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Press Release

EDISON: IN THE FIRST NINE MONTHS OF 2011 REVENUES GROW TO 8,591 MILLION EUROS (+13.1%), EBITDA AT 717 MILLION EUROS (-22.9%)

Margins on the gas and electric power market remain under pressure. The performance of industrial operations is positive, especially the hydrocarbons Exploration and Production activities (+20.6%)

The Group reports a net loss of 93 million euros including writedowns of about 70 million euros and the effect of the increase of the so called Robin Hood Tax for 23 million euros. Net financial position at 4.1 billion euros.

Milan, October 28, 2011 – Edison's Board of Directors met today to review the Interim Report on Operations at September 30, 2011.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	9 months 2011	9 months 2010	Δ %
Sales revenues	**8,591**	**7,593**	*13.1*
EBITDA	**717**	**930**	*(22.9)*
EBIT	**149**	**368**	*(59.5)*
Profit (Loss) before taxes	**4**	**309**	*(98.7)*
Group interest in net profit (loss)	**(93)**	**179**	*(152)*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS[a]

in millions of euros	9 months 2011	9 months 2010	Δ %
Electric Power Operations			
Sales revenues	**5,996**	**5,297**	*13.2*
Reported EBITDA	**526**	**653**	*(19.4)*
Adjusted EBITDA[b]	**618**	***722***	***(14.4)***
Hydrocarbons Operations			
Sales revenues	**3,756**	**3,689**	*1.8*
Reported EBITDA	**261**	**349**	*(25.2)*
Adjusted EBITDA[b]	**169**	***280***	***(39.6)***

[a] The chart is gross of corporate costs and intra-group elisions.
[b] Adjusted EBITDA reflect the reclassification of the results of Brent crude and foreign exchange hedges executed in connection with contracts to import natural gas. Consistent with the policies to manage business risks, the purpose of these hedges is to mitigate the risk of fluctuations in the cost of natural gas earmarked for the production and sale of electric power and for direct gas sales. The gains or losses generated by these transactions, which for the reasons explained above are recognized by the Hydrocarbons Operations, were reclassified under the Electric Power Operations for the portion of gains or losses attributable to this segment. This reclassification is being made to provide an operational presentation of the Group's industrial results, matching the results of fixed-price sales of electric power with those of the corresponding hedges, and taking into account the exceptionally material impact of fluctuations in commodity prices and foreign exchange parities during the reporting period.

Operating Performance of the Group at September 30, 2011

The first nine months of 2011 were characterized by a **slow upward trend of Italian electric power demand** (+1.7% compared with the same period in 2010), with figures still considerably lower than those achieved before the financial crisis of 2008, and by a **contraction of natural gas demand in Italy** (-4.2%). In the gas market the contraction of sales margins continues while in the electric power market there is a production overcapacity due to the commissioning of new power facilities. In particular, the increase of power production from coal plants and renewable sources further increased the pressure on margins in the peak hours.

In such a complex market scenario, Edison confirms the positive industrial performance of both businesses (Electric Power and Hydrocarbons) while pressure remains on margins due to the long-term gas supply contracts. In particular, Edison ended the first nine months of 2011 with **revenues up 13.1% to 8,591 million euros,** thanks mainly to a healthy performance by the Electric Power Operations (+13.2% compared with the first nine months of 2010) and to a steady contribution by the Hydrocarbons Operations (+1.8% compared with the same period last year). The increase of revenues reported by the **Electric Power Operations** was driven mainly by higher average sales prices, lifted by the benchmark scenario, and partly by higher volumes. The revenues of the **Hydrocarbons Operations** were up slightly compared with those reported at September 30, 2010, as higher prices helped offset the impact of lower volumes.

EBITDA totaled 717 million euro, down 22.9% compared with the 930 million euros earned in the first nine months of 2010 especially suffering from the competitive pressure and the reduction of the contribution of the CIP 6/92 segment, after the early termination of contracts for some power plants.

The decrease of **adjusted EBITDA of the Hydrocarbons Operations** (169 million euros, down from 280 million euros in the first nine months of 2010) is attributable primarily to gas supply and sales activities showing a contraction of unit margins earned notwithstanding the proceeds from the positive resolution of renegotiations of long-term gas import contracts from Russia and Norway. In the period, **Hydrocarbons Exploration & Production activities recorded a positive result**, up 20.6% compared with 9 months of 2010; the result is mainly due to the rising oil market scenario and the increase of production abroad, especially from Abu Qir fields in Egypt. The arbitration proceedings for the long-term gas supply contracts from Qatar, Libya and Algeria in order to recover profitability margins are ongoing.

The **adjusted EBITDA reported by the Electric Power Operations**, which fell to 618 million euro (down from 722 million euros in the first nine months of 2010). The result was affected by the missed positive effect of the CIP 6/92 segment for some power plants, after the early termination of contracts in December 2010, and the contraction of margins in the CIP 6/92 segment, , and the contraction of margins of sales of electric power to the deregulated market. The performance of ancillary services market and the contribution of the activities in Greece partially offset the above mentioned negative events.

EBIT totaled 149 million euros (368 million euros in the first nine months of 2010) due to the impact of the market scenario discussed above and writedowns of about 70 million euro related to depreciation of some thermoelectric power plants in Italy and some assets abroad (Greece and Croatia).

The **profit before taxes** was equal to 4 million euro (309 million euro in the first nine months of 2010). The figure includes net financial expenses of 134 million euros increased year on year (93 million in the first nine months of 2010) mainly due to net foreign exchange losses related to long-term contracts for the supply of natural gas.

Edison reported a **net loss** of 93 million euros (net profit 179 million euros in the first nine months of 2010) as a result of the events described above and of the Robin Hood tax for 23 million euros, as a consequence, on the one hand, of the temporary increase of the tax rate and, on the other hand, the extension of its application to other segments of the power and hydrocarbons sectors.

At September 30, 2011, **net financial debt** totaled 4,104 million euros, compared with 3,708 million euros at December 31, 2010. It is worth mentioning that variable-rate bonds with a face value of 500 million euros issued in 2004 were repaid on July 19, 2011.

In the first nine months of 2011, the Group's **capital expenditures totaled 406 million euros (426** million euros in the first nine months of 2010). The focus was on strengthening **E&P** activities in Egypt and Italy and increasing generating capacity from renewable sources in the hydroelectric, wind power and photovoltaic segments.

Outlook for 2011

The ongoing operating performance together with the renegotiation of the long-term supply contract with Promgas (Russian gas) and ENI (Norwegian gas) allow to confirm the guidance of EBITDA of 900 million euros for the current year. The impact of challenging conditions in the natural gas market on the Company's profitability will persist until the ongoing negotiations and arbitration proceedings for the long-term natural gas contracts will reach a positive conclusion. The Company's objective is to secure from these renegotiations both reasonable margins on its gas contracts and one-off compensation payments for past years.

Key Events of the First Nine Months of 2011

January 19, 2011 – Edison is awarded three new hydrocarbon exploration licenses in Norway.

February 11, 2011 – Edison successfully completes price renegotiations with ENI for the long-term contract to supply natural gas from Norway, obtaining significant cost savings compared with the price previously in effect.

April 15, 2011 – Edison is awarded two new hydrocarbon exploration licenses in the Norwegian Continental Shelf, which were put out for bids by the Norwegian Oil and Energy Ministry.

April 22, 2011 – Edison signs an agreement with ExxonMobil and Qatar Terminal to reduce its stake in Terminale GNL Adriatico. This transaction, valued at more than 78 million euros, enabled Edison to sell a 2.703% interest in Terminale GNL Adriatico. However, while Edison's equity stake in Terminale GNL Adriatico decreased to 7.297%, its share of the regasification capacity remains unchanged at 6.4 billion cubic meters of gas a year.

May 21, 2011 – Mapei Group inaugurates a photovoltaic facility built by Edison at the customer's factory in Latina. This photovoltaic system, which is installed on the roof of an industrial building at the plant, has an installed capacity of 970 kW. A similar system, built by Edison at a Mapei plant in Robbiano di Mediglia (Milan), was inaugurated on May 27, 2011.

June 13, 2011 – Edison signs an agreement for a facility of 700 million euros with a pool of banks.

June 17, 2011 – Moody’s rating agency reaffirms Edison’s Baa3 long-term credit rating and revises the outlook from stable to negative.

June 21, 2011 – Standard & Poor’s rating agency places Edison’s BBB long-term credit rating on “Credit Watch Developing.” According to the international rating agency, this wording indicates the possibility that Edison’s credit rating could be upgraded or downgraded over the near term.

June 23, 2011 – Edison signs an agreement selling to ILVA (Riva Group) the CET 2 and CET 3 thermoelectric power plants. These facilities, which are located inside ILVA’s industrial complex in Taranto and are fueled with natural gas and steel-mill gases, have a combined capacity of 1,065 MW.

July 21, 2011 – Edison and Promgas sign an agreement renegotiating the price of the long-term contract for the supply of natural gas from Russia. The agreement reached by the parties has a positive impact on Edison’s overall 2011 results estimated at 200 million euros.

September - Edison completed the fourth well of the new platform PII at Abu Qir fields (Egypt) with production starting by the end of December 2011

October 1, 2011 - Edison launches its new “Zero Surprises” offer for residential electric power and natural gas.

October 1, 2011 - IGI Poseidon, the 50/50 Joint Venture between Edison and Greece’s Depa, submit a technical and commercial proposal to transit gas from the Shah Deniz 2 field in Azerbaijan to Europe through ITGI corridor (Interconnector Turkey-Greece-Italy). IGI Poseidon is the company responsible for the development and construction of the new pipeline between Greece and Italy which will be part of the ITGI corridor.

October 3, 2011 – Elpedison, a joint venture of Edison and Hellenic Petroleum, inaugurates a new 420-MW combined-cycle power plant in Thisvi, Greece.

October 10, 2011 – Edison closes the sale to ILVA (Riva Group) of the entire share capital of Taranto Energia Srl, a company to which Edison conveyed the business operations comprised of the CET 2 and CET 3 thermoelectric power plants, located within ILVA’s industrial complex in Taranto. The amount received by Edison was about 164.4 million euros.

Conference Call

The results from operations in the first nine months of 2011 will be reviewed today at 15.30 (14.30 GMT) during a conference call. Journalists may follow the presentation by phone, in listen-only mode, by dialing +39 02 805 88 27. **The presentation will also be available on the Company website: www.edison.it.**

Pertinent Documents

The Quarterly report at September 30, 2011 of the Edison Group, approved today by the Board of Directors of Edison Spa will be available to the public **on November 4th 2011** at the Company's head office and on the websites of Borsa Italiana (www.borsaitaliana.it) and Edison (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), Massimiliano Masi, in his capacity as "Dirigente Preposto alla redazione dei documenti contabili societari" of Edison S.p.A., attests 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.

This press release and, specifically, the section entitled "Outlook for the Balance of 2011" contain 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 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)

2010 full year		**9 months 2011**	9 months 2010	**3rd quarter 2011**	3rd quarter 2010
10.446	Sales revenues	8.591	7.593	2.929	2.506
638	Other revenues and income	493	333	180	65
11.084	**Total net revenues**	**9.084**	**7.926**	**3.109**	**2.571**
(9.462)	Raw materials and services used (-)	(8.177)	(6.811)	(2.824)	(2.209)
(253)	Labor costs (-)	(190)	(185)	(59)	(58)
1.369	**EBITDA**	**717**	**930**	**226**	**304**
(1.096)	Depreciation, amortization and writedowns (-)	(568)	(562)	(183)	(200)
273	**EBIT**	**149**	**368**	**43**	**104**
(144)	Net financial income (expense)	(134)	(93)	(40)	(42)
(1)	Income from (Expense on) equity investments	(1)	-	(6)	1
44	Other income (expense), net	(10)	34	(4)	4
172	**Profit (Loss) before taxes**	**4**	**309**	**(7)**	**67**
(83)	Income taxes	(79)	(119)	(30)	(23)
89	**Profit (Loss) from continuing operations**	**(75)**	**190**	**(37)**	**44**
(40)	Profit (Loss) from discontinued operations	(14)	-	8	-
49	**Profit (Loss)**	**(89)**	**190**	**(29)**	**44**
	Broken down as follows:				
28	Minority interest in profit (loss)	4	11	2	7
21	**Group interest in profit (loss)**	**(93)**	**179**	**(31)**	**37**
	Earnings (Loss) per share (in euros)				
0,0034	Basic earnings (loss) per common share	(0,0188)	0,0333		
0,0334	Basic earnings per savings share	0,0375	0,0633		
0,0034	Diluted earnings (loss) per common share	(0,0188)	0,0333		
0,0334	Diluted earnings per savings share	0,0375	0,0633		

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

2010 full year		**9 months 2011**	9 months 2010	**3rd quarter 2011**	3rd quarter 2010
49	**Profit (Loss)**	**(89)**	**190**	**(29)**	**44**
	Other components of comprehensive income:				
58	**A) Change in the Cash Flow Hedge reserve**	**(2)**	**(28)**	**(10)**	**(37)**
93	- Gains (Losses) arising during the period	5	(45)	(7)	(60)
(35)	- Income taxes (-)	(7)	17	(3)	23
(2)	**B) Change in reserve for available-for-sale investments**	**4**	**(1)**	**3**	**1**
(2)	- Gains (Losses) arising during the period not realized	-	(1)	(1)	1
-	- Reclassification to profit or loss	4	-	4	-
-	- Income taxes (-)	-	-	-	-
3	**C) Differences on the translation of assets in foreign currencies**	**-**	**3**	**(2)**	**(1)**
-	**D) Pro rata interest in other components of comprehensive income of investee companies**	**-**	**-**	**-**	**-**
59	**Total other components of comprehensive income net of taxes (A+B+C+D)**	**2**	**(26)**	**(9)**	**(37)**
108	**Total comprehensive profit (loss)**	**(87)**	**164**	**(38)**	**7**
	Broken down as follows:				
28	Minority interest in comprehensive profit (loss)	4	11	2	7
80	**Group interest in comprehensive profit (loss)**	**(91)**	**153**	**(40)**	**-**

CONSOLIDATED BALANCE SHEET
(in millions of euros)

09.30.2010		09.30.2011	12.31.2010
	ASSETS		
7.407	Property, plant and equipment	6.928	7.002
11	Investment property	10	11
3.538	Goodwill	3.534	3.534
1.215	Hydrocarbon concessions	933	985
98	Other intangible assets	93	109
49	Investments in associates	49	48
297	Available-for-sale investments	201	293
88	Other financial assets	82	91
121	Deferred-tax assets	194	182
106	Other assets	201	112
12.930	**Total non-current assets**	**12.225**	**12.367**
316	Inventories	357	331
2.015	Trade receivables	2.711	2.375
29	Current-tax assets	23	35
506	Other receivables	866	655
67	Current financial assets	71	69
333	Cash and cash equivalents	261	472
3.266	**Total current assets**	**4.289**	**3.937**
	- Assets held for sale	**151**	**209**
16.196	**Total assets**	**16.665**	**16.513**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
2.539	Reserves and retained earnings (loss carryforward)	2.566	2.548
(7)	Reserve for other components of comprehensive income	80	78
179	Group interest in profit (loss)	(93)	21
8.003	**Total shareholders' equity attributable to Parent Company shareholders**	**7.845**	**7.939**
181	Shareholders' equity attributable to minority shareholders	170	198
8.184	**Total shareholders' equity**	**8.015**	**8.137**
64	Provision for employee severance indemnities and provisions for pensions	61	62
541	Provision for deferred taxes	480	504
818	Provisions for risks and charges	896	823
1.195	Bonds	1.793	1.791
1.510	Long-term financial debt and other financial liabilities	1.604	942
35	Other liabilities	32	34
4.163	**Total non-current liabilities**	**4.866**	**4.156**
1.273	Bonds	62	528
500	Short-term financial debt	1.053	1.073
1.602	Trade payables	2.060	2.153
34	Current taxes payable	54	82
440	Other liabilities	551	380
3.849	**Total current liabilities**	**3.780**	**4.216**
	- Liabilities held for sale	**4**	**4**
16.196	**Total liabilities and shareholders' equity**	**16.665**	**16.513**

CASH FLOW STATEMENT

2010 full year (*)		(in millions of euros)	**9 months 2011**	9 months 2010 (*)
61		Group interest in profit (loss) from continuing operations	(79)	179
(40)		Group interest in profit (loss) from discontinued operations	(14)	-
28		Minority interest in profit (loss) from continuing operations	4	11
49		**Profit (Loss)**	**(89)**	**190**
1.096		Amortization, depreciation and writedowns	568	562
(1)		Interest in the result of companies valued by the equity method (-)	-	(1)
1		Dividends received from companies valued by the equity method	1	1
6		(Gains) Losses on the sale of non-current assets	(9)	6
(2)		Change in the provision for employee severance indemnities and provisions for pensions	(1)	-
(16)		Change in fair value recorded in EBITDA	(29)	(32)
148		Change in operating working capital	(455)	(28)
(299)		Change in other operating assets and liabilities	(50)	(149)
982	**A.**	**Cash flow from continuing operations**	**(64)**	**549**
(557)		Additions to intangibles and property, plant and equipment (-)	(406)	(426)
(7)		Additions to non-current financial assets (-)	(3)	(7)
(42)		Price paid on business combinations (-)	-	(41)
8		Proceeds from the sale of intangibles and property, plant and equipment	13	7
-		Proceeds from the sale of non-current financial assets	86	-
8		Repayment of capital contribution by non-current financial assets	9	5
(39)		Change in other current assets	(2)	(37)
(629)	**B.**	**Cash used in investing activities**	**(303)**	**(499)**
1.124		Receipt of new medium-term and long-term loans	775	535
(1.420)		Redemption of medium-term and long-term loans (-)	(606)	(626)
(84)		Change in short-term net financial debt	9	(146)
10		Capital contributions provided by controlling companies or minority shareholders	-	10
(259)		Dividends paid to controlling companies or minority shareholders (-)	(22)	(238)
(629)	**C.**	**Cash used in financing activities**	**156**	**(465)**
-	**D.**	**Liquid assets from changes in the scope of consolidation**	**-**	**-**
-	**E.**	**Net currency translation differences**	**-**	**-**
-	**F.**	**Net cash flow from operating assets of discontinued operations**	**-**	**-**
(276)	**G.**	**Net cash flow for the period (A+B+C+D+E+F)**	**(211)**	**(415)**
748	**H.**	**Cash and cash equivalents at the beginning of the year**	**472**	**748**
472	**I.**	**Cash and cash equivalents at the end of the period (G + H)**	**261**	**333**
472	**L.**	**Total cash and cash equivalents at end of the period (I)**	**261**	**333**
-	**M.**	**(-) Cash and cash equivalents of discontinued operations**	**-**	**-**
472	**N.**	**Cash and cash equivalents of continuing operations (L-M)**	**261**	**333**

(*) Some items have been reclassified merely for comparative purposes

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				
Balance at December 31, 2009	**5.292**	**2.526**	**17**	**(2)**	**4**	**-**	**240**	**8.077**	**177**	**8.254**
Appropriation of the previous year's profit	-	240	-	-	-	-	(240)	**-**	-	**-**
Dividends distributed	-	(228)	-	-	-	-	-	**(228)**	(16)	**(244)**
Share capital increase	-	-	-	-	-	-	-	**-**	10	**10**
Other changes	-	1	-	-	-	-	-	**1**	(1)	**-**
Total comprehensive profit (loss)	-	-	(28)	(1)	3	-	179	**153**	11	**164**
of which:										
- Change in comprehensive income for the period	-	-	(28)	(1)	3	-	-	**(26)**	-	**(26)**
- Profit from 01.01.2010 to 09.30.2010	-	-	-	-	-	-	179	**179**	11	**190**
Balance at September 30, 2010	**5.292**	**2.539**	**(11)**	**(3)**	**7**	**-**	**179**	**8.003**	**181**	**8.184**
Other changes	-	9	-	-	-	-	-	**9**	-	**9**
Total comprehensive profit (loss)	-	-	86	(1)	-	-	(158)	**(73)**	17	**(56)**
of which:										
- Change in comprehensive income for the period	-	-	86	(1)	-	-	-	**85**	-	**85**
- Profit (Loss) from 10.01.2010 to 12.31.2010	-	-	-	-	-	-	(158)	**(158)**	17	**(141)**
Balance at December 31, 2010	**5.292**	**2.548**	**75**	**(4)**	**7**	**-**	**21**	**7.939**	**198**	**8.137**
Appropriation of the previous year's profit	-	21	-	-	-	-	(21)	**-**	-	**-**
Dividends distributed	-	-	-	-	-	-	-	**-**	(31)	**(31)**
Change in the scope of consolidation	-	(1)	-	-	-	-	-	**(1)**	(1)	**(2)**
Other changes	-	(2)	-	-	-	-	-	**(2)**	-	**(2)**
Total comprehensive profit (loss)	-	-	(2)	4	-	-	(93)	**(91)**	4	**(87)**
of which:										
- Change in comprehensive income for the period	-	-	(2)	4	-	-	-	**2**	-	**2**
- Profit (Loss) from 01.01.2011 to 09.30.2011	-	-	-	-	-	-	(93)	**(93)**	4	**(89)**
Balance at September 30, 2011	**5.292**	**2.566**	**73**	**-**	**7**	**-**	**(93)**	**7.845**	**170**	**8.015**