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Press Release

EDISON: FIRST QUARTER REVENUES UP 6.4% TO 3.5 BILLION EUROS, EBITDA AT 216 MILLION EUROS

Milan, May 13, 2014 – Edison's Board of Directors met today to review the Quarterly Report at March 31, 2014, which shows growing results compared with the same period in 2013, even though demand for electric power and gas contracted further in Italy in response to an economic backdrop more uncertain than originally anticipated.

More specifically, abundant water resources and the optimization of the power plants portfolio management boosted the Group's results for the quarter, which also benefited from the performance registered by the hydrocarbons exploration and production activities and the price review agreements signed last year for the gas purchased from Algeria and Qatar. In a context of strong competitive pressure on the activities involved in natural gas, Edison is engaged in a second cycle of price reviews for the long-term contracts to import gas from Libya and Russia, 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	**3 months 2014**	**3 months 2013**[1]	**Δ %**
Sales revenues	**3,537**	**3,325**	*6.4*
EBITDA	**216**	**(6)**	*n.m.*
EBIT	**220**	**(144)**	*n.m.*
Profit (Loss) before taxes	**190**	**(146)**	*n.m.*
Group interest in net profit (loss)	**101**	**(142)**	*n.m.*

[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 make consistent the comparison.

<u>Operating Performance of the Group at March 31, 2014</u>

In the first three months of the year, **Italian electric power demand decreased to 78.1 TWh, -3.7% compared to the same period in 2013,** with a drop 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 the increase in the net balance of imports .

A substantial decrease also occurred for **natural gas consumption in Italy, which in the first quarter fell to 21.4 billion cubic meters, -18.3% compared to the same period last year.** Unusually mild weather, which curtailed consumption by residential customers, and a reduction in demand for electric power, which lowered consumption by thermoelectric users, accounted for this decrease. The industrial sector showed signs of a modest improvement compared with the first quarter of 2013, but demand remained well below the pre-crisis level of 2008.

In this context, Edison ended the first quarter of the year with **sales up 6.4% to 3,537 million euros thanks to a positive contribution by the electric power operations** (+27.8% to 2,245 million euros), which benefited from an increase in volumes sold. **The contribution of the hydrocarbons operations was lower than a year ago** (-19% to 1,495 million euros) reflecting the combined impact of lower volumes and a reduction in average sales prices.

First Quarter EBITDA jumped to 216 million euros, compared to a loss of 6 million euros in last year's first quarter. More specifically, the **adjusted EBITDA[2] of the hydrocarbons operations rose to 49 million euros, up from a loss of 132 million euros in the first quarter of 2013,** thanks mainly to the agreements for the long-term gas supply contracts from Algeria and Qatar, which were signed last year but continued to have a positive effect in the first quarter of 2014. This important positive development helped offset the negative results of the natural gas activities, which continued to be characterized by strong pressure on sales margins. Edison is addressing this issue through a second cycle of renegotiations for the contracts to import gas from Libya and Russia. The exploration and production activities continued to have a positive performance, providing the same contribution to EBITDA as in the first three months of 2013. A highly positive contribution was provided by the **electric power operations (adjusted EBITDA[2] up 26.2% to 188 million euros from 149 million euros in the first quarter of 2013)**, thanks to the optimization of the power plants portfolio management and an outstanding performance in the hydroelectric area, made possible by the plentiful water resource available during the period.

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[2] Adjusted EBITDA reflect the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas from the Hydrocarbons Operations to the Electric Power Operations for the portion of gains or losses attributable to them in order to provide an operational presentation of the Group's industrial results. Adjusted EBITDA doesn't include the cost of staff's and technicians' central services.

First Quarter EBIT improved to 220 million euros (-144 million euros in the first quarter of 2013) reflecting the gain in profitability mentioned above and a net positive effect in the fair value related to commodity hedges (+134 million euros). This effect will be partially absorbed during the year contextually with the commodity purchase.

First Quarter profit before taxes amounted 190 million euros, compared to a loss of 146 million euros in the same period in 2013.

Edison ended the first quarter of 2014 with a **net profit 101 million euros** (-142 million euros in the first three months of 2013) due to the performance dynamics commented above.

Net financial debt improved to 2,229 million euros at March 31, 2014, down from 2,451 million euros at the end of 2013, due mainly to higher operating cash flow and a positive change of working capital as a consequence of the recovery of part of the advances paid under the long-term contract with Libya, partly by an increase in capital expenditures, mainly in the E&P business.

Guidance

The Company reaffirms its ability to generate EBITDA of 1 billion euros on a regular basis, the exact amount of which may vary depending on the timing of the price reviews of the natural gas supply long-term contracts. The Company is currently engaged in the second phase of the price review processes, which it expects to complete in 2014/2015. In 2014, net of any effect of the abovementioned renegotiations, EBITDA are expected to amount to at least 600 million euros.

Key Events in the First Quarter 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 on shore exploratory wells in the area of 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 surrounding community).

Verification of representations made by Statutory auditors

The Board of Directors, on the basis of the representations made by the Statutory Auditors, has verified that they are independent.

Pertinent Documents

The quarterly Report at March 31, 2014 of the Edison Group, approved today by the Board of Directors of Edison Spa, will be available to the public by May 15 at the Company's head office and on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.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 March 31, 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 (*)		1st quarter 2014	1st quarter 2013 (*)
12.150	Sales revenues	3.537	3.325
709	Other revenues and income	126	85
12.859	**Total net revenues**	**3.663**	**3.410**
(11.666)	Raw materials and services used (-)	(3.392)	(3.362)
(223)	Labor costs (-)	(55)	(54)
970	**EBITDA**	**216**	**(6)**
(9)	Net change in fair value of commodity derivatives	134	(20)
(636)	Depreciation, amortization and writedowns (-)	(130)	(118)
325	**EBIT**	**220**	**(144)**
(112)	Net financial income (expense)	(32)	(4)
8	Income from (Expense on) equity investments	4	2
(4)	Other income (expense), net	(2)	-
217	**Profit (Loss) before taxes**	**190**	**(146)**
(119)	Income taxes	(88)	3
98	**Profit (Loss) from continuing operations**	**102**	**(143)**
-	Profit (Loss) from discontinued operations	-	-
98	**Profit (Loss)**	**102**	**(143)**
	Broken down as follows:		
2	Minority interest in profit (loss)	1	(1)
96	**Group interest in profit (loss)**	**101**	**(142)**
	Earnings (Loss) per share (in euros)		
0,0175	Basic earnings (loss) per common share	0,0185	(0,0276)
0,0475	Basic earnings per savings share	0,0485	0,0125
0,0175	Diluted earnings (loss) per common share	0,0185	(0,0276)
0,0475	Diluted earnings per savings share	0,0485	0,0125

(*) 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 (*)		1st quarter 2014	1st quarter 2013 (*)
98	**Profit (Loss)**	**102**	**(143)**
	Other components of comprehensive income:		
16	**A) Change in the Cash Flow Hedge reserve**	**25**	**78**
31	- Gains (Losses) arising during the period	34	130
(15)	- Income taxes	(9)	(52)
(4)	**B) Change in reserve for available-for-sale investments**	**2**	**(2)**
(4)	- Gains (Losses) arising during the period not realized	2	(2)
-	- Income taxes	-	-
(12)	**C) Differences on the translation of assets in foreign currencies**	**3**	**7**
(17)	- Gains (Losses) arising during the period not realized	4	7
5	- Income taxes	(1)	-
-	**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)**	**30**	**81**
97	**Total comprehensive profit (loss)**	**132**	**(62)**
	Broken down as follows:		
2	Minority interest in comprehensive profit (loss)	1	(1)
95	**Group interest in comprehensive profit (loss)**	**131**	**(61)**

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

CONSOLIDATED BALANCE SHEET
(in millions of euros)

01.01.2013 (*)		03.31.2014	12.31.2013 (*)
	ASSETS		
4.571	Property, plant and equipment	4.282	4.344
9	Investment property	6	6
3.231	Goodwill	3.231	3.231
948	Hydrocarbon concessions	840	860
103	Other intangible assets	117	114
150	Investments in associates	146	144
194	Available-for-sale investments	183	183
12	Other financial assets	105	106
136	Deferred-tax assets	221	236
108	Other assets	186	189
9.462	**Total non-current assets**	**9.317**	**9.413**
386	Inventories	337	486
3.293	Trade receivables	3.729	3.098
25	Current-tax assets	17	24
543	Other receivables	853	653
180	Current financial assets	80	77
735	Cash and cash equivalents	716	492
5.162	**Total current assets**	**5.732**	**4.830**
1	**Assets held for sale**	**-**	**-**
-	**Eliminations of assets from and to discontinued operations**	**-**	**-**
14.625	**Total assets**	**15.049**	**14.243**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.693	Reserves and retained earnings (loss carryforward)	1.786	1.750
(11)	Reserve for other components of comprehensive income	18	(12)
81	Group interest in profit (loss)	101	96
7.055	**Total shareholders' equity attributable to Parent Company shareholders**	**7.197**	**7.126**
119	Shareholders' equity attributable to minority shareholders	108	113
7.174	**Total shareholders' equity**	**7.305**	**7.239**
35	Provision for employee severance indemnities and provisions for pensions	34	35
53	Provision for deferred taxes	59	64
853	Provisions for risks and charges	904	901
1.796	Bonds	598	1.098
151	Long-term financial debt and other financial liabilities	1.016	972
29	Other liabilities	5	5
2.917	**Total non-current liabilities**	**2.616**	**3.075**
104	Bonds	1.274	772
1.379	Short-term financial debt	226	268
2.354	Trade payables	2.732	2.177
10	Current taxes payable	64	42
687	Other liabilities	832	670
4.534	**Total current liabilities**	**5.128**	**3.929**
-	**Liabilities held for sale**	**-**	**-**
-	**Eliminations of liabilities from and to discontinued operations**	**-**	**-**
14.625	**Total liabilities and shareholders' equity**	**15.049**	**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)	1st quarter 2014	1st quarter 2013 (*)
217		**Profit (Loss) before taxes**	**190**	**(146)**
636		Depreciation, amortization and writedowns	130	118
(44)		Net additions to provisions for risks	(5)	3
(5)		Interest in the result of companies valued by the equity method (-)	(2)	(1)
5		Dividends received from companies valued by the equity method	-	-
(21)		(Gains) Losses on the sale of non-current assets	(6)	-
(2)		Change in the provision for employee severance indemnities and provisions for pensions	(1)	(1)
(2)		Change in fair value recorded in EBIT	(193)	2
(82)		Change in operating working capital	73	256
(119)		Change in other operating assets and liabilities	105	(92)
113		Financial income (expense)	30	18
(95)		Net financial expense paid	(25)	(26)
(220)		Income taxes paid	(25)	(27)
381	**A.**	**Cash flow from continuing operations**	**271**	**104**
(263)		Additions to intangibles and property, plant and equipment (-)	(73)	(49)
(4)		Additions to non-current financial assets (-)	-	-
(56)		Net price paid on business combinations	-	-
8		Proceeds from the sale of intangibles and property, plant and equipment	31	-
-		Proceeds from the sale of non-current financial assets	-	-
7		Repayment of capital contribution by non-current financial assets	2	2
24		Change in other current financial assets	(2)	2
(284)	**B.**	**Cash used in investing activities from continuing operations**	**(42)**	**(45)**
1.796		Receipt of new medium-term and long-term loans	-	353
(2.079)		Redemption of medium-term and long-term loans (-)	(5)	(4)
(37)		Change in short-term net financial debt	1	(62)
-		Distribution of shareholders' equity and reserves (-)	-	-
(20)		Dividends paid to controlling companies or minority shareholders (-)	(1)	(2)
(340)	**C.**	**Cash used in financing activities from continuing operations**	**(5)**	**285**
-	**D.**	**Net currency translation differences**	**-**	**-**
(243)	**E.**	**Net cash flow for the period from continuing operations (A+B+C+D)**	**224**	**344**
-	**F.**	**Net cash flow for the period from discontinued operations**	**-**	**-**
(243)	**G.**	**Net cash flow for the period (continuing and discontinued operations) (E+F)**	**224**	**344**
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)**	**716**	**1.079**
-	**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)**	**716**	**1.079**

(*) 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 com-ponents of comprehen-sive 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)**	**1**	**(4)**
Total comprehensive profit (loss)	-	-	78	(2)	7	-	(2)	(142)	**(61)**	(1)	**(62)**
of which:											
- Change in comprehensive income for the period	-	-	78	(2)	7	-	(2)	-	**81**	-	**81**
- Profit (Loss) at 03.31.2013	-	-	-	-	-	-	-	(142)	**(142)**	(1)	**(143)**
Balance at March 31, 2013	**5.292**	**1.752**	**62**	**2**	**8**	**-**	**(2)**	**(142)**	**6.972**	**112**	**7.084**
Other changes	**-**	(2)	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**	**(4)**
Total comprehensive profit (loss)	-	-	(62)	(2)	(19)	-	1	238	**156**	3	**159**
of which:											
- Change in comprehensive income for the period	-	-	(62)	(2)	(19)	-	1	-	**(82)**	-	**(82)**
- Profit (Loss) from 04.01.2013 to 12.31.2013	-	-	-	-	-	-	-	238	**238**	3	**241**
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 for the period	-	-	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**

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