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

The Board of Directors Reviews the Quarterly Report at September 30, 2007

EDISON: PROFIT BEFORE TAXES RISES TO 584 MILLION EUROS, A GAIN OF 13.4%

EBITDA increases to 1,270 million euros (+4.2%)

Milan, November 8, 2007 – Edison's Board of Directors met today to review the Quarterly Report at September 30, 2007.

HIGHLIGHTS OF THE EDISON GROUP

(in millions of euros)

	9/30/07	9/30/06	Δ %	Q3 2007	Q3 2006	Δ %
Sales revenues	**5,914**	6,231	*(5.1)*	**1,862**	1,965	*(5.2)*
EBITDA	**1,270**	1,219	*4.2*	**366**	445	*(17.7)*
EBIT	**746**	694	*7.5*	**174**	279	*(37.6)*
Profit before taxes	**584**	515	*13.4*	**118**	231	*(48.9)*
Net profit	**321**	531	*(39.5)*	**65**	133	*(51.1)*

HIGHLIGHTS OF THE ELECTRIC POWER AND HYDROCARBONS OPERATIONS

(in millions of euros)

	9/30/07	9/30/06	Δ %	Q3 2007	Q3 2006	Δ %
Electric Power Operations						
Sales revenues	**4,906**	5,097	*(3.7)*	**1,662**	1,737	*(4.3)*
EBITDA	**934**	892	*4.7*	**313**	329	*(4.9)*
Hydrocarbons Operations						
Sales revenues	**2,744**	2,955	*(7.1)*	**758**	871	*(13)*
EBITDA	**384**	368	*4.3*	**69**	128	*(46.1)*

Operating Performance of the Group in the First Nine Months of 2007

In the first nine months of 2007, **demand for electric power was unchanged in Italy, but unusually mild weather during the winter months caused a decrease in natural gas usage** (-4.9% compared with the first nine months of 2006).

In this environment, **Edison's ability to increase sales in the deregulated markets (+4.5%)** helped mitigate the impact of a reduction in sales revenues, which totaled 5,914 million euros. The decrease of 5.1% compared with the same period last year is the combined result of changes in the scope of consolidation, lower demand for natural gas and a contraction of sales in the regulated markets caused by Resolution No. 249/06 with which the Electric Power and Gas Authority lowered the average prices of the avoided-fuel-cost component paid to CIP6/92 power plants. This resolution was later voided by the Regional Administrative Court of Lombardy and an appeal is pending before the Council of State.

Despite this, EBITDA increased by 4.2% to 1,270 million euros. The electric power operations (+4.7%) capitalized on an increased availability of high-efficiency power plants and benefited from an effective strategy implemented to optimize the mix of energy sources and uses in the deregulated markets. The hydrocarbons operations (+4.3%) reported a gain in profitability, as a steady improvement in operating performance and a successful strategy to optimize its supply mix more than offset the impact of lower unit sales. Nonrecurring gains of about 60 million euros were lower than the negative impact of Resolution No. 249/06.

EBIT were up 7.5% to 746 million euros, while profit before taxes grew by 13.4% to 584 million euros. The net profit totaled 321 million euros, down from 531 million euros in the first nine months of 2006. A higher tax burden is solely responsible for this decrease. Specifically, the difference in tax charges with first nine months of 2006 totaled 273 million euros, most of whose were due to the application of Law No. 266 of December 23, 2005 last year.

It is important to keep in mind that the results for the **third quarter** of 2007 were adversely affected by a change in the scope of consolidation caused by the sale of a majority stake in Serene Spa and by the impact of Resolution 249/06. The comparison with the same period in 2006 is also skewed by nonrecurring transactions that occurred last year.
If they are restated on a comparable scope of consolidation basis and net of the abovementioned nonrecurring transactions, EBITDA show a gain of more than 7% in the third quarter and of about 14% in the first nine months of 2007.

Sales Volume and Revenues

In the first nine months of 2007, sales revenues decreased to 5,914 million euros (-5.1% compared with the same period in 2006) due to the sale of Serene, a contraction in the demand for natural gas in Italy, lower prices quoted in euros for raw materials in the international markets, a reduction of the Single National Price in Italy and the impact of Resolution No. 249/06.

However, **unit sales in the deregulated electric power markets increased by 4.5%** to 30,015 GWh (28,711 GWh in the first nine months of 2006) thanks to the success of the Group's sales strategies and to higher sales on the Power Exchange. On the other hand, CIP6 sales were down 9.4%, reflecting the impact of the divestiture of Serene. Overall, unit sales of electric power amounted to 46,952 GWh, compared with 47,611 GWh in the first nine months of 2006 (-1.4%). Restated on a comparable scope of consolidation basis, total unit sales show a gain of approximately 1.5%.

In the natural gas area, consolidated unit sales totaled 9,711 million cubic meters (-2.8%, as against a drop of 4.9% in overall market demand for Italy caused by unusually mild weather). Residential and industrial customers purchased 2,345 million cubic meters (-30%, due to limited availability and increased demand from thermoelectric users), with consumption by the Group's thermoelectric power plants accounting for the balance (+10%, due to increased production by the thermoelectric facilities).

EBITDA

In the first nine months of 2007, EBITDA grew by 4.2% to 1,270 million euros (1,219 million euros in the same period in 2006).

During this period, the electric power operations increased EBITDA by 4.7% to 934 million euros (892 million euros in the first nine months of 2006). This improvement is the result of an effective strategy of optimizing the mix of energy sources and uses in the deregulated markets, which more than offset the impact of lower margins earned on CIP6 sales and the absence of the contribution provided by Edison Rete and Serene before they were sold.

The EBITDA generated by the hydrocarbons operations grew by 4.3% to 384 million euros (368 million euros in the first nine months of 2006) due to an increase in the margins generated by operating activities, made possible in part by the optimization of the portfolio of sources, and to the abovementioned nonrecurring gain of about 60 million euros, offset to some extent by the negative impact of Resolution No. 249/06.

EBIT, Profit Before Taxes and Net Profit

At September 30, 2007, EBIT totaled 746 million euros, compared with 694 in the first nine months of 2006 (+7.5%).

At 584 million euros, profit before taxes for the first nine months of 2007 was 13.4% higher than the 515 million euros reported at September 30, 2006. A reduction in financial expense, made possible by the Group's improved financial structure, is the main reason for this gain.

The Group's net profit totaled 321 million euros at September 30, 2007 (-39.5% compared with 531 million euros in the first nine months of 2006). A higher tax burden is solely responsible for this decrease. Specifically, the difference in tax charges with first nine months of 2006 totaled 273 million euros most of whose were due to the application of Law No. 266 of December 23, 2005 last year.

Indebtedness

At September 30, 2007, the Group's net borrowings amounted to 3,192 million euros, down sharply compared with the 4,256 million euros owed at December 31, 2006 (4,575 million euros at September 30, 2006). The positive cash flow from operations generated during the period, net of capital expenditures and investments in exploration (365 million euros in the first nine months of 2007), account for this improvement, taking also into consideration the exercise of warrants (520 million euros) and the sale of the investment in Serene Spa (117 million euros).

The debt/equity ratio improved significantly, standing at 0.43 at September 30, 2007, compared with 0.62 at December 31, 2006.

Outlook for the Balance of 2007

The commissioning of new facilities in Simeri Crichi (800 MW) and Turbigo (800 MW owned by Edipower), coupled with the implementation of policies carefully designed to optimize its energy portfolio, should enable the Group to offset the impact of potentially unfavorable changes in the regulatory environment, which, however, are still questionable at this point

For 2007 as a whole, industrial results should be better than those reported in 2006. The Group's financial position is expected to show further improvement, due to the exercise of the 2007 Edison Spa common share warrants, which expire on December 31, 2007.

§

The Board of Directors appointed Marco Andreasi Chief Financial Officer. He is replacing Renato Ravanelli, effective November 9, 2007. Mr. Ravanelli was appointed General Manager of AEM Milano. Mr. Andreasi was also appointed "*Dirigente Preposto alla redazione dei documenti contabili societari*" pursuant to Law No. 262/2005. Mr. Andreasi's curriculum vitae is available online at www.edison.it.

Lastly, the Board of Directors performed the self assessment process recommended in the Code of Conduct published by Borsa Italiana.

Conference Call

The Group's operating results for the first nine months of 2007 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 02 802 09 28.

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), Renato Ravanelli, 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 Quarterly Report at September 30, 2007 will be on file and available upon request at the Company's headquarters (31 Foro Buonaparte, Milan) and at the offices of Borsa Italiana Spa by November 14, 2007. It may also be consulted at the Group's website: www.edison.it.

* * *

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)

9/30/06		9/30/07	12/31/06
	ASSETS		
8,242	Property, plant and equipment	7,901	8,057
45	Investment property	34	40
3,505	Goodwill	3,518	3,518
319	Hydrocarbon concessions	305	323
64	Other intangible assets	35	44
66	Investments in associates	49	44
107	Available-for-sale investments	173	122
116	Other financial assets	140	130
103	Deferred-tax assets	97	102
287	Other assets	62	85
12,854	**Total non-current assets**	**12,314**	**12,465**
477	Inventories	303	387
1,451	Trade receivables	1,253	1,943
18	Current-tax assets	9	15
297	Other receivables	385	276
58	Current financial assets	30	42
164	Cash and cash equivalents	75	298
2,465	**Total current assets**	**2,055**	**2,961**
209	**Assets held for sale**	**-**	**231**
15,528	**Total assets**	**14,369**	**15,657**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
4,273	Share capital	4,793	4,273
606	Equity reserves	633	606
1,110	Other reserves	1,111	1,116
(2)	Reserve for currency translations	(5)	(3)
97	Retained earnings (Loss carryforward)	465	97
531	Profit (Loss) for the period	321	654
6,615	**Total Group interest in shareholders' equity**	**7,318**	**6,743**
145	Minority interest in shareholders' equity	135	147
6,760	**Total shareholders' equity**	**7,453**	**6,890**
73	Provision for employee severance indemnities and provision for pensions	73	72
763	Provision for deferred taxes	745	752
861	Provisions for risks and charges	874	881
1,233	Bonds	1,201	1,207
1,467	Long-term borrowings and other financial liabilities	1,274	502
8	Other liabilities	13	2
4,405	**Total non-current liabilities**	**4,180**	**3,416**
1,435	Bonds	35	1,457
701	Short-term borrowings	867	1,461
1,356	Trade payables	1,107	1,576
38	Current taxes payable	34	26
796	Other liabilities	693	694
4,326	**Total current liabilities**	**2,736**	**5,214**
37	**Liabilities held for sale**	**-**	**137**
15,528	**Total liabilities and shareholders' equity**	**14,369**	**15,657**

Income Statement

(in millions of euros)

2006 full year		1/1/07 to 9/30/07	1/1/06 to 9/30/06	3rd quarter 2007	3rd quarter 2006
8,523	Sales revenues	5,914	6,231	1,862	1,965
777	Other revenues and income	383	578	126	205
9,300	**Total net revenues**	**6,297**	**6,809**	**1,988**	**2,170**
(7,554)	Raw materials and services used (-)	(4,865)	(5,439)	(1,569)	(1,677)
(210)	Labor costs (-)	(162)	(151)	(53)	(48)
1,536	**EBITDA**	**1,270**	**1,219**	**366**	**445**
(784)	Depreciation, amortization and writedowns (-)	(524)	(525)	(192)	(166)
752	**EBIT**	**746**	**694**	**174**	**279**
(246)	Net financial income (expense)	(157)	(184)	(45)	(48)
16	Income from (Expense on) equity investments	(16)	4	(7)	-
37	Other income (expense), net	11	1	(4)	-
559	**Profit before taxes**	**584**	**515**	**118**	**231**
(9)	Income taxes	(255)	18	(51)	(99)
550	**Profit (Loss) from continuing operations**	**329**	**533**	**67**	**132**
112	Profit (Loss) from discontinued operations	-	3	-	3
662	**Profit (Loss)**	**329**	**536**	**67**	**135**
	Broken down as follows:				
8	Minority interest in profit (loss)	8	5	2	2
654	**Group interest in profit (loss)**	**321**	**531**	**65**	**133**
	Earnings per share (in euros)				
0.1522	basic	0.0671	0.1235		
0.1380	diluted	0.0630	0.1128		

Cash Flow Statement

2006 full year		*(in millions of euros)*	1/1/07 to 9/30/07	1/1/06 to 9/30/06
542		Group interest in profit (loss) from continuing operations	321	528
112		Group interest in profit (loss) from discontinued operations	-	3
654		**Total Group interest in profit (loss)**	**321**	**531**
8		Minority interest in profit (loss)	8	5
700		Amortization and depreciation	530	505
(2)		Interest in the result of companies valued by the equity method (-)	1	(3)
-		Dividends received from companies valued by the equity method	2	4
1		(Gains) Losses on the sale of non-current assets	(8)	-
84		(Revaluations) Writedowns of intangibles and property, plant and equipment	(6)	20
2		Change in the provision for employee severance indemnities	1	2
(413)		Change in other operating assets and liabilities	508	(189)
1,034	**A.**	**Cash flow from operating activities of continuing operations**	**1,357**	**875**
(548)		Additions to intangibles and property, plant and equipment (-)	(367)	(389)
(85)		Additions to non-current financial assets (-)	(319)	(60)
28		Proceeds from the sale of intangibles and property, plant and equipment	38	15
345		Proceeds from the sale of non-current financial assets	98	-
-		Capital grants received during the year	-	-
29		Change in the scope of consolidation	-	-
34		Other current assets	12	18
(197)	**B.**	**Cash used in investing activities**	**(538)**	**(416)**
1,203		Receipt of new medium-term and long-term loans	1,240	1,197
(1,712)		Redemption of new medium-term and long-term loans (-)	(2,759)	(3,157)
-		Capital contributions provided by controlling companies or other shareholders	520	-
(196)		Dividends paid to controlling companies or minority shareholders (-)	(248)	(196)
(181)		Change in short-term debt	205	1,479
(886)	**C.**	**Cash used in financing activities**	**(1,042)**	**(677)**
4	**D.**	**Cash and cash equivalents of discontinued operations**	**-**	**-**
-	**E.**	**Net currency translation differences**	-	-
-	**F.**	**Net cash flow from discontinued operations**	**-**	**21**
(45)	**G.**	**Net increase (decrease) in cash and cash equivalents (A+B+C+D+E+F)**	**(223)**	**(197)**
361	**H.**	**Cash and cash equivalents at beginning of period**	**298**	**361**
316	**I.**	**Cash and cash equivalents at end of period (G+H)**	**75**	**164**
316	**L.**	**Total cash and cash equivalents at end of period (I)**	**75**	**164**
(18)	**M.**	**(-) Cash and cash equivalents of discontinued operations**	**-**	**-**
298	**N.**	**Cash and cash equivalents of continuing operations (L-M)**	**75**	**164**

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	-	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)***
Profit for the first nine months of 2006	-	-	-	531	***531***	5	***536***
Balance at September 30, 2006	***4,273***	***1,813***	***(2)***	***531***	***6,615***	***145***	***6,760***
Share capital increase from exercise of warrants	-	-	-	-	**-**	-	**-**
Restatements for adoption of IAS 32 and IAS 39	-	(11)	-	-	***(11)***	-	***(11)***
Difference from translation of financial statements in foreign currencies and sundry items	-	17	(1)	-	***16***	(1)	***15***
Profit for the third quarter of 2006	-	-	-	123	***123***	3	***126***
Balance at December 31, 2006	***4,273***	***1,819***	***(3)***	***654***	***6,743***	***147***	***6,890***
Share capital increase from exercise of warrants	520	-	-	-	***520***	-	***520***
Appropriation of the 2006 profit	-	654	-	(654)	**-**	-	**-**
Dividend distribution	-	(233)	-	-	***(233)***	(15)	***(248)***
Restatements for adoption of IAS 32 and IAS 39	-	(12)	-	-	***(12)***	-	***(12)***
Change in the scope of consolidation	-	(3)	-	-	***(3)***	3	**-**
Difference from translation of financial statements in foreign currencies and sundry items	-	(16)	(2)	-	***(18)***	(8)	***(26)***
Profit for the period	-	-	-	321	***321***	8	***329***
Balance at September 30, 2007	***4,793***	***2,209***	***(5)***	***321***	***7,318***	***135***	***7,453***