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EDISON

Press Release

Edison's Board of Directors Reviews the Semiannual Report at June 30, 2006

EDISON REPORTS HIGHER REVENUES AND OPERATING RESULTS; NET PROFIT DOUBLES TO 398 MILLION EUROS

Indebtedness down sharply thanks to positive cash flow from operations

Milan, August 2, 2006 – Edison's Board of Directors met today at the Company's Foro Buonaparte headquarters to review the Semiannual Report at June 30, 2006. **During the first six months of the year**, the Group achieved a **significant improvement in all performance indicators:** sales revenues were up by more than 32% to 4,266 million euros (3,225 million euros in the first half of 2005, when revenues from Tecnimont's engineering operations were included in the scope of consolidation); EBITDA grew to 774 million euros, or about 30% more than the 597 million euros earned in the first six months of 2005; and EBIT increased by approximately 30% to 415 million euros (320 million euros in the first half of 2005). **Net profit almost doubled to 398 million euros** (200 million euros in the first six months of 2005). Nonrecurring items contributed to this increase.

The first six months of 2006 were characterized by what became known as the "natural gas emergency". Edison curtailed the production of some gas-fired power plants, thus refraining from drawing supplies from the strategic reserve, while Edipower - in response to a request by the regulatory authorities - made available the generating capacity of some facilities, thereby providing a contribution to overcoming the emergency. Despite these constraints, **Edison continued to grow its businesses, particularly in the deregulated market**, with the Group achieving a 42% gain in unit sale in this area during the first half of 2006. This increase was made possible in part by the full availability of new combined-cycle, eco-compatible and highly efficient power plants in Candela, Altomonte and Piacenza.
The hydrocarbons operations also reported significantly improved results, even though their ability to grow was hampered by the natural gas emergency.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	6/30/06	6/30/05
Sales revenues	**4,266**	3,225
EBITDA	**774**	597
EBIT	**415**	320
Net profit	**398**	200

HIGHLIGHTS OF THE GROUP'S ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)

	6/30/06	6/30/05
Electric Power Operations		
Sales revenues	**3,360**	2,222
EBITDA	**563**	465
Hydrocarbons Operations		
Sales revenues	**2,084**	1,548
EBITDA	**240**	154

Sales Volumes and Revenues

During the first six months of 2006, sales revenues were up a strong 32.3% compared with the same period last year (the increase is 42% when the data are restated on a comparable scope of consolidation basis), rising from 3,225 million euros in 2005 to 4,266 million euros this year. The electric power operations and the hydrocarbons operations grew by 51.2% and 34.6%, 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 24.5% to 31,376 GWh (25,211 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 41.7%) and reflects the success of the marketing policies pursued by the Group.

Unit sales of natural gas available to the Group increased by 1.9% in the first half of the year, rising from 7,063 million cubic meters in 2005 to 7,197 million cubic meters in 2006. Sales to thermoelectric power plants, which reflected the start of production at new facilities, were up 17.9% to 3,995 million cubic meters (3,388 million cubic meters in the first six months of 2005). At the same time, sales of natural gas to residential users decreased from 2,427 million cubic meters in the first half of 2005 to 2,225 million cubic meters this year, as demand was curtailed by a reduction in the supply of natural gas caused by the natural gas emergency.

EBITDA

EBITDA grew by 29.6%, rising from 597 million euros in the first half of 2005 to 774 million euros in the same period this year. The electric power operations reported a gain of 98 million euros. This improvement was made possible by a rise in revenues generated by higher unit sales in the deregulated market and the optimization of the source/uses portfolio. Moreover, 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 factors described above, the hydrocarbons operations reported higher EBITDA (+86 million euros compared with the first six months of 2005) thanks to the successful renegotiation of the natural gas price it pays under long-term contracts. The beneficial effect of the new price more than offset the impact of a provision of about 50 million euros that the Group set aside conservatively to cover the potential effect of Resolutions No. 298/05 and No. 134/06 by which the Electric Power and Natural Gas Authority updated gas rates. Edison is contesting both resolutions. 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 415 million euros, compared with 320 million euros at June 30, 2005 (+29.7%). The increase in profitability was reduced in part by a rise in depreciation, compared with the first half of 2005.

Net Profit

The Group's interest in net profit at June 30, 2006 rose to 398 million euros, or 99% more than the 200 million euros earned in the first half of 2005. A 202-million-euro net tax benefit 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, is the main reason for this gain.

Net of this nonrecurring item, the tax liability for the period amounted to 85 million euros, up from 37 million euros in the first six months of 2005, when the Company benefited fully from the availability of its tax loss carryforward.

Indebtedness

At June 30, 2006, the Group's net borrowings totaled 4,705 million euros, down from 4,806 million euros in the first half of 2005 (4,820 million euros at December 31, 2005), as the cash flow from operations more than offset the impact of a dividend distribution of 183 million euros and of capital expenditures totaling about 200 million euros.

Outlook for the Balance of 2006

The commissioning of the Torviscosa power plant during the second half of the year, coupled with the full availability of the facilities in Candela, Altomonte and Piacenza, and the positive impact of a renegotiated price for some long-term natural gas supply contracts, would seem to justify expectations of higher industrial results in 2006 compared with the previous year.

Results of the Group's Parent Company

The results shown for Edison Spa, the Group's Parent Company, in the first half of 2006 and all comparison data have been computed in accordance with IAS/IFRS principles. This is because the Board of Directors has approved the first-time adoption of the abovementioned principles. Edison Spa reported a net profit of 442 million euros at June 30, 2006, compared with 268 million euros a year earlier.

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In the first half of 2006, the Group began the process of disposing of 100% of Edison Rete Spa. Several potential industrial and financial investors have expressed an interest in this company. In the second half of July 2006, following the completion of the due diligence process late in June and early in July, Edison received several offers, which will form a basis for negotiations with the objective of completing the sale before the end of this year.

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Lastly, the Board of Directors defined the Agenda of the Ordinary Shareholders' Meeting, which has been convened for October 11, 2006 (on the first calling) and October 12, 2006 (on the second calling) to adopt the resolutions required to carry out the above mentioned realignment of the values at which a significant portion of Edison's facilities are carried for reporting and tax purposes. Specifically, as required by Section 469 of Law No. 266 of December 23, 2005 and amending and related provisions, the Shareholders' Meeting will be asked to approve the recognition on the financial statements of tax restriction on available reserves and of a portion of the Company' share capital, for a total amount of 703,508,704.52 euros.

Conference Call

The Group's operating results for the first half of 2006 will be discussed today at 5:30 PM (4:30 PM GMT) during a conference call. Journalists may follow the presentation by telephone in listen-only mode by dialing +39 02 30350 9005.
The presentation will also be available at the Group's website: www.edison.it.

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The Semiannual Report was the subject of a limited Audit, currently being completed.

The Semiannual Report at June 30, 2006 and the Report on first time adoption of IAS/IFRS principles by parent company Edison SpA – as well as the Audit reports and, if any, observations made by statutory auditors – will be available upon request at the Company's headquarters (31 Foro Buonaparte, Milan) and at the offices of Borsa Italiana Spa by September 13, 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 the Semiannual Report have been restated accordingly.

6/30/05 restated in accordance with IFRIC 4		**6/30/06**	12/31/05 restated in accordance with IFRIC 4
	ASSETS		
8,588	Property, plant and equipment	8,256	8,582
57	Investment property	47	49
3,507	Goodwill	3,505	3,505
344	Hydrocarbon concessions	326	339
43	Other intangible assets	57	38
94	Investments in associates	59	59
203	Available-for-sale investments	88	74
146	Other financial assets	125	125
118	Deferred-tax assets	103	104
443	Other assets	291	297
13,543	**Total non-current assets**	**12,857**	**13,172**
333	Inventories	332	315
1,095	Trade receivables	1,347	1,593
87	Due from customers for contract work	-	-
91	Current-tax assets	8	38
314	Other receivables	379	337
94	Current financial assets	73	76
451	Current financial assets	160	361
2,465	**Total current assets**	**2,299**	**2,720**
-	**Assets held for sale**	**211**	**-**
16,008	**Total assets**	**15,367**	**15,892**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
4,266	Share capital	4,273	4,273
-	Equity reserves	-	-
1,550	Other reserves	1,724	1,550
-	Reserve for currency translations	(1)	3
(58)	Retained earnings (Loss carryforward)	97	(58)
200	Profit (Loss) for the period	398	504
5,958	**Total Group interest in shareholders' equity**	**6,491**	**6,272**
464	Minority interest in shareholders' equity	150	159
6,422	**Total shareholders' equity**	**6,641**	**6,431**
87	Provision for employee severance indemnities and provision for pensions	72	74
1,221	Provision for deferred taxes	782	1,097
995	Provision for risks and charges	925	1,002
2,799	Bonds	2,694	2,838
1,705	Long-term borrowings and other financial liabilities	1,547	1,822
15	Other liabilities	8	242
6,822	**Total non-current liabilities**	**6,028**	**7,075**
907	Short-term borrowings	757	657
984	Trade payables	1,158	1,275
216	Due to customers for contract work	-	-
99	Current taxes payable	38	16
558	Other liabilities	702	438
2,764	**Total non-current liabilities**	**2,655**	**2,386**
-	**Liabilities held for sale**	**43**	**-**
16,008	**Total liabilities and shareholders' equity**	**15,367**	**15,892**

Consolidated Income Statement

(in millions of euros)

2005 full year restated in accordance with IFRIC 4		First half 2006	First half 2005 restated in accordance with IFRIC 4
6.629	Sales revenues	4.266	3.225
588	Other revenues and income	373	412
7.217	**Total net revenues**	**4.639**	**3.637**
(5.679)	Raw materials and services used (-)	(3.762)	(2.896)
(250)	Labor costs (-)	(103)	(144)
1.288	**EBITDA**	**774**	**597**
(649)	Depreciation, amortization and writedowns (-)	(359)	(277)
639	**EBIT**	**415**	**320**
(203)	Net financial income (expense)	(136)	(112)
23	Income from (Expense on) equity investments	4	11
(17)	Other income (expense), net	1	27
442	**Profit before taxes**	**284**	**246**
(18)	Income taxes	117	(37)
424	**Profit (Loss) from continuing operations**	**401**	**209**
86	Profit (Loss) from discontinued operations	-	-
510	**Profit (Loss) for the period**	**401**	**209**
6	Minority interest in profit (loss)	3	9
504	**Group interest in profit (loss)**	**398**	**200**
	Earnings per share (in euros)		
0,1173	basic	0,0924	0,0462
0,1068	diluted	0,0844	0,0421

Cash Flow Statement for the First Half of 2006

2005 full year restated in accordance with IFRIC 4		*(in millions of euros)*	**6/30/06**	6/30/05 restated in accordance with IFRIC 4
504		Group interest in profit (loss)	398	200
6		Minority interest in profit (loss)	3	9
571		Amortization and depreciation	339	277
(3)		Interest in the result of companies valued by the equity method (-)	(2)	-
-		Dividends received from companies valued by the equity method	2	-
(137)		(Gains) Losses on the sale of non-current assets	3	(3)
78		(Revaluations) Writedowns of intangibles and property, plant and equipment	20	(2)
(2)		Change in the provision for employee severance indemnities	1	(1)
(476)		Change in other operating assets and liabilities	(203)	(194)
541	**A.**	**Cash flow from continuing operations**	**561**	**286**
(644)		Additions to intangibles and property, plant and equipment (-)	(239)	(285)
(239)		Additions to non-current financial assets (-)	(29)	(35)
21		Proceeds from the sale of intangibles and property, plant and equipment	11	10
452		Proceeds from the sale of non-current financial assets	-	53
2		Capital grants received during the year	-	1
(92)		Change in the scope of consolidation	-	-
(11)		Other current assets	3	7
(511)	**B.**	**Cash used in investing activities**	**(254)**	**(249)**
279		Receipt of new medium-term and long-term loans	978	29
(265)		Redemption of new medium-term and long-term loans and reclassification of short-term installments (-)	(1.398)	(171)
18		Capital contributions provided by controlling companies or other shareholders	-	7
(11)		Dividends paid to controlling companies or minority shareholders (-)	(189)	(11)
(148)		Change in short-term debt	101	102
(127)	**C.**	**Cash used in financing activities**	**(508)**	**(44)**
-	**D.**	**Cash and cash equivalents of discontinued operations**	-	-
-	**E.**	**Net currency translation differences**	-	-
(97)	**F.**	**Net decrease in cash and cash equivalents (A+B+C+D+E)**	**(201)**	**(7)**
458	**G.**	**Cash and cash equivalents at beginning of period**	**361**	**458**
361	**H.**	**Cash and cash equivalents at end of period (F + G)**	**160**	**451**
361	**I.**	**Total cash and cash equivalents at end of period (H)**	160	451
-	**L.**	**(-) Cash and cash equivalents of discontinued operations**	-	-
361	**M.**	**Cash and cash equivalents of continuing operations (I-L)**	160	451

Changes in Consolidated Shareholders' Equity in the First Half of 2006

(in millions of euros)	Group interest in shareholders' equity: Share capital (a)	Reserves and ret. earnings (loss carryforward) (b)	Reserve for currency translations (c)	Profit for the period (d)	Total (a+b+c+d)=(e)	Minority inter. in sharehold. equity (f)	Total shareholders' 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 restated IFRIC 4	***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)	***-***	-	***-***
Result for the first half of 2005 with adoption of IAS 32 and IAS 39	-	3	-	-	***3***	-	***3***
Change in the scope of consolidation	-	-	-	-	***-***	(3)	***(3)***
Dividend distribution	-	-	-	-	***-***	(11)	***(11)***
Difference from translation of financial statements in foreign currencies and sundry items	-	6	(1)	-	***5***	-	***5***
Result for the first half of 2005 restated in accordance with IFRIC 4	-	-	-	200	***200***	9	***209***
Balance at June 30, 2005 restated IFRIC 4	***4.266***	***1.493***	***(1)***	***200***	***5.958***	***464***	***6.422***
Share capital increase due to the award of stock options	7	4	-	-	***11***	-	***11***
Result for the second half of 2005 with adoption of IAS 32 and IAS 39	-	8	-	-	***8***	-	***8***
Change in the scope of consolidation	-	-	-	-	***-***	(301)	***(301)***
Difference from translation of financial statements in foreign currencies and sundry items	-	(13)	4	-	***(9)***	(1)	***(10)***
Result for the second half of 2005 restated in accordance with IFRIC 4	-	-	-	304	***304***	(3)	***301***
Balance at December 31, 2005 restated IFRIC 4	***4.273***	***1.492***	***3***	***504***	***6.272***	***159***	***6.431***
Appropriation of the 2005 profit	-	504	-	(504)	***-***	-	***-***
Dividend distribution	-	(183)	-	-	***(183)***	(6)	***(189)***
Restatements for the period for adoption of 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	-	(2)	(4)	-	***(6)***	-	***(6)***
Result for the period	-	-	-	398	***398***	3	***401***
Balance at June 30, 2006	***4.273***	***1.821***	***(1)***	***398***	***6.491***	***150***	***6.641***