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Press Release

EDISON ENDS THE FIRST QUARTER WITH REVENUES OF 3.1 BILLION EUROS, EBITDA DOWN TO 51 MILLION EUROS AND NET FINANCIAL DEBT DOWN TO 1.6 BILLION EUROS. 2015 GUIDANCE CONFIRMED

Rome, May 8, 2015 – Edison's Board of Directors, meeting yesterday, reviewed the Quarterly Report at March 31, 2015 and updated the budget in light of the slide in the price of oil and an exhaustive spending review implemented by the Company to reduce operating costs, confirming the guidance for the full year.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	**3 months 2015**	**3 months 2014**
Sales revenues[1]	**3,147**	**3,478**
EBITDA	**51**	**216**
EBIT[1]	**(119)**	**218**
Group interest in net profit (loss)	**(153)**	**101**

Operating Performance of the Group at March 31, 2015

In the first quarter of 2015, demand for electric power held relatively steady compared with the same period last year, while consumption of natural gas staged a strong rebound going back to normal weather conditions, even though prices followed a downward trend.

1 The data for 2014 were restated due to immaterial reclassifictions.

More specifically, **Italian demand for electric power totaled 78.1 TWh (-0.1% compared with 78.2 TWh in the same period in 2014)**, with a sharp reduction in hydroelectric production, due to a lower availability of water resources during the period, compared with the first quarter of 2014, offset by a recovery in thermoelectric production (+4%) and an increase in the output from renewable-sources.

Consumption of natural gas increased by 10.6% to 23.7 billion cubic meters (21.4 billion cubic meters in the same period last year), thanks to a pickup in demand for gas from residential customers — due to lower temperatures compared with the unusually mild weather experienced in the first quarter of 2014 — and thermoelectric power plants, due to the significant reduction in hydroelectric production. On the procurement side, there was a significant increase in the volumes drawn from the stored gas inventory in the first three months of the year (+50% compared with the same period last year).

In this scenario, Edison ended the first quarter of the year with **sales revenues of 3,147 million euros,** down from 3,478 million euros in the same period in 2014, due to a reduction in average sales prices, driven by the scenario. The effect of this decline was particularly pronounced for the **electric power operations,** which reported a decrease in revenues to 1,703 million euros, while the **hydrocarbons operations** were able to offset the effect of lower sales prices with an increase in sales volumes, contributing 1,676 million euros to total revenues.

EBITDA decreased to 51 million euros, compared with 216 million euros in the first quarter of 2014, when the volume of available water resources reached an all-time high, boosting the margins of the electric power operations. More in detail, the **adjusted EBITDA[2] of the electric power operations fell to 109 million euros** (188 million euros in the first quarter of 2014) due to a contraction of sales margins, caused by a reduction in sales prices, and a lower availability of water resources compared with the exceptional levels recorded in the first quarter of last year. Renewable energy sources provided a positive contribution, thanks also to a broader scope of activity. The **adjusted EBITDA[2] of the hydrocarbons operations were negative by 37 million euros** (49 million euros first quarter of 2014), due mainly to the results of the gas sales activities, which continue to heavily suffer the non-alignment between the cost of gas purchased through long-term procurement contracts and the market prices. The second round of renegotiations – started at the end of 2012 – is still awaiting the conclusion of the arbitration with Eni for Libyan gas, which is now expected in the second half of the year versus a previous expectation for first half of 2015. The result of hydrocarbons operations registers also the slump in oil price with an impact on the E&P contribution.

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[2] 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 include central staff and technical services.

EBIT were negative by 119 million euros (+218 million euros in the first quarter of last year). This result reflects the impact of the reduction in margins mentioned above, an increase in depreciation and amortization related to exploration costs, mainly in Norway and the U.K., and the negative effect of the fair value measurement of commodity hedging positions, which was particularly positive in the first quarter of 2014 (-13 million euros compared with +134 million euros in the first quarter of 2014).

The **result before taxes was negative by 90 million euros** (+190 million euros in the first quarter of 2014)**,** due to the effects of the dynamics described above, partially offset by net financial income of 31 million euros (-32 million euros in the first quarter of 2014) mainly consisting of foreign exchange gains.

Edison ended the first quarter of 2015 with a **net loss of 153 million euros** (+101 million euros in the first three months of 2014). The loss also reflects the effects of the ruling of unconstitutionality of the Robin Hood Tax, which had a negative nonrecurring impact of 68 million euros, mitigated in part by the reduction in the tax rate resulting from the abovementioned ruling starting from 2015.

Net financial debt improved to 1,603 million euros at March 31, 2014 from 1,766 million euros at the end of 2014. In the context of improved investments, particularly in the E&P area, the decrease is mainly due to the favorable trend in working capital.
In March the company relied upon its available sources of funds to reimburse an expiring 500 million euro bond, issued in 2010.

<u>Outlook</u>
The latest projections confirm EBITDA expectations of at least 1 billion euros for 2015, taking into account the effects of the decline in oil prices and the benefit of programs implemented by the Company to reduce operating costs as well as the impact of the arbitration with Eni regarding the contract for the supply of gas from Libya expected now in the second half of the year versus a previous expectation for first half of 2015.

<u>Key Events in the First Quarter of 2015</u>

January 13 – Edison executed a put&call option to acquire from Apache Beryl I (a subsidiary of Apache Corporation) its interests in the Scott and Telford oil fields (10.5% and 15.7%, respectively) located in the P185 15/22 concession in the British North Sea.

Significant Events Occurring Since March 31, 2015

April 15 – The Ministry of the Environment and the Protection of the Territory and the Sea, in concert with the Ministry of Cultural Assets and Activities and Tourism, greenlighted Edison's project to optimize the recovery of hydrocarbons from the Rospo Mare offshore field by means of four new wells and an upgrade of the equipment currently installed on the Rospo Mare B platform. The Rospo Mare offshore field, which is in production since 1982 and includes three oil platforms (Rospo Mare A-B-C) and a storage vessel, is located in the Adriatic Sea opposite the coast of the Abruzzo and Molise regions, about 20 km east of the town of Vasto. The field is managed by Edison, as operator at 62%, in a joint venture with Eni at 38%.

April 16 – The Ministry of the Environment and the Protection of the Territory and the Sea, in concert with the Ministry of Cultural Assets and Activities and Tourism, greenlighted Edison's Vega B project to fully realize the value of the Vega oil field, which Edison manages since 1987 as operator at 60%, in a joint venture with Eni at 40%. This project, which in accordance with the concession's original development plan will include the construction of a satellite platform with four wells (VegaB) connected with the existing oil platform, will generate important benefits for the local community in term of investments, jobs and ancillary economic activity.

April 30 – Edison closed the transaction mentioned above acquiring from Apache Beryl I its interests in the Scott and Telford oil fields (10.5% and 15.7%, respectively), thereby increasing its reserves by 8.7 million barrels of oil equivalent (85% oil and 15% gas). Thanks to this transaction, Edison's total production in the United Kingdom will increase to about 6,500 barrels of oil equivalent a day, bringing Edison's total production to 53,000 barrels of oil equivalent a day.

Pertinent Documents

The Quarterly report at March 31, 2015 of the Edison Group, approved by the Board of Directors of Edison Spa, will be available by May 11 at the Company's head office, on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.it) and on the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com).

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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 March 31, 2015 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, the outcome of the arbitration proceedings for the gas procurement contracts, 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)

	1st quarter 2015	1st quarter 2014 (*)
Sales revenues	3.147	3.478
Other revenues and income	31	43
Total net revenues	**3.178**	**3.521**
Raw materials and services used (-)	(3.072)	(3.250)
Labor costs (-)	(55)	(55)
EBITDA	**51**	**216**
Net change in fair value of commodity derivatives	(13)	134
Depreciation, amortization and writedowns (-)	(150)	(130)
Other income (expense), net	(7)	(2)
EBIT	**(119)**	**218**
Net financial income (expense)	31	(32)
Income from (Expense on) equity investments	(2)	4
Profit (Loss) before taxes	**(90)**	**190**
Income taxes	(52)	(88)
Profit (Loss) from continuing operations	**(142)**	**102**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**(142)**	**102**
Broken down as follows:		
Minority interest in profit (loss)	11	1
Group interest in profit (loss)	**(153)**	**101**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0,0299)	0,0185
Basic earnings per savings share	0,0125	0,0485
Diluted earnings (loss) per common share	(0,0299)	0,0185
Diluted earnings per savings share	0,0125	0,0485

(*) The amounts have been restated as a result of the new exposure of derivatives and nonrecurring expense.

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

	1st quarter 2015	1st quarter 2014
Profit (Loss)	**(142)**	**102**
Other components of comprehensive income:		
A) Change in the Cash Flow Hedge reserve	**121**	**25**
- Gains (Losses) arising during the period	175	34
- Income taxes	(54)	(9)
B) Change in reserve for available-for-sale investments	**1**	**2**
- Gains (Losses) not realized	1	2
- Income taxes	-	-
C) Differences on the translation of assets in foreign currencies	**21**	**3**
- Gains (Losses) not realized	28	4
- Income taxes	(7)	(1)
D) Pro rata interest in other components of comprehensive income of investee companies	**-**	**-**
E) Actuarial gains (losses) (**)	**-**	**-**
- Actuarial gains (losses)	-	-
- Income taxes	-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)	**143**	**30**
Total comprehensive profit (loss)	**1**	**132**
Broken down as follows:		
Minority interest in comprehensive profit (loss)	11	1
Group interest in comprehensive profit (loss)	**(10)**	**131**

(**) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET
(in millions of euros)

03.31.2014 (*)		03.31.2015	12.31.2014
	ASSETS		
4.282	Property, plant and equipment	4.316	4.348
6	Investment property	6	6
3.231	Goodwill	3.070	3.070
840	Hydrocarbon concessions	723	739
117	Other intangible assets	122	118
146	Investments in associates	148	149
183	Available-for-sale investments	173	174
105	Other financial assets	96	47
221	Deferred-tax assets	386	501
186	Other assets	200	171
9.317	**Total non-current assets**	**9.240**	**9.323**
337	Inventories	279	479
3.025	Trade receivables	2.438	2.848
17	Current-tax assets	46	45
1.557	Other receivables	1.896	1.634
80	Current financial assets	125	132
716	Cash and cash equivalents	333	473
5.732	**Total current assets**	**5.117**	**5.611**
-	**Assets held for sale**	**-**	**-**
-	**Eliminations of assets from and to discontinued operations**	**-**	**-**
15.049	**Total assets**	**14.357**	**14.934**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.786	Reserves and retained earnings (loss carryforward)	1.772	1.746
18	Reserve for other components of comprehensive income	(308)	(451)
101	Group interest in profit (loss)	(153)	40
7.197	**Total shareholders' equity attributable to Parent Company shareholders**	**6.603**	**6.627**
108	Shareholders' equity attributable to minority shareholders	514	510
7.305	**Total shareholders' equity**	**7.117**	**7.137**
34	Provision for employee severance indemnities and provisions for pensions	37	37
59	Provision for deferred taxes	43	45
904	Provisions for risks and charges	919	923
598	Bonds	599	598
1.016	Long-term financial debt and other financial liabilities	984	990
5	Other liabilities	2	2
2.616	**Total non-current liabilities**	**2.584**	**2.595**
1.274	Bonds	43	553
226	Short-term financial debt	435	230
2.189	Trade payables	2.020	2.321
64	Current taxes payable	25	20
1.375	Other liabilities	2.133	2.078
5.128	**Total current liabilities**	**4.656**	**5.202**
-	**Liabilities held for sale**	**-**	**-**
-	**Eliminations of liabilities from and to discontinued operations**	**-**	**-**
15.049	**Total liabilities and shareholders' equity**	**14.357**	**14.934**

(*) The amounts hav e been restated as a result of the new exposure of fair v alue on physical contracs included in trading portfolios.

CASH FLOW STATEMENT

(in millions of euros)	1st quarter 2015	1st quarter 2014 (*)
Profit (Loss) before taxes	**(90)**	**190**
Depreciation, amortization and writedowns	150	130
Net additions to provisions for risks	(4)	(5)
Interest in the result of companies valued by the equity method (-)	3	(2)
Dividends received from companies valued by the equity method	1	-
(Gains) Losses on the sale of non-current assets	-	(6)
Change in the provision for employee severance indemnities and provisions for pensions	-	(1)
Change in fair value recorded in EBIT	7	(193)
Change in operating working capital	333	192
Change in non-operating working capital	(75)	(30)
Change in other operating assets and liabilities	(32)	18
Net financial (income) expense	(31)	32
Net financial expense paid	13	(29)
Net income taxes paid	(13)	(25)
A. Cash flow from continuing operations	**262**	**271**
Additions to intangibles and property, plant and equipment (-)	(98)	(73)
Additions to non-current financial assets (-)	(3)	-
Net price paid on business combinations	-	-
Proceeds from the sale of intangibles and property, plant and equipment	-	31
Proceeds from the sale of non-current financial assets	-	-
Repayment of capital contribution by non-current financial assets	2	2
Change in other current financial assets	7	(2)
B. Cash used in investing activities from continuing operations	**(92)**	**(42)**
Receipt of new medium-term and long-term loans	250	-
Redemption of medium-term and long-term loans (-)	(504)	(5)
Other net change in financial debt	(56)	1
Distribution of shareholders' equity and reserves (-)	-	-
Dividends paid to controlling companies or minority shareholders (-)	-	(1)
C. Cash used in financing activities from continuing operations	**(310)**	**(5)**
D. Net currency translation differences	**-**	**-**
E. Net cash flow for the period from continuing operations (A+B+C+D)	**(140)**	**224**
F. Net cash flow for the period from discontinued operations	**-**	**-**
G. Net cash flow for the period (continuing and discontinued operations) (E+F)	**(140)**	**224**
H. Cash and cash equivalents at the beginning of the year from continuing operations	**473**	**492**
I. Cash and cash equivalents at the beginning of the year from discontinued operations	**-**	**-**
L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)	**333**	**716**
M. Cash and cash equivalents at the end of the period from discontinued operations	**-**	**-**
N. Cash and cash equivalents at the end of the period from continuing operations (L-M)	**333**	**716**

(*) The amounts have been restated as a result of the new exposure.

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 com-ponents of comprehen-sive income of investee companies	Actuarial gains (losses)				
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	**-**	3	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**1**	**4**
Total comprehensive profit (loss)	-	-	25	2	3	-	-	101	**131**	1	**132**
of which:											
- Change in comprehensive income	-	-	25	2	3	-	-	-	**30**	-	**30**
- Profit (Loss) at 03.31.2014	-	-	-	-	-	-	-	101	**101**	1	**102**
Balance at March 31, 2014	**5.292**	**1.786**	**25**	**2**	**(8)**	**-**	**(1)**	**101**	**7.197**	**108**	**7.305**
Reserve for sale shares without loss of control	**-**	(35)	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**389**	**354**
Other changes	**-**	(5)	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(1)**	**(6)**
Total comprehensive profit (loss)	-	-	(483)	(2)	19	-	(3)	(61)	**(530)**	14	**(516)**
of which:											
- Change in comprehensive income	-	-	(483)	(2)	19	-	(3)	-	**(469)**	-	**(469)**
- Profit (Loss) from 04.01.2014 to 12.31.2014	-	-	-	-	-	-	-	(61)	**(61)**	14	**(47)**
Balance at December 31, 2014	**5.292**	**1.746**	**(458)**	**-**	**11**	**-**	**(4)**	**40**	**6.627**	**510**	**7.137**
Appropriation of the previous year's profit (loss)	-	40	-	-	-	-	-	(40)	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(6)	**(6)**
Other changes	-	(14)	-	-	-	-	-	-	**(14)**	(1)	**(15)**
Total comprehensive profit (loss)	-	-	121	1	21	-	-	(153)	**(10)**	11	**1**
of which:											
- Change in comprehensive income	-	-	121	1	21	-	-	-	**143**	-	**143**
- Profit (Loss) at 03.31.2015	-	-	-	-	-	-	-	(153)	**(153)**	11	**(142)**
Balance at March 31, 2015	**5.292**	**1.772**	**(337)**	**1**	**32**	**-**	**(4)**	**(153)**	**6.603**	**514**	**7.117**

(*) The balance at December 31, 2013 has been restated as a result of the adoption of IFRS 11 "Joint Arrangements".