



Press release

EDISON SELLS TO TERNA ITS HIGH VOLTAGE GRID

Total consideration of the operation: more than 320 million euros

The Italian group's offer was selected as the best one both financially and for future operations

Milan, 16 October 2006 – Edison SpA and Terna SpA today signed an agreement for the acquisition of 100% of Edison Rete SpA by Terna's fully owned subsidiary RTL SpA.

The enterprise value of Edison Rete was estimated 311 million euros. The shares price will be determined according to the net financial position of Edison Rete at closing (it was approximately 34 million euros at December, 31st 2005). After the closing, Edison will also transfer to Edison Rete some instrumental assets for approximately 12 million euros.

The Closing of the transaction is expected in December 2006, following the approval by the relevant antitrust authorities.

Edison selected Terna's offer, which was the best one both financially and as far as management of future operations is concerned, at the end of a disposal process started in the first half of 2006. Several potential industrial and financial investors participated in such a process.

Edison Rete operates approximately 2,800 km of high-voltage transmission lines, 29 electrical substations in the Northern part of Italy and 2 control centres. In 2005 Edison Rete generated revenues for more than 42 million euros, with an EBITDA of approx. 26 million euros.

Upon its execution, the sale of Edison Rete will generate a net gain of about 100 million euros in Edison's consolidated financial statements and a positive effect of approx. 320 million euros on the consolidated net financial position.



“With this transaction, we have completed the process of focusing Edison’s operations on its electric power and natural gas businesses started in 2001”, said Umberto Quadrino, Edison’s Chief Executive Officer. “Our goal is to continue strengthening our leadership position in the industries in which we operate, developing gas infrastructures at European level and significantly increasing our market shares”.

In the electric power sector, Edison aims at further consolidating its position of Italian second operator. Thanks to the high efficiency of its generation plants, Edison will also benefit from the full liberalization of the market, which will start in July 2007.

Also in the hydrocarbons sector, Edison aims at becoming the second Italian operator; in accordance with this goal, Edison will further develop its international gas supply and production activities.

For the disposal of Edison Rete, Edison relied on the financial advise of C.F.A. and Mediobanca, and on the legal advise of Cleary Gottlieb.

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