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Press Release

EDISON ENDED THE FIRST QUARTER WITH REVENUES AT 3 BILLION EUROS, STRONG GROWTH OF EBITDA TO 172 MILLION EUROS, NET LOSS OF 76 MILLION EUROS

Milan, May 10, 2016 – The Board of Directors of Edison, which met today, reviewed the Quarterly Report at March 31, 2016, which ended with a significant increase in EBITDA as a result of the positive conclusion of the second cycle for the renegotiation of the gas supply agreements. This second cycle of renegotiations, concluded at the end of 2015, has made it possible to bring margins of gas sale activities back to a reasonable level. The net result, negative by 76 million euro (-153 million euro in the same period of 2015), is affected by the volatility related to commodity and foreign exchange hedging positions.
Taking into account the performance of the first quarter of the year and the deterioration of the energy market, EBITDA 2016 should reach approximately 650 million euros, including the Fenice contribution for 9 months, equal to about 60 million euro.

EDISON GROUP HIGHLIGHTS

in millions of euros	**3 months 2016**	**3 months 2015**
Sales revenues	**3,026**	**3,147**
EBITDA	**172**	**51**
EBIT	**(34)**	**(119)**
Group profit (loss)	**(76)**	**(153)**

Group Operating Performance at March 31, 2016

The first quarter of 2016 was characterised by a new contraction in the demand of electric power and gas, after the tentative recovery of last year. The scenario remains challenging for energy operators who have to cope with weakness of consumptions and prices.

In particular, the **Italian demand for electric power amounted in the first quarter of the year to 77.6 TWh (-1.5% compared to 78.8 TWh of the same period of 2015)**. On the generation front, the contraction affected mainly the hydroelectric sector, which suffered from the low level of water resources in the period (-18% to 7.9 TWh), and it was substantially offset by the increase in thermoelectric generation (+2.5% at 46.2 TWh). The prices of electric power also declined, with the Single National Price (abbreviated as PUN in Italian) down to 39.6 euro per MWh in the first quarter (-24% from 51.9 euro per MWh in the first quarter of 2015).

Gas consumption was substantially stable over the quarter (-0.4% to 23.6 billion cubic metres); it was affected by the lower demand for gas for residential use because of the warm weather, offset by the recovery in gas demand for thermoelectric generation. On the price front, oil prices reached a 10-year low with an average value of 35.1 US dollars per barrel, versus 55.2 US dollars per barrel in the first quarter of 2015. Gas prices experienced a sharper drop, nearly halving to 15.3 cents per cubic metre on the main European hub.

In such a scenario, Edison ended the first quarter of the year with **sale revenues at 3,026 million euros**, versus 3,147 million euros in the same period of 2015. The result was affected by the contraction of **electric power operations**, which declined by 20.1% in the first quarter, to 1,361 million euro, because of the decrease in average sale prices. The performance of **hydrocarbons operations** was positive, with revenues up by 9.5% to 1,836 million euros relative to the first quarter of 2015, thanks to the increase in both the sales of oil (+11.7% in production in the quarter) and of gas (+21.6% in gas sales in Italy).

The **EBITDA registered a strong growth to 172 million euros** from 51 million euros in the first quarter of 2015, thanks to the contribution of hydrocarbons operations. In particular, the **Adjusted EBITDA[1] of hydrocarbons operations rose significantly to 147 million euros** (-37 million euros in the first quarter of last year) thanks to the recovery of margins in gas supply & sale activities, which benefited above all by the positive conclusion of the arbitration for Libyan gas. This factor, together with the increase in volumes sold, more than offset the decline in E&P margins, caused by the oil prices. The **Adjusted EBITDA[1] of electric power operations declined markedly to 43 million euros** (109 million euros in the first quarter of 2015). The result was affected by the contraction of margins, caused by the decline in sale prices, and by the lower hydroelectric generation as a consequence of the low rainfall in the period.

EBIT was negative by 34 million euros (-119 million in the first quarter of last year). The improvement is due to the effect of the positive operating performance combined with lower exploration and production costs, lower depreciation and amortisation deriving from the asset writedowns applied in the 2015 financial statements, and the net negative change in fair value relating to commodity and exchange rate hedging activities (-92 million euros, compared to -13 million euros in the first quarter of 2015).

The **result before tax was negative by 67 million euros** (-90 million euros in the first quarter of 2015) as a consequence of the trends described above and of the net foreign exchange losses recorded in the period, in spite of the improvement in the cost of debt.

Edison ended the first quarter of the year with a net loss of 76 million euros compared to a loss of 153 million euros in the same period of 2015 (which

[1] Adjusted EBITDA reflects the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion attributable to the Electric Power Operations of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. This reclassification is being made to allow a better operational presentation of the Group's industrial results. The adjusted EBITDA includes central staff and technical services.

included a negative nonrecurring impact of 68 million euro due to the effect of the unconstitutionality of the Robin Hood tax) thanks to the strong improvement in industrial activities. The result was negatively affected by the net change in fair value on derivatives and the foreign exchange losses.

Net financial debt as at March 31, 2016 was stable at 1,141 million euros, from 1,147 million recorded at the end of 2015.

Outlook

Taking into account the performance of the first quarter of the year and the deterioration of the energy market, EBITDA 2016 should reach approximately 650 million euros, including the Fenice contribution for 9 months, equal to about 60 million euro. It should be recalled that the 2016 EBITDA will not benefit from the extraordinary components recorded in 2015.

Key events during the first quarter of 2016

February 24 – Depa, Edison and Gazprom signed a Memorandum of Understanding to develop a pipeline project between Greece and Italy, in view of the opening of a new Southern route for the supply of Russian gas to Europe. The agreement attests the interest of the parties in a new route for transporting natural gas from Russia - through the Black Sea and third-party Countries - to Greece and from Greece to Italy. For this purpose, the parties intend to use, to the greatest possible extent, the work already carried out by Edison and Depa in relation to the ITGI Poseidon project.

March 22 – The Shareholders' Meeting of Edison approved the transfer to Edison, by its controlling shareholder, Transalpina di Energia, of 100% of its stake in Fenice, the EDF group company that provides energy and environmental services. The transaction, which was completed on 22 March with a capital increase by contribution in kind reserved to Transalpina di Energia Spa of a total of 247 million euros, took effect on April 1, 2016. With the transfer of Fenice, Edison aims to become a key player on the Italian energy services market in accordance with its key goals, strengthening and diversifying its range of products and services. Fenice ended 2015 with sales of approximately 400 million euros and EBITDA of 85 million euros. As a result of this transaction, the profit of the company will be consolidated into Edison's on a line by line basis starting from April 1.

Documentation

The Quarterly Report of the Edison Group at March 31, 2016, approved today by the Board of Directors of Edison Spa, will be available to the public on May 13 at the registered office, at the Websites of Borsa Italiana Spa (www.borsaitaliana.it) and of Edison Spa (http://www.edison.it/en/reports-and-related-documents) and at the authorised storage device "NIS-Storage" (www.emarketstorage.com).
Although the law has eliminated the requirement to publish the Quarterly Report delegating to Consob the right to introduce any additional reporting requirements, the company has chosen, in continuity with the past, to publish the 2016 first-quarter data on a voluntary basis. The company reserves the right to review its position once the framework has been defined.

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As required by Article 154-bis, Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Didier Calvez and Roberto Buccelli, in their capacity as "Dirigenti preposti alla redazione dei documenti contabili societari" of Edison Spa, declare that the accounting information contained in this press release is consistent with the data in documents, accounting records and other records. The Quarterly Report at March 31, 2016 is not subject to auditing.

This press release, and in particular the section entitled "Forecasts", contains forward-looking statements. These statements are based on the Group's current expectations and projections in relation to future events and, by their nature, they are subject to an intrinsic component of risk and uncertainty. Actual results may significantly differ from those contained in said statements as a result of a multiplicity of factors, including continuing volatility and the deterioration of capital and financial markets, changes in commodity prices, changes in macroeconomic conditions and in economic growth and other changes in business conditions, the outcome of the arbitrations for gas supply agreements, changes to laws and regulations and to the institutional context (both in Italy and abroad), and many other factors, most of which are outside the Group's control.

Attached are: the income statement, showing the other components of comprehensive income of the Group, the balance sheet, the cash flow statement and the changes in consolidated shareholders' equity.

Relevant information as per Consob Resolution No. 11971 of May 14, 1999, as amended.

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

	1st quarter 2016	1st quarter 2015
Sales revenues	3.026	3.147
Other revenues and income	20	31
Total net revenues	**3.046**	**3.178**
Raw materials and services used (-)	(2.820)	(3.072)
Labor costs (-)	(54)	(55)
EBITDA	**172**	**51**
Net change in fair value of commodity derivatives	(92)	(13)
Depreciation, amortization and writedowns (-)	(114)	(150)
Other income (expense), net	-	(7)
EBIT	**(34)**	**(119)**
Net financial income (expense)	(30)	31
Income from (Expense on) equity investments	(3)	(2)
Profit (Loss) before taxes	**(67)**	**(90)**
Income taxes	(4)	(52)
Profit (Loss) from continuing operations	**(71)**	**(142)**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**(71)**	**(142)**
Broken down as follows:		
Minority interest in profit (loss)	5	11
Group interest in profit (loss)	**(76)**	**(153)**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0,0150)	(0,0299)
Basic earnings per savings share	0,0125	0,0125
Diluted earnings (loss) per common share	(0,0150)	(0,0299)
Diluted earnings per savings share	0,0125	0,0125

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

	1st quarter 2016	1st quarter 2015
Profit (Loss)	**(71)**	**(142)**
Other components of comprehensive income:		
A) Change in the Cash Flow Hedge reserve	**105**	**121**
- Gains (Losses) arising during the period	162	175
- Income taxes	(57)	(54)
B) Change in reserve for available-for-sale investments	**-**	**1**
- Gains (Losses) not realized	-	1
- Income taxes	-	-
C) Differences on the translation of assets in foreign currencies	**1**	**21**
- Gains (Losses) not realized	(1)	28
- Income taxes	2	(7)
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)	**106**	**143**
Total comprehensive profit (loss)	**35**	**1**
Broken down as follows:		
Minority interest in comprehensive profit (loss)	5	11
Group interest in comprehensive profit (loss)	**30**	**(10)**

(*) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET
(in millions of euros)

	03.31.2016	12.31.2015
ASSETS		
Property, plant and equipment	3.657	3.678
Investment property	6	6
Goodwill	2.355	2.355
Hydrocarbon concessions	465	480
Other intangible assets	126	118
Investments in associates	70	67
Available-for-sale investments	164	167
Other financial assets	25	31
Deferred-tax assets	653	702
Other assets	319	280
Total non-current assets	**7.840**	**7.884**
Inventories	182	253
Trade receivables	2.262	2.367
Current-tax assets	12	20
Other receivables	1.771	1.654
Current financial assets	113	113
Cash and cash equivalents	262	279
Total current assets	**4.602**	**4.686**
Assets held for sale	**138**	**212**
Eliminations of assets from and to discontinued operations	**-**	**-**
Total assets	**12.580**	**12.782**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5.292	5.292
Reserves and retained earnings (loss carryforward)	816	1.790
Reserve for other components of comprehensive income	(557)	(663)
Group interest in profit (loss)	(76)	(980)
Total shareholders' equity attributable to Parent Company shareholders	**5.475**	**5.439**
Shareholders' equity attributable to minority shareholders	369	437
Total shareholders' equity	**5.844**	**5.876**
Provision for employee severance indemnities and provisions for pensions	31	31
Provision for deferred taxes	23	32
Provisions for risks and charges	1.123	1.123
Bonds	599	599
Long-term financial debt and other financial liabilities	633	640
Other liabilities	255	315
Total non-current liabilities	**2.664**	**2.740**
Bonds	32	28
Short-term financial debt	252	306
Trade payables	1.487	1.623
Current taxes payable	22	25
Other liabilities	2.279	2.177
Total current liabilities	**4.072**	**4.159**
Liabilities held for sale	**-**	**7**
Eliminations of liabilities from and to discontinued operations	**-**	**-**
Total liabilities and shareholders' equity	**12.580**	**12.782**

CASH FLOW STATEMENT

(in millions of euros)	1st quarter 2016	1st quarter 2015
Profit (Loss) before taxes	**(67)**	**(90)**
Depreciation, amortization and writedowns	114	150
Net additions to provisions for risks	(1)	(4)
Interest in the result of companies valued by the equity method (-)	2	3
Dividends received from companies valued by the equity method	-	1
(Gains) Losses on the sale of non-current assets	-	-
Change in the provision for employee severance indemnities and provisions for pensions	-	-
Change in fair value recorded in EBIT	86	7
Change in operating working capital	11	333
Change in non-operating working capital	(42)	(75)
Change in other operating assets and liabilities	(9)	(32)
Net financial (income) expense	30	(31)
Net financial income (expense) paid	22	13
Net income taxes paid	(8)	(13)
A. Cash flow from continuing operations	**138**	**262**
Additions to intangibles and property, plant and equipment (-)	(95)	(98)
Additions to non-current financial assets (-)	-	(3)
Net price paid on business combinations	-	-
Proceeds from the sale of intangibles and property, plant and equipment	-	-
Proceeds from the sale of non-current financial assets	-	-
Repayment of capital contribution by non-current financial assets	1	2
Change in other current financial assets	-	7
B. Cash used in investing activities from continuing operations	**(94)**	**(92)**
Receipt of new medium-term and long-term loans	1	250
Redemption of medium-term and long-term loans (-)	(5)	(504)
Other net change in financial debt	(53)	(56)
Distribution of shareholders' equity and reserves (-)	-	-
Dividends paid to controlling companies or minority shareholders (-)	(4)	-
C. Cash used in financing activities from continuing operations	**(61)**	**(310)**
D. Net currency translation differences	**-**	**-**
E. Net cash flow for the period from continuing operations (A+B+C+D)	**(17)**	**(140)**
F. Net cash flow for the period from discontinued operations	**-**	**-**
G. Net cash flow for the period (continuing and discontinued operations) (E+F)	**(17)**	**(140)**
H. Cash and cash equivalents at the beginning of the year from continuing operations	**279**	**473**
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)	**262**	**333**
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)	**262**	**333**

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, 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) from 01.01.2015 to 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**
Dividends and reserves distributed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(87)	**(87)**
Other changes	**-**	18	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**-**	**18**
Total comprehensive profit (loss)	-	-	(340)	(1)	(17)	-	3	(827)	**(1.182)**	10	**(1.172)**
of which:											
- Change in comprehensive income	-	-	(340)	(1)	(17)	-	3	-	**(355)**	-	**(355)**
- Profit (Loss) from 04.01.2015 to 12.31.2015	-	-	-	-	-	-	-	(827)	**(827)**	10	**(817)**
Balance at December 31, 2015	**5.292**	**1.790**	**(677)**	**-**	**15**	**-**	**(1)**	**(980)**	**5.439**	**437**	**5.876**
Appropriation of the previous year's profit (loss)	-	(980)	-	-	-	-	-	980	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(7)	**(7)**
Change in the scope of consolidation	-	-	-	-	-		-	-	**-**	(66)	**(66)**
Other changes	-	6	-	-	-	-	-	-	**6**	-	**6**
Total comprehensive profit (loss)	-	-	105	-	1	-	-	(76)	**30**	5	**35**
of which:											
- Change in comprehensive income	-	-	105	-	1	-	-	-	**106**	-	**106**
- Profit (Loss) from 01.01.2016 to 03.31.2016	-	-	-	-	-		-	(76)	**(76)**	5	**(71)**
Balance at March 31, 2016	**5.292**	**816**	**(572)**	**-**	**16**	**-**	**(1)**	**(76)**	**5.475**	**369**	**5.844**