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EDISON

Press Release

Edison's Board Reviewed the Quarterly Report on Operations at September 30, 2010

EDISON: REVENUES UP TO 7,593 MILLION EUROS (+16.8%); LOWER EBITDA (-17.6%) AND NET PROFIT (-11.8%). THE BOARD APPROVES THE EARLY TERMINATION OF CIP 6 CONTRACTS

Results penalized by gas importation and sales contracts. Further growth in sales to end customers (+11.6%) and for natural gas (+11.3%).

Milan, October 26, 2010 – Edison's Board of Directors met today to review the Quarterly Report on Operations at September 30, 2010.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	9 months 2010	9 months 2009	% Δ
Sales revenues	**7,593**	6,501	*16.8*
EBITDA	**930**	1,128	*(17.6)*
EBIT	**368**	562	*(34.5)*
Profit before taxes	**309**	448	*(31.0)*
Group interest in net profit	**179**	203	*(11.8)*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS

in millions of euros	9 months 2010	9 months 2009	% Δ
Electric Power Operations			
Sales revenues	**5,297**	4,824	*9.8*
Reported EBITDA	**653**	930	*(29.8)*
Adjusted EBITDA[a]	***722***	***801***	***(9.9)***
Hydrocarbons Operations			
Sales revenues	**3,689**	3,002	*22.9*
Reported EBITDA	**349**	274	*27.4*
Adjusted EBITDA[a]	***280***	***403***	***(30.5)***

[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 them (+ 69 mln in 2010, -129 mln in 2009). This reclassification is being made to provide an operational presentation of the Group's industrial results and reflect the results of fixed-price sales of electric power together with the corresponding hedges, in view of the exceptional impact of fluctuations in commodity prices and foreign exchange parities during the reporting period.

Operating Performance of the Group at September 30, 2010

In the third quarter of 2010, **demand for electric power** was up modestly **(+0.8%)** compared with the same period last year, due to decreases of 2.7% in August and 2% in September. In the first nine months of 2010, electric power demand increased by 1.7% compared with the same period in 2009.

Italian demand for natural gas also showed limited growth in the third quarter of 2010, rising by just 0.8% compared with the same period last year. However, demand data for the first nine months of the year show a more robust increase (+7.8%) compared with the same period in 2009, with favorable weather conditions.

When the comparison is made with 2008 data, the slowdown in the demand in the first nine months of 2010 is even wider. -5.3% for electric power and -5% for natural gas (-8.9% net of weather conditions).

The negative impact of slumping demand was magnified by highly turbulent conditions in the natural gas market, caused by the **huge quantities of spot gas** that were being offered on the most important European markets (English, Dutch and German hubs) at **prices drastically lower than those of conventional long-term contracts to supply natural gas** (benchmarked to crude oil prices). Also in Italy this development caused a **strong decrease in market prices, which fell below the cost of gas imported under long-term contracts.** To address this situation, all industry operators, Edison included, began the process of renegotiating the terms of these contracts.

In the electric power sector, margins of Power Exchange transactions were also down in the first nine months 2010. Specifically, the combined impact of low natural gas prices and strong competitive pressure, caused by new capacity coming on stream, produced a severe reduction of the **average price of electric power traded on the Power Exchange** (64.10 euros per MWh, down from 66.20 euros per MWh in the first nine months of 2009).

In this highly challenging environment, **Edison ended the first nine months** of 2010 with **positive sales results** (revenues up 16.8% to 7,593 million euros) and **EBITDA of 930 million euros (-17.6%). Net profit decreased to 179 million euros (-11.8%) reflecting unfavorable trends in natural gas merchant activities,** as explained above. The results reported by the Group's other business were substantially in line with those of the previous year.

More specifically, the **electric power** operations reported positive results, as an increase in unit sales (+18%) driven by growth in sales to end customers and an expansion of the trading activity basically replaced Power Exchange sales thus reducing the resulting exposure to the low margins entailed by those trades. In the **hydrocarbons sector**, the impact of the **inability to generate margins from the importation and sale of natural gas** completely offset the effect of the positive results produced the commercial activities (natural gas sales volumes up 31.6%). The strong industrial performance by the hydrocarbon exploration and production activities both in Italy and abroad (oil production up 34.6% and gas production up 9.4%) has mitigated the reduction of results.

Performance of the Main Operating and Financial Indicators

During the first nine months of 2010, **sales revenues** grew to **7,593 million euros (+16.8%),** reflecting gains reported both by the **electric power operations (+9.8%)** and the **hydrocarbons operations (+22.9%)**. Increases in the **volumes sold to end customers (+11.6% for electric power and +11.3% for natural gas)** and in the electric power wholesale market (+91.3%) account for this improvement.

EBITDA totaled 930 million euros (-17.6%), compared with 1,128 million euros in the first nine months of 2009. More specifically, the **adjusted EBITDA[b] of the electric power operations** decreased to 722 million euros, or 9.9% less than the 801 million euros reported at September 30, 2009, due mainly to one-off effects (the expiration of some incentives and contracts in the CIP 6 segment and other one-off positive effects in 2009). The **adjusted EBITDA[b] of the hydrocarbons operations** decreased by 30.5% to 280 million euros, down from 403 million euros in the same period last year due to the inability to generate margins from the importation and sales of natural gas. On the other hand, a positive performance was reported by the **hydrocarbon exploration and production activities both in Italy (oil production up 40.8%) and abroad (oil production up 23.8% and gas production up 21.6%).**

EBIT decreased to 368 million euros, or 34.5% less than the 562 million euros earned in the first nine months of 2009, as the net result of the factors described above.

The **profit before taxes** amounted to 309 million euros, down 31% compared with the 448 million euros reported at September 30, 2009. It reflects the impact of financial expense of 93 million euros, which decreased by 24 million euros compared with financial expense of 117 million euros in the first nine months of 2009, due mainly to gains on contracts hedging differential in euros/U.S. dollar exchange rates and a lower cost of debt and net other income of 34 million euros generated by dispute settlements and the reversal in earnings of provisions for risks upon the settlement of the corresponding disputes.

The Group interest in **net profit** amounted to 179 million euros, 11.8% down compared with the 203 million euros earned in the first nine months of 2009.

At September 30, 2010, **net financial debt** totaled 3,995 million euros, substantially in line with the amount owed at December 31, 2009 (3,858 million euros). The **debt/equity ratio of 0.49 (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.

CIP 6 Contracts

The Board of Directors also approved a resolution to file with the Ministry of Economic Development a binding application for **early termination, on a voluntary basis, of the CIP 6 contracts for electric power production**

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

facilities that use fossil fuels (Jesi, Milazzo, Porto Viro, Porcari), choosing the option of payment in installments.

The early termination of the CIP 6 contracts, if it will be completed by the end of the year as expected, **will have a nonrecurring positive effect on the 2010 EBITDA of more than 150 million euros and a marginal effect on net result.**

Outlook for the Balance of 2010

Based on their current status, it is unlikely that the process of renegotiating the long-term gas contracts will be completed this year. Moreover, while prices will decrease further in the fourth quarter, compared with the previous year, due to the 2010-2011 sales campaign, the benefit provided by the lower purchase prices of renegotiated contracts and by nonrecurring refunds for prior periods will still not be available.

The voluntary early termination of the CIP 6 contracts mentioned above, which should result in the payment of a nonrecurring settlement, will have a positive effect on the 2010 results. However, the expected amount of this settlement will not be sufficient to make up for the lost margins on the natural gas merchant activities. The Group's other businesses are expected to report equal or better results than in 2009.

As a result of the combined impact of these factors, EBITDA are expected to be slightly lower in 2010 than in 2009.

Key Events of the Third Quarter of 2010 and Subsequent Events

July 20, 2010. Edison, acting through its EDENS subsidiary, completed the purchase from Gamesa Energia of 100% of Parco Eolico San Francesco, which operates a wind farm in the municipality of Melissa (KR) with an installed capacity of 26 MW and annual production of about 46 Gigawatt Hours.

September 2010. A consortium comprised of Edison (20%), RWE (40%), Maersk Oil Norway (20%) and the Norwegian Energy Company (20%) discovered a new gas field in the Sea of Norway, with recoverable gas estimates ranging between 5 and 18 billion standard cubic meters.

September 24, 2010. The Board of Directors of Edison Spa agreed to increase from 2 to 3 billion euros the maximum amount of bonds that may be issued under the Euro Medium-term Note Program approved by the Board at a meeting held on June 25, 2009. The Board of Directors also agreed to issue up to 1 billion euros in new bonds, in one or more tranches, as part of the abovementioned program. The bonds, which will have a minimum denomination of 50,000 euros, will be placed only with qualified investors. The Board of Directors delegated to the Chief Executive Officer the authority to determine the amount, timing and characteristics of the bond issue, and to apply for the bonds' listing

October 14, 2010. After completing its annual review, Moody's Investor Service downgraded Edison's long-term ratings from Baa2, Negative Outlook, to Baa3, Stable Outlook. According to Moody's, the downgrade reflects the impact of persisting weakness in the Italian electric power and natural gas scenario on Edison's financial position, which is not expected to improve sufficiently over the medium term to justify maintaining a Baa2 rating. The Stable Outlook indicates that the Company comfortably meets the parameters required by its new credit rating. Edison is already taking action to maintain a level of financial flexibility consistent with the previous Moody's credit rating, even if the current weakness in the electric power and natural gas markets were to continue.

Conference Call

The results presented in the Quarterly Report on Operations at September 30, 2010 will be reviewed 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 Quarterly Report on Operations at September 30, 2010 of the Edison Group, as approved today by the Board of Directors of Edison Spa, will be available to the public **on October 28, 2010** 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), 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)

09.30.2009 (*)		09.30.2010	12.31.2009 (*)
	ASSETS		
7.437	Property, plant and equipment	7.407	7.445
14	Investment property	11	12
3.538	Goodwill	3.538	3.538
1.241	Hydrocarbon concessions	1.215	1.259
113	Other intangible assets	98	108
48	Investments in associates	49	43
306	Available-for-sale investments	297	304
97	Other financial assets	88	98
83	Deferred-tax assets	121	103
33	Other assets	106	21
12.910	**Total non-current assets**	**12.930**	**12.931**
342	Inventories	316	308
1.994	Trade receivables	2.015	1.862
7	Current-tax assets	29	33
468	Other receivables	506	545
44	Current financial assets	67	30
316	Cash and cash equivalents	333	748
3.171	**Total current assets**	**3.266**	**3.526**
-	**Assets held for sale**	**-**	**-**
16.081	**Total assets**	**16.196**	**16.457**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.771	Other reserves	1.641	1.830
3	Reserve for currency translations	7	4
711	Retained earnings (Loss carryforward)	884	711
203	Profit (Loss)	179	240
7.980	**Group interest in shareholders' equity**	**8.003**	**8.077**
179	Minority interest in shareholders' equity	181	177
8.159	**Total shareholders' equity**	**8.184**	**8.254**
65	Provision for employee severance indemnities and provisions for pensions	64	64
581	Provision for deferred taxes	541	584
773	Provisions for risks and charges	818	837
1.899	Bonds	1.195	1.199
2.242	Long-term financial debt and other financial liabilities	1.510	2.184
34	Other liabilities	35	30
5.594	**Total non-current liabilities**	**4.163**	**4.898**
37	Bonds	1.273	721
482	Short-term financial debt	500	611
1.242	Trade payables	1.602	1.469
55	Current taxes payable	34	38
512	Other liabilities	440	466
2.328	**Total current liabilities**	**3.849**	**3.305**
-	**Liabilities held for sale**	**-**	**-**
16.081	**Total liabilities and shareholders' equity**	**16.196**	**16.457**

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

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

2009 full year (*)		9 months 2010	9 months 2009 (*)	3rd quarter 2010	3rd quarter 2009 (*)
8.867	Sales revenues	7.593	6.501	2.506	1.912
517	Other revenues and income	333	348	65	122
9.384	**Total net revenues**	**7.926**	**6.849**	**2.571**	**2.034**
(7.673)	Raw materials and services used (-)	(6.811)	(5.543)	(2.209)	(1.576)
(240)	Labor costs (-)	(185)	(178)	(58)	(62)
1.471	**EBITDA**	**930**	**1.128**	**304**	**396**
(772)	Depreciation, amortization and writedowns (-)	(562)	(566)	(200)	(188)
699	**EBIT**	**368**	**562**	**104**	**208**
(156)	Net financial income (expense)	(93)	(117)	(42)	(37)
(3)	Income from (Expense on) equity investments	-	2	1	1
(11)	Other income (expense), net	34	1	4	(1)
529	**Profit before taxes**	**309**	**448**	**67**	**171**
(278)	Income taxes	(119)	(233)	(23)	(83)
251	**Profit (Loss) from continuing operations**	**190**	**215**	**44**	**88**
-	Profit (Loss) from discontinued operations	-	-	-	-
251	**Profit (Loss)**	**190**	**215**	**44**	**88**
	Broken down as follows:				
11	Minority interest in profit (loss)	11	12	7	7
240	**Group interest in profit (loss)**	**179**	**203**	**37**	**81**
	Earnings per share (in euros)				
0,0448	Basic earnings per common share	0,0333	0,0378		
0,0748	Basic earnings per savings share	0,0633	0,0678		
0,0448	Diluted earnings per common share	0,0333	0,0378		
0,0748	Diluted earnings per savings share	0,0633	0,0678		

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

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

2009 full year		9 months 2010	9 months 2009	3rd quarter 2010	3rd quarter 2009
251	**Profit (Loss) (Minority and Group interest)**	**190**	**215**	**44**	**88**
	Other components of comprehensive income:				
298	- Change in the cash flow hedge reserve	(45)	206	(60)	(13)
2	- Profit (loss) from available-for-sale financial assets	(1)	3	1	4
7	- Differences on the translation of assets in foreign currencies	3	6	(1)	1
-	- Pro rata interest in other components of comprehensive income of investee companies	-	-	-	-
(110)	Income taxes attributable to other components of comprehensive income (-)	17	(76)	23	5
197	**Total other components of comprehensive income net of taxes**	**(26)**	**139**	**(37)**	**(3)**
448	**Total comprehensive profit (loss)**	**164**	**354**	**7**	**85**
	Broken down as follows:				
11	Minority interest in comprehensive profit (loss)	11	12	7	7
437	**Group interest in comprehensive profit (loss)**	**153**	**342**	**-**	**78**

CASH FLOW STATEMENT

2009 full year		(in millions of euros)	**9 months 2010**	9 months 2009
240		Group interest in profit (loss) from continuing operations	179	203
-		Group interest in profit (loss) from discontinued operations	-	-
11		Minority interest in profit (loss) from continuing operations	11	12
251		**Profit (Loss)**	**190**	**215**
772		Amortization, depreciation and writedowns	562	566
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	6	(2)
(1)		Change in the provision for employee severance indemnities	-	-
142		Change in other operating assets and liabilities	(209)	(174)
1.161	**A.**	**Cash flow from continuing operations**	**549**	**606**
(1.745)		Additions to intangibles and property, plant and equipment (-)	(426)	(1.527)
(56)		Additions to non-current financial assets (-)	(7)	(48)
(80)		Price paid on Business Combinations (-)	(41)	(80)
43		Proceeds from the sale of intangibles and property, plant and equipment	7	24
15		Proceeds from the sale of non-current financial assets	-	-
-		Repayment of capital contribution by non-current financial assets	5	-
(4)		Other current assets	(37)	(18)
(1.827)	**B.**	**Cash used in investing activities**	**(499)**	**(1.649)**
2.074		Receipt of new medium-term and long-term loans	535	2.074
(540)		Redemption of medium-term and long-term loans (-)	(626)	(478)
-		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	(146)	(143)
1.230	**C.**	**Cash used in financing activities**	**(465)**	**1.175**
(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)**	**(415)**	**128**
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)**	**333**	**316**
748	**L.**	**Total cash and cash equivalents at end of period (I)**	**333**	**316**
-	**M.**	**(-) Cash and cash equivalents of discontinued operations**	**-**	**-**
748	**N.**	**Cash and cash equivalents of continuing operations (L-M)**	**333**	**316**

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: Differences on the translation of assets in foreign currencies	Reserve for other components of comprehensive income: Cash flow hedge reserve	Reserve for other components of comprehensive income: Reserve for available-for-sale investments	Reserve for other components of comprehensive income: Interest in other com-ponents of comprehen-sive income of investee companies	Profit (Loss)	Group interest in sharehold. Equity	Minority interest in sharehold. Equity	Total sharehold. Equity
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)***
Change in the scope of consolidation	-	-	(2)	-	-	-	-	-	***(2)***	15	***13***
Other changes	-	-	(1)	-	-	-	-	-	***(1)***	-	***(1)***
Total comprehensive profit (loss)	-	-	-	6	130	3	-	203	**342**	12	**354**
of which:											
- Change in comprehensive income for the period	-	-	-	6	130	3	-	-	***139***	-	***139***
- Profit from 01.01.2009 to 09.30.2009	-	-	-	-	-	-	-	203	***203***	12	***215***
Balance at September 30, 2009	**5.292**	**91**	**2.433**	**3**	**(41)**	**(1)**	**-**	**203**	**7.980**	**179**	**8.159**
Other changes	-	(1)	3	-	-	-	-	-	***2***	(1)	***1***
Total comprehensive profit (loss)	-	-	-	1	58	(1)	-	37	**95**	(1)	**94**
of which:											
- Change in comprehensive income for the period	-	-	-	1	58	(1)	-	-	***58***	-	***58***
- Profit from 10.01.2009 to 12.31.2009	-	-	-	-	-	-	-	37	***37***	(1)	***36***
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)***	(16)	***(244)***
Share capital increase	-	-	-	-	-	-	-	-	**-**	10	***10***
Other changes	-	-	1	-	-	-	-	-	***1***	(1)	**-**
Total comprehensive profit (loss)	-	-	-	3	(28)	(1)	-	179	**153**	11	**164**
of which:											
- Change in comprehensive income for the period	-	-	-	3	(28)	(1)	-	-	***(26)***	-	***(26)***
- Profit from 01.01.2010 to 09.30.2010	-	-	-	-	-	-	-	179	***179***	11	***190***
Balance at September 30, 2010	**5.292**	**125**	**2.414**	**7**	**(11)**	**(3)**	**-**	**179**	**8.003**	**181**	**8.184**