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EDISON
Cambia l'energia.

Press Release

EDISON: IN FIRST HALF OF 2011 REVENUES GROW TO 5,662 MILLION EUROS (+11.3%), EBITDA AT 491 MILLION (-21.6%).

The renegotiation of long-term gas supply contracts with Promgas allows Edison to confirm its estimated EBITDA for 2011 at 900 million euro

Net profit negative for 62 million euro, including writedowns of 77.5 million euro. Net Financial Debt stable at 3.8 billion euro.

Milan, July 25, 2011 – Edison's Board of Directors met today to review the Semiannual Financial Report at June 30, 2011.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	H1 2011	H1 2010	Δ %
Sales revenues	**5,662**	**5,087**	*11.3*
EBITDA	**491**	**626**	*(21.6)*
EBIT	**106**	**264**	*n.e.*
Profit (Loss) before taxes	**11**	**242**	*n.e.*
Group interest in net profit (loss)	**(62)**	**142**	*n.e.*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS

in millions of euros	H1 2011	H1 2010	Δ %
Electric Power Operations			
Sales revenues	**3,832**	**3,438**	*11.5*
Reported EBITDA	**361**	**428**	*(15.7)*
Adjusted EBITDA[a]	**388**	***483***	***(19.7)***
Hydrocarbons Operation			
Sales revenues	**2,560**	**2,552**	*+0.3*
Reported EBITDA	**180**	**247**	*(27.1)*
Adjusted EBITDA[a]	**153**	***192***	***(20.3)***

[a] **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 in the First Half of 2011

In the first half of 2011 demand of electric power and natural gas settled at levels still considerably lower than those achieved before the financial crisis, confirming that the period of unsettled market conditions that began in 2008, is continuing. In the **electric power sector,** national demand was up +1.6% compared with the same period in 2010, remaining well below first half 2008 (-4.3%). Italian demand of **natural gas** was down 4.5% compared with the same period in 2010, for a year-over-year decrease of about 2 billion cubic meters (-8.1% compared with the first half 2008). Lower demand by residential users and reduced consumption by thermoelectric power plants, caused by an increased use of coal-fired power plants and renewable energy systems, are the main reasons for this decline.

The negative effects of weaker demand were magnified by a **sharp rise in the price of crude oil** (+42% compared with the first half of 2010, at an average price of 111.1 $ per barrel), which, in turn, drove the procurement costs of natural gas purchased under long-term contracts sharply higher.

In the electric power sector, the higher cost of fossil fuels caused an **increase in the Time-Weighted Average (TWA) of the Single National Price (PUN),** which rose to 67.40 euros/MWh, or 9.4% more than in the first six months of 2010.

In such a complex market scenario Edison has closed the first half of 2011 with revenues up 11.3% to 5,662 million euros, thanks mainly to a healthy performance by the Electric Power Operations (+11.5% compared with the same period of last year) and a positive contribution by the Hydrocarbons Operations (+0.3% compared with the first half of 2010). **The revenue gain reported by the Electric Power Operations** was driven by higher average sales prices, lifted by the scenario. The revenues of the **Hydrocarbons Operations** were substantially in line with those reported at June 30, 2010, as higher prices helped offset the impact of lower volumes.

EBITDA totaled 491 million euro, down 21.6% compared with the 626 million euros earned in the first half of 2010. The profitability decrease is due to the drop of the adjusted EBITDA reported by Electric Power Operations (-95 million euro) and also by Hydrocarbons Operations (-39 million euro).

In particular the drop of **adjusted EBITDA reported by Electric Power Operations**, which falls at 388 million euro from 483 million in the first half of 2010 (-19.7%), is mainly due to a lower profitability related to the early termination of the CIP 6/92 contracts for the Jesi, Milazzo, Porcari, and Porto Viro power plants, which resulted in the loss of subsidized rates that were still available in 2010, to a further reduction of the spark spreads and, more moderately, to a reduction in the margins earned on sales to end customers. The decrease of the **adjusted EBITDA of the Hydrocarbons Operations** (-20.3% to 153 million euro, compared with 192 million euros in the first half of 2010) is attributable exclusively to the activities that engage in buying and selling natural gas. These results, negative in the first six months of 2011, have been partially offset by the higher margins generated by the hydrocarbon exploration and production activities and by the renegotiations of the long-term gas supply contracts, that Edison imports from Norway and Russia.

EBIT is at 106 million euro (+ 264 million euro in the first six months of 2010), after the decrease in profitability discussed above and writedowns of 77.5 million euro related to assets in Greece, Croatia and some thermo plants in Italy.

The **Profit before taxes** is positive for 11 million euro (242 million euro in the first half of 2010). It incorporates net financial expenses of 94 million euro, with an increase of 43 million euro compared to the first half of 2010, essentially due to net losses on exchange rate linked to long-term gas supply contracts.

The Group reported a **net loss** of 62 million euro (net profit 142 million euros in the first half in 2010). This result reflects the above mentioned factors.

On June 30, 2011, **net financial debt** totaled 3.866 million euros, compared with 3.708 million euros on December 31, 2010. On July 19th 2011 Edison repaid the 500 million euro floating interest bond issued in 2004.

In the first half of 2011, the Group's **investments totaled 243 million euros.** The focus was on strengthening **E&P** activities in Egypt and in Italy. In the electric power area, investments were targeted to increase generating capacity from **renewable sources**.

Outlook for 2011

The renegotiation of long-term gas supply contracts with Promgas allows Edison to confirm its estimated EBITDA for 2011 at 900 million euro, as announced to the market on March 14, 2011. The impact of the difficult gas market scenario on group's profitability will persist until the ongoing negotiations and arbitration proceedings for the long-term natural gas contracts reach a positive conclusion. The Company's objective is to secure this year and in the coming years both reasonable margins on its gas contracts and lump-sum compensation payments for past years.

Key Events of the First Half 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 – The 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 Mapei factory, has an installed capacity of 970 kW. A similar system, built by Edison at a Mapei plant in Robbiano di Mediglia, 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 that includes Banco Bilbao Vizcaya Argentaria SA, Banco Santander SA, Milan Branch, Bank of America Securities Limited, BNP Paribas Italy Branch, Commerzbank Aktiengesellshaft Milan Branch, Crédit Agricole Corporate & Investment Bank, Milan Branch, Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch, Mediobanca, Banca di Credito Finanziario S.p.A., Société Générale Corporate & Investment Banking, Milan Branch, The Royal Bank of Scotland Plc, Milan Branch, UniCredit S.p.A., in the capacity as Mandated Lead Arrangers, and Banca IMI, in the capacity as Agent Bank.

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

June 21, 2011 – The 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 business operations comprised of the CET 2 and CET 3 thermoelectric power plants. This transaction will be carried out through the sale of an ad hoc company to which Edison will have conveyed the business operations corresponding to the two 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 signs the agreement with Promgas, completing the renegotiation on the price review for the long-term contract for the supply of natural gas from Russia. The agreement has an overall positive impact an 2011 accounts, which is estimated to approximately 200 million euro.

Incorporation of 100% owned company

The board has approved the project for the merger of 100% owned Sarmato Energia Spa in Edison Spa. The merger, as requested by Company's Statute, is subject to the Edison Spa board approval. The documents related to the operation, which are requested by law, will be available to the shareholders and to the public in the places and terms defined by law.

Conference Call

The results from operations in the first half of 2011 will be reviewed today at 3:00 PM (2:00 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 Company website: www.edison.it.**

Pertinent Documents

The Semiannual Financial Report at June 30, 2011 of the Edison Group, approved today by the Board of Directors of Edison Spa, will be available to the public, together with the report of the Independent Auditors Deloitte & Touche, **on July 27th, 2011** 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), Marco Andreasi, 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		**1st half 2011**	1st half 2010
10.446	Sales revenues	5.662	5.087
638	Other revenues and income	313	268
11.084	**Total net revenues**	**5.975**	**5.355**
(9.462)	Raw materials and services used (-)	(5.353)	(4.602)
(253)	Labor costs (-)	(131)	(127)
1.369	**EBITDA**	**491**	**626**
(1.096)	Depreciation, amortization and writedowns (-)	(385)	(362)
273	**EBIT**	**106**	**264**
(144)	Net financial income (expense)	(94)	(51)
(1)	Income from (Expense on) equity investments	5	(1)
44	Other income (expense), net	(6)	30
172	**Profit (Loss) before taxes**	**11**	**242**
(83)	Income taxes	(49)	(96)
89	**Profit (Loss) from continuing operations**	**(38)**	**146**
(40)	Profit (Loss) from discontinued operations	(22)	-
49	**Profit (Loss)**	**(60)**	**146**
	Broken down as follows:		
28	Minority interest in profit (loss)	2	4
21	**Group interest in profit (loss)**	**(62)**	**142**
	Earnings (Loss) per share (in euros)		
0,0034	Basic earnings (loss) per common share	(0,0125)	0,0261
0,0334	Basic earnings per savings share	0,0250	0,0561
0,0034	Diluted earnings (loss) per common share	(0,0125)	0,0261
0,0334	Diluted earnings per savings share	0,0250	0,0561

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

2010 full year		**1st half 2011**	1st half 2010
49	**Profit (Loss)**	**(60)**	**146**
	Other components of comprehensive income:		
58	**A) Change in the Cash Flow Hedge reserve**	**8**	**9**
93	- Gains (Losses) arising during the period	12	15
(35)	- Income taxes (-)	(4)	(6)
(2)	**B) Change in reserve for available-for-sale investments**	**1**	**(2)**
(2)	- Gains (Losses) arising during the period	1	(2)
-	- Income taxes (-)	-	-
3	**C) Differences on the translation of assets in foreign currencies**	**2**	**4**
-	**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)**	**11**	**11**
108	**Total comprehensive profit (loss)**	**(49)**	**157**
	Broken down as follows:		
28	Minority interest in comprehensive profit (loss)	2	4
80	**Group interest in comprehensive profit (loss)**	**(51)**	**153**

CONSOLIDATED BALANCE SHEET
(in millions of euros)

06.30.2010		**06.30.2011**	12.31.2010
	ASSETS		
7.431	Property, plant and equipment	6.934	7.002
11	Investment property	11	11
3.538	Goodwill	3.534	3.534
1.230	Hydrocarbon concessions	952	985
112	Other intangible assets	95	109
47	Investments in associates	49	48
297	Available-for-sale investments	204	293
93	Other financial assets	88	91
120	Deferred-tax assets	199	182
103	Other assets	202	112
12.982	**Total non-current assets**	**12.268**	**12.367**
273	Inventories	287	331
2.028	Trade receivables	2.571	2.375
30	Current-tax assets	26	35
546	Other receivables	756	655
70	Current financial assets	62	69
338	Cash and cash equivalents	483	472
3.285	**Total current assets**	**4.185**	**3.937**
	- Assets held for sale	**152**	**209**
16.267	**Total assets**	**16.605**	**16.513**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
2.543	Reserves and retained earnings (loss carryforward)	2.560	2.548
30	Reserve for other components of comprehensive income	89	78
142	Group interest in profit (loss)	(62)	21
8.007	**Total shareholders' equity attributable to Parent Company shareholders**	**7.879**	**7.939**
176	Shareholders' equity attributable to minority shareholders	169	198
8.183	**Total shareholders' equity**	**8.048**	**8.137**
63	Provision for employee severance indemnities and provisions for pensions	60	62
579	Provision for deferred taxes	484	504
811	Provisions for risks and charges	868	823
1.695	Bonds	1.792	1.791
1.517	Long-term financial debt and other financial liabilities	1.137	942
28	Other liabilities	35	34
4.693	**Total non-current liabilities**	**4.376**	**4.156**
781	Bonds	534	528
674	Short-term financial debt	1.030	1.073
1.523	Trade payables	2.053	2.153
20	Current taxes payable	8	82
393	Other liabilities	542	380
3.391	**Total current liabilities**	**4.167**	**4.216**
	- Liabilities held for sale	**14**	**4**
16.267	**Total liabilities and shareholders' equity**	**16.605**	**16.513**

CASH FLOW STATEMENT

2010 full year	(in millions of euros)	1st half 2011	1st half 2010
61	Group interest in profit (loss) from continuing operations	(40)	142
(40)	Group interest in profit (loss) from discontinued operations	(22)	-
28	Minority interest in profit (loss) from continuing operations	2	4
49	**Profit (Loss)**	**(60)**	**146**
1.096	Amortization, depreciation and writedowns	385	362
(1)	Interest in the result of companies valued by the equity method (-)	-	-
1	Dividends received from companies valued by the equity method	1	1
6	(Gains) Losses on the sale of non-current assets	(9)	7
(2)	Change in the provision for employee severance indemnities and provisions for pensions	(1)	(1)
(16)	Change in fair value recorded in EBITDA	(26)	(22)
148	Change in operating working capital	(252)	(70)
(299)	Change in other operating assets and liabilities	(47)	(205)
982 A.	**Cash flow from continuing operations**	**(9)**	**218**
(557)	Additions to intangibles and property, plant and equipment (-)	(243)	(320)
(7)	Additions to non-current financial assets (-)	-	(2)
(42)	Price paid on business combinations (-)	-	-
8	Proceeds from the sale of intangibles and property, plant and equipment	10	6
-	Proceeds from the sale of non-current financial assets	86	-
8	Repayment of capital contribution by non-current financial assets	9	4
(39)	Change in other current assets	7	(40)
(629) B.	**Cash used in investing activities**	**(131)**	**(352)**
1.124	Receipt of new medium-term and long-term loans	299	533
(1.420)	Redemption of medium-term and long-term loans (-)	(102)	(620)
(84)	Change in short-term net financial debt	(38)	39
10	Capital contributions provided by controlling companies or minority shareholders	-	10
(259)	Dividends paid to controlling companies or minority shareholders (-)	(8)	(238)
(629) C.	**Cash used in financing activities**	**151**	**(276)**
- 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)**	**11**	**(410)**
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)**	**483**	**338**
472 L.	**Total cash and cash equivalents at end of the period (I)**	**483**	**338**
- M.	**(-) Cash and cash equivalents of discontinued operations**	**-**	**-**
472 N.	**Cash and cash equivalents of continuing operations (L-M)**	**483**	**338**

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)**	(15)	**(243)**
Share capital increase	-	-	-	-	-	-	-	**-**	10	**10**
Other changes	-	5	-	-	-	-	-	**5**	-	**5**
Total comprehensive profit (loss)	-	-	9	(2)	4	-	142	**153**	4	**157**
of which:										
- Change in comprehensive income for the period	-	-	9	(2)	4	-	-	**11**	-	**11**
- Profit for 1st half 2010	-	-	-	-	-	-	142	**142**	4	**146**
Balance at June 30, 2010	**5.292**	**2.543**	**26**	**(4)**	**8**	**-**	**142**	**8.007**	**176**	**8.183**
Dividends distributed	-	-	-	-	-	-	-	**-**	(1)	**(1)**
Other changes	-	5	-	-	-	-	-	**5**	(1)	**4**
Total comprehensive profit (loss)	-	-	49	-	(1)	-	(121)	**(73)**	24	**(49)**
of which:										
- Change in comprehensive income for the period	-	-	49	-	(1)	-	-	**48**	-	**48**
- Profit (Loss) for 2nd half 2010	-	-	-	-	-	-	(121)	**(121)**	24	**(97)**
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)**
Other changes	-	(9)	-	-	-	-	-	**(9)**	-	**(9)**
Total comprehensive profit (loss)	-	-	8	1	2	-	(62)	**(51)**	2	**(49)**
of which:										
- Change in comprehensive income for the period	-	-	8	1	2	-	-	**11**	-	**11**
- Profit (Loss) for 1st half 2011	-	-	-	-	-	-	(62)	**(62)**	2	**(60)**
Balance at June 30, 2011	**5.292**	**2.560**	**83**	**(3)**	**9**	**-**	**(62)**	**7.879**	**169**	**8.048**