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EDISON

Press Release

Edison's Board of Directors Reviews the Annual Report at December 31, 2006

EDISON: NET PROFIT JUMPS TO 654 MILLION EUROS (+30%)

The Board recommends a dividend of 0.048 euros per common share (+26%)

Net borrowings sharply down at 4,256 million euros

Milan, February 19, 2007 – Edison's Board of Directors met today at the Company's Foro Buonaparte headquarters to review the Annual Report at December 31, 2006.

In 2006, **Edison earned record results.** These results reflect a strong performance by the electric power operations, which benefited from the full availability of the Candela (380MW), Altomonte (770MW) and Piacenza (792MW) power plants and the commissioning of another facility in Torviscosa (770MW).
Even though the first half of the year was characterized by the so-called natural gas emergency, which made it impossible to increase the available supply and, consequently, sales, the hydrocarbons operations were able to report improved results, thanks to the beneficial impact of renegotiated prices for gas purchased under certain long-term contracts and to favorable conditions in the oil market that allowed for better results in the hydrocarbon production businesses.

The synergistic relationships that the Company is developing with its shareholders began to bear fruit. Specifically, sales activities of EdF in Italy were integrated in Edison and the Group began to develop collaborative projects with AEM and other Delmi shareholders, which will provide a foundation for a further profitable expansion of the industrial and commercial relationship between these two companies.

In 2006, **sales revenues increased by 28.6% to 8,523 million euros** (6,629 million euros in 2005), **EBITDA were up about 19% to 1.536 million euros**

(1.288 million euros in 2005) and **EBIT grew to 17.7% to 752 million euros** (639 million euros in 2005).
The **net profit** rose to **654 million euros,** or 29.8% more than in 2005 (504 million euros).

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	2006	2005
Sales revenues	**8,523**	6,629
EBITDA	**1,536**	1,288
EBIT	**752**	639
Net profit	**654**	504

HIGHLIGHTS OF THE GROUP'S ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)

	2006	2005
Electric Power Operations		
Sales revenues	**6,945**	4,972
EBITDA	**1,162**	988
Hydrocarbons Operations		
Sales revenues	**4,171**	3,303
EBITDA	**434**	353

Sales Volumes and Revenues

Sales were up sharply in 2006, rising to 8,523 million euros, or 28.6% more than the 6,629 million euros reported the previous year. Revenues were up 39.7% for the electric power operations and 26.3% for the hydrocarbons operations.
The electric power operations enjoyed a healthy expansion in unit sales in Italy, which grew by 24.1% to 65.4 billion kWh (52.7 billion kWh in 2005). This gain reflects Edison's ability to increase its share of the deregulated market, where its sales jumped 49.2%, owing in part to the availability of the additional power generated by new power plants and the success of the

Group's marketing strategy. During the year, Edison increased its activity in the main foreign power exchanges, executing trades for a total of about 1.8 billion kWh.

In the natural gas area, the supply available to the Group totaled 13,6 billion cubic meters, about the same as in 2005. Newly commissioned facilities boosted consumption of natural gas by the Group's thermoelectric power plants by 13.8% to 8.3 billion cubic meters (7.3 billion cubic meters in 2005). Because the natural gas emergency limited access to new supplies of natural gas, the Company was forced to cut back deliveries to market customers (both residential and industrial). As a result, unit sales fell from 5.5 billion cubic meters in 2005 to 4.5 billion cubic meters in 2006.

EBITDA

In 2006, EBITDA rose by 19.3% to 1,536 million euros (1.288 million euros in 2005).

The electric power operations reported a gain of 174 million euros (+17.6%). This increase reflects primarily an expanded supply of electric power, made possible by the full availability of new power plants, the Group's expansion in the deregulated markets and the optimization of its operations in those venues.

The hydrocarbons operations (+81 million euro, or 22.9%, compared with 2005) benefited from the impact of the renegotiated prices paid for natural gas under certain long-term supply contracts and of higher benchmark oil prices on oil and gas exploration and production activities in Italy and abroad. These favorable developments more than offset the adverse effect of a fine of about 20 million euros imposed by the Electric Power and Natural Gas Authority for the alleged use of storage capacity for purposes other than those for which it had been awarded and of the costs incurred to comply with the Resolutions by which the Authority revised the rates at which natural gas is sold (about 50 million euros).

EBIT

EBIT grew to 752 million euros in 2006, or 17.7% more than the 639 million euros earned the previous year, as the improvement generated by the Group's industrial activities was reduced in part by an increase in depreciation, compared with 2005.

Net Profit

The Group's net profit jumped to 664 million euros, or 29.8% more than the 504 million euros earned in 2005.

This remarkable improvement was made possible by the positive operating performance of the Group's industrial activities and by nonrecurring gains. In viewing these data, it is important to keep in mind that in 2005 the net profit included gains earned on the sale of Tecnimont and the AEM Spa shares (totaling about 110 million euros) and a smaller tax burden made possible by the use of the loss carryforwards that were still available at that point. In 2006, the bottom line included a gain of 114 million euros on the sale of the power-line network and 202 million euros in net benefit generated by the realignment of the taxable base of a significant portion of Edison Spa's power plants to the higher amount at which they are carried in the statutory financial statements (Law No. 266 of December 23, 2005).
When the extraordinary items mentioned above are excluded, the 2006 net profit shows a 30% increase over the previous year.

Indebtedness
At December 31, 20065, the Group's net borrowings totaled 4,256 million euros, sharply down from 4,820 million euros at the end of 2005. As a result, the debt/equity ratio improved to 0.62 (0.75 at December 31, 2005).

Bonds Due within 18 Months of December 31,
A fixed-rate (7.375%) 600-million-euro bond issue floated in 2000 will mature on July 20, 2007.
A variable-rate 830-million-euro bond issue floated in 2002 will mature on August 26, 2007.
Both bond issues will be repaid using ample cash funds provided by bank credit lines already secured at more favorable interest rates.

Outlook for 2007
The full availability of the Torviscosa power plant and the commissioning of the Simeri Crichi (800MW) and Turbigo (800MW, owned by Edipower) facilities in 2007, coupled with the Group's efforts to optimize its energy portfolio, should offset the impact of unfavorable changes in the regulatory environment.
In 2007, industrial results should be not lower than those reported for the year just ended. The Group's financial position is expected to show further sharp improvement, due to the expected exercise of the "2007 Edison Common Share Warrants" that are still outstanding.

Performance of the Group's Parent Company

The net profit reported by Edison Spa, the Group's Parent Company amounted to 632 million euros, up from 516 million euros in 2005. Edison Spa prepared separate financial statements, as required by the international accounting principles.

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The Board of Directors will recommend that the Shareholders' Meeting declare a dividend of 0.048 euros per common share and 0.078 euros per savings share

The Board of Directors agreed to convene a Regular Shareholders' Meeting on April 5 (on the first calling) or on April 6 (on the second calling) to approve the 2006 annual financial statements. The dividend will be payable as of April 19, 2007 (coupon presentation date: April 16, 2007). Consequently, as required under the Warrant Regulations, the right to exercise the 2007 Edison Common Share Warrants, currently suspended from February 19, would be resumed on April 16, 2007.

The Shareholders' Meeting will be asked to vote on the election to the Board of Directors of Ivan Strozzi, who was coopted by the Board on December 6, 2006, and on a motion by the Board of Statutory Auditors recommending that the audit assignment be awarded to PriceWaterhouseCoopers for an additional three years (i.e., until the 2010 Annual Report).

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Lastly, the Board of Directors approved the 2006 Corporate Governance Report, which explains the steps taken by the Company to comply with the requirements of the new Code of Conduct for Listed Companies.

An Extraordinary Shareholders' Meeting will be convened by the middle of June 2007 to amend the Company Bylaws to allow the election of the Board of Directors on the basis of slates of candidates and introduce any additional changes that may be required pursuant to law and to comply with the suggestions of the Code of conduct.

Conference Call

The Group's 20065 operating results will be discussed today at 4:00 PM (3:00 PM GMT) during a conference call. Journalists may follow the presentation by telephone in listen-only mode by dialing +39 02 802 09 28.

The presentation will also be available at the Group's website: www.edison.it.

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The Report on Operations, the draft 2006 financial statements, the 2006 consolidated financial statements, the Report of the Statutory Auditors and the Report of the Independent Auditors will be available at the Company’s headquarters, at Borsa Italiana through the NIS system and at the Group’s website (www.edison.it) within the statutory deadline.

The balance sheet and statement of income of the Group and the Parent Company are annexed to this press release. The independent auditors have not yet issued their report on the data contained therein.

Public disclosure required by Consob Resolution No. 11971 of May 14, 1999, as amended.

Balance Sheet

IFRIC 4 is applicable as of January 1, 2006. This interpretation, which is included in the International Financial Reporting Standards, provides guidelines to determine whether certain agreements constitute or contain leases, which should be recognized in accordance with the provisions of IAS 17 (as either finance or operating leases). The data in the balance sheet, income statement, cash flow statements and statement of changes in shareholders' equity for the periods provided for comparison purposes in this Quarterly Report have been restated accordingly.

(in millions of euros)

	12/31/06	12/31/05 restated pursuant to IFRIC 4
ASSETS		
Property, plant and equipment	8.057	8.582
Investment property	40	49
Goodwill	3.518	3.505
Hydrocarbon concessions	323	339
Other intangible assets	44	38
Investments in associates	44	59
Available-for-sale investments	122	74
Other financial assets	130	125
Deferred-tax assets	102	104
Other assets	85	297
Total non-current assets	**12.465**	**13.172**
Inventories	387	315
Trade receivables	1.943	1.593
Current-tax assets	15	38
Other receivables	276	337
Current financial assets	42	76
Cash and cash equivalents	298	361
Total current assets	**2.961**	**2.720**
Assets held for sale	**231**	**-**
Total assets	**15.657**	**15.892**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	4.273	4.273
Equity reserves	606	428
Other reserves	1.116	1.122
Reserve for currency translations	(3)	3
Retained earnings (Loss carryforward)	97	(58)
Profit (Loss) for the period	654	504
Total Group interest in shareholders' equity	**6.743**	**6.272**
Minority interest in shareholders' equity	147	159
Total shareholders' equity	**6.890**	**6.431**
Provision for employee severance indemnities and provision for pensions	72	74
Provision for deferred taxes	752	1.097
Provision for risks and charges	881	1.002
Bonds	1.207	2.838
Long-term borrowings and other financial liabilities	502	1.822
Other liabilities	2	242
Total non-current liabilities	**3.416**	**7.075**
Bonds	1.457	-
Short-term borrowings	1.461	657
Trade payables	1.576	1.275
Current taxes payable	26	16
Other liabilities	694	438
Total current liabilities	**5.214**	**2.386**
Liabilities held for sale	**137**	**-**
Total liabilities and shareholders' equity	**15.657**	**15.892**

Income Statement

(in millions of euros)

	2006	2005 restated pursuant to IFRIC 4
Sales revenues	8.523	6.629
Other revenues and income	777	588
Total net revenues	**9.300**	**7.217**
Raw materials and services used (-)	(7.554)	(5.679)
Labor costs (-)	(210)	(250)
EBITDA	**1.536**	**1.288**
Depreciation, amortization and writedowns (-)	(784)	(649)
EBIT	**752**	**639**
Net financial income (expense)	(246)	(203)
Income from (Expense on) equity investments	16	23
Other income (expense), net	37	(17)
Profit before taxes	**559**	**442**
Income taxes	(9)	(18)
Profit (Loss) from continuing operations	**550**	**424**
Profit (Loss) from discontinued operations	112	86
Profit (Loss)	**662**	**510**
Broken down as follows:		
Minority interest in profit (loss)	8	6
Group interest in profit (loss)	**654**	**504**
Earnings per share (in euros)		
basic	0,1522	0,1173
diluted	0,1380	0,1068

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets at the end of 2006 and provides a comparison with the corresponding data for 2005. The information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in net financial position. The latter statement is designed to offer a better understanding of the Group's cash generation and utilization dynamics.

(in millions of euros)	2006	2005 restated pursuant to IFRIC 4
Group interest in profit (loss) from continuing operations	542	418
Group interest in profit (loss) from discontinued operations	112	86
Group interest in profit (loss)	**654**	**504**
Minority interest in profit (loss)	8	6
Amortization and depreciation	700	571
Interest in the result of companies valued by the equity method (-)	(2)	(3)
Dividends received from companies valued by the equity method	-	-
(Gains) Losses on the sale of non-current assets	1	(137)
(Revaluations) Writedowns of intangibles and property, plant and equipment	84	78
Change in the provision for employee severance indemnities	2	(2)
Change in other operating assets and liabilities	(413)	(476)
A. Cash flow from continuing operations	**1.034**	**541**
Additions to intangibles and property, plant and equipment (-)	(548)	(644)
Additions to non-current financial assets (-)	(85)	(239)
Proceeds from the sale of intangibles and property, plant and equipment	28	21
Proceeds from the sale of non-current financial assets	345	452
Capital grants received during the year	-	2
Change in the scope of consolidation	29	(92)
Other current assets	34	(11)
B. Cash used in investing activities	**(197)**	**(511)**
Receipt of new medium-term and long-term loans	1.203	279
Redemption of new medium-term and long-term loans (-)	(1.712)	(265)
Capital contributions provided by controlling companies or other shareholders	-	18
Dividends paid to controlling companies or minority shareholders (-)	(196)	(11)
Change in short-term debt	(181)	(148)
C. Cash used in financing activities	**(886)**	**(127)**
D. Cash and cash equivalents of discontinued operations	**4**	**-**
E. Net currency translation differences	-	-
F. Net decrease in cash and cash equivalents (A+B+C+D+E)	**(45)**	**(97)**
G. Cash and cash equivalents at beginning of period	**361**	**458**
H. Cash and cash equivalents at end of period (F + G)	**316**	**361**
I. Total cash and cash equivalents at end of period (I)	**316**	**361**
L. (-) Cash and cash equivalents of discontinued operations	**(18)**	**-**
M. Cash and cash equivalents of continuing operations (L-M)	**298**	**361**

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital (a)	Reserves and ret. earnings (loss carryforward) (b)	Reserve for currency translations (c)	Profit for the period (d)	Group inter. in sharehold. equity (a+b+c+d)=(e)	Minority inter. in sharsehold. equity (f)	Total shareholders' equity (e)+(f)
Balance at December 31, 2004	***4.259***	***1.094***	***-***	***354***	***5.707***	***469***	***6.176***
Restatements for adoption of IAS 32 and 39	-	38	-	-	***38***	-	***38***
Restatements for adoption of IFRIC 4	-	(2)	-	-	***(2)***	-	***(2)***
Balance at January 1, 2005	***4.259***	***1.130***	***-***	***354***	***5.743***	**469**	***6.212***
Share capital increase due to the conversion of warrants	7	-	-	-	***7***	-	***7***
Share capital increase due to the award of stock options	7	4	-	-	***11***	-	***11***
Appropriation of the 2004 profit	-	354	-	(354)	***-***	-	***-***
Restatements due to the adoption of IAS 32 and IAS 39	-	11	-	-	***11***	-	***11***
Change in the scope of consolidation	-	-	-	-	***-***	(304)	***(304)***
Dividend distribution	-	-	-	-	***-***	(11)	***(11)***
Difference from translation of financial statements in foreign currencies and sundry items	-	(7)	3	-	***(4)***	(1)	***(5)***
Profit at December 31, 2005 restated in accordance with IFRIC 4	-	-	-	504	***504***	6	***510***
Balance at December 31, 2005	***4.273***	***1.492***	***3***	***504***	***6.272***	**159**	***6.431***
Share capital increase due to the conversion of warrants	-	-	-	-	***-***	-	***-***
Appropriation of the 2005 profit	-	504	-	(504)	***-***	-	***-***
Restatements due to the adoption of IAS 32 and IAS 39	-	(10)	-	-	***(10)***	-	***(10)***
Change in the scope of consolidation	-	-	-	-	***-***	(6)	***(6)***
Dividend distribution	-	(183)	-	-	***(183)***	(13)	***(196)***
Difference from translation of financial statements in foreign currencies and sundry items	-	16	(6)	-	***10***	(1)	***9***
Profit at December 31, 2006	-	-	-	654	***654***	8	***662***
Balance at December 31, 2006	***4.273***	***1.819***	***(3)***	***654***	***6.743***	***147***	***6.890***