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Press Release

Edison's Board of Directors Reviews the Annual Report at December 31, 2005

EDISON: NET PROFIT JUMPS TO 500 MILLION EUROS

The Board recommends the first dividend in four years: 0.038 euros per common share and 0.218 euros per savings share.

Milan, February 21, 2006 – Edison's Board of Directors met today at the Company's Foro Buonaparte headquarters to review the Annual Report at December 31, 2005. In 2005, the Group's **sales revenues totaled 6,650 million euros, or 18.2% more** than in 2004. **Net profit grew 41.2% to 500 million euros** (354 million euros in 2004).

The results for 2005 and 2004 are being presented in accordance with International Financial Reporting Standards (IAS/IFRS).

Thanks to strong sales to customers in the deregulated market, an area in which the Group has established an important presence, the integration of activities portfolio and an improved operating and financial structure, Edison was able to build on the growth trend of recent years and reap the benefits of a successful growth strategy. In light of these results, which were achieved in a year characterized by challenging environment, the Board will recommend that the Shareholders' Meeting declare the Company's first dividend in four years.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	2005	2004
Sales revenues	**6,650**	*5,627*
EBITDA	**1,306**	1,475
EBIT	**649**	815
Profit	**500**	354

HIGHLIGHTS OF THE GROUP'S ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)

	2005	2004
Electric Power Operations		
Sales revenues	**4,993**	4,304
EBITDA	**1,006**	1,205
Hydrocarbons Operations		
Sales revenues	**3,303**	2,231
EBITDA	**353**	335

Sales Volumes and Revenues

In 2005, sales revenues were up 18.2% compared with 2004, rising from 5,627 million euros to 6,650 million euros. Both sectors contributed to the result, thanks to an increase in unit sales trends and the benchmark oil market, which drove average sales prices above last year's levels.
In particular, unit sales of natural gas grew by 19%, rising from 11,458 million cubic meters to 13,643 million cubic meters: excluding infra group thermoelectric users, the hydrocarbons operations sold significantly more natural gas in the deregulated market (+19.3%, with unit sales up to 5,990 million cubic meters from 5,020 million), due mainly to rising demand from residential customers and thanks to successful sales campaigns.

In the electric power area, higher deliveries to customers in the deregulated market (+16.8%), an area in which Edison has increased its penetration, more than offset a decrease in CIP-6 sales, which were affected by nonrecurring factors such as shutdowns of power plants for scheduled and extraordinary maintenance. Volumes therefore increased by 4.3% to 52,693 GWh (50,524 GWh in 2004)

EBITDA

EBITDA was 1,306 million euros in 2005 from 1,475 million euros in 2004 (-11.5%, consistently with expectations). This decline is due mainly to the expiration of the CIP-6 incentives for some of the Group's power plants (about 160 million euros). Therefore, net of extraordinary items, the result was in line with the previous year, despite a number of negative factors: the shutdowns of power plants for scheduled and extraordinary maintenance, a decrease in hydroelectric output caused by a reduction in the availability of water resources, the conservative approach taken in recognizing charges (about 40 million euros) that reflect the cost of using strategic reserves during the periods of unusually intense cold in 2005 and possible negative effects deriving from regulatory changes in tariffs.

Moreover, in a highly dynamic oil scenario, the higher cost of fuels could be reflected only in part on market prices. Specifically, while the cost of natural gas and other fuels tied to oil prices rose by more than 40%, prices on the Electric Power Exchange were up about 14% on average. In the area of natural gas, the increase in sales prices was significantly less than the rise in the cost of raw materials. However, this situation could change in the coming months, when negotiation to revise the price computation formulas in purchase contracts are completed.

These unfavorable developments were more than offset by the skillful management of the Group's portfolio of energy assets, an increase in unit sales, an effective hedging strategy in the commodities market and the positive performance of the hydrocarbons production operations.

EBIT

For the reasons explained above, EBIT decreased by 20.4% to 649 million euros (815 million euros in 2004).

Net Profit

Group interest in net profit was up a remarkable 41.2% at December 31, 2005, growing to 500 million euros (354 million euros at December 31, 2004). This improvement was made possible by a strong operating performance and a significant reduction in financial expense (91 million euros) that reflects a general improving of financial conditions and the absence of nonrecurring borrowing cost.

In addition, the Group's tax burden decreased by 72 million euros in 2005 and minority interest was reduced by 62 million euros thanks to the progress made in streamlining and optimizing the Group's operating and financial structure. Lastly, extraordinary gains earned on the sale of equity investments added about 100 million euros.

Indebtedness

At December 31, 2005, the Group's net borrowings totaled 4,878 million euros, down from 4,906 million euros at the end of 2004, as the cash flow from operations provided ample resources to fund the high level of capital investments (more than 600 million euros) required by the Company's expansion plan.

Outlook for 2006

The full availability of the power plants that were commissioned in 2005 and the startup of the new Torviscosa power plant should enable the Group to report improved results in 2006.

Performance of the Group's Parent Company

The net profit reported by Edison Spa, the Group's Parent Company, which is computed in accordance with the same accounting principles as those used in 2004, amounted to 351 million euros, up from 312 million euros in 2004.

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The Board of Directors will recommend that the Shareholders' Meeting replenish prior-period losses of about 58 million euros and declare a dividend of 0.038 euros per common share and 0.218 euros per savings share, taking into account the right of the holders of savings shares to receive undistributed preferred dividends owed for the past three year and a 3% dividend premium over the amount paid to the holders of common shares.

The Board of Directors agreed to convene a Regular Shareholders' Meeting on April 6 (on the first calling) or on April 7 (on the second calling) to approve the 2005 annual financial statements. The dividend will be payable as of April 27, 2006 (coupon presentation date: April 24, 2006).

As foreseen by their regulation, the exercise of Warrants Edison Ordinary Shares 2007 is therefore suspended until April 21, 2006.

Conference Call

The Group's 2005 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 303509003.
The presentation will also be available at the Group's website: www.edison.it.

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The Report on Operations, the draft 2005 financial statements, the 2005 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 March 21, 2006.

The reclassified 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.

Edison Group
Consolidated Income Statement at December 31, 2005
(in millions of euros)

	2005	2004
Sales revenues	6,650	5,627
Other revenues and income	588	855
Total net revenues	**7,238**	**6,482**
Raw materials and outside services used (-)	(5,682)	(4,716)
Labor costs (-)	(250)	(291)
EBITDA	**1,306**	**1,475**
Depreciation, amortization and writedowns (-)	(657)	(660)
EBIT	**649**	**815**
Net financial income (expense)	(219)	(310)
Income from (Expense on) equity investments	23	(15)
Other income (expense), net	(17)	20
Profit before taxes	**436**	**510**
Income taxes	(16)	(88)
Profit before taxes and minority interest	**420**	**422**
Profit (Loss) from discontinuing operations	86	-
Profit for the period	**506**	**422**
broken down as follows:		
Minority interest in (profit) loss	6	68
Group interest in profit (loss)	**500**	**354**
Profit (Loss) per share		
basic	0.1165	0.0828
diluted	0.1060	0.0767

Edison Group
Consolidated Balance Sheet at December 31, 2005
(in millions of euros)

	12/31/05	12/31/04
ASSETS		
Property, plant and equipment	8,637	8,677
Investment property	49	62
Goodwill	3,505	3,507
Hydrocarbon concessions	339	361
Other intangibles	38	25
Investments in associates	59	112
Available-for-sale investments	74	154
Other non-current financial assets	65	76
Deferred-tax assets	104	96
Other non-current assets	297	379
Total non-current assets	**13,167**	**13,449**
Inventory	315	302
Trade receivables	1,593	1,139
Due from customers for contract work	-	168
Deferred-tax assets	38	103
Other receivables	337	346
Current financial assets	76	87
Cash and cash equivalents	361	458
Total current assets	**2,720**	**2,603**
Discontinuing operations	**-**	-
Total assets	**15,887**	**16,052**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	4,273	4,259
Equity reserves	-	-
Other reserves	1,552	1,465
Currency translation reserve	3	-
Retained earnings (Loss carryforward)	(58)	(371)
Profit (Loss) for the year	500	354
Total Group interest in shareholders' equity	**6,270**	**5,707**
Minority interest in shareholders' equity	159	469
Total shareholders' equity	**6,429**	**6,176**
Provision for employee severance indemnities and provisions for pensions	74	88
Provision for deferred taxes	1,096	1,208
Provisions for risks and charges	1,002	1,114
Bonds payable	2,838	2,825
Borrowings and other financial liabilities	1,822	1,821
Other non-current liabilities	242	42
Total non-current liabilities	**7,074**	**7,098**
Current financial liabilities	655	805
Trade payables	1,275	857
Due to customers for contract work	-	311
Current tax liability	16	114
Other current liabilities	438	691
Total current liabilities	**2,384**	**2,778**
Liabilities attributable to discontinuing operations	**-**	**-**
Total liabilities and shareholders' equity	**15,887**	**16,052**

Edison Spa, the Group's Parent Company

Reclassified Income Statement

(in millions of euros)	**2005**	**2004**
A. Sales revenues	**4,065**	**3,303**
Other revenues and income	144	81
Net revenues	**4,209**	**3,384**
Change in inventory of work in progress, semifinished goods and finished goods	13	48
Increase in Company-produced additions to fixed assets	6	16
B. Production value	**4,228**	**3,448**
Raw material and outside services (-)	(3,476)	(2,611)
C. Value added	**752**	**837**
Labor costs (-)	(128)	(118)
D. EBITDA	**624**	**719**
Depreciation, amortization and writedowns (-)	(413)	(403)
E. EBIT	**211**	**316**
Net financial income (expense)	(165)	(211)
Dividends	228	374
Revaluations (Writedowns) of financial assets	(38)	(216)
Profit before extraordinary items and taxes	**236**	**263**
Extraordinary income (expense)	82	56
G. Profit before taxes and minority interest	**318**	**319**
Income taxes	33	(7)
H. Net profit (loss)	**351**	**312**

Reclassified Balance Sheet

	(in millions of euros)	**12/31/05**	**12/31/04**
A.	**Non-current assets**		
	Intangible assets	2,836	3,017
	Property, plant and equipment	3,130	2,932
	Financial non-current assets	2,728	2,887
		8,694	**8,836**
B.	**Net working capital**		
	Inventories	211	212
	Trade receivables	942	615
	Other assets	763	713
	Trade accounts payable (-)	(886)	(595)
	Other liabilities (-)	(258)	(309)
	Provisions for risks and charges (-)	(898)	(963)
		(125)	**(327)**
C	**Invested capital, net of operating liabilities (A+B)**	**8,569**	**8,509**
D.	**Provision for employee severance indemnities (-)**	**(40)**	**(37)**
E	**Net invested capital (C+D)**	**8,529**	**8,472**
	Covered by:		
F.	**Shareholders' equity**	**4,589**	**4,221**
G.	**Borrowings (financial assets)**		
	Long-term debt	3,077	3,021
	Long-term financial assets	(19)	(269)
		3,058	**2,752**
	Short-term borrowings	1,385	1,531
	Short-term financial assets (-)	(503)	(32)
		882	**1,499**
	Net borrowings	**3,940**	**4,251**
H.	**TOTAL COVERAGE SOURCES (F+G)**	**8,529**	**8,472**