benefiting also from the realignment of the book and tax value of some assets.

Net financial debt improved to 2,145 million euros at September 30, 2014 down from 2,451 million euros at the end of 2013. The cash flow from operations and a positive change in working capital—resulting from the reduction of receivables and from the recovery during the reporting period of a portion of advances paid in previous years under the long-term contract with Libya—more than offset the impact of operational outlays, including increased investments in the exploration and production area.

Guidance

The Company still aims to achieve a normalized EBITDA of 1 billion euros, the exact amount of which may vary depending on the timing of the price reviews of the long-term contracts for the natural gas supply. The Company is in the process of completing the second round of price reviews, involving the ongoing one with ENI for gas from Libya, which should be completed by early 2015. In 2014, without taking into account any potential impact of that price review and considering the performance in the first nine months of the year, EBITDA should be higher than 700 million euros.

Key Events in the First Nine Months of 2014

January 2014 – Edison, through its Edison International Spa subsidiary, was awarded three new hydrocarbon exploration licenses in Norway. All three license, held by Edison in consortia with other oil companies, allow a two-year period for 3D seismic mapping, at the end of which the partners will have to decide whether to proceed with drilling or relinquish the licenses, under the “drill or drop” provision.

February 12, 2014 – Edison, through its Edison International Spa subsidiary, was awarded two new hydrocarbon exploration licenses in Egypt. The first block, with Edison as operator at 50% in a joint venture with Petroceltic, is located in an offshore area bordering Israel’s territorial waters. The second block, with Edison at 25% and Petroceltic as operator at 75%, calls for the drilling of two onshore exploratory wells in the Nile Delta.

March 30, 2014 – The first phase of Edison Start, an award for the most innovative entrepreneurial ideas launched by Edison for its 130th anniversary, came to a conclusion with 841 projects entered into the contest. The contestants are competing for 300,000 euros in prize money and tutoring support to help concretely implement the three best projects in the fields of energy (innovative solutions and technologies to conserve energy and consume better and less), social development (projects and initiatives that are economically sustainable and have a social impact in terms of inclusion, involvement and cooperation) and smart communities (projects to improve the quality of home life and the host community).

April 2014 – Edison acquires a 30% interest in the “RaK” onshore exploratory permit in the Arab emirate of Ras Al Khaimah, one of the areas with the richest hydrocarbon deposits in the world, from DNO Al Khalej, a Norwegian company that holds the remaining 70%. The work program calls for the acquisition of a 3D seismic profile to determine the area's potential and, if confirmed, a subsequent phase involving the drilling of at least one exploratory well.

July 4, 2014 – Edison announces the start of production from the Izabela field in Croatia, in which it holds a 70% participating interest through a joint venture with the Croatian oil company INA. The field, which is located in the Northern Adriatic Sea, 50 km off the Pula coast, has 1.4 billion cubic meter of estimated gas reserves and, at full capacity, will produce 280 million cubic meter of gas per year. Thanks to the facilities that already link the two countries across the Adriatic Sea, Edison is importing a portion of the gas, equal to 50% of production, directly into Italy for distribution on the national market.

July 31, 2014 – Edison, F2i and EDF Energies Nouvelles executed an agreement that will lead to the founding of Italy's third largest operator in the renewable energy sector and will control about 600 MW of capacity (mainly wind power) following the combination of the facilities operated by Edison Energie Speciali (EDENS) and of some of the facilities that EDF EN Italia operates. Under an innovative business model, Edison will take delivery at a fixed price of all of the energy produced by the new renewable energy hub, optimizing it with its production portfolio, while a management company established by Edison and EDF Energies Nouvelles will handle O&M activities for the facilities, guaranteeing technical performance and plant availability. In accordance with the international accounting principles in effect as of January 1, 2014 and the agreed upon governance, Edison will consolidate the new renewable energy hub on a line-by-line basis, with a positive impact on the Group's net financial position and leverage ratio.

August 29, 2014 – The Arbitral Tribunal to which Edison and Promgas agreed to entrust the revision of the price for gas purchased from Russia under a long-term contract, notified its award to the parties. The overall positive impact for Edison is estimated at 80 million euros at the EBITDA level in 2014.

September 26, 2014 – Standard & Poor's raised Edison's long-term credit rating to A-, up from BBB+, with negative outlook. The rating agency confirmed the short-term rating at A-2. The long-term rating upgrade reflects the new assessment of Edison by S&P as a highly strategic company for the EDF Group. The negative outlook reflects the outlook for Italy's sovereign rating.

November, 5 2014 – F2i, Edison and EDF Energies Nouvelles finalize the transfer of shares. The new hub can count on around 600 MW of capacity, mainly wind power, and will contribute to the growth and consolidation of this sector's best operators, leveraging on the industrial and financial competencies of the partner companies.

Pertinent Documents

The Quarterly Report at September 30, 2014 of the Edison Group, as approved by the Board of Directors of Edison Spa, will be available to the public on 13 of November at the Company's head office. This document may be consulted on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.it) and through the authorized storage mechanism "1Info" (www.1info.it).

Procedure Governing Related-party Transactions

At the same meeting, the Board of Directors approved certain amendments to the Procedure, making it consistent with changes in the Company's organizational structure and aligning it in line with the evolution of best practices. The Procedure may be consulted on the websites of Borsa Italiana (www.borsaitaliana.it) and Edison Spa (www.edison.it) and through the authorized storage mechanism "1Info" (www.1info.it).

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*As required by Article 154-*bis*, Section 2, of the Uniform Finance Code (Legislative Decree No. 58/1998), Didier Calvez and Roberto Buccelli, in their capacity as "Dirigenti Preposti alla redazione dei documenti contabili societari" of Edison S.p.A., attest that the accounting information contained in this press release is consistent with the data in the Company's documents, books of accounts* and *other accounting records. The Quarterly Report at September 30, 2014 was not audited.*

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

The Group's income statement, showing the other components of the comprehensive income statement, balance sheet, cash flow statement and the statement of changes in consolidated shareholders' equity are annexed to this press release.

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

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

2013 full year (*)		**9 months 2014**	9 months 2013 (*)	**3rd quarter 2014**	3rd quarter 2013 (*)
12.150	Sales revenues	8.794	8.994	2.702	2.834
709	Other revenues and income	470	578	194	111
12.859	**Total net revenues**	**9.264**	**9.572**	**2.896**	**2.945**
(11.666)	Raw materials and services used (-)	(8.450)	(8.594)	(2.616)	(2.731)
(223)	Labor costs (-)	(162)	(162)	(51)	(53)
970	**EBITDA**	**652**	**816**	**229**	**161**
(9)	Net change in fair value of commodity derivatives	120	(9)	(37)	9
(636)	Depreciation, amortization and writedowns (-)	(370)	(408)	(123)	(122)
325	**EBIT**	**402**	**399**	**69**	**48**
(112)	Net financial income (expense)	(99)	(71)	(17)	(32)
8	Income from (Expense on) equity investments	11	5	4	4
(4)	Other income (expense), net	(15)	(27)	(6)	-
217	**Profit (Loss) before taxes**	**299**	**306**	**50**	**20**
(119)	Income taxes	(106)	(132)	19	9
98	**Profit (Loss) from continuing operations**	**193**	**174**	**69**	**29**
-	Profit (Loss) from discontinued operations	-	-		
98	**Profit (Loss)**	**193**	**174**	**69**	**29**
	Broken down as follows:				
2	Minority interest in profit (loss)	16	-	8	7
96	**Group interest in profit (loss)**	**177**	**174**	**61**	**22**
	Earnings (Loss) per share (in euros)				
0,0175	Basic earnings (loss) per common share	0,0329	0,0323		
0,0475	Basic earnings per savings share	0,0629	0,0623		
0,0175	Diluted earnings (loss) per common share	0,0329	0,0323		
0,0475	Diluted earnings per savings share	0,0629	0,0623		

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT
(in millions of euros)

2013 full year (*)		**9 months 2014**	9 months 2013 (*)	**3rd quarter 2014**	3rd quarter 2013 (*)
98	**Profit (Loss)**	**193**	**174**	**69**	**29**
	Other components of comprehensive income:				
16	**A) Change in the Cash Flow Hedge reserve**	**90**	**(10)**	**(34)**	**3**
31	- Gains (Losses) arising during the period	126	(14)	(51)	8
(15)	- Income taxes	(36)	4	17	(5)
(4)	**B) Change in reserve for available-for-sale investments**	**-**	**(4)**	**-**	**-**
(4)	- Gains (Losses) arising during the period not realized	-	(4)	-	-
-	- Income taxes	-	-	-	-
(12)	**C) Differences on the translation of assets in foreign currencies**	**29**	**(11)**	**21**	**(11)**
(17)	- Gains (Losses) arising during the period not realized	41	(15)	31	(15)
5	- Income taxes	(12)	4	(10)	4
-	**D) Pro rata interest in other components of comprehensive income of investee companies**	**-**	**-**	**-**	**-**
(1)	**E) Actuarial Gains (Losses) (**)**	**-**	**(2)**	**-**	**-**
(1)	- Actuarial Gains (Losses)	-	(2)	-	-
-	- Income taxes	-	-	-	-
(1)	**Total other components of comprehensive income net of taxes (A+B+C+D+E)**	**119**	**(27)**	**(13)**	**(8)**
97	**Total comprehensive profit (loss)**	**312**	**147**	**56**	**21**
	Broken down as follows:				
2	Minority interest in comprehensive profit (loss)	16	-	8	7
95	**Group interest in comprehensive profit (loss)**	**296**	**147**	**48**	**14**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) Items not reclassifiable in Income Statement.

CONSOLIDATED BALANCE SHEET
(in millions of euros)

01.01.2013 (*)		09.30.2014	12.31.2013 (*)
	ASSETS		
4.571	Property, plant and equipment	4.254	4.344
9	Investment property	6	6
3.231	Goodwill	3.231	3.231
948	Hydrocarbon concessions	803	860
103	Other intangible assets	118	114
150	Investments in associates	148	144
194	Available-for-sale investments	177	183
12	Other financial assets	39	106
136	Deferred-tax assets	294	236
108	Other assets	171	189
9.462	**Total non-current assets**	**9.241**	**9.413**
386	Inventories	624	486
3.293	Trade receivables	2.718	3.098
25	Current-tax assets	25	24
543	Other receivables	997	653
180	Current financial assets	156	77
735	Cash and cash equivalents	407	492
5.162	**Total current assets**	**4.927**	**4.830**
1	**Assets held for sale**	**-**	**-**
-	**Eliminations of assets from and to discontinued operations**	**-**	**-**
14.625	**Total assets**	**14.168**	**14.243**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.693	Reserves and retained earnings (loss carryforward)	1.787	1.750
(11)	Reserve for other components of comprehensive income	107	(12)
81	Group interest in profit (loss)	177	96
7.055	**Total shareholders' equity attributable to Parent Company shareholders**	**7.363**	**7.126**
119	Shareholders' equity attributable to minority shareholders	123	113
7.174	**Total shareholders' equity**	**7.486**	**7.239**
35	Provision for employee severance indemnities and provisions for pensions	35	35
53	Provision for deferred taxes	82	64
853	Provisions for risks and charges	922	901
1.796	Bonds	598	1.098
151	Long-term financial debt and other financial liabilities	1.014	972
29	Other liabilities	6	5
2.917	**Total non-current liabilities**	**2.657**	**3.075**
104	Bonds	569	772
1.379	Short-term financial debt	527	268
2.354	Trade payables	2.133	2.177
10	Current taxes payable	29	42
687	Other liabilities	767	670
4.534	**Total current liabilities**	**4.025**	**3.929**
-	**Liabilities held for sale**	**-**	**-**
-	**Eliminations of liabilities from and to discontinued operations**	**-**	**-**
14.625	**Total liabilities and shareholders' equity**	**14.168**	**14.243**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

CASH FLOW STATEMENT

2013 full year (*)	(in millions of euros)	9 months 2014	9 months 2013 (*)
217	**Profit (Loss) before taxes**	**299**	**306**
636	Depreciation, amortization and writedowns	370	408
(44)	Net additions to provisions for risks	(5)	(44)
(5)	Interest in the result of companies valued by the equity method (-)	(7)	(3)
5	Dividends received from companies valued by the equity method	3	3
(21)	(Gains) Losses on the sale of non-current assets	(6)	-
(2)	Change in the provision for employee severance indemnities and provisions for pensions	-	(2)
(2)	Change in fair value recorded in EBIT	(114)	(4)
(82)	Change in operating working capital	198	157
(119)	Change in other operating assets and liabilities	47	(388)
113	Financial (income) expense	96	80
(95)	Net financial expense paid	(99)	(86)
(220)	Income taxes paid	(188)	(136)
381	**A. Cash flow from continuing operations**	**594**	**291**
(263)	Additions to intangibles and property, plant and equipment (-)	(244)	(156)
(4)	Additions to non-current financial assets (-)	-	(4)
(56)	Net price paid on business combinations (-)	-	-
8	Proceeds from the sale of intangibles and property, plant and equipment	32	5
-	Proceeds from the sale of non-current financial assets	-	-
7	Repayment of capital contribution by non-current financial assets	5	5
24	Change in other current financial assets	(4)	14
(284)	**B. Cash used in investing activities from continuing operations**	**(211)**	**(136)**
1.796	Receipt of new medium-term and long-term loans	350	1.547
(2.079)	Redemption of medium-term and long-term loans (-)	(713)	(1.719)
(37)	Change in short-term net financial debt	(39)	(63)
-	Distribution of shareholders' equity and reserves (-)	-	-
(20)	Dividends paid to controlling companies or minority shareholders (-)	(66)	(20)
(340)	**C. Cash used in financing activities from continuing operations**	**(468)**	**(255)**
-	**D. Net currency translation differences**	**-**	**-**
(243)	**E. Net cash flow for the period from continuing operations (A+B+C+D)**	**(85)**	**(100)**
-	**F. Net cash flow for the period from discontinued operations**	**-**	**-**
(243)	**G. Net cash flow for the period (continuing and discontinued operations) (E+F)**	**(85)**	**(100)**
735	**H. Cash and cash equivalents at the beginning of the year from continuing operations**	**492**	**735**
-	**I. Cash and cash equivalents at the beginning of the year from discontinued operations**	**-**	**-**
492	**L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)**	**407**	**635**
-	**M. Cash and cash equivalents at the end of the period from discontinued operations**	**-**	**-**
492	**N. Cash and cash equivalents at the end of the period from continuing operations (L-M)**	**407**	**635**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income					Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders (*)	Total shareholders' Equity (*)
			Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)				
Balance at January 1, 2013	**5.292**	**1.693**	**(16)**	**4**	**1**	**-**	**-**	**81**	**7.055**	**119**	**7.174**
Appropriation of the previous year's profit (loss)	-	81	-	-	-	-	-	(81)	**-**	-	**-**
Dividends and reserves distributed	-	(17)	-	-	-	-	-	-	**(17)**	(7)	**(24)**
Other changes	-	(5)	-	-	-	-	-	-	**(5)**	-	**(5)**
Total comprehensive profit (loss)	-	-	(10)	(4)	(11)	-	(2)	174	**147**	-	**147**
of which:											
- Change in comprehensive income for the period	-	-	(10)	(4)	(11)	-	(2)	-	**(27)**	-	**(27)**
- Profit (Loss) at 09.30.2013	-	-	-	-	-	-	-	174	**174**	-	**174**
Balance at September 30, 2013	**5.292**	**1.752**	**(26)**	**-**	**(10)**	**-**	**(2)**	**174**	**7.180**	**112**	**7.292**
Other changes	-	(2)	-	-	-	-	-	-	**(2)**	**(2)**	**(4)**
Total comprehensive profit (loss)	-	-	26	-	(1)	-	1	(78)	**(52)**	3	**(49)**
of which:											
- Change in comprehensive income for the period	-	-	26	-	(1)	-	1	-	**26**	-	**26**
- Profit (Loss) from 10.01.2013 to 12.31.2013	-	-	-	-	-	-	-	(78)	**(78)**	3	**(75)**
Balance at December 31, 2013	**5.292**	**1.750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7.126**	**113**	**7.239**
Appropriation of the previous year's profit (loss)	-	96	-	-	-	-	-	(96)	**-**	-	**-**
Dividends and reserves distributed	-	(63)	-	-	-	-	-	-	**(63)**	(7)	**(70)**
Other changes	-	4	-	-	-	-	-	-	**4**	1	**5**
Total comprehensive profit (loss)	-	-	90	-	29	-	-	177	**296**	16	**312**
of which:											
- Change in comprehensive income for the period	-	-	90	-	29	-	-	-	**119**	-	**119**
- Profit (Loss) at 09.30.2014	-	-	-	-	-	-	-	177	**177**	16	**193**
Balance at September 30, 2014	**5.292**	**1.787**	**90**	**-**	**18**	**-**	**(1)**	**177**	**7.363**	**123**	**7.486**

(*) The amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".