



Press Release

S&P UPGRADES EDISON TO 'BBB+' FROM 'BBB' WITH STABLE OUTLOOK

Milan, December 10, 2013 –Standard & Poor's (S&P) has raised Edison's long-term corporate credit rating to 'BBB+' from 'BBB' with stable outlook. Edison's 'A-2' short-term issuer credit rating has been affirmed by S&P.

The rating upgrade follows S&P's revision of corporate ratings criteria and its group rating methodology published on November 29th 2013. The upgrade mainly reflects S&P's assessment of Edison as "strategically important" to its parent company EDF. S&P views Edison, EDF group's gas platform, as instrumental to EDF's long-term strategy to diversify its fuel mix.

The stable outlook reflects S&P's opinion that Edison's stand-alone credit profile will strengthen in the coming two years mainly on the recovery in profitability of its gas supply activity and on Edison's core credit metrics improvement.

Full Standard&Poor's press release is here below.

Italian Utility Edison Upgraded To 'BBB+' On Revised Group Rating Methodology; Outlook Stable

- Standard & Poor's Ratings Services published its revised corporate ratings criteria on Nov. 19, 2013.
- We view Italian utility Edison SpA as "strategically important" to its French parent Electricite de France S.A. (EDF), and we assess the group credit profile of EDF at 'a'.
- We are raising our long-term corporate credit rating on Edison SpA to 'BBB+' from 'BBB', and removing it from CreditWatch, where we placed it with positive implications on Nov. 26, 2013, in conjunction with our criteria redesign.

- The stable outlook on Edison SpA reflects our view that its stand-alone credit profile will strengthen in the next two years.

PARIS (Standard & Poor's) Dec. 10, 2013--Standard & Poor's Ratings Services today raised its long-term corporate credit rating on Italy-based utility Edison SpA to 'BBB+' from 'BBB' and removed it from CreditWatch, where it was placed with positive implications on Nov. 26, 2013. The outlook is stable.

At the same time, we affirmed our 'A-2' short-term issuer credit rating.

Our rating action follows the revision of our corporate ratings criteria and the related implementation of our group rating methodology. The upgrade primarily reflects our assessment of Edison as "strategically important" to its French parent Electricite de France S.A. (EDF). As such, we rate Edison three notches higher than its stand-alone credit profile (SACP), which we continue to assess at 'bb+'. The SACP reflects our assessment of Edison's "satisfactory" business risk profile and "significant" financial risk profile. We view EDF's unsupported group credit profile (GCP) to be 'a', in line with EDF's 'a' SACP. We refer to the unsupported GCP as we do not expect the government of France to extend extraordinary support to the members of the EDF group that are outside France.

The stable outlook on Edison chiefly reflects our view that it will remain strategically important for EDF and that its stand-alone credit profile will strengthen in the coming two years. We anticipate in particular that Edison will again successfully renegotiate its gas contracts with Gazprom and ENI (or will win arbitration), and, as a result, will recoup some past losses. We also expect the company's core credit metrics to keep on improving, offering growing headroom at the current rating level.

We could revise Edison's SACP to 'bbb-' and raise its rating to 'A-', possibly in the coming months, if we gain stronger visibility on the renegotiation (or ultimately arbitration) of gas contracts and on the subsequent improvement in Edison's credit metrics. We view an adjusted FFO-to-debt ratio sustainably above 30% as commensurate with an "intermediate" financial risk profile, and a 'bbb-' SACP.

Rating upside is, however, limited by our group rating methodology, under which Edison cannot be rated higher than the unsupported GCP of EDF minus one notch--i.e. currently no higher than 'a-'. This constraint could be lifted, should the depth and durability of Edison's link with EDF strengthen

further and trigger our reassessment of Edison's status within the group to "highly strategic."

We consider a downgrade over the next two years to be unlikely. We believe that Edison has some headroom for credit metrics to weaken without affecting its current SACP. Moreover, we think it very unlikely that EDF will reshuffle Edison's recently stabilized capital structure, at least in the medium term.

We would, however, consider lowering the ratings on Edison if the strength and durability of its link with EDF weakened and challenged our assessment of Edison's status within the group, or if Edison's SACP deteriorated materially. We view these scenarios as unlikely.

If we revised downward EDF's GCP to 'bbb+' or below (from 'a' currently), we would lower our rating on Edison. Although EDF's GCP is under pressure, we view a multiple-notch adjustment as unlikely.

RELATED CRITERIA AND RESEARCH

- [Corporate Methodology](#), Nov. 19, 2013
- [Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Nov. 19, 2013
- [Corporate Methodology: Ratios And Adjustments](#), Nov. 19, 2013
- [Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#), Nov. 19, 2013
- [Group Rating Methodology](#), Nov. 19, 2013
- [Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers](#), Nov. 13, 2012
- [Key Credit Factors: Global Criteria For Rating The Oil And Gas Exploration And Production Industry](#), Jan. 20, 2012

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

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