



Press Release

*The Group's Industrial Plan and Strategic Development Guidelines
Are Presented to the Financial Community*

EDISON GROUP: STRONG GROWTH OF PROFITABILITY PROJECTED FOR THE PERIOD FROM 2006 TO 2011

Planned industrial investments of about 4 billion euros

**Indebtedness expected to decline significantly, even if a dividend is
distributed**

**Further growth projects are under development both in Electric Power
and Gas activity sectors**

Milan, January 17, 2006 – At a meeting today, Edison's top management presented the Group's Industrial Plan and strategic development guidelines - which reaffirm and broaden the objectives of industrial plans approved in previous years - to the financial community.

Edison's Industrial Plan is based on the following **development guidelines**:

- Consolidation of the Group's position as a **leading operator** in the electric power and hydrocarbon industries;
- Development of **important infrastructures at the European level** in the field of natural gas;
- **Significant expansion** of the Group's market share.

Based on these guidelines, the Plan's **objectives for the 2006-2011 period** are:

- Average annual compound **EBITDA growth between 7% and 9%**;
- Average annual compound **EBIT growth between 9% and 11%**;
- Return on investment (ROI) of **10%** in 2011.



To achieve these objectives, the Group expects to launch industrial investment projects with an **aggregate value of about 4 billion euros** (including 50% of the capital expenditures of Edipower Spa) during the 2006-2011 period. These investments will focus primarily on new production capacity and hydrocarbon exploration and production.

Electric Power Operations

During the Plan period, the Group will complete one of the most ambitious production capacity expansion programs carried out in Europe during the last 10 years.

Edison's goal is to achieve an installed capacity of about 14,000 megawatts and a market share of about 20% by 2011.

Edison intends to increase its market share among major customers and in the regions with the greatest potential for growth. It will accomplish this by taking full advantage of market deregulation, which gets under way in July 2007. As a result, it expects to consolidate its position as **Italy's second-largest operator in the electric power industry**. In 2005 the Group totaled Electric Power sales for about 53.4Twh (+5.7% when compared to 2004 figure).

Hydrocarbons Operations

In 2005, Edison laid the foundations for its future expansion in the natural gas market. Among other projects, it began development of the Rovigo regasification terminal, the only such facility currently under construction in Italy. When the terminal goes on stream in 2008, it will enable the Group to diversify its supply sources and gain access to competitively priced natural gas.

Edison will strive to play an increasingly important role in the hydrocarbons industry, further expanding its **presence in the end-user market and securing competitively priced fuel for its combined-cycle natural gas power plants, which use the most efficient and environmentally friendly technology available today.**

The objective of the Industrial Plan is to have available for sale supplies of natural gas totaling **19 billion cubic meters** by 2011 and to reach a market share of approximately 20%. In 2005 the Group totaled sales for 13.6 billion cubic meters (+15.6% when compared to 2004 figure).



Edison's specific goal is to become **Italy's second-largest operator in the hydrocarbon field** as well, and to be recognized as an international player in this industry.

The Plan does not factor in the positive impact that could come from the development of additional infrastructural projects (the IGI gas pipeline linking Italy and Greece, the GALSI gas pipeline between Algeria and Sardinia and the Rosignano regasification terminal) that are currently on the drawing board. Thanks to these new initiatives, **Italy could become a crucial natural gas hub for all of Europe, making Edison a protagonist in this expanding market.**

Hydrocarbon exploration and production activities will be especially important during the 2006-2011 period. The focus will be on North Africa and other high-potential regions for exploration, with the goal of increasing the Group's reserves and thus secure a **"natural" hedge against the exposure of the Group's electric power generation business to fluctuations in the oil market. Edison's objective is to produce enough hydrocarbons to cover at least 15% of the Group's future needs.**

Operating and Financial Objectives

During the 2006-2011 period, EBITDA and EBIT are expected to show average annual growth between 7% and 9% and between 9% and 11%, respectively.

On the financial side, capital expenditures will be funded entirely with internally generated resources, and net indebtedness is expected to decrease significantly, falling from the current level of about 5 billion euros to **about 3.5 billion euros in 2011**, assuming a dividend distribution equal to about 50% of distributable net profit.

Areas of Potential Additional Growth

The Company's management emphasized that the current strategic Plan does not take into account the contribution of areas with major growth potential, the study and analysis of which are currently at an advanced stage. These areas include:

- International expansion of the natural gas operations (through the development of the infrastructural projects mentioned above) and of the



electric power operations, for which opportunities are being evaluated in Greece and the Balkans;

- Synergies with industrial partners EdF, AEM, Enia, Dolomiti Energia and SEL;
- Streamlining of the financial and corporate organization in the areas of marketing, production and procurement, coupled with rationalization of the financial structure, reduction of the average cost of capital and additional divestitures;
- Projects designed to further increase the Group's operating efficiency.

The document presented today to the financial community is available on Borsa Italiana website and on Company's website www.edison.it.

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