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Press release

Edison's Board Reviewed the Semiannual Financial Report at June 30, 2010

EDISON: REVENUES OF 5,087 MILLION EUROS (+10.9%), NET PROFIT OF 142 MILLION EUROS (+16.4%). EBITDA DECREASE (-14.5%) REFLECTING THE TREND IN THE NATURAL GAS MARKET

Sales to end customers continue to grow: +15.6% for electric power and +13.4% for natural gas

Milan, July 23, 2010 – Edison's Board of Directors met today to review the Semiannual Financial Report at June 30, 2010.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)	**H1 2010**	**H1 2009**	**Δ %**
Sales revenues	**5,087**	4,589	*10.9*
EBITDA	**626**	732	*(14.5)*
EBIT	**264**	354	*(25.4)*
Profit before taxes	**242**	277	*(12.6)*
Net profit	**142**	122	*16.4*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)	**H1 2010**	**H1 2009**	**Δ %**
Electric Power Operations			
Sales revenues	**3,438**	3,232	*6.4*
Reported EBITDA	**428**	556	*(23.0)*
Adjusted EBITDA[a]	***483***	***460***	***5.0***
Hydrocarbons Operations			
Sales revenues	**2,552**	2,342	*9*
Reported EBITDA	**247**	223	*10.8*
Adjusted EBITDA	***192***	***319***	***(39.8)***

[a] **Adjusted EBITDA** reflect the reclassification of the results of Brent and foreign exchange hedging transactions executed in connection with natural gas import contracts. In the framework of the Group's risk management strategy, such hedging transactions have the purpose of mitigating the risk of fluctuation of the cost of gas used for the production and sale of electric power, as well as for the sales of natural gas. The economic result of these hedging activities, which for the reasons above is recorded in the Hydrocarbons operations, has been reclassified in the Electric Power operations for the portion related to the same business. The adjustment has been made in order to allow a better comprehension of the industrial results, and in particular of the results of fixed price power sales and the relevant hedging, in view of the important fluctuation of commodities prices and foreign exchanges in the period under scrutiny.

Operating Performance of the Group in the First Half of 2010

In the first half of 2010, the scenario was characterized by a **national demand for electric power** that, while up slightly (+1.8%) compared with the same period last year, remained well below (-7%) the levels of 2008.

In the **natural gas area,** the increase in national demand was larger (+10.6%), but that was in comparison with the first half of 2009 when demand was extremely low. Compared with the first six months of 2008, demand for natural gas contracted by 4%. In a natural gas market characterized by strong turbulence: on one side the **demand was down sharply on a worldwide basis** due to the international economic crisis and, on the other side the **increase in U.S. production of unconventional gas** determinated huge quantities of natural gas **spot** (mainly LNG) which has been offered **at prices markedly lower than those charged under long-term natural gas supply contracts** (indexed to crude oil prices) on the main European markets (British, Dutch and German hubs).

The situation that developed at the European level was reflected with steadily growing intensity in the Italian market during the first half 2010, resulting in **sharply lower prices in the residential and industrial market and an erosion of margins in the case of long-term contracts**. As a result, all industry operators sought to renegotiate these contracts. Edison is currently engaged in such negotiations.

The combined effect of low natural gas prices and strong competitive pressure caused by the arrival on the market of new generating capacity caused a significant decrease in the **average price of electric power sold on the Power Exchange** (-7.2% to 61.60 euros per MWh, compared with 66.40 euros per MWh in the first six months of 2009).

In this highly complex environment, **Edison ended the first half** of 2010 with **positive commercial results** (revenues up 10.9% to 5,087 million euros), **lower EBITDA due mainly to conditions in the natural gas sector** for the problems explained above (EBITDA of 626 million euros, down 14.5%) and an increase in Group net profit (+16.4% to 142 million euros) thanks to lower net financial expenses, a lower tax burden and net gains from the settlement of some disputes.

An **increase in unit sales** (+21.2% for electric power and +30.1% for natural gas), **cost optimization in managing the electric power portfolio and natural gas supply sources** and a steady improvement in industrial performance, made possible by the **operating excellence program,** contributed to the achievement of these results. The **hydrocarbon exploration and production operations** performed particularly well both in Italy and internationally

These favorable developments helped offset, albeit not completely, the effect of the competitive pressure on margins in the natural gas area mentioned above.

Performance of the Main Operating and Financial Indicators

In the first half of 2010, **sales revenues** grew to **5,087 million euros (+10.9%)**, reflecting gains reported both by the **electric power operations (+6.4%)** and the **hydrocarbons operations (+9%)**. This improvement reflects primarily an increase in **volumes sold to end customers (+15.6% for electric power and +13.4% for natural gas).**

This positive performance enabled the Group to partially offset the impact of a **reduction in average unit sales prices for electric power and natural gas** caused by the scenario, as explained above.

EBITDA totaled 626 million euros (-14.5%), compared with 732 million euros in the first six months of 2009. More specifically, the **adjusted EBITDA[b] of the electric power operations** grew by 5% to 483 million euros, up from 460 million euros in the first half of 2009, due mainly to an increase in unit sales. However, the EBITDA reflects the negative impact of lower unit sales margins, lower hydroelectric production (-13.7%) and a shortfall in the EBITDA generated in the CIP 6 segment, due mainly to the expiration of some incentives and contracts (-25 million euros). As for the **hydrocarbons operations, adjusted EBITDA[b]** decreased about 40% to 192 million euros, down from 319 million euros in the same period last year. The positive effect of increase of unit sales (+30.1%) and a strong performance by the exploration and production activities, which improved production of natural gas (+13.5%) and crude oil (+38.9%), was largely offset by a sharp reduction of unit sales margins, particularly in the natural gas distribution area, caused by strong competitive pressure.

EBIT decreased to 264 million euros, or 25.4% less than the 354 million euros earned in the first half of 2009, as the result of the factors described above and a reduction in amortization of investments in exploration.

The **profit before taxes** amounted to 242 million euros, down 12.6% compared with the 277 million euros reported at June 30, 2009. It reflects the impact of financial expense of 51 million euros, which decreased by 29 million euros compared with financial expense of 80 million euros in the first half of 2009, due mainly to gains on contracts hedging differential in euros/U.S. dollar exchange rates, and other net income of 30 million euros generated by dispute settlements and the reversal in earnings of provisions for risks upon the settlement of the corresponding disputes.

The Group **net profit** grew to 142 million euros, for a gain of 16.4% compared with the 122 million euros earned in the first six months of 2009. In the first half 2010, the bottom line benefited from the positive effect of tax incentives for investments in capital goods (the so-called Tremonti TER law) and the Revenue Agency's determination that the 1% corporate income tax surcharge (the Robin Hood tax) did not apply to 2009.

At June 30, 2010, **net financial debt** totaled 4,171 million euros (4,355 at June 30, 2009), up from 3,858 million euros at December 31, 2009. The **debt/equity ratio of 0.51 (0.47 at December 31, 2009) is still one of the best in the industry.**

Insofar as indebtedness due within 18 months is concerned, a 700-million-euro bond issue with a fixed coupon floated in 2003 will mature on December 10, 2010 and variable-rate bonds issued in 2004 with a face value of 500 million euros are due on July 19, 2011.

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[b] The adjusted data are being used because they provide a clearer presentation of the operating performance of the different operations, with the effects of hedging transactions reclassified accordingly.

Outlook for the Balance of 2010

In 2010, the business environment will be characterized by a modest upturn in demand for electric power and natural gas, which, however, will remain well below pre-crisis levels, and by steady pressure on sales margins caused by heightened competition, particularly in the natural gas area. Edison is in the process of renegotiating its long-term natural gas contracts with the aim of making them consistent with the new benchmark scenario.

Edison is also defining with the Ministry of Economic Development the terms for early termination of the CIP 6 contracts. This negotiation could have a one-off positive effect on 2010 results.

Assuming the favorable outcome of these negotiations, combined with the deployment of all available management tools, which already produced positive results in 2009 and the first half of 2010, full-year results could be in line with those reported in 2009.

Key Events of the First Half of 2010

- **Edison, BEH and DEPA Finalize an Agreement to Build the Greece-Bulgaria Gas Pipeline (IGB).** On March 4, 2010, at a meeting in Thessaloniki, BEH (Bulgarian Energy Holding) and IGI Poseidon Sa (a 50-50 joint venture of DEPA, Greece's national gas company, and Edison) finalized an agreement to establish an asset company (BEH 50% and IGI Poseidon Sa 50%) that will build the new IGB (Interconnector Greece–Bulgaria) natural gas pipeline. The IGB pipeline will have a length of about 160 km, running between Komotini (Greece) and Stara Zagora (Bulgaria). With an annual capacity of 3 to 5 billion cubic meters of natural gas, it will provide Bulgaria with access to new supply sources by way of Greece. Planned investments will total 140 million euros and the project is expected to have access to about 45 million euros in funding under the EU's Economic Recovery Plan.

- **Strengthening Our Balance Sheet. Edison Successfully Completes the Placement of a 500-million-euro Bond Issue.** On March 10, 2010, with demand in excess of about 4 billion euros, Edison Spa completed the placement of a five-year bond issue, listed on the Luxembourg Exchange, for a total amount of 500 million euros, sold exclusively to qualified investors. The bonds, which were offered at a 99.70 issue price with a minimum denomination of 50,000 euros, mature on March 17, 2015 and carry a gross annual coupon of 3.25%. The bonds were issued within the framework of a Euro Medium-Term Note Program for an amount of up to 2 billion euros approved by the Board of Directors on June 25, 2009. An earlier bond issue totaling 700 million euros was placed with investors in July 2009, as announced to the market at the time.

- **Vega, Italy's Largest Offshore Oil Platform, Resumes Production.** On June 25, 2010, production from the Vega oil field (60% Edison, as operator, and 40% Eni) officially resumed upon completion of the installation of a new oil storage system. This FSO (Floating Storage and Offloading) system is connected, through three underwater pipes, with the oil platform, where the production facilities are located. The mooring system of the FSO Leonis (consisting of a buoy-yoke-tanker beam) was entirely designed by Edison and provides the highest level of security even under extreme weather and sea conditions. The Vega field is located in the Strait of Sicily, about 12 miles off the Pozzallo (Syracuse) coast. The field began producing in 1987 and is currently flowing oil from 20 wells. From 1987 to present, the field has produced 55.5 million barrels of oil. It has been estimated that the Vega field is capable of producing an additional 12 million barrels of oil.

Results of the Group's Parent Company

Edison Spa, the Group's Parent Company, ended the first half of 2010 with revenues of 2,882 million euros (+6.8%), EBITDA of 225 million euros (-29.0%) and EBIT of 46 million euros, down 65.7% compared with 2009. The **net profit at June 30, 2010 declined to 196 million euros (-45.9%), compared with 362 million euros in the first six months of 2009,** mainly reflecting the impact of a reduction in dividends from subsidiaries.

Amendments to the Bylaws

In addition, the Board of Directors agreed to amend the Bylaws to make them consistent with certain regulatory provisions of the legislative decree (No. 27 of January 27, 2010) enacted to implement Directive 2007/36/CE, which concerns the exercise of certain rights by shareholders of publicly traded companies. Specifically, the amendments to the Bylaws concerned the following issues: requirements concerning the publication of notices of Shareholders' Meetings, introduction of the shareholders' right to include items on the Meeting's Agenda, rules regarding evidence of the right to attend a Shareholders' Meeting and serve as proxy, and procedures for filing slates of candidates for election to corporate governance bodies. These amendments will go into effect on November 1, 2010.

Conference Call

The Group's operating results for the first half of 2010 will be presented today at 3:30 PM (2:30 PM GMT) during a conference call. Journalists may follow the presentation by telephone, in listen-only mode, by dialing +39 02.80.58.827. **The presentation will also be available on the Group's website: www.edison.it.**

Pertinent Documents

The Semiannual Financial Report at June 30, 2010 of the Edison Group, as approved today by the Board of Directors of Edison Spa, and the Report of the Independent Auditors PricewaterhouseCoopers will be available to the public **on July 28, 2010** at the Company's head office and on the Borsa Italiana (www.borsaitaliana.it) and Edison (www.edison.it) websites.

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*As required by Article 154-*bis*, Section 2, of the Uniform Finance Code (Legislative Decree No. 58/1998), Marco Andreasi, as "Dirigente preposto" 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, accounting records and other records.*

This press release and, specifically, the section entitled "Outlook for the Balance of 2009" 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 further 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 balance sheet and income statement, showing the other components of the comprehensive income statement, together with the 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 BALANCE SHEET

(in millions of euros)

06.30.2009 (*)		06.30.2010	12.31.2009 (*)
	ASSETS		
7.444	Property, plant and equipment	7.431	7.445
14	Investment property	11	12
3.536	Goodwill	3.538	3.538
1.259	Hydrocarbon concessions	1.230	1.259
120	Other intangible assets	112	108
52	Investments in associates	47	43
279	Available-for-sale investments	297	304
97	Other financial assets	93	98
87	Deferred-tax assets	120	103
34	Other assets	103	21
12.922	**Total non-current assets**	**12.982**	**12.931**
248	Inventories	273	308
2.098	Trade receivables	2.028	1.862
10	Current-tax assets	30	33
512	Other receivables	546	545
38	Current financial assets	70	30
117	Cash and cash equivalents	338	748
3.023	**Total current assets**	**3.285**	**3.526**
-	**Assets held for sale**	**-**	**-**
15.945	**Total assets**	**16.267**	**16.457**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.780	Other reserves	1.681	1.830
2	Reserve for currency translations	8	4
711	Retained earnings (Loss carryforward)	884	711
122	Profit (Loss)	142	240
7.907	**Group interest in shareholders' equity**	**8.007**	**8.077**
158	Minority interest in shareholders' equity	176	177
8.065	**Total shareholders' equity**	**8.183**	**8.254**
65	Provision for employee severance indemnities and provisions for pensions	63	64
601	Provision for deferred taxes	579	584
761	Provisions for risks and charges	811	837
1.201	Bonds	1.695	1.199
2.278	Long-term financial debt and other financial liabilities	1.517	2.184
33	Other liabilities	28	30
4.939	**Total non-current liabilities**	**4.693**	**4.898**
20	Bonds	781	721
1.088	Short-term financial debt	674	611
1.283	Trade payables	1.523	1.469
22	Current taxes payable	20	38
528	Other liabilities	393	466
2.941	**Total current liabilities**	**3.391**	**3.305**
-	**Liabilities held for sale**	**-**	**-**
15.945	**Total liabilities and shareholders' equity**	**16.267**	**16.457**

(*) The data for "Property, plant and equipment" and "Other intangible assets" are being presented merely for comparative purposes to reflects the adoption of IFRIC 12.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)

2009 full year (*)		1st half 2010	1st half 2009 (*)
8.867	Sales revenues	5.087	4.589
517	Other revenues and income	268	226
9.384	**Total net revenues**	**5.355**	**4.815**
(7.673)	Raw materials and services used (-)	(4.602)	(3.967)
(240)	Labor costs (-)	(127)	(116)
1.471	**EBITDA**	**626**	**732**
(772)	Depreciation, amortization and writedowns (-)	(362)	(378)
699	**EBIT**	**264**	**354**
(156)	Net financial income (expense)	(51)	(80)
(3)	Income from (Expense on) equity investments	(1)	1
(11)	Other income (expense), net	30	2
529	**Profit before taxes**	**242**	**277**
(278)	Income taxes	(96)	(150)
251	**Profit (Loss) from continuing operations**	**146**	**127**
-	Profit (Loss) from discontinued operations	-	-
251	**Profit (Loss)**	**146**	**127**
	Broken down as follows:		
11	Minority interest in profit (loss)	4	5
240	**Group interest in profit (loss)**	**142**	**122**
	Earnings per share (in euros)		
0,0448	Basic earnings per common share	0,0261	0,0224
0,0748	Basic earnings per savings share	0,0561	0,0524
0,0448	Diluted earnings per common share	0,0261	0,0224
0,0748	Diluted earnings per savings share	0,0561	0,0524

(*) The data are being presented merely for comparative purposes to reflects the adoption of IFRIC 12.

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in millions of euros)

2009 full year		1st half 2010	1st half 2009
251	**Profit (Loss) (Minority and Group interest)**	**146**	**127**
	Other components of comprehensive income:		
298	- Change in the cash flow hedge reserve	15	219
2	- Profit (loss) from available-for-sale financial assets	(2)	(1)
7	- Differences on the translation of assets in foreign currencies	4	5
-	- Pro rata interest in other components of comprehensive income of investee companies	-	-
(110)	Income taxes attributable to other components of comprehensive income (-)	(6)	(81)
197	**Total other components of comprehensive income net of taxes**	**11**	**142**
448	**Total comprehensive profit (loss)**	**157**	**269**
	Broken down as follows:		
11	Minority interest in comprehensive profit (loss)	4	5
437	**Group interest in comprehensive profit (loss)**	**153**	**264**

CASH FLOW STATEMENT

2009 full year		(in millions of euros)	1st half 2010	1st half 2009
240		Group interest in profit (loss) from continuing operations	142	122
-		Group interest in profit (loss) from discontinued operations	-	-
11		Minority interest in profit (loss) from continuing operations	4	5
251		**Profit (loss)**	**146**	**127**
772		Amortization, depreciation and writedowns	362	378
5		Interest in the result of companies valued by the equity method (-)	-	1
1		Dividends received from companies valued by the equity method	1	1
(9)		(Gains) Losses on the sale of non-current assets	7	4
(1)		Change in the provision for employee severance indemnities	(1)	-
142		Change in other operating assets and liabilities	(297)	(180)
1.161	**A.**	**Cash flow from continuing operations**	**218**	**331**
(1.745)		Additions to intangibles and property, plant and equipment (-)	(320)	(1.387)
(56)		Additions to non-current financial assets (-)	(2)	(34)
(80)		Price paid on Business Combinations (-)	-	(80)
43		Proceeds from the sale of intangibles and property, plant and equipment	6	13
15		Proceeds from the sale of non-current financial assets	-	-
-		Repayment of capital contribution by non-current financial assets	4	-
(4)		Other current assets	(40)	(12)
(1.827)	**B.**	**Cash used in investing activities**	**(352)**	**(1.500)**
2.074		Receipt of new medium-term and long-term loans	533	1.375
(540)		Redemption of medium-term and long-term loans (-)	(620)	(126)
-		Capital contributions provided by controlling companies or minority shareholders	10	-
(278)		Dividends paid to controlling companies or minority shareholders (-)	(238)	(278)
(26)		Change in short-term financial debt	39	131
1.230	**C.**	**Cash used in financing activities**	**(276)**	**1.102**
(4)	**D.**	**Liquid assets from changes in the scope of consolidation**	**-**	**(4)**
-	**E.**	**Net currency translation differences**	-	-
-	**F.**	**Net cash flow from operating assets of discontinued operations**	**-**	**-**
560	**G.**	**Net cash flow for the period (A+B+C+D+E+F)**	**(410)**	**(71)**
188	**H.**	**Cash and cash equivalents at the beginning of the period**	**748**	**188**
748	**I.**	**Cash and cash equivalents at the end of the period (G + H)**	**338**	**117**
748	**L.**	**Total cash and cash equivalents at end of period (I)**	**338**	**117**
-	**M.**	**(-) Cash and cash equivalents of discontinued operations**	**-**	**-**
748	**N.**	**Cash and cash equivalents of continuing operations (L-M)**	**338**	**117**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income				Profit (Loss)	Group interest in sharehold. Equity	Minority interest in sharehold. Equity	Total sharehold. Equity
				Differences on the translation of assets in foreign currencies	Cash flow hedge reserve	Reserve for available -for-sale investments	Interest in other com-ponents of comprehen-sive income of investee companies				
Balance at December 31, 2008	**5.292**	**72**	**2.377**	**(3)**	**(171)**	**(4)**	**-**	**346**	**7.909**	**164**	**8.073**
Appropriation of the previous year's profit	-	19	327	-	-	-	-	(346)	-	-	-
Dividends distributed	-	-	(268)	-	-	-	-	-	*(268)*	(12)	*(280)*
Other changes	-	-	2	-	-	-	-	-	*2*	1	*3*
Total comprehensive profit (loss)	-	-	-	5	138	(1)	-	122	**264**	5	**269**
of which: - Change in comprehensive income for the period	-	-	-	5	138	(1)	-	-	*142*	-	*142*
- Profit for 1st half of 2009	-	-	-	-	-	-	-	122	*122*	5	*127*
Balance at June 30, 2009	**5.292**	**91**	**2.438**	**2**	**(33)**	**(5)**	**-**	**122**	**7.907**	**158**	**8.065**
Change in the scope of consolidation	-	-	(2)	-	-	-	-	-	*(2)*	15	*13*
Other changes	-	(1)	-	-	-	-	-	-	*(1)*	(1)	*(2)*
Total comprehensive profit (loss)	-	-	-	2	50	3	-	118	**173**	5	**178**
of which: - Change in comprehensive income for the period	-	-	-	2	50	3	-	-	*55*	(1)	*54*
- Profit for 2nd half of 2009	-	-	-	-	-	-	-	118	*118*	6	*124*
Balance at December 31, 2009	**5.292**	**90**	**2.436**	**4**	**17**	**(2)**	**-**	**240**	**8.077**	**177**	**8.254**
Appropriation of the previous year's profit	-	35	205	-	-	-	-	(240)	-	-	-
Dividends distributed	-	-	(228)	-	-	-	-	-	*(228)*	(15)	*(243)*
Share capital increase	-	-	-	-	-	-	-	-	-	10	*10*
Other changes	-	-	5	-	-	-	-	-	*5*	-	*5*
Total comprehensive profit (loss)	-	-	-	4	9	(2)	-	142	**153**	4	**157**
of which: - Change in comprehensive income for the period	-	-	-	4	9	(2)	-	-	*11*	-	*11*
- Profit for 1st half of 2010	-	-	-	-	-	-	-	142	*142*	4	*146*
Balance at June 30, 2010	**5.292**	**125**	**2.418**	**8**	**26**	**(4)**	**-**	**142**	**8.007**	**176**	**8.183**