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Press Release

EDISON: S&P UPGRADES LONG TERM RATING TO A- FROM BBB+ WITH NEGATIVE OUTLOOK. SHORT TERM RATING CONFIRMED AT A-2

S&P's assessment of Edison's activities in the gas business as "highly strategic" for EDF.

Milan, September 26, 2014 – Standard&Poor's has raised the long term rating of Edison to A- from BBB+, with negative outlook. The rating agency has confirmed the short term rating at A-2.

The long term rating upgrade reflects S&P's new assessment of Edison's status as "highly strategic" for the EDF Group. The negative outlook reflects that on Italy's sovereign rating.

S&P acknowledges that the international development through Edison is one of EDF's strategic priorities for the business diversification of the Group. In particular, the rating agency highlights the role of Edison as gas platform for the whole EDF Group and the positive outcome of renegotiations of gas supply contracts. Thanks to the successful renegotiations and to Edison's integration into its parent's liquidity and funding management framework, S&P anticipates a progressive improvement of Edison's credit metrics.

Standard&Poor's press release is attached below.

Italian Gas Utility Edison Upgraded To 'A-' On Highly Strategic Status In EDF Group; Outlook Negative

- We have reassessed Italian utility Edison SpA as highly strategic to its French parent Electricite de France S.A. (EDF).
- As a result, we are raising our long-term rating on Edison SpA to 'A-' from 'BBB+' and affirming the 'A-2' short-term rating.
- The negative outlook on Edison reflects that on Italy, as well as the strong negative pressures on EDF's stand-alone creditworthiness.

PARIS (Standard & Poor's) Sept. 26, 2014--Standard & Poor's Ratings Services said today that it had raised its long-term corporate credit rating on Italy-based gas utility Edison SpA to 'A-' from 'BBB+' and affirmed the 'A-2' short-term corporate credit rating. The outlook is negative.

The rating actions reflect our reassessment of Edison's status in the EDF group to "highly strategic" from "strategic." As such, we rate Edison one notch lower than the unsupported group credit profile (GCP), which is at 'a', the same level as EDF's stand-alone credit profile (SACP). We refer to the unsupported GCP because we do not expect the French government to extend extraordinary support to members of the EDF group that are outside France.

Our reassessment of Edison as "highly strategic" reflects our view that, although Edison does not carry its parent's name, it acts as EDF's gas division, is fully integrated into the group, and depends on EDF strategically, managerially, and financially. Moreover, we anticipate a rapid reduction of Edison's external debt following the redemption of a €700 million bond in July 2014 and expected repayment of a €500 million bond due in March 2015.

Edison's group status also reflects our view that EDF is unlikely to sell Edison. After a long-delayed restructuring of EDF's co-ownership of Edison with an Italian consortium, EDF finally gained full control of Edison in 2012. Edison, as the EDF group's gas platform, is instrumental to EDF's long-term strategy to expand its footprint beyond its historical nuclear power base. Despite tough market and regulatory conditions, we believe that Italy is among the few strategic countries, including the U.K., for the group's international expansion. We believe EDF's management is committed to supporting Edison, which accounts for about 7% of the group's earnings. We also believe that Edison performs well during the renegotiation cycle of its gas contracts, despite adverse conditions in Italy's economy and energy market.

Our 'bb+' assessment of Edison's SACP continues to reflect the lower end of the 'bbb-/bb+' split anchor for a "satisfactory" business risk profile and a "significant" financial risk profile.

This is in light of Edison's below-average and relatively volatile profitability, average size, diversification in upstream operations, and limited vertical integration, as well as adverse market and regulatory conditions in Italy. These factors are partly offset by Edison's leading and solidly entrenched market positions in power and gas in Italy, efficient and modern power generation fleet, critical size and diversification in gas sourcing, and its integration into the powerful EDF group.

Also, regarding financial risk, we still expect that Edison will continue to reduce debt using discretionary cash flow. We anticipate improvements in Edison's credit metrics over the cycle of renegotiation/arbitration of gas contracts, which can bring significant cash-flow volatility. Our assessment also takes into account EDF's creditfriendly stance as Edison's shareholder and Edison's full integration into its parent's liquidity and funding management framework. However, we do not adjust Edison's reported debt for EDF's loans because they are not subordinated to Edison's other debt.

The negative outlook on Edison reflects that on Italy, as well as the strong pressure on EDF's SACP. Because we consider Edison a "highly strategic" subsidiary of EDF, the rating on EDF is the lower of the long-term foreign currency sovereign credit rating plus two notches and the GCP minus one notch.

Under our group rating methodology, because Edison is a "highly strategic" subsidiary, a downgrade of Italy or a downward reassessment of EDF's SACP would trigger a downgrade of Edison.

We would also consider lowering the ratings on Edison if the strength and durability of its link with EDF weakened, causing us to revise our assessment of Edison's status within the group. The relisting of Edison or an increase in the proportion of external debt could also trigger a review of Edison's group status.

Rating upside is limited by our group rating methodology, under which Edison cannot be rated higher than the unsupported GCP of EDF minus one notch--that is, no higher than 'a-' currently--unless its SACP equals or exceeds the GCP. Although we consider that Edison's SACP will likely improve in the coming years, the large gap between the SACP and the GCP makes the possibility of an upgrade highly remote.

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

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