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Press Release

Edison's Board of Directors Reviews the Quarterly Report at September 30, 2006

EDISON REPORTS MAJOR GAINS IN REVENUES AND OPERATING RESULTS; NET PROFIT UP 55% TO 531 MILLION EUROS

Net indebtedness down thanks to positive cash flow from operations

Milan, November 8, 2006 – Edison's Board of Directors met today at the Company's Foro Buonaparte headquarters to review the Quarterly Report at September 30, 2006.

In the third quarter of 2006, **Edison continued to grow its businesses, particularly in the deregulated electric power market.** In this area, consolidated unit sales were up about 46%, due mainly to the full availability of new, combined-cycle power plants in Candela, Altomonte and Piacenza (Edipower), which are both ecocompatible and highly efficient and the startup of the Torviscosa plant. Such growth, coupled with the positive impact of renegotiated prices for certain long-term gas supply contract (discussed in detail in the Semiannual Report), enabled the Group to report sharply higher industrial results than in the third quarter of 2005. Quarterly revenues rose to 1,965 million euros from 1,476 million (+33.1%), EBITDA improved to 445 million euros from 338 million (+31.7%) and EBIT increased to 279 million euros from 200 million (+39.5%).

The cumulative data for **the first nine months of 2006** show that the Group is continuing to report **significant improvements in all performance indicators:** sales revenues were up by more than 32% to 6,231 million euros (4,701 million euros in the same period last year, when revenues from Tecnimont's engineering operations were included in the scope of consolidation), EBITDA grew by about 30% to 1,219 million euros (935 million euros in the first nine months of 2005) and EBIT increased by more than 33% to 694 million euros (520 million euros in the first nine months of 2005). **Net profit rose almost 55% to 531 million euros** (343 million euros in the first nine months of 2005), owing in part to non-recurring items that were discussed in greater detail in the Semiannual Report.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	9/30/06	9/30/05	3Q06	3Q05
Sales revenues	**6,231**	4,701	**1,965**	1,476
EBITDA	**1,219**	935	**445**	338
EBIT	**694**	520	**279**	200
Net profit	**531**	343	**133**	143

HIGHLIGHTS OF THE GROUP'S ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)

	9/30/06	9/30/05	3Q06	3Q05
Electric Power Operations				
Sales revenues	**5,097**	3,503	**1,737**	1,281
EBITDA	**892**	721	**329**	256
Hydrocarbons Operations				
Sales revenues	**2,955**	2,224	**871**	676
EBITDA	**368**	259	**128**	105

Sales Volumes and Revenues

During the first nine months of 2006, sales revenues were up a strong 32.5% compared with the same period last year (the increase is 39% when the data are restated on a comparable scope of consolidation basis), rising from 4,701 million euros in 2005 to 6,231 million euros this year. The electric power operations and the hydrocarbons operations grew by 45.5% and 32.9%, respectively.

Both businesses benefited from significantly higher average sales prices, due mainly to an increase in raw material prices in the international markets. The electric power operations reported a sharp gain in unit sales, which were up 23.3% to 47,611 GWh (38,620 GWh in 2005). This improvement was made possible by Edison's ability to use the additional capacity provided by its new power plants to increase its share of the deregulated market (sales were up 43.1%) and reflects the success of the marketing policies pursued by the Group.

The supply of natural gas available to the Group increased to 9,993 million cubic meters (+3.0%). Sales to own thermoelectric power plants, which reflected the start of production at new facilities, increased by 17.6% to 6,116 million cubic meters (5.202 million cubic meters in the first nine months of 2005). At the same time, sales of natural gas to residential users decreased from 2,705 million cubic meters in the first nine months of 2005 to 2,484 million cubic meters this year, as demand was curtailed by a reduction in the supply of natural gas caused by the so-called natural gas emergency.

EBITDA

EBITDA grew by 30.4%, rising from 935 million euros in the first nine months of 2005 to 1,219 million euros in the same period this year. Data for the third quarter of the year show an increase of 31.7% (445 million euros versus 338 million euros). The electric power operations reported a gain of 171 million euros in the first nine months of 2006 (+23.7%). This improvement reflect mainly a rise in revenues in the deregulated market. It's worth reminding that, in keeping with a conservative accounting approach, the Group did not recognize expected refunds for costs incurred in connection with the natural gas emergency, since the Electric Power and Natural Gas Authority has not yet defined the refund criteria.

Even though unit sales growth was hampered by the limited availability of natural gas, the hydrocarbons operations reported higher EBITDA (+109 million euros, or 42.1%, compared with the first nine months of 2005) thanks to the successful renegotiation of the natural gas price it pays under long-term contracts. The higher value of hydrocarbons produced in Italy and abroad, which was made possible by a favorable trend in the benchmark oil markets, also helped increase profitability.

EBIT

EBIT totaled 694 million euros at September 30, 2006, compared with 520 million euros in the first nine months of 2005 (+33.5%). In the third quarter of 2006, EBIT were up 39.5%, rising from 200 million euros to 279 million euros. The increase in profitability was reduced in part by a rise in depreciation, compared with the first nine months of 2005.

Net Profit

The Group's interest in net profit at September 30, 2006 rose to 531 million euros, or 54.8% more than the 343 million euros earned in the first nine months of 2005. It's worth mentioning that both periods' bottom line benefited of nonrecurring gains: in first nine months of 2005, 63 million euros generated by the settlement of certain legal disputes and the sale of AEM Spa shares; lower tax burden related to loss carryforward still available in 2005 was also registered. In the first nine months of 2006, as already described in the Semiannual Report, a net tax benefit of 202 million euros was obtained by realigning the tax-base amounts of a significant portion of Edison's production facilities to the corresponding higher reporting values, as allowed under Law

No. 266 of December 23, 2005. On a like-for-like basis net profit increased more than 50%.

Indebtedness

At September 30, 2006, the Group's net borrowings totaled 4,575 million euros, down from 4,820 million euros at December 31, 2005, thanks to the positive cash flow from operations. As a result, the debt/equity ratio improved and was 0.68 (0.73 at September 30, 2005).

Outlook for the Balance of 2006

The positive trend that characterized the first nine months of 2006 points to continued success in the closing quarter of the year. Results for the full year should be significantly better than those reported in 2005. This forecast does not take into consideration the gain that the sale of Edison Rete Spa to Terna Spa is expected to generate, as announced this past October 16, if the antitrust authorities should approve the operation before the end of the year.

Conference Call

The Group's operating results for the first nine months of 2006 will be discussed today at 4:30 PM (3:30 PM GMT) during a conference call. Journalists may follow the presentation by telephone in listen-only mode by dialing 800 985564 toll free in Italy or +44 (0) 1452 562249 outside Italy.
The presentation will also be available at the Group's website: www.edison.it.

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The Quarterly Report at September 30, 2006 will be available upon request at the Company's headquarters (31 Foro Buonaparte, Milan) and at the offices of Borsa Italiana Spa by November 14, 2006. It may also be consulted at the Group's website: www.edison.it

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

Consolidated Balance Sheet

(in millions of euros)

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.

9/30/05 restated in accordance with IFRIC 4		9/30/06	12/31/05 restated in accordance with IFRIC 4
	ASSETS		
8.564	Property, plant and equipment	8.242	8.582
57	Investment property	45	49
3.505	Goodwill	3.505	3.505
332	Hydrocarbon concessions	319	339
37	Other intangible assets	64	38
65	Investments in associates	66	59
79	Available-for-sale investments	107	74
131	Other financial assets	116	125
105	Deferred-tax assets	103	104
359	Other assets	287	297
13.234	**Total non-current assets**	**12.854**	**13.172**
444	Inventories	477	315
1.197	Trade receivables	1.451	1.593
-	Due from customers for contract work	-	-
41	Current-tax assets	18	38
318	Other receivables	297	337
107	Current financial assets	58	76
342	Cash and cash equivalents	164	361
2.449	**Total current assets**	**2.465**	**2.720**
436	**Assets held for sale**	**209**	**-**
16.119	**Total assets**	**15.528**	**15.892**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
4.266	Share capital	4.273	4.273
-	Equity reserves	-	-
1.546	Other reserves	1.716	1.550
3	Reserve for currency translations	(2)	3
(58)	Retained earnings (Loss carryforward)	97	(58)
343	Profit (Loss) for the period	531	504
6.100	**Total Group interest in shareholders' equity**	**6.615**	**6.272**
469	Minority interest in shareholders' equity	145	159
6.569	**Total shareholders' equity**	**6.760**	**6.431**
74	Provision for employee severance indemnities and provision for pensions	73	74
1.167	Provision for deferred taxes	763	1.097
952	Provision for risks and charges	861	1.002
2.845	Bonds	1.233	2.838
1.960	Long-term borrowings and other financial liabilities	1.467	1.822
12	Other liabilities	8	242
7.010	**Total non-current liabilities**	**4.405**	**7.075**
-	Bonds	1.435	-
665	Short-term borrowings	701	657
923	Trade payables	1.356	1.275
-	Due to customers for contract work	-	-
69	Current taxes payable	38	16
516	Other liabilities	796	438
2.173	**Total current liabilities**	**4.326**	**2.386**
367	**Liabilities held for sale**	**37**	**-**
16.119	**Total liabilities and shareholders' equity**	**15.528**	**15.892**

Consolidated Income Statement

(in millions of euros)

2005 full year restated in accordance with IFRIC 4		**First nine months of 2006**	**First nine months of 2005 restated in accordance with IFRIC 4**	3rd quarter 2006	3rd quarter 2005 restated in accordance with IFRIC 4
6,629	Sales revenues	6,231	4,701	1,965	1,476
588	Other revenues and income	578	394	205	(18)
7,217	**Total net revenues**	**6,809**	**5,095**	**2,170**	**1,458**
(5,679)	Raw materials and services used (-)	(5,439)	(3,968)	(1,677)	(1,072)
(250)	Labor costs (-)	(151)	(192)	(48)	(48)
1,288	**EBITDA**	**1,219**	**935**	**445**	**338**
(649)	Depreciation, amortization and writedowns (-)	(525)	(415)	(166)	(138)
639	**EBIT**	**694**	**520**	**279**	**200**
(203)	Net financial income (expense)	(184)	(169)	(48)	(57)
23	Income from (Expense on) equity investments	4	30	-	19
(17)	Other income (expense), net	1	33	-	6
442	**Profit before taxes**	**515**	**414**	**231**	**168**
(18)	Income taxes	18	(55)	(99)	(18)
424	**Profit (Loss) from continuing operations**	**533**	**359**	**132**	**150**
86	Profit (Loss) from discontinued operations	3	-	3	-
510	**Profit (Loss) for the period**	**536**	**359**	**135**	**150**
	Broken down as follows:				
6	Minority interest in profit (loss)	5	16	2	7
504	**Group interest in profit (loss)**	**531**	**343**	**133**	**143**
	Earnings per share (in euros)				
0.1173	basic	0.1235	0.0796		
0.1068	diluted	0.1128	0.0725		

Cash Flow Statement at September 30, 2006

2005 full year restated in accordance with IFRIC 4		(in millions of euros)	First nine months 2006	First nine months 2005 restated in accordance with IFRIC 4
504		Group interest in profit (loss)	528	343
6		Minority interest in profit (loss)	5	16
571		Amortization and depreciation	505	415
(3)		Interest in the result of companies valued by the equity method (-)	(3)	(2)
-		Dividends received from companies valued by the equity method	4	-
(137)		(Gains) Losses on the sale of non-current assets	-	(24)
78		(Revaluations) Writedowns of intangibles and property, plant and equipment	20	(4)
(2)		Change in the provision for employee severance indemnities	2	3
(476)		Change in other operating assets and liabilities	(189)	(688)
541	**A.**	**Cash flow from continuing operations**	**872**	**59**
(644)		Additions to intangibles and property, plant and equipment (-)	(389)	(392)
(239)		Additions to non-current financial assets (-)	(60)	(40)
21		Proceeds from the sale of intangibles and property, plant and equipment	15	6
452		Proceeds from the sale of non-current financial assets	-	215
2		Capital grants received during the year	-	1
(92)		Change in the scope of consolidation	-	-
(11)		Other current assets	18	20
(511)	**B.**	**Cash used in investing activities**	**(416)**	**(190)**
279		Receipt of new medium-term and long-term loans	973	233
(265)		Redemption of new medium-term and long-term loans and reclassification of short-term installments (-)	(2,933)	(74)
18		Capital contributions provided by controlling companies or other shareholders	-	7
(11)		Dividends paid to controlling companies or minority shareholders (-)	(196)	(11)
(148)		Change in short-term debt	1,479	(140)
(127)	**C.**	**Cash used in financing activities**	**(677)**	**15**
-	**D.**	**Cash and cash equivalents of discontinued operations**	**-**	**92**
-	**E.**	**Net currency translation differences**	-	-
-	**F.**	**Cash flow from discontinued operations**	**24**	**-**
(97)	**G.**	**Net decrease in cash and cash equivalents (A+B+C+D+E+F)**	**(197)**	**(24)**
458	**H.**	**Cash and cash equivalents at beginning of period**	**361**	**458**
361	**I.**	**Cash and cash equivalents at end of period (G + H)**	**164**	**434**
361	**L.**	**Total cash and cash equivalents at end of period (I)**	**164**	**434**
-	**M.**	**(-) Cash and cash equivalents of discontinued operations**	**-**	**(92)**
361	**N.**	**Cash and cash equivalents of continuing operations (L-M)**	**164**	**342**

Changes in Consolidated Shareholders' Equity at September 30, 2006

(in millions of euros)	Share capital (a)	Reserves and ret. earnings (loss carryforward) (b)	Reserve for currency translations (c)	Profit for the period (d)	Total Group int. in sharehold. equ. (a+b+c+d)=(e)	Min. inter. in sharehold. equity (f)	Total sharehold. 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***
Appropriation of the 2004 profit	-	354	-	(354)	***-***	-	***-***
Restatements for the first nine months of 2005 for adoption of IAS 32 and IAS 39	-	3	-	-	***3***	(1)	***2***
Change in the scope of consolidation	-	-	-	-	***-***	(3)	***(3)***
Dividend distribution	-	-	-	-	***-***	(11)	***(11)***
Difference from translation of financial statements in foreign currencies and sundry items	-	5	(1)	-	***4***	(1)	***3***
Result for the first nine months of 2005 restated in accordance with IFRIC 4	-	-	-	343	***343***	16	***359***
Balance at September 30, 2005	***4,266***	***1,492***	***(1)***	***343***	***6,100***	**469**	***6,569***
Share capital increase due to the award of stock options	7	4	-	-	***11***	-	***11***
Restatements for the fourth quarter of 2005 for adoption of IAS 32 and IAS 39	-	8	-	-	***8***	1	***9***
Change in the scope of consolidation	-	-	-	-	***-***	(301)	***(301)***
Difference from translation of financial statements in foreign currencies and sundry items	-	(12)	4	-	***(8)***	-	***(8)***
Result for the fourth quarter of 2005 restated in accordance with IFRIC 4	-	-	-	161	***161***	(10)	***151***
Balance at December 31, 2005	***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 the first nine months of 2006 for adoption of IAS 32 and IAS 39	-	1	-	-	***1***	-	***1***
Change in the scope of consolidation	-	-	-	-	***-***	(6)	***(6)***
Difference from translation of financial statements in foreign currencies and sundry items	-	(1)	(5)	-	***(6)***	-	***(6)***
Net profit at September 30, 2006	-	-	-	531	***531***	5	***536***
Balance at September 30, 2006	***4,273***	***1,813***	***(2)***	***531***	***6,615***	***145***	***6,760***