QUARTERLY REPORT

AT MARCH 31, 2017

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The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

HIGHLIGHTS OF THE GROUP

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables below contain "alternative performance indicators" that are not included among those provided in the IFRS accounting principles. The methods used to compute these indicators, consistent with the guidelines of the European Securities and Markets Authority (ESMA), are described in the footnotes to the tables.

2016 full year	**Income statement highlights** (millions of euros)	**1st quarter 2017**	1st quarter 2016	% change
11,034	Sales revenues	2,798	3,026	*(7.5%)*
653	EBITDA	229	172	*33.1%*
5.9%	*as a % of sales revenues*	*8.2%*	*5.7%*	-
(260)	EBIT	8	(34)	*n.m.*
n.m.	*as a % of sales revenues*	*0.3%*	*n.m.*	-
(389)	Group interest in profit (loss)	(19)	(76)	*75.0%*

12.31.2016	**Balance sheet highlights** (millions of euros)	**03.31.2017**	03.31.2016	% change
337	Capital expenditures	78	70	*11.4%*
68	Investments in exploration	30	25	*20.0%*
7,327	Net invested capital (A + B)(1)	7,228	6,985	*(1.4%)*
1,062	Net financial debt (A)(1)(2)	934	1,141	*(12.1%)*
6,265	Total shareholders' equity (B)(1)	6,294	5,844	*0.5%*
5,955	Shareholders' equity attributable to Parent Company shareholders(1)	5,979	5,475	*0.4%*

	Rating	**03.31.2017**	12.31.2016
	Standard & Poor's		
	-Medium/long-term rating	BB+	BB+
	-Medium/long-term outlook	Stable	Stable
	-Short-term rating	B	B
	Moody's		
	-Rating	Baa3	Baa3
	-Medium/long-term outlook	Stable	Stable

(1) End-of-period data. The changes are computed against the data at December 31, 2016.
(2) A breakdown of this item is provided in the "Net Financial Debt and Cash Flows" section of this report.

INTRODUCTION

The preparation criteria of quarterly information

In light of the changes in the reference legislative framework that occurred during 2016, the Company decided, in line with the past, to provide the market with voluntary quarterly consolidated information, more concise and focused on its business performance. This report therefore includes a comment on the reference economic context, on the performances of the Group and the main operating sectors and provides the presentation formats with economic and financial data comparable with those of the Annual and Semiannual Reports.
For quantitative data, the equivalent figures of the previous reference period are also given.

The international accounting principles, the evaluation and consolidation criteria applied in preparing these information are consistent with those used for the 2016 Consolidated Financial Statements, which should be referenced for additional details.

The Board of Director, meeting on May 5, 2017, authorized the publication of Edison's Group Quarterly Report at March 31, 2017, which was not audited.

Unless, otherwise stated, all amount in these accompanying notes are in millions of euros.

Changes in the Scope of Consolidation compared with December 31, 2016 - Acquisition and Disposal of Assets

Electric Power Operations

- In March, the company **Edison Energy Solutions** acquired 51% of the company Comat Energia, company of the Comat Group active in more than 50 mountain communities and operating in the urban biomass district heating sector; the company is consolidated line by line;
- In March, the company **Edison Energia** acquired 51% of the company **Assistenza Casa**, Italian company of the international HomeServe Group, operating in home services market; the company is consolidated line by line;
- In March, the sale of the 51% stake held in the company **Gever**, previously consolidated line by line, was completed with a positive effect lower than 1 million euros on profit and loss.

The table below shows the preliminary effects of the above mentioned acquisitions.

(in millions of euros)	Assistenza Casa	Comat Energia
Fair Value of net acquired assets	**12**	**5**
% attributable to Edison	51%	51%
Fair Value of net acquired assets attributable to Edison	**6**	**3**
Acquisition cost	**6**	**3**

It is noted that the amounts should be viewed provisional at the moment since, pursuant to the IFRS 3 revised, the valuation becomes final 12 months after the date of acquisition.

KEY EVENTS

Edison teams up with Comat Energia to enter the district heating sector in Piedmont

On March 1, 2017, Edison launched into the urban biomass district heating sector, acquiring the majority share (51%) of Comat Energia, the Comat Group company operating in 50 mountain communities across Piedmont. The operation is part of Edison's strategy to develop the energy and environmental services sector as it pursues a market leadership position in Italy in this segment too, offering integrated services covering all sectors, from industry to the service sector and public administration.

Comat Energia operates in the heating and woody biomass district heating sector through around 100 heat production plants.

Edison enters the home services market

On March 2, 2017, Edison purchased 51% of Assistenza Casa, the Italian company of the international HomeServe Group, which holds the remaining 49% of the capital.

Assistenza Casa, established in 2010, numbers more than 50 employees, boasting a network of around 1,400 artisans across Italy and approximately three hundred thousand customers.

Thanks to this operation, Edison will be able to offer its customers repairs of electrical, gas and hydraulic systems, the installation and maintenance of boilers and air conditioning units, as well as the installation of remote-controlled smart systems connected to the internet ("Internet of Things").

These home services are an integral part of the new *Edison World* platform that was unveiled to the market late March, offering customers innovative smart home services, offering assistance in the home and control over consumptions.

Legal disputes – Ausimont - Bussi sul Tirino

With reference to the criminal proceeding it should be noted that the Court of Assizes of Appeal of L'Aquila, on February 17, 2017, issued a ruling in which, in a partial reversal of the decision of first instance, convicted between two and three years ten defendants of culpable environmental disaster. The reasoning of the judgment has not been published yet. In any case, it is foreseen that the counsels of the defendants will file an appeal to the Supreme Court against the ruling.

However, it is important to recall that Edison, further to the decision by all defendant to opt for summary judgment proceedings, was excluded *ex lege* from this trial in which it was being sued as the civilly liable party.

EXTERNAL CONTEXT

Economic Framework

The early months of 2017 confirm a moderate recovery across the globe, although some considerable risk factors do remain. Industrial production indexes have in fact grown, both in advanced and emerging countries; commodity prices have also risen slightly, with the exception from oil, which continues to come in at an average of more than 50 dollars per barrel, and international trade indicators suggest a recovery, albeit relatively weak.

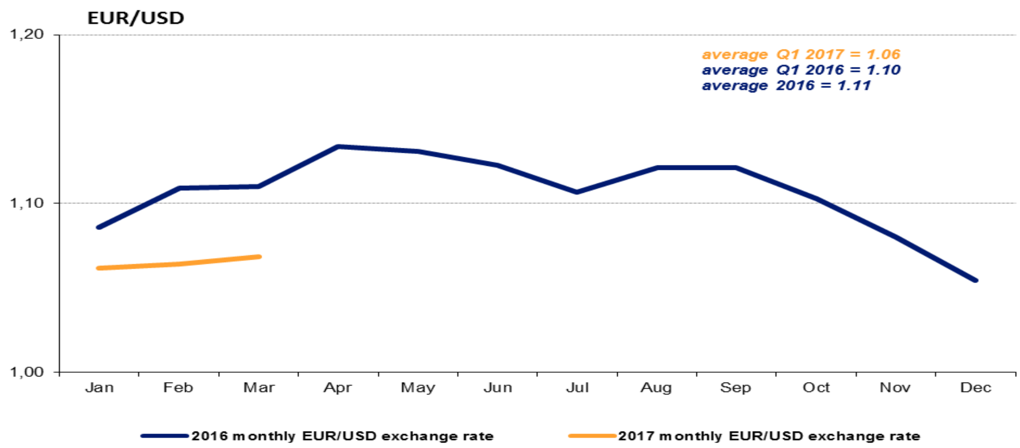
In the first three months of 2017, the United States revealed modest growth; the exuberance of the markets following Mr Trump's election is now effectively lessening as it has become evident that the tax stimuli of the administration will fall below those initially expected. The rise in rates launched by the Federal Reserve (which in March took the cost of money to 1%, up a quarter of a point on December) will proceed with caution, both due to factors within and external to the US economy: the first relate above all to the employment market, with the salary trend that remains subdued and the number of those on involuntary part-time contracts exceeding that recorded pre-crisis, whilst the second mainly relate to the difficulties that may be encountered by some emerging countries following an overly rapid rise in monetary rates due to their considerable foreign debt.

In the United Kingdom, which formalised its request to leave the European Union on March 29, 2017, growth continues although a slowing to the economic trend is to be expected for year end, due to the limited growth in actual salaries and greater costs for imports as a result of the devaluation of the sterling.

On the one hand, the Eurozone benefits from the positive effects generated by the prolonged expansive monetary policy and, on the other, the favourable international context, although political risks remain, linked above all to the forthcoming elections in France and Italy. The increase in inflation in the main European countries in fact distances the risks of deflation within the area and March saw a rise in faith by European businesses up to peak levels since 2011, recording increases in Germany, France and Italy. Economic growth continues in Germany, France and Spain, albeit somewhat less vigorously than the previous year.

As regards Italy, the shy recovery continues to be driven by domestic demand, and investments in particular, supported both by the economic policies implemented and the improvement in the employment market, although export demand has been showing some signs of recovery since the end of last year.

During the first quarter of the year, the euro depreciated against the dollar by 3.4% with respect to the first quarter of 2016, going from an average price of 1.10 euros per USD to 1.06 euros. Vice versa, in analysing the monthly performance, a slight positive trend is seen starting from the all-time lows recorded in December 2016, also thanks to the ECB monetary policies.



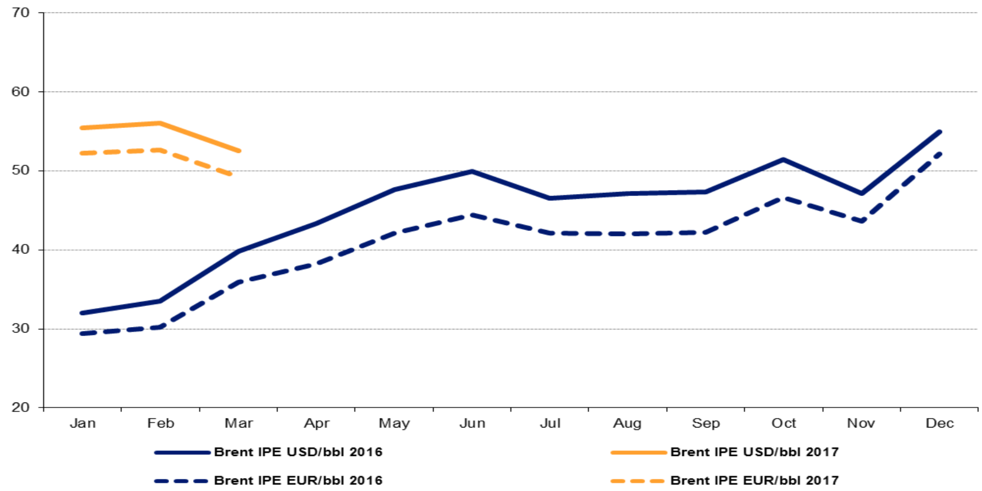
With regards to the oil markets, the average raw oil price for the first quarter 2017 came in at 54.7 USD/barrel, 55.7% higher than the average recorded for the first quarter 2016 and up 6.9% on the average of the fourth quarter 2016. The change was instead significantly greater for the price of raw oil in euros, which books an increase of 61.2% on the same period of the previous year, with an average quarter value of 51.4 EUR/barrel.

The trend seen at the start of 2017 is due to the agreements reached at end 2016 between the OPEC countries and another 10 producing countries, including Russia, regarding the reduction in the production of raw oil, to be applied during the first half of 2017. These agreements, which lead the market to expect a restoration of balance to the oversupply situation, have strongly supported oil prices in the last listings of 2016, as indeed in the first few months of 2017. In March, a significant reduction in prices was sparked by fears that the aim of these agreements could perhaps be reached with a reduction in production of just six months.

The table and graph below respectively give the average values per quarter and the monthly trend of this year and the previous year:

2016 full year		1st quarter 2017	1st quarter 2016	% change
45.1	Oil price in USD/bbl(1)	54.7	35.1	*55.7%*
1.11	USD/EUR exchange rate	1.06	1.10	*(3.4%)*
40.8	Oil price EUR/bbl	51.4	31.9	*61.2%*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2016 full year	(TWh)	1st quarter 2017	1st quarter 2016	% change
275.6	Net production:	70.4	66.2	*6.4%*
187.5	*- Thermoelectric*	*51.5*	*46.9*	*9.8%*
42.3	*- Hydroelectric*	*7.5*	*7.9*	*(4.7%)*
22.5	*- Photovoltaic*	*4.6*	*4.0*	*15.5%*
17.5	*- Wind power*	*5.3*	*5.9*	*(9.4%)*
5.9	*- Geothermal*	*1.5*	*1.5*	*(1.9%)*
37.0	Net imports	9.2	12.9	*(28.8%)*
(2.4)	Pumping consumption	(0.7)	(0.6)	*9.9%*
310.3	**Total demand**	**79.0**	**78.5**	***0.6%***

Source: Analysis of pre-closing Terna data for 2016 and 2017, before line losses.

The gross demand for electricity in Italy in the first quarter of 2017 came to 79 TWh (TWh = 1 billion kWh), up 0.6% on the same period of the previous year: on a seasonally adjusted basis (i.e. removing the effects resulting from variations in the number of working days), the change becomes a positive 0.9%.

Domestic production, net of pumping consumption, covered 88.3% of the demand, up on 2016's 83.5%, whilst net imports dropped significantly (-3.7 TWh; approximately -29%). This was essentially due to the extraordinary maintenance works carried out on the French nuclear plants.

The increase in net production by about 4.3 TWh (+6.4%) is the result of an increase in thermoelectric production by about 4.6 TWh (+9.8%) against a decline in hydroelectric generation by about 0.4 TWh (-4.7%) and productions from other renewable sources that have remained almost unchanged on the same period of 2016.

More specifically, as regards the main renewable sources, please note an increase in photovoltaic production of 15.5% (+0.6 TWh) and a reduction in wind power production of 9.4% (-0.6 TWh), whilst production from geothermal sources remained stable.

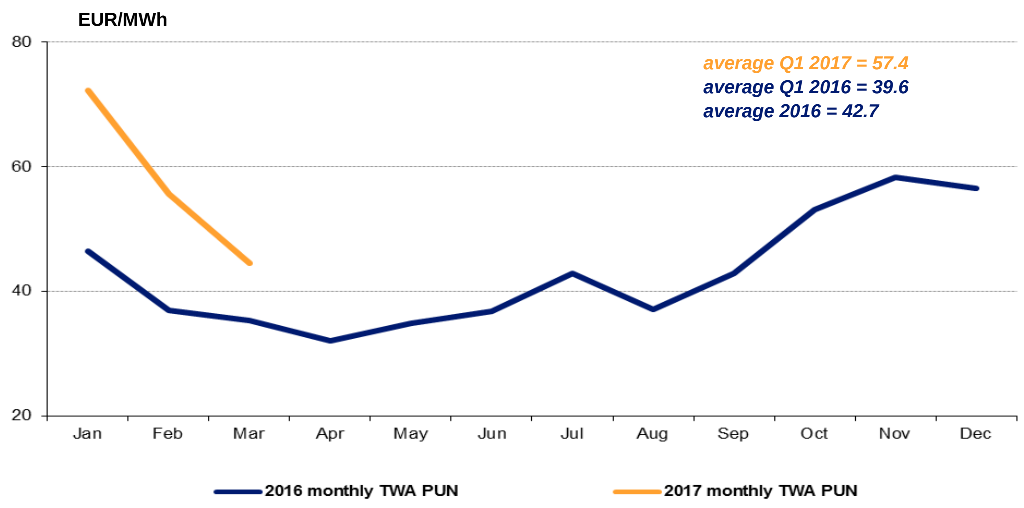
With reference to the price scenario as at March 31, 2017, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian), came in at 57.4 euros per MWh, thereby significantly appreciating against the same period of the previous year (39.6 euros per MWh).

This clear increase in price on the first quarter of 2016 (+45.1%) comes in a context of tension on the surrounding electric markets, which has had a knock-on effect on the gas and distilled products markets too. More specifically, the routine and unscheduled maintenance carried out on a series of nuclear plants in France, starting last October, has resulted in a reversal of the typical energy flows between the countries of central Europe. In January, below-season average temperatures added to this, resulting in greater use of national thermoelectric production in order to cope with the reduced imports of energy from France and, at the same time, an increased volume of exports.

In observing the performance recorded in the individual months, we instead note a decreasing trend, with prices going from 72.2 euros per MWh in January to 44.5 euros per MWh in March, following the return of temperatures to seasonal averages in February and March.

In the first quarter of 2017, increases are recorded in both zone prices, in line with the change recorded on the PUN (+43.8% north zone, +55.9% south zone) and on the groups of hours F1, F2 and F3 (+44% on the first quarter of 2016).

The monthly performance as compared with the previous year is shown in the graph below:



In the same way, France and Germany also record a decreasing price trend in the individual months, although the quarter average comes in at higher values than the same period of 2016. In France, prices came in at 54.9 euros per MWh, up 90.9% on the first quarter of 2016, due to the already-specified phenomena that characterised the French electricity market. In a similar way, Germany closed the period at 41.3 euros per MWh, with a positive change, but more limited, of 64.3% as compared with the first quarter 2016.

Demand for Natural Gas in Italy and Market Environment

2016 full year	(billions of m3)	1st quarter 2017	1st quarter 2016	% change
28.2	Services and residential customers	13.7	13.0	*5.2%*
16.7	Industrial users	4.7	4.4	*6.9%*
23.4	Thermoelectric power plants	6.7	5.7	*18.0%*
2.1	System usage and leaks	0.4	0.4	*7.4%*
70.4	**Total demand**	**25.6**	**23.6**	***8.6%***

Source: 2016 and 2017 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

During the first quarter of 2017, the demand for natural gas in Italy grew significantly (+8.6%) on the same period of the previous year, coming in at 25.6 billion cubic meters, thereby rising by approximately 2 billion cubic meters.

This trend is mainly due to the combined effect of greater thermoelectric production (+1.0 billion cubic meters; +18.0% on the first quarter of 2016), which offset the simultaneous decline in hydroelectric production and imports, greater consumption by the service sector and residential customers (+0.7 billion cubic meters; +5.2% on the first quarter of 2016) thanks to the harsher temperatures, particularly in January and, finally, an increase in consumption of the industrial users (+0.3 billion cubic meters; +6.9% on the first quarter 2016), which confirms the positive data booked for industrial production.

In terms of supply sources, the first quarter 2017 recorded, as compared with the first quarter 2016:

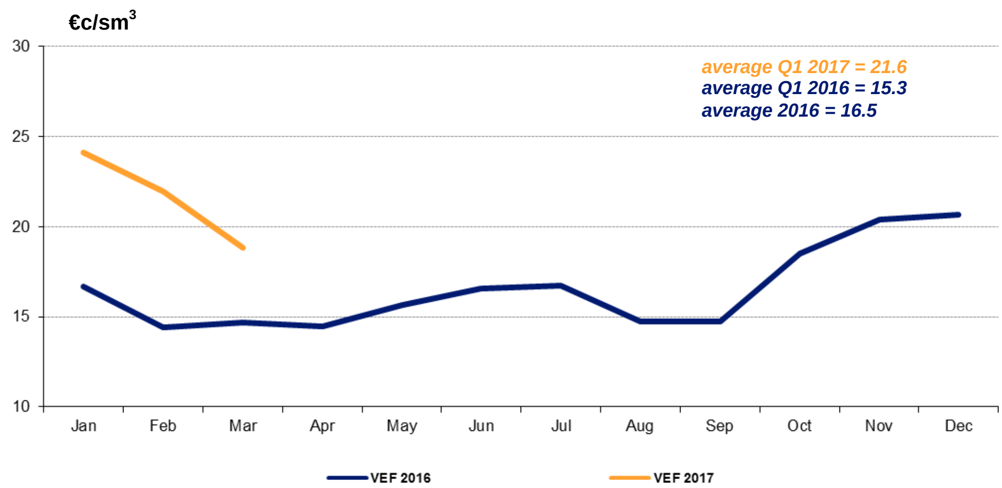
- a decline in national production (-0.1 billion cubic meters; -5%);
- an increase in gas imports (+2.5 billion cubic meters; +17%);
- a decline in volumes withdrawn from storage (-0.4 billion cubic meters; -6%).

The spot gas price in Italy on the Virtual Exchange Facility (VEF) rose by 41.2% on the same period of 2016, coming in at 21.6 €c/standard cubic meters. This increase in average prices was determined by the growth in the demand for gas, which recorded an 8.6% increase due to the effect of the below-average seasonal temperatures.

The quarterly monthly prices trended downwards, in line with the seasonal movements of demand, which show lower prices as the summer months approach.

In a similar way as described for the Italian market, the European gas markets have recorded positive changes with respect to the same period 2016: the TTF, the main point of reference for gas in Europe, closed at 19.6 €c/standard cubic meters, up almost 44.2% on 2016.

The VEF-TTF spread recorded an average of 2.0 €c/standard cubic meters, up almost 22% on the first quarter of 2016. Whilst in January, Italian prices remained fairly solid, with peaks above 40 €c/standard cubic meters, in the following months, gas prices fell back into line with those of the TTF. The performance of the listings on the two hubs is also reflected in the import levels from Passo Gries, which in February dropped considerably (approximately -24% on 2016), given the low spread with the TTF, below the logistics and transport costs from northern Europe.



Legislative and Regulatory Framework

The main legislative and regulatory measures enacted in the first quarter of 2017 that concern the Group's various businesses are reviewed below.

Electric Power

Wholesale Market

Italian capacity market: on January 31, 2017, Terna launched a brief consultation on criteria by which to define the demand curves to be applied in assigning the operators' commitments during the Italian capacity market auctions. The document pursues the process of amending and supplementing the regulation of this capacity market started late October 2016 with the publication of a proposal made by Terna, in response to the requests made by numerous operators to simplify the demand curve construction methods.
This simplification of the demand curve on the one hand satisfies the requests made by Edison and by the operators in general, and on the other makes it more adaptable to suit the needs of the Ministry and Terna in regards to the budget defined for the capacity market.

Re-activation of storage plants: on March 21, 2017, Edison Trading received a communication from Terna asking it to re-activate the thermoelectric plants currently being stored (Cologno Monzese, San Quirico, Porto Viro and Jesi) as quickly as possible; authorisation for the definitive decommissioning of Sarmato was instead received from the Ministry of Economic Development.
This request, also taking due consideration of the low level of the water basins due to the scarce rainfall during the winter season, had become necessary in order to cope with the summer peaks in consumption.
In the letter of reply sent to Terna on March 31, 2017, Edison Trading confirmed the timing for re-activation and that it was available to schedule a meeting during which to define the conditions - essential to restoring production availability to the plants - to support the operating costs otherwise not due to producers.

Hydrocarbons

Rates and Market

Distribution tariffs: by Resolution 145/2017/R/gas of March 16, 2017, the definitive 2016 reference tariff components were published for the distribution and metering services.

Gas balancing - Implementation of EU Regulation no. 312/2014 - Gas market regulation: by Resolution 98/2017/I/gas of March 3, 2017, the Authority for electricity, gas and water (the "Authority") approved the new gas market regulation (M-Gas) of the GME, following the observations received by GME during a consultation held last December.
The regulation envisages the participation of Edison Stoccaggio in the storage gas market (MGS) session to be held at the end of the gas day, as part of the M-gas, starting October 1, 2017. During the transitional period, i.e. from April 1, 2017 to October 1, 2017, the storage gas market will operate with the sole hub of Stogit Spa.
When the M-Gas platform is fully operative, the GME will become the central counterparty to all transactions concluded on said market.
The resolution attaches the Integrated text on the provisions regarding the regulatory conditions by which to go about the management business of physical gas markets (TICORG).

Infrastructures

Storage auctions for thermal year 2017-2018: by Ministerial Decree of February 14, 2017, the Ministry of Economic Development regulated the storage capacity for thermal year 2017-2018. Thereafter, by Resolution 76/2017/R/gas of February 16, 2017, the Authority defined the provisions for the organisation of the procedures for the conferral of said capacity (auctions), also defining the criteria to be applied in calculating the reserve price.
The formula applied to calculate this reserve price was delivered by the Authority to the storage businesses with reserved provision (for Edison Stoccaggio by Resolution 83/2017/R/gas).

This year's regulatory framework has remained basically unchanged with respect to that of last year, hence the criteria for the conferral of storage capacity have been confirmed for thermal year 2017/2018 with some exceptions, namely the elimination from the reserve price of the costs associated with transport prices to the entry/exit points of the grid interconnected with the storage and a different formulation of the reserve price growth function according to the quantities offered.

PRESENTATION FORMATS

Consolidated Income Statement

(in millions of euros)	1st quarter 2017	1st quarter 2016
Sales revenues	2,798	3,026
Other revenues and income	38	20
Total net revenues	**2,836**	**3,046**
Raw materials and services used (-)	(2,528)	(2,820)
Labor costs (-)	(79)	(54)
EBITDA	**229**	**172**
Net change in fair value of commodity derivatives	(98)	(92)
Depreciation, amortization and writedowns (-)	(122)	(114)
Other income (expense), net	(1)	-
EBIT	**8**	**(34)**
Net financial income (expense)	(13)	(30)
Income from (Expense on) equity investments	9	(3)
Profit (Loss) before taxes	**4**	**(67)**
Income taxes	(18)	(4)
Profit (Loss) from continuing operations	**(14)**	**(71)**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**(14)**	**(71)**
Broken down as follows:		
Minority interest in profit (loss)	5	5
Group interest in profit (loss)	**(19)**	**(76)**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0.0040)	(0.0150)
Basic earnings per savings share	0.0125	0.0125
Diluted earnings (loss) per common share	(0.0040)	(0.0150)
Diluted earnings per savings share	0.0125	0.0125

Consolidated Balance Sheet

(in millions of euros)	03.31.2017	12.31.2016 (*)
ASSETS		
Property, plant and equipment	3,929	3,937
Investment property	5	5
Goodwill	2,357	2,357
Hydrocarbon concessions	387	396
Other intangible assets	128	128
Investments in associates	107	104
Available-for-sale investments	152	158
Other financial assets	88	94
Deferred-tax assets	480	498
Other assets	304	310
Total non-current assets	**7,937**	**7,987**
Inventories	194	180
Trade receivables (*)	1,584	1,877
Current-tax assets	7	8
Other receivables (*)	1,051	1,390
Current financial assets	23	22
Cash and cash equivalents	194	206
Total current assets	**3,053**	**3,683**
Total assets	**10,990**	**11,670**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	598	988
Reserve for other components of comprehensive income	23	(21)
Group interest in profit (loss)	(19)	(389)
Total shareholders' equity attributable to Parent Company shareholders	**5,979**	**5,955**
Shareholders' equity attributable to minority shareholders	315	310
Total shareholders' equity	**6,294**	**6,265**
Provision for employee severance indemnities and provisions for pensions	43	44
Provision for deferred taxes	55	52
Provisions for risks and charges	1,159	1,142
Bonds	-	-
Long-term financial debt and other financial liabilities	215	215
Other liabilities	26	74
Total non-current liabilities	**1,498**	**1,527**
Bonds	617	615
Short-term financial debt	319	460
Trade payables (*)	1,425	1,695
Current taxes payable	12	7
Other liabilities (*)	825	1,101
Total current liabilities	**3,198**	**3,878**
Total liabilities and shareholders' equity	**10,990**	**11,670**

(*) Since January 1, 2017, for a better representation of the operating working capital, the receivables and payable owed to/by partners and associates in hydrocarbon exploration projects are respectively included in trade receivables and trade payables, instead of in other receivables and other liabilities.

For the purposes of consistent comparison the amounts at December 31, 2016, receivables for 47 million euros and payables for 88 million of euros, were reclassified in coherence with the 2017 data.

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
Balance at December 31, 2016	**5,377**	**988**	**(21)**	**(389)**	**5,955**	**310**	**6,265**
Aprropriation of the previous year's profit (loss)	-	(389)	-	389	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	**-**	(1)	**(1)**
Capital and reserves increase	-	-	-	-	**-**	-	**-**
Change in scope of consolidation	-	-	-	-	**-**	1	**1**
Other changes	-	(1)	-	-	**(1)**	-	**(1)**
Total comprehensive profit (loss)	-	-	44	(19)	**25**	5	**30**
of which:							
- Change in comprehensive income	-	-	44	-	**44**	-	**44**
- Profit (loss) at March 31, 2017	-	-	-	(19)	**(19)**	5	**(14)**
Balance at March 31, 2017	**5,377**	**598**	**23**	**(19)**	**5,979**	**315**	**6,294**

ECONOMIC & FINANCIAL RESULTS AT MARCH 31, 2017

Sales Revenues and EBITDA of the Group and by Business Segment

2016 full year	(millions of euros)	**1st quarter 2017**	1st quarter 2016	Change	% Change
	Electric Power Operations				
5,682	Sales revenues	1,387	1,361	26	*1.9%*
386	Reported EBITDA	74	71	3	*4.2%*
242	Adjusted EBITDA (1)	68	43	25	*58.1%*
	Hydrocarbons Operations				
6,031	Sales revenues	1,636	1,836	(200)	*(10.9%)*
361	Reported EBITDA	175	119	56	*47.1%*
505	Adiusted EBITDA (1)	181	147	34	*23.1%*
	Corporate Activities and Other Segments(2)				
51	Sales revenues	12	12	-	-
(94)	EBITDA	(20)	(18)	(2)	*(11.1%)*
	Eliminations				
(730)	Sales revenues	(237)	(183)	(54)	*(29.5%)*
	Edison Group				
11,034	**Sales revenues**	**2,798**	**3,026**	**(228)**	***(7.5%)***
653	**EBITDA**	**229**	**172**	**57**	***33.1%***
5.9%	**as a % of sales revenues**	**8.2%**	**5.7%**	**-**	**-**

(1) Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion attributable to the Electric Power Operations of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. This reclassification is being made to allow a better operational presentation of the Group's industrial results.

(2) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied with a specific business and certain holding companies and real estate companies.

In the first quarter of 2017, Group sales revenues stood at 2,798 million euros, down 7.5% on the previous year.

EBITDA came to 229 million euros (172 million euros in the first quarter of 2016) and recorded an increase of 57 million euros also thanks to Fenice's contribution.

Reference is made to the next paragraphs for a more in-depth analysis of the performance of the individual business segments.

Electric Power Operations

Sources

2016 full year	(GWh) (*)	1st quarter 2017	1st quarter 2016	% change
20,358	**Edison production:**	**5,343**	**4,591**	***16.4%***
16,765	*- Thermoelectric*	*4,682*	*3,918*	*19.5%*
2,490	*- Hydroelectric*	*337*	*304*	*10.8%*
1,103	*- Wind power and other renewables*	*324*	*369*	*(12.1%)*
70,836	**Other purchases (wholesalers, IPEX, etc.)(1)**	**14,872**	**18,497**	***(19.6%)***
91,194	**Total sources**	**20,215**	**23,087**	***(12.4%)***

(1) Before line losses and excluding the trading portfolio.
(*) One GWh is equal to one million kWh, referred to physical volumes.

Uses

2016 full year	(GWh) (*)	1st quarter 2017	1st quarter 2016	% change
11,582	**End customers (1)**	**2,606**	**3,041**	***(14.3%)***
79,612	**Other sales (wholesalers, IPEX, etc.)(2)**	**17,609**	**20,046**	***(12.2%)***
91,194	**Total uses**	**20,215**	**23,087**	***(12.4%)***

(1) Before line losses.
(2) Excluding trading portfolio.
(*) One GWh is equal to one million kWh.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales to the end-user market (business and retail), proprietary trading activities and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the abovementioned portfolios and at maximizing their profitability through their optimization.
Under the scope of this model, Edison production in Italy comes in at 5,343 GWh, up 16.4% on the first quarter of 2016; more specifically, thermoelectric production increases by 19.5%, reflecting the national trend for gas-powered plants, despite the sale of Termica Milazzo made on August 1, 2016 and of Gever Spa as from March 2017. As regards hydroelectric production, the performance of the first quarter of 2017 saw an increase in production (+10.8%) thanks to the contribution made by the Cellina Energy and IDREG Piemonte plants acquired at the end of May 2016, which more than offset the lesser hydraulics of the period. Instead, a decline in wind power and other renewable productions is recorded of around 12%, due to the lesser wind levels in the period.
Sales to end customers dropped by 14.3%, mainly due to the smaller volumes sold to the Business segment.
Other purchases and sales of the first quarter 2017 are down on the values of the same period of 2016; it is worth mentioning that these items include, in addition to transactions on the wholesale market, purchases and sales on the IPEX, which are characterized by lower unit margins as they are related to production from facilities operating in bidding mode, the balancing of individual portfolios and make-or-buy activity.

Energy Services

2016 full year (1)	(GWh) (*)	1st quarter 2017	1st quarter 2016	% change
797	**Production of electric power by cogeneration and trigeneration systems and other smaller facilities**	**270**	**-**	***n.a.***

(*) One GWh is equal to one million kWh.
(1) For the year 2016, production refers to a period of nine months, starting from the acquisition of the Fenice group on April 1, 2016.

Production of electric power from energy services refers to the new Energy Services Market Division created following the integration of the Fenice group business, consolidated as of April 1, 2016.

Income Statement Data

2016 full year	(millions of euros)	1st quarter 2017	1st quarter 2016	% change
5,682	Sales revenues	1,387	1,361	*1.9%*
242	Adjusted EBITDA (1)	68	43	*58.1%*

(1) See note on page 15.

Sales revenues of the first quarter 2017 total 1,387 million euros and despite a reduction in volumes, they are slightly up on the first quarter of 2016 thanks to the contributions made by Fenice's revenues for 93 million euros (in 2016, consolidated starting April) and to an increase in average prices of sale driven by the reference scenario. The quarter's adjusted EBITDA, which comes in at 68 million euros (43 million euros during the same period of 2016), records an increase of 25 million euros thanks to Fenice's contribution and higher margins in thermoelectric generation.

Hydrocarbons Operations

Sources of Natural Gas

2016 full year	(millions of m^3 of natural gas)	1st quarter 2017	1st quarter 2016	% change
521	Production (1)	114	111	*2.7%*
14,615	Imports (Pipeline + LNG)	3,899	3,585	*8.8%*
6,745	Other purchases	1,746	1,617	*8.0%*
-	Change in stored gas inventory (2)	236	280	*(15.8%)*
21,881	**Total sources**	**5,995**	**5,592**	***7.2%***
1,403	**Production outside Italy (3)**	**333**	**375**	***(11.1%)***

(1) Net of self-consumption and at Standard Calorific Power. It includes the production from the Izabela concession in Croatia imported into Italy.
(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(3) Counting volumes withheld as production tax.

Uses of Natural Gas

2016 full year	(millions of m^3 of natural gas)	1st quarter 2017	1st quarter 2016	% change
2,562	Residential use	1,180	1,266	*(6.8%)*
3,970	Industrial use	1,150	1,041	*10.5%*
7,320	Thermoelectric fuel use	2,107	1,750	*20.4%*
8,029	Other sales	1,558	1,536	*1.4%*
21,881	**Total uses**	**5,995**	**5,592**	***7.2%***
1,403	**Sales of production outside Italy (1)**	**333**	**375**	***(11.1%)***

(1) Counting volumes withheld as production tax.

Period gas production, adding Italy and abroad together, came to 447 million cubic meters, down 8% on the first quarter of last year. The production sold in Italy rose by 2.7% thanks to the Clara North West field, which started-up in April 2016; this increase partially offset the lesser production abroad, down 11.1%, mainly due to the natural decline of the field production curves.
Total gas imports (up 314 million cubic meters) and Other purchases (up 129 cubic meters) both increased to satisfy the greater period sales.
The quantities sold, totalling 5,995 million cubic meters, highlighted an increase of 7.2% on the first quarter of 2016, driven by sales for thermoelectric uses (+20.4% due to the greater gas consumption by the Group and third party thermoelectric plants) and sales for industrial uses (+10.5%).

Crude Oil Production

2016 full year	(thousands of barrels)	1st quarter 2017	1st quarter 2016	% change
2,163	Production in Italy	467	561	*(16.8%)*
1,980	Production outside Italy (1)	479	586	*(18.3%)*
4,143	**Total production**	**946**	**1,148**	***(17.6%)***

(1) Counting volumes withheld as production tax.

Quarter production of raw oil totalled a drop of 17.6% due to the lesser Italian (-94 thousand barrels) and foreign (-107 thousand barrels) production, due to the natural decline of concessions.

Income Statement Data

2016 full year	(millions of euros)	1st quarter 2017	1st quarter 2016	% change
6,031	Sales revenues	1,636	1,836	*(10.9%)*
505	Adjusted EBITDA(1)	181	147	*23.1%*
323	*- amount from gas activities*	121	*110*	*10.0%*
182	*- amount from Exploration & Production*	60	*37*	*62.2%*

(1) See note on page 15.

Sales revenues came in at 1,636 million euros, down 10.9% on the first quarter of 2016. This decline, despite the increase in sales, was due to the reduction in the income from derivative contracts realised; it is specified that in a similar way, a reduction was seen in derivative contracts realised in the related cost item.
The quarter's adjusted EBITDA came to 181 million euros, up 34 million on the same period of 2016. This change is mainly due to the larger margin realised from Exploration & Production activities, thanks to the recovery of the oil scenario as well as to greater volumes sold on the gas sector.

Corporate Activities and Other Segments

Income Statement Data

2016 full year	(millions of euros)	1st quarter 2017	1st quarter 2016	% change
51	Sales revenues	12	12	-
(94)	EBITDA	(20)	(18)	*(11.1%)*

Corporate Activities and Other Segments include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.
Sales revenues for the first quarter of 2017 are unchanged on those of the same period of 2016, whilst EBITDA has dropped by 2 million euros due to non-recurring income recorded in the first quarter of 2016.

Other Components of the Group's Income Statement

2016 full year	(in millions of euro)	1st quarter 2017	1st quarter 2016	Change %
653	**EBITDA**	**229**	**172**	***33.1%***
(166)	Net change in fair value of derivatives (commodity and foreign exchange)	(98)	(92)	*(6.5%)*
(734)	Depreciation, amortization and writedowns	(122)	(114)	*(7.0%)*
(13)	Other income (expense), net	(1)	-	*n.m.*
(260)	**EBIT**	**8**	**(34)**	***n.m.***
(94)	Financial income (expense), net	(13)	(30)	*56.7%*
7	Income from (expense on) equity investments	9	(3)	*n.m.*
(25)	Income Taxes	(18)	(4)	*n.m.*
(372)	**Profit (Loss) from continuing operations**	**(14)**	**(71)**	***80.3%***
(389)	**Group interest in profit (loss)**	**(19)**	**(76)**	***75.0%***

The **Group's interest in the net result** was negative by 19 million euros (negative by 76 million euros in the first quarter 2016).

In addition to the industrial margin dynamics discussed above, the main factors affecting the result for the period included:

- a net negative change in the fair value of derivatives amounting to 98 million euros (negative by 92 million euros in the first quarter of 2016);
- depreciation and amortization for 122 million euros in 2017 which included 13 million euros referred to the Fenice group, consolidated in Edison as from April 1, 2016 and therefore not included in the figures of the first quarter 2016;
- the lower net financial expense and income from (expense on) equity investments which reflect the gains of about 7 million euros due to the sale, in February 2017, of the equity investment held in Istituto Europeo di Oncologia;
- Income Taxes which include regional taxes (IRAP) and foreign taxes.

Here below the details of the main Other Components of the Group's Income Statement:

Net Change in Fair Value of Commodity Derivatives

(in millions of euros)	1st quarter 2017	1st quarter 2016	Change
Change in fair value in hedging the price risk on energy products:	**(113)**	**32**	**(145)**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(2)	(4)	2
- definable as hedges pursuant to IAS 39 (FVH)	(24)	84	(108)
- not definable as hedges pursuant to IAS 39	(87)	(48)	(39)
Change in fair value in hedging the foreign exchange risk on commodities:	**(24)**	**(77)**	**53**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(1)	(9)	8
- definable as hedges pursuant to IAS 39 (FVH)	(14)	(36)	22
- not definable as hedges pursuant to IAS 39	(9)	(32)	23
Change in fair value in physical contracts (FVH)	**39**	**(47)**	**86**
Total for the Group	**(98)**	**(92)**	**(6)**

(*) Referred to the ineffective portion.

The Group applies, when possible, the hedge accounting (cash flow hedge and from 2016 fair value hedge), however there are commodity and foreign exchange derivatives contracts that, albeit with the aim of economic hedging of the Industrial Portfolio, are not definable as hedges pursuant to IAS 39; these contracts contribute mostly to the **Net Change in Fair Value of Commodity Derivatives**. This evaluation item represents the difference between the fair value at the reporting date and the one measured at December 31 of the previous year and it provides an information about the impact that the perspective volatility of the reference markets would have on instruments in place at the end of reporting period.

Depreciation, Amortization and Writedowns

(in millions of euros)	1st quarter 2017	1st quarter 2016	Change
Depreciation and amortization of:	**122**	**114**	**8**
- property, plant and equipment	79	73	6
- exploration costs	30	25	5
- hydrocarbon concessions	9	13	(4)
- other intangible assets	4	3	1
Total for the Group	**122**	**114**	**8**
Breakdown by Business Segment	**1st quarter 2017**	**1st quarter 2016**	Change
Electric Power Operations	56	43	13
Hydrocarbons Operations	64	69	(5)
Corporate Activities and Other Segments	2	2	-
Total for the Group	**122**	**114**	**8**

Net Financial Income (Expense)

(in millions of euros)	1st quarter 2017	1st quarter 2016	Change
Net financial expense on debt	(3)	(5)	2
Fees	(3)	(3)	-
Financial expense on decommissioning projects and provisions for risks	(7)	(7)	-
Other financial income (expense)	1	-	1
Net foreign exchange translation gains (losses)	(1)	(15)	14
Net financial income (expense) for the Group	**(13)**	**(30)**	**17**

The **Net financial expense on debt** benefited from a lower level of indebtedness and from lower cost due to a different mix of financial resources.

In first quarter of 2016 the **Net foreign exchange translation gains (losses)** were negatively affected by the devaluation of Egyptian pound.

Net Financial Debt and Cash Flows

At March 31, 2017, net financial debt totaled 934 million euros, or 128 million euros less than the 1,062 million euros owed at December 31, 2016. The table below provides a simplified breakdown of the net financial debt:

(in millions of euros)	03.31.2017	12.31.2016	Change
Bonds - non-current portion	-	-	-
Non-current bank loans	141	141	-
Amounts due to other lenders - non-current portion	74	74	-
Non current net financial debt	**215**	**215**	**-**
Bonds - current portion	617	615	2
Short-term financial debt	319	460	(141)
Current financial assets	(23)	(22)	(1)
Cash and cash equivalents	(194)	(206)	12
Current net financial debt	**719**	**847**	**(128)**
Net financial debt	**934**	**1,062**	**(128)**

The **non-current financial debt** included, as at December 31, 2016, the drawdown of 70 million euros on the medium-long term credit line (total nominal amount of 200 million euros), intended for specific investment projects, provided in December 2015 by EDF Sa to Edison Spa based on a similar credit line provided by EIB to EDF Sa.

The **bonds**, amounting to 617 million euros including the total accrued interest at March 31, 2017, were related to a bond issue with maturity date at November 10, 2017.

It is worth of mentioning that the valuation at amortized cost of the bond issue, hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuation, was adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

The reduction in **short-term financial debt**, compared with December 31, 2016, is due (for 150 million euros) to the reimbursement of the amount drawn down on the credit line provided by EDF Sa (total nominal amount of 600 million euros with maturity in April 2017), which is fully available at March 31, 2017.

The **Cash and cash equivalents** consist of short-term deposits in bank and postal accounts and other short-term investments; they include for 24 million euros the current account established with EDF Sa (73 million euros at December 31, 2016).

It should be noted that, in the overall refinancing plan already announced in 2016 Consolidation Financial Statement aimed to provide both the coverage for the expected financial needs and the necessary cash flexibility, in April 2017 Edison Spa subscribed two revolving credit lines with maturity within 2 years:

- with EDF Sa for a nominal amount of 600 million euros, as replacement of the above mentioned expired credit line;
- with a pool of banks for a nominal amount of 300 million euros, as replacement of a similar line (nominal amount of 500 million euros) expired in November 2016.

The table below provides a breakdown of the changes that occurred in net financial debt:

2016 full year	(millions of euros)	**1st quarter 2017**	1st quarter 2016
(1,147)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF PERIOD**	**(1,062)**	**(1,147)**
653	EBITDA	229	172
(76)	Elimination of non-cash items included in EBITDA	4	5
(55)	Net financial expense paid	(2)	22
(196)	Income taxes paid (-)	(11)	(8)
12	Dividends collected	-	-
(15)	Other items from operating activities	(2)	(6)
323	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**218**	**185**
649	Change in operating working capital	15	11
(177)	Change in non-operating working capital	(11)	(42)
(555)	Net investments (-)	(106)	(128)
240	**C. CASH FLOW AFTER NET INVESTMENTS AND CHANGE IN WORKING CAPITAL**	**116**	**26**
(77)	Dividends paid (-)	(1)	(4)
(78)	Other items	13	(16)
85	**D. NET CASH FLOW FOR THE PERIOD**	**128**	**6**
(1,062)	**E. NET FINANCIAL (DEBT) AT END OF PERIOD**	**(934)**	**(1,141)**

The main period cash flow derives from EBITDA, as commented on previously, as well as from net investments, which include capital expenditures and investments in exploration (-108 million euros) and portfolio readjustment operations and focussing on energy services and services to end customers (+2 million euros).
More specifically, **capital expenditures and investments in exploration** include:

- investments in Exploration & Production for 64 million euros, mainly abroad: the Egyptian Abu Qir concession for the completion of construction works of the platform NAQ PIII (22 million euros) and drilling and completion of a new well of the NAQ PI platform (16 million euros); the development of the Algerian concession of Reggane (14 million euros), the activities in Norway (8 million euros), mainly for the Zidane concession and the development of the Polarled pipeline that will connect Zidane to land.
- investments in exploration for approximately 30 million euros, mainly in Egypt (26 million euros) for exploration activities in the East Med areas and onshore of the Nile.

The portfolio readjustment operations (net positive effect of 2 million euros) particularly saw: in the electricity generation sector, the divestment of the equity investment in Gever Spa, in the energy services sector the acquisition of Comat Energia Srl and in the end-users market services sector, the acquisition of Assistenza Casa Spa.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

The fair value recorded in balance sheet is reported here below.

(millions of euros)	03.31.2017			12.31.2016		
Broken down as follows:	**Receivables**	**Payables**	**Net**	**Receivables**	**Payables**	**Net**
- Current financial assets / Short-term financial debt	15	-	15	15	-	15
- Other assets / liabilities (non-current portion)	95	(26)	69	201	(74)	127
- Other assets / liabilities (current portion)	456	(410)	46	758	(730)	28
Fair Value recognized as assets or liabilities (a)	**566**	**(436)**	**130**	**974**	**(804)**	**170**
of which of (a) related to:						
- Interest Rate Risk Management	15	-	15	15	-	15
- Exchange Rate Risk Management	93	(8)	85	135	(12)	123
- Commodity Risk Management	297	(202)	95	496	(355)	141
- Trading Portfolios (physical and financial)	139	(129)	10	290	(285)	5
- Fair value on physical contracts	22	(97)	(75)	38	(152)	(114)

It is worth of mentioning that in 2016, as result of the prospective application of the Fair Value Hedge as of January 1, 2016, some hedging relationships were revoked. The fair value recorded at the date of revocation was maintained in the Cash Flow Hedge Reserve and is reflected in the income statement in line with the effects of the hedged item; at March 31, 2017 this fair value is negative by about 53 million euros (negative by about 103 million euros at December 31, 2016).

The table below provides a breakdown of the changes that occurred in the Cash Flow Hedge reserve, established upon the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities. The amounts recognized directly in equity are reflected in the income statement in line with the effects of the hedged item.

Cash Flow Hedge reserve (in millions of euros)	**Gross reserve**	**Taxes**	**Net reserve**
Reserve at December 31, 2016	(80)	23	(57)
Changes in the period	60	(17)	43
Reserve at March 31, 2017	**(20)**	**6**	**(14)**

OUTLOOK

Considering the effects of seasonality, Edison estimates 2017 EBITDA of at least 650 million euros, in line with the outlook already announced.

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2017

No significant events occurred after March 31, 2017.

Milan, May 5, 2017

The Board of Directors
By Marc Benayoun
Chief Executive Officer

CERTIFICATION
Pursuant to article 154-bis, Section 2, of Legislative Decree No. 58/1998

Didier Calvez and Roberto Buccelli, in their capacity as "Dirigenti preposti alla redazione dei documenti contabili societari" of Edison Spa, declare that the accounting information contained in this Quarterly Report at March 31, 2017 is consistent with the data in documents, accounting records and other records.

Milan, May 5, 2017

"Dirigenti Preposti alla redazione dei documenti contabili societari"
Didier Calvez
Roberto Buccelli