Edison Spa

Press Office
Foro Buonaparte, 31
20121 Milan - MI

Tel. +39 02 6222,7331
Fax. +39 02 6222,7379
ufficiostampa@edison.it

Press Release

Edison's Board of Directors Reviews the 2007 Annual Report

EDISON: HIGHER INDUSTRIAL RESULTS AND A DIVIDEND INCREASE

EBITDA rise by 4.5% to 1,605 million euros (+7.1% net of the disposal of Serene and Edison Rete)

Profit before taxes and net profit (excluding extraordinary fiscal effects and net of disposals) sharply grow

The Board recommends a dividend of 0.05 euros per common share (+4.2%); dividends' amount, taking into consideration the increased number of shares, grows by 15%

Milan, February 12, 2008 – Edison's Board of Directors met today to review the Annual Report at December 31, 2007.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	2007	2006	Δ %	2006 (restated for the disposal of Edison Rete and Serene)	Δ %
Sales revenues	**8,276**	8,523	*(2.9)*	8,398	*(1.5)*
EBITDA	**1,605**	1,536	*4.5*	1,499	*7.1*
% on sales revenues	***19.4%***	*18%*		*17.8%*	
EBIT	**896**	752	*19.1*	736	*21.7*
Profit before taxes	**687**	559	*22.9*	545	*26.1*
Net profit	**497**	654	*(24)*	534	*(6.9)*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS SECTORS

(in millions of euros)

	2007	2006	Δ %	2006 (restated for the disposal of Edison Rete and Serene)	Δ %
Electric Power Operations					
Sales revenues	**6,783**	6,945	*(2.3)*	6,748	*0.5*
EBITDA	**1,238**	1,162	*6.5*	1,125	*10*
% on sales revenues	***18.3%***	*16.7%*		*16.7%*	
Hydrocarbons Operations					
Sales revenues	**3,937**	4,171	*(5.6)*	4,171	*(5.6)*
EBITDA	**427**	434	*(1.6)*	434	*(1.6)*
% on sales revenues	***10.8%***	*10.4%*		*10,4%*	

Operating Performance of the Group in 2007

In 2007, **Edison reported further improvements in operating performance, increasing its presence in the Italian market and embarking on a path toward international expansion.**

These results were achieved in a **particularly difficult external environment**, as growth in the electric power and natural gas markets slowed considerably compared with historical trends. Specifically, demand was up 0.7% for electric power and just 0.1% for natural gas, compared with average annual increases of 2.3% and 3.8% in the electric power and natural gas industries, respectively, during the past 10 years. Lower growth in the national economy and last winter's mild temperatures are the main reasons for this contraction.

A slowdown in demand, coupled with increased competition in the electric power market (new power plants with more than 5,000 Megawatts in generating capacity came on stream in 2007), caused a reduction in average energy prices: Power Exchange prices were lower by an average of 5% compared with 2006. Natural gas prices were also down, due both to the strength of the euro and the lag with which higher oil prices are reflected on the sales price of natural gas.

The Group's results for 2007 were adversely affected by changes in the regulatory framework — Resolution No. 249/06 published by the Electric Power and Natural Gas Authority in particular — that reduced profit margins.

In addition, the Group sold some of its CIP6 power plants in 2007, causing the deconsolidation of the corresponding operations. Consequently, comparisons between the data for 2006, which included such operations and the disposal of Edison Rete, and those for 2007 are also presented net of the impact of both divestitures.

Despite the challenging market environment, **Edison was able to increase sales to deregulated market customers by 2.1%,** thereby helping cushion the shortfall in sales revenues, which decreased to 8,276 million euros (-1.5%, -2.9% based on an unadjusted scope of consolidation), reflecting the impact of a reduction in regulated market sales caused by Resolution 249/06.

Nevertheless, EBITDA grew by 4.5% to 1,605 million euros (+7.1% net of the disposal of Serene and Edison Rete). The electric power operations (+6.5%, +10% net of the disposal of Serene and Edison Rete) benefited from several factors, including the availability of high-efficiency generating capacity and the positive impact of an effective policy implemented to optimize the "sources and uses" portfolio in the deregulated markets. The hydrocarbons operations (-1.6%) were penalized by the impact of Resolution No. 249/06 and by a decrease in sales to residential users caused by an exceptionally mild winter. Even so, the **Group's profitability increased in both businesses:** the ratio of EBITDA to sales revenues improved from 16.7% to 18.3% for the electric power operations and from 10.4% to 10.8% for the hydrocarbons operations. For the Group as a whole, the return on sales grew from 18% to 19.4%

EBIT rose by 19.1% to 896 million euros (+21.7% net of the disposal of Serene and Edison Rete) thanks to an increase in production volumes (+6.5% overall, +14.7% for the production of merchant power plants), **and profit before taxes grew by 22.9% to 687 million euros** (+26.1% net of the disposal of Serene and Edison Rete), due mainly to a reduction in financial expense.

The net profit totaled 497 million euros, down from 654 million euros in 2006 (534 million euros net of the disposal of Serene and Edison Rete). This reduction is entirely related to income tax factors. The income tax burden increased by about 160 million euros compared with 2006, when extraordinary events had virtually eliminated the Company's tax liability. In 2007, the tax burden was approximately 170 million euros, having also benefited of the reversal of deferred-tax liabilities of about 130 million euros, made possible by the new tax rates enacted with the 2008 Budget Law.

In 2007, Edison's electric power operations completed one of the most ambitious production capacity expansion programs carried out in Europe during the past 10 years, thereby creating a strong foundation for the Group's future growth. In addition, the Company took its first significant step beyond Italy's borders, agreeing to establish a joint venture in Greece with an initial installed capacity of about 800 Megawatts.
The Group's hydrocarbons operations made decisive progress in the development of the large-scale infrastructures for the importation of natural gas that it is currently building. These projects are of fundamental importance for Italy, which has chosen natural gas as its primary source for the production of electric power. These infrastructures (the Rovigo regasification terminal and the Galsi and IGI natural gas pipelines) will enable Edison to achieve full supply independence and will help diversify its sources of supply, thereby making the entire system more reliable.

Sales Volumes and Revenues
In 2007, sales revenues totaled 8,276 million euros (-2.9%, -1.5% net of the disposal of Serene and Edison Rete) due to a decrease in the average prices charged for natural gas and electric power in Italy (the national reference price, called PUN in Italian, was down 5% on an annual basis) and to the impact of Resolution No. 249/06.

The electric power operations reported **a 2.1% increase in unit sales to deregulated market customers**, which reached 41,357 GWh (40,488 GWh in 2006), reflecting the positive impact of successful sales policies and higher Power Exchange sales. This gain was offset by a reduction in CIP6 sales. As a result, total unit sales by the electric power operations amounted to 63,773 GWh, compared with 65,400 GWh in 2006 (-2.5%, +0.2% net of the disposal of Serene and Edison Rete).

Unit sales of natural gas totaled 13,817 million cubic meters (+1.3%). Residential and industrial customers purchased 3,736 million cubic meters (-16.4%, due to an exceptionally mild winter), with consumption by the Group's thermoelectric power plants mainly accounting for the balance (+10.1%, due to increased production by these facilities).

EBITDA

In 2007, EBITDA grew by 4.5% (+7.1% net of the disposal of Serene and Edison Rete) to 1,605 million euros.

The EBITDA reported by the electric power operations in 2007 rose to 1,238 million euros (1,162 million euros 2006), for a year-over-year gain of 6.5% (+10% net of the disposal of Serene and Edison Rete). This improvement is the result of a sharp increase in production volumes (+6.5% overall, +14.7% for the production of merchant power plants) and of an effective strategy of optimizing the "sources and uses" portfolio in the deregulated markets, which more than offset the impact of the lower margins earned on CIP6 sales.

The EBITDA reported by the hydrocarbons operations totaled 427 million euros (434 million euros in 2006, -1.6%), as the beneficial effect of the higher margins that the operating activities were able to generate by optimizing the sources portfolio was more than offset by the negative impact of Resolution No. 249/06, which amounted to 180 million euros.

EBIT, Profit Before Taxes and Net Profit

EBIT amounted to 896 million euros in 2007, up from 752 million euros in 2006 (+19.1%, +21.7% net of the disposal of Serene and Edison Rete).

The profit before taxes reported at December 31, 2007 totaled 687 million euros, or 22.9% more than the 559 million euros earned the previous year (+26.1% net of the disposal of Serene and Edison Rete). A reduction in financial expense, made possible by the Group's improved financial structure, is the main reason for this gain.

In 2007, the Group's net profit totaled 497 million euros (-24% compared with the 654 million euros reported in 2006; -6.9% compared with 534 million euros net of the disposal of Serene and Edison Rete). This reduction is entirely related to income tax factors. The income tax burden increased by about 160 million euros compared with 2006, when extraordinary events had virtually eliminated the Company's tax liability. In 2007, the tax burden was approximately 170 million euros, having also benefited of the reversal of deferred-tax liabilities of about 130 million euros, made possible by the new tax rates enacted with the 2008 Budget Law.

Indebtedness

At December 31, 2007, the Group's net borrowings amounted to 2,687 million euros, down sharply compared with the 4,256 million euros owed at December 31, 2006. The positive cash flow from operations, which more than offset capital expenditures and investments in exploration (489 million euros in 2007), a capital increase of about 1 billion euros generated by the conversion of warrants and 117 million euros in proceeds from the disposal of Serene account for this improvement.

The debt/equity ratio improved significantly, standing at 0.33, compared with 0.62 at December 31, 2006.

Outlook for 2008

Even though uncertainties in the regulatory framework will affect operating conditions, the full availability of new power plants in Simeri Crichi (800 MW) and Turbigo (800 MW, owned by Edipower), coupled with the beneficial impact of an effective strategy to optimize the energy portfolio, should enable the Group to achieve industrial results that are in line with those reported in 2007.

Result of the Group's Parent Company

Edison Spa, the Group's Parent Company, reported a net profit of 449 million euros at December 31, 2007, compared with a net profit of 632 million euros in 2006.

Dividends

The Board of Directors will recommend that the Shareholders' Meeting declare a dividend of 0.05 euros per common share and 0.08 euros per savings share, thereby increasing the dividend by 4.2% and 2.6%, respectively. Overall, dividends, taking also into consideration the increased number of shares, amount to approximately 268 million euros, up 15% compared to 233 million euros last year.

The Board of Directors agreed to convene a Regular Shareholders' Meeting on March 31 (on the first calling) and on April 1 (on the second calling) to approve the 2007 annual financial statements. The dividend will be payable as of April 17, 2008 (coupon presentation date: April 14, 2008).

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Lastly, the Board of Directors approved the 2007 Corporate Governance Report.

Conference Call

The Group's operating results for 2007 will be discussed today at 5:00 PM (4:00 PM GMT) during a conference call. Journalists may follow the presentation by telephone in listen-only mode by dialing +39 02 802 09 27.

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

As required by Article 154-bis, *Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Marco Andreasi, in his capacity as "Dirigente Preposto alla redazione dei documenti contabili societari" of Edison S.p.A., attests that the accounting information contained in this press release is consistent with the data in the Company's documents, accounting records and other records.*

The Report on Operations, the draft 2007 annual financial statements, the 2007 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.

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Edison's Press Office: Tel. +39 02 62227331, ufficiostampa@edison.it
Edison's Investor Relations: Tel. +39 02 62228415, investor.relations@edison.it
www.edison.it

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

Consolidated Balance Sheet

(in millions of euros)

	12/31/07	12/31/06
ASSETS		
Property, plant and equipment	7,619	8,057
Investment property	11	40
Goodwill	3,518	3,518
Hydrocarbon concessions	299	323
Other intangible assets	36	44
Investments in associates	44	44
Available-for-sale investments	184	122
Other financial assets	139	130
Deferred-tax assets	78	102
Other assets	61	85
Total non-current assets	**11,989**	**12,465**
Inventories	250	387
Trade receivables	1,654	1,943
Current-tax assets	13	15
Other receivables	371	276
Current financial assets	25	42
Cash and cash equivalents	103	298
Total current assets	**2,416**	**2,961**
Assets held for sale	**318**	**231**
Total assets	**14,723**	**15,657**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,292	4,273
Equity reserves	641	606
Other reserves	1,114	1,116
Reserve for currency translations	(5)	(3)
Retained earnings (Loss carryforward)	465	97
Profit (Loss) for the period	497	654
Total Group interest in shareholders' equity	**8,004**	**6,743**
Minority interest in shareholders' equity	147	147
Total shareholders' equity	**8,151**	**6,890**
Provision for employee severance indemnities and provision for pensions	68	72
Provision for deferred taxes	560	752
Provision for risks and charges	899	881
Bonds	1,201	1,207
Long-term borrowings and other financial liabilities	1,216	502
Other liabilities	2	2
Total non-current liabilities	**3,946**	**3,416**
Bonds	9	1,457
Short-term borrowings	485	1,461
Trade payables	1,394	1,576
Current taxes payable	9	26
Other liabilities	652	694
Total current liabilities	**2,549**	**5,214**
Liabilities held for sale	**77**	**137**
Total liabilities and shareholders' equity	**14,723**	**15,657**

Income Statement

(in millions of euros)

	2007	2006
Sales revenues	8,276	8,523
Other revenues and income	583	777
Total net revenues	**8,859**	**9,300**
Raw materials and services used (-)	(7,035)	(7,554)
Labor costs (-)	(219)	(210)
EBITDA	**1,605**	**1,536**
Depreciation, amortization and writedowns (-)	(709)	(784)
EBIT	**896**	**752**
Net financial income (expense)	(198)	(246)
Income from (Expense on) equity investments	(17)	16
Other income (expense), net	6	37
Profit before taxes	**687**	**559**
Income taxes	(170)	(9)
Profit (Loss) from continuing operations	**517**	**550**
Profit (Loss) from discontinued operations	-	112
Profit (Loss)	**517**	**662**
Broken down as follows:		
Minority interest in profit (loss)	20	8
Group interest in profit (loss)	**497**	**654**

Earnings per share (in euros)		
Basic earnings per common share	0.1040	0.1522
Basic earnings per savings share	0.1340	0.1822
Diluted earnings per common share	0.0976	0.1377
Diluted earnings per savings share	0.1340	0.1822

Cash Flow Statement

(in millions of euros)		**2007**	2006
	Group interest in profit (loss) from continuing operations	497	542
	Group interest in profit (loss) from discontinued operations	-	112
	Total Group interest in profit (loss)	**497**	**654**
	Minority interest in profit (loss)	20	8
	Amortization and depreciation	706	700
	Interest in the result of companies valued by the equity method (-)	1	(2)
	Dividends received from companies valued by the equity method	3	-
	(Gains) Losses on the sale of non-current assets	(16)	1
	(Revaluations) Writedowns of intangibles and property, plant and equipment	3	84
	Change in the provision for employee severance indemnities	(3)	2
	Change in other operating assets and liabilities	178	(413)
A.	**Cash flow from continuing operations**	**1,389**	**1,034**
	Additions to intangibles and property, plant and equipment (-)	(494)	(548)
	Additions to non-current financial assets (-)	(337)	(85)
	Proceeds from the sale of intangibles and property, plant and equipment	72	28
	Proceeds from the sale of non-current financial assets	103	345
	Capital grants received during the year	-	-
	Change in the scope of consolidation	-	29
	Other current assets	17	34
B.	**Cash used in investing activities**	**(639)**	**(197)**
	Receipt of new medium-term and long-term loans	1,271	1,203
	Redemptions of new medium-term and long-term loans (-)	(3,080)	(1,712)
	Capital contributions provided by controlling companies or other shareholders	1,019	-
	Dividends paid to controlling companies or minority shareholders (-)	(248)	(196)
	Change in short-term debt	93	(181)
C.	**Cash used in financing activities**	**(945)**	**(886)**
D.	**Cash and cash equivalents of discontinued operations**	**-**	**4**
E.	**Net currency translation differences**	-	-
F.	**Net cash flow from operating assets of discontinued operations**	**-**	**-**
G.	**Net decrease in cash and cash equivalents (A+B+C+D+E+F)**	**(195)**	**(45)**
H.	**Cash and cash equivalents at beginning of the year**	**298**	**361**
I.	**Cash and cash equivalents at end of the year (G + H)**	**103**	**316**
L.	**Total cash and cash equivalents at end of the year (I)**	**103**	**316**
M.	**(-) Cash and cash equivalents of discontinued operations**	**-**	**(18)**
N.	**Cash and cash equivalents of continuing operations (L-M)**	**103**	**298**

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 sharehold. equity (f)	Total shareholders' equity (e)+(f)
Balance at 12/31/05 restated as per IFRIC 4	***4,273***	***1,492***	***3***	***504***	***6,272***	**159**	***6,431***
Appropriation of the 2005 profit	-	504	-	(504)	**-**	-	**-**
Dividend distribution	-	(183)	-	-	***(183)***	(13)	***(196)***
Restatements for adoption of IAS 32 and IAS 39	-	(10)	-	-	***(10)***	-	***(10)***
Change in the scope of consolidation	-	-	-	-	**-**	(6)	***(6)***
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 12/31/06	***4,273***	***1,819***	***(3)***	***654***	***6,743***	***147***	***6,890***
Appropriation of the 2006 profit	-	654	-	(654)	**-**	-	**-**
Dividend distribution	-	(233)	-	-	***(233)***	(15)	***(248)***
Share capital increase due to the conversion of warrants	1,019	-	-	-	***1,019***	-	***1,019***
Restatements for adoption of IAS 32 and IAS 39	-	(2)	-	-	***(2)***	-	***(2)***
Change in the scope of consolidation	-	(3)	-	-	***(3)***	3	**-**
Difference from translation of financial statements in foreign currencies and sundry items	-	(15)	(2)	-	***(17)***	(8)	***(25)***
Profit at December 31, 2007	-	-	-	497	***497***	20	***517***
Balance at 12/31/07	***5,292***	***2,220***	***(5)***	***497***	***8,004***	***147***	***8,151***