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Press Release

EDISON: THE 2007-2012 INDUSTRIAL PLAN IS APPROVED

More than 4 billion euros in investments for development are planned

Strong growth for the hydrocarbons operations driven by new transnational midstream infrastructures, new storage facilities and E&P activity

Further expansion of power generation with renewable sources, with new capital investments of 500 million euros.

Indebtedness down significantly during the Plan period

Milan, December 6, 2006 – Edison's Board of Directors, meeting today at the Company's Foro Buonaparte headquarters, approved the Company's 2007-2012 Industrial Plan, which envisages a further consolidation of Group's activities in the power sector in Italy and the development of activities abroad.

During the period covered by the Plan, Edison's goal is to consolidate its position as a **leading operator** in the electric power and hydrocarbon industries by building transnational **midstream infrastructures** in the field of natural gas, stepping up its **hydrocarbon exploration and production activities** and **further expanding its electric power operations, with special emphasis on renewable sources.**

Based on the strategic framework described above, the Plan pursues the following economic and financial targets **for the 2007-2012 period:**

- **EBITDA** growing at an average compound growth rate of **more than 7%;**
- **EBIT** increasing at an average compound growth rate of **about 12%;**
- Return on investment (**ROI**) growing and averaging **about 10%;**

- **Net indebtedness lower than 2 billion euros** by 2012 (approximately 4.6 billion at September 30th 2006), assuming dividend distributions equal to 50% of available earnings.

In pursuit of these objectives, **investments for the development of its activities totaling more than 4 billion euros** will be planned during the 2007-2012 period (including the Group's 50% share of Edipower Spa).

Hydrocarbons Operations

Edison intends to play an increasingly prominent role in the hydrocarbons market by increasing its **penetration of the end-user market and securing at the same time competitively priced fuel for its gas-fired, combined-cycle power plants,** thereby strengthening the integration between its hydrocarbons and electric power operations, which is a critical success factor in an environment characterized by strong price pressure in the oil market.

The objective of the Industrial Plan is to gain **access to a gas supply of 22 billion cubic meters** per year by 2012 (approximately 20% of Italian gas supplies at that time). Such an achievement will be made possible by the European-level infrastructures that the Group is currently building and which will **transform Italy into a crucial gas hub for all of Europe, being currently just a consumer country.**

During the period covered by the plan, the Rovigo regasification terminal will come on stream. This terminal, which is the only one currently being built in Italy and will serve Italy with its capacity of 8 billion cubic meters, will give Edison access to 6.4 billion cubic meters of gas. Under contracts signed with Sonatrach, the Algerian State owned oil&gas company, Edison will receive 2 billion cubic meters of natural gas through an upgraded Transmed-TTPC pipeline and an additional 2 billion cubic meters of natural gas through the new Galsi pipeline, which will link Algeria with Italy. Edison is the largest Italian shareholder of the company that will build this pipeline.

Additional projects that are currently under development (the IGI natural gas pipeline linking Turkey to Greece and Italy) will provide Edison with at least further 4 billion cubic meters of natural gas a year by 2012. **Edison will then be able to rely on a diversified portfolio of long-term contracts for the supply of natural gas from different geographic regions and will purchase the gas directly from the producing countries**, which will give the Group greater autonomy and flexibility.

In addition, these contracts will help make **Italy's gas supply more secure** by diversifying import methods, adding LNG shipping to pipeline transmission. To further increase the system's safety, the Group's natural gas **storage facilities will be expanded**, bringing total working gas capacity to more than **2 billion cubic meters** by 2012 (more than 10% of Italian capacity at that time). This will be accomplished by upgrading the storage centers of Collalto (Treviso) and Cellino (Teramo) and by developing new concessions of San Potito and Cotignola (Ravenna).

Between 2007 and 2012, Edison will carry out a major hydrocarbon exploration and production program, focusing on North Africa and other high-potential exploration areas. The objective of this program is to increase reserves and annual production. Production activities will contribute to Group's results and will provide at the same time a **natural hedge to fluctuations in oil prices. The Plan's target for the long run is to boost hydrocarbon production to about 15% of the Group's future hydrocarbon needs.**

Electric Power Operations

The startup of the Simeri Crichi (800MW) and Edipower's Turbigo (850MW, Edison quota being 50%) power plants in 2007 will mark the completion of one of the most ambitious generating-capacity expansion programs undertaken in Europe in the last 10 years.

Over the duration of Plan, a new 800MW CCGT power plant will be built and expansion projects will focus on **renewable sources**, an area in which the Group will invest **about 500 million euros.** Specifically, Edison plans to directly build new facilities that will double its wind power capacity (starting from 260MW today). In addition, the hydroelectric operations will expand the capacity of existing power plants and enable them to earn additional green certificates.

Furthermore, the existing portfolio of CIP 6 power plants will be rationalized. This will be accomplished in part by selling some CIP 6 power plants and in part by investing in increased production flexibility of some other plants.

The complete deregulation of the energy markets and its highly efficient power plants **will enable Edison to increase its market share**. Specifically, the Group expects sales to non regulated markets to reach approximately 50 terawatt hours by 2012, by which 80% to retail customers and 20% to wholesale markets.

The Group will also pursue growth opportunities outside Italy, particularly in the Balkans and Greece, a country where Edison has already established fruitful collaborative relationships in the hydrocarbon industry in connection with the IGI pipeline project.

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Finally, the Board of Directors proceeded with the co-opting of Mr Ivan Strozzi, Managing Director of Enia, having Mr Uris Cantarelli, former Managing Director of Enia, resigned from the Board. The curriculum vitae of Mr Ivan Strozzi is available on the website www.edison.it.

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