

ANNUAL REPORT **2004**



Statutory Financial Statements

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ANNUAL REPORT

2004

Statutory Financial Statements



Edison Spa

Balance Sheet at December 31, 2004

ASSETS (in euros)	12/31/04	12/31/03		
A. Receivables from stockholders	-	-		
B. Fixed assets (financial leases listed separately)				
I. Intangibles				
1) Start-up and expansion costs	6,032,105	10,257,562		
2) Research, development and advertising expenses	3,395,861	4,838,719		
4) Concessions, licenses, trademarks and similar rights	245,466,714	255,738,843		
5) Goodwill	2,724,793,808	2,615,484,123		
6) Work in progress and advances	8,184,334	9,351,512		
7) Other intangibles	29,272,931	11,768,163		
Total	3,017,145,753	2,907,438,922		
II. Property, plant and equipment				
1) Land and buildings	278,078,444	207,033,808		
2) Plant and machinery	2,050,221,778	1,297,295,388		
3) Manufacturing and distribution equipment	7,266,146	5,890,551		
4) Other assets	3,780,447	2,787,224		
5) Construction in progress and advances	592,595,481	238,260,096		
Total	2,931,942,296	1,751,267,067		
III. Financial fixed assets				
1) Equity investments in:				
a) subsidiaries	1,715,456,884	2,247,747,042		
b) affiliated companies	931,564,460	991,583,734		
d) other companies	160,864,553	169,234,572		
Total equity investments	2,807,885,897	3,408,565,348		
2) Long-term loans to:	AMOUNTS DUE WITHIN ONE YEAR			
	12/31/04	12/31/03		
a) subsidiaries	6,854,007	6,854,007	24,907,686	62,933,806
b) affiliated companies	-	-	3,854	3,830
c) other companies	-	-	52,294,466	56,937,016
Total long-term loans	6,854,007	6,854,007	77,206,006	119,874,652
3) Other securities			1,923,239	1,923,239
4) Treasury stock			12	12
Total			2,887,015,154	3,530,363,251
Total fixed assets (B)	8,836,103,203	8,189,069,240		

Edison Spa

Balance Sheet at December 31, 2004 (continued)

ASSETS (in euros)			12/31/04	12/31/03
C. Current assets				
I. Inventories				
1) Raw materials, auxiliaries and supplies			31,155,131	10,863,649
3) Contract work in process			7,947,599	-
4) Finished goods and merchandise			172,996,388	134,483,413
5) Advances			211,609	6,148,491
Total			212,310,727	151,495,553
AMOUNTS DUE AFTER ONE YEAR				
II. Accounts receivable	12/31/04	12/31/03		
1) Trade accounts receivable	-	-	444,160,520	253,369,267
2) Accounts receivable from subsidiaries	-	-	153,236,792	795,024,066
3) Accounts receivable from affiliates	-	-	55,168,825	63,903,666
4) Accounts receivable from controlling companies	-	-	30,602	32,804
4-bis) Due from the tax authorities	367,902,201	363,008,370	516,164,501	760,851,145
4-ter) Deferred-tax assets	-	-	24,000,000	-
5) Accounts receivable from outsiders	-	-	86,448,462	60,429,211
Total accounts receivable	367,902,201	363,008,370	1,279,209,702	1,933,610,159
II. Financial assets not held as fixed assets				
2) Equity investments in affiliated companies	-	-	400	400
4) Other equity investments	-	-	29,359,096	26,596,496
6) Other securities	-	-	-	2,104,000
7) Loans to:				
a) subsidiaries	45,239,937	39,815,181	238,378,744	406,748,531
b) affiliated companies	-	-	21,213,452	19,543,222
Total loans receivable	45,279,937	39,815,181	259,592,196	426,291,753
Total financial assets	45,279,937	39,815,181	288,951,692	454,992,649
IV. Liquid assets				
1) Bank and postal accounts			9,225,637	85,632,900
3) Cash on hand			19,286	13,370
Total liquid assets			9,244,923	85,646,270
Total current assets (C)			1,789,717,043	2,625,744,631
D. Accrued income and prepaid expenses				
- Accrued income and prepaid expenses			51,770,255	69,525,867
- Bond issue discount			3,603,732	3,276,813
Total accrued income and prepaid expenses (D)			55,373,987	72,802,680
TOTAL ASSETS			10,681,194,234	10,887,616,551

Edison Spa

Balance Sheet at December 31, 2004 (continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (in euros)			12/31/04	12/31/03
A. Stockholders' equity				
I. Capital stock			4,258,887,966	4,212,079,261
II. Additional paid-in capital			-	79,920,862
III. Reserve for inflation adjustments			-	-
IV. Statutory reserve			-	-
V. Reserves under the Bylaws			-	-
VI. Reserve for treasury stock			-	-
VII. Other reserves				
- Reserve for Government grants			3,770,174	3,770,174
- Reserve for investments planned under Law No. 488/92			15,993,000	15,993,000
- Surplus upon merger			571,069	-
- Miscellaneous reserves			-	250,000
Total other reserves			20,334,243	20,013,174
VIII. Retained earnings (Loss carryforward)			(370,674,041)	(595,166,345)
IX. Net income for the year			311,876,413	144,321,442
Total stockholders' equity (A)			4,220,424,581	3,861,168,394
B. Reserves for risks and charges				
2) Reserve for current and deferred taxes			60,309,903	50,147,569
3) Other reserves			918,649,033	1,019,106,140
Total reserves for risks and charges (B)			978,958,936	1,069,253,709
C. Reserve for employee severance indemnities			37,322,772	31,220,741
	AMOUNTS DUE AFTER ONE YEAR			
	12/31/04	12/31/03		
D. Liabilities				
1) Bonds	2,629,639,000	2,029,639,000	2,629,639,000	2,029,639,000
3) Loans payable to stockholders			880,607	1,484,281
4) Due to banks	386,591,783	285,956,383	899,606,835	1,834,357,894
5) Due to other lenders	4,967,000	4,473,386	6,659,913	6,253,659
6) Advances			16,253,994	15,802,115
7) Trade accounts payable			555,977,989	304,895,604
9) Accounts payable to subsidiaries			1,011,852,467	1,351,845,566
10) Accounts payable to affiliated companies			1,135,841	1,365,395
11) Accounts payable to controlling companies			4,421,092	1,340,224
12) Taxes payable	2,447,343	11,306,040	26,121,386	35,665,321
13) Contributions to pension and social security institutions	-	-	8,401,334	8,180,341
14) Other liabilities	-	100,000,000	191,030,488	238,276,982
Total liabilities (D)	3,023,645,126	2,431,374,809	5,351,980,946	5,829,106,382
E. Accrued expenses and deferred income				
- Accrued expenses			74,919,632	76,161,427
- Deferred income			17,587,367	20,705,898
Total accrued expenses and deferred income (E)			92,506,999	96,867,325
TOTAL LIABILITIES			6,460,769,652	7,026,448,157
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			10,681,194,234	10,887,616,551

Edison Spa

Balance Sheet at December 31, 2004 (continued)

MEMORANDUM ACCOUNTS (in euros)	12/31/04	12/31/03
1) Guarantees provided		
Sureties and other guarantees on behalf of:		
- subsidiaries	1,767,478,880	1,403,098,271
- affiliated companies	1,215,076,005	1,289,360,968
- outsiders	319,170,636	534,204,480
Total	3,301,725,521	3,226,663,719
1) Collateral provided for:		
- borrowings and other obligations of outsiders	966,750,711	950,319,301
- liabilities listed on the balance sheet	377,808,440	107,161,032
Total	1,344,559,151	1,057,480,333
3) Commitments, risks and other memorandum accounts		
- Commitments to purchase fixed assets	823,873,432	548,646,737
- Transactions to hedge interest rate risks	2,157,639,000	1,716,577,671
- Forward transactions and derivatives to hedge foreign exchange risks	98,950,745	31,380,325
- Forward transactions in the commodities markets	404,403	103,375,278
- Commitments to buy equity investments	167,590,000	165,400,000
- Securities deposited with outsiders	288,673,550	477,894,813
- Other company assets held by outsiders	144,400,000	89,605,000
- Offsets of VAT credits	5,674,254	11,071,117
- Obligations toward outsiders for leased assets	215,892	17,741,504
- Assets of outsiders held by the Company	6,987,343	12,343,842
- Guarantees provided by suppliers and customers	120,158,164	109,576,141
- Other memorandum accounts	1,647,501	1,027,753
Total	3,816,214,284	3,284,640,181
TOTAL MEMORANDUM ACCOUNTS	8,462,498,956	7,568,784,233

Edison Spa

Statement of Income at December 31, 2004

(in euros)	Fy 2004	Fy 2003
A. Production value		
1) Sales and service revenues	3,302,566,339	2,827,645,444
2) Changes in inventory of work in progress, semifinished goods and finished goods	41,022,002	(14,149,407)
3) Changes in contract work in process	7,183,833	-
4) Increase in Company-produced additions to fixed assets	16,243,842	6,752,240
5) Other revenues and income		
- Operating grants	1,354,735	5,548,702
- Miscellaneous	79,200,902	98,454,499
Total other revenues and income	80,555,637	104,003,201
Total production value (A)	3,447,571,653	2,924,251,478
B. Cost of production		
6) Raw materials, auxiliaries, supplies and merchandise	2,004,846,371	1,812,808,218
7) Outside services	469,409,021	436,623,284
8) Use of property not owned	46,293,712	62,179,125
9) Personnel		
a) Wages and salaries	84,037,343	79,236,054
b) Social security contributions	26,131,874	23,362,435
c) Provision for employee severance indemnities	6,218,786	5,568,217
e) Other personnel costs	1,135,513	1,081,998
Total personnel costs	117,523,516	109,248,704
10) Depreciation, amortization and writedowns		
a) Amortization of intangibles	205,766,727	208,376,085
b) Depreciation of property, plant and equipment	189,080,786	204,957,800
c) Writedowns of fixed assets	171,089	2,516,807
d) Writedowns of loans included in current assets	8,135,368	1,654,397
Total depreciation, amortization and writedowns	403,153,970	417,505,089
11) Change in inventory of raw materials, auxiliaries, supplies and merchandise	1,562,071	2,744,131
12) Provisions for risks	20,538,119	15,509,277
14) Miscellaneous operating costs	68,658,389	59,637,844
Total cost of production (B)	3,131,985,169	2,916,255,672
Net production value (A-B)	315,586,484	7,995,806

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Statement of Income at December 31, 2004 (continued)

(in euros)	Fy 2004	Fy 2003
C. Financial income and expense		
15) Income from equity investments		
a) Subsidiaries	358,103,833	944,831,439
b) Affiliated companies	6,730,219	13,057,366
c) Other companies	9,476,014	8,532,037
Total	374,310,066	966,420,842
16) Other financial income		
a) Loans included in financial fixed assets		
1) Subsidiaries	1,700,232	1,907,128
2) Affiliated companies	2,557,275	9,576,597
4) Other companies	30,891	30,766
c) Securities included in current assets other than equity investments	86,399	123,717
d) Other financial income from:		
- subsidiaries	13,870,095	53,505,003
- affiliated companies	86,400	166,196
- controlling companies	-	2
- outsiders	114,926,200	102,498,472
Total	133,257,492	167,807,881
17) Interest and other financial expense paid to:		
a) subsidiaries	13,988,395	39,188,142
b) affiliated companies	18,097	5,241
c) controlling companies	55,095	5,579,645
d) outsiders	328,034,363	390,481,782
Total	342,095,950	435,254,810
17-bis) Currency translation gains (losses)	(1,801,141)	(24,537,345)
Total financial income and expense (15+16-17±17-bis) (C)	163,670,467	674,436,568
D. Value adjustments on financial assets		
18) Upward adjustments of:		
a) securities included in current assets other than equity investments	9,739,829	-
Total	9,739,829	-
19) Writedowns of:		
a) equity investments	226,151,259	419,311,602
c) securities included in current assets other than equity investments	6,700	29,810,966
Total	226,157,959	449,122,568
Total value adjustments (18-19) (D)	(216,418,130)	(449,122,568)
E. Extraordinary income and expense		
20) Extraordinary income		
- Gains on disposals	54,291,445	2,753,028
- Other extraordinary income	280,349,016	579,137,542
Total	334,640,461	581,890,570
21) Extraordinary expense		
- Losses on disposals	1,798,985	104,675,607
- Taxes attributable to prior fiscal years	3,852,189	39,096,185
- Other extraordinary expense	272,989,532	425,484,553
Total	278,640,706	569,256,345
Total extraordinary items (20-21) (E)	55,999,755	12,634,225
INCOME BEFORE TAXES (A-B+-C+-D+-E)	318,838,576	245,944,031
22) Current, deferred and prepaid income taxes	6,962,163	101,622,589
23) NET INCOME	311,876,413	144,321,442



Notes to the Statutory Financial Statements at December 31, 2004

Contents and Form of the Financial Statements

Dear Stockholders:

We submit for your approval the financial statements at December 31, 2004, which include the Balance Sheet, the Statement of Income, the respective Notes.

The financial statements have been prepared in accordance with current statutory requirements, as set forth in Articles 2423 and following of the Italian Civil Code. They also provide the additional disclosures recommended by the Consob and required by Legislative Decree No. 58/98 and its implementation decrees.

The financial statements are presented in accordance with the format provided in Articles 2424 and 2425 of the Italian Civil Code. Line items identified with Arabic numerals in the abovementioned form that have a zero balance both for the current and the previous year have been omitted.

The Notes to the Financial Statements are supplemented by the schedules required by the provisions of the relevant statutes.

The special schedules required pursuant to Resolution No. 61/1999, as amended, and Resolution No. 310/01, with which the Electric Power and Gas Authority ordered the accounting and administrative separation of the electric power operations (the so-called unbundling), are annexed to the Report on Operations.

The statutory financial statements were audited by PriceWaterhouseCoopers, in accordance with the three-year (2002-2004) assignment it had received pursuant to a resolution of the Stockholders' Meeting of June 28, 2002.

Accounting Principles and Methods

The valuation criteria used by the Company are consistent with current statutory requirements, as interpreted and supplemented by the accounting principles published by the Italian Accounting Organization of the Italian Board of Certified Public Accountants. Insofar as Italian law allows it, the valuation criteria are consistent with those provided by the International Accounting Standards Board (IASB). The criteria used in 2004 are the same as those used in 2003, except for the new requirements introduced by Legislative decree No. 6/03 (reform of Italian corporate law), as amended, with regard to elimination from the financial statements of the impact of items booked only for tax purposes, particularly as it affects the criteria used to compute depreciation and amortization.

The reform of Italian corporate law amended in part the article of the Civil Code that governs the presentation of financial statements, changing some of the premises that underlie the preparation of financial statements, the valuation criteria, the contents of the notes to the financial statements and the presentation of the financial statements. In the area of valuation criteria, the elimination of the impact of items booked only for tax purposes resulted in the obligation to prepare financial statements using depreciation and amortization rates based on the remaining useful lives of the assets and not the full rates allowed for tax purposes. As a result, accelerated and supplemental depreciation that had been booked until December 31, 2003 (84 million euros) had to be reversed out of accumulated depreciation and amortization. This restatement, net of the impact of deferred taxation issues, had a positive impact of 69 million euros on the statement of income. Moreover, since the computation of depreciation and amortization is now based on the remaining useful lives of the assets, the depreciation and amortization expense recognized in the financial statements is lower by about 70 million euros, compared with the amount that would have been booked if the depreciation and amortization rates applied were those used until December 31, 2003.

The elimination of the impact of items booked only for tax purposes affected only the depreciation and amortization booked by Edison (formerly Italennergia Spa) in 2002 and 2003, since the company now called Edison came into existence as a legal entity through mergers by absorption completed in 2002. This is because the amounts added to asset values through the allocation of the surplus upon merger incorporated the supplemental depreciation and amortization booked in previous years by the absorbed companies. The resulting deferred-tax liability reflects the fact that a portion of the depreciation and amortization is not tax deductible.

The valuation criteria used are reviewed below.

Intangibles

Intangibles are recorded at purchase or production cost, including incidental costs. Intangibles are amortized on a straight-line basis in accordance with the remaining useful life. When there is a permanent loss in value, intangibles are written down to

their realizable value. Realizable value is the greater of the proceeds from the sale of an asset or the value generated by the asset's use. The writedown is reversed in subsequent years if the reasons for the adjustment no longer apply.

More specifically:

- Start-up and expansion costs capitalized in previous years are amortized over a period not exceeding five years. Since 2001, these costs are no longer being capitalized and are written off in the year they are incurred.
- Hydrocarbon exploration costs are capitalized and written off in the year in which they are incurred. This item includes costs incurred to secure exploration permits, explore the respective areas, perform test drilling and conduct geological and geophysical surveys. Exploration is the reconnaissance work and detailed evaluation of a large region for the purpose of obtaining information on the basis of which exploratory drilling will be conducted. Exploratory drilling is the detailed survey of an area for the purpose of determining if it contains commercial quantities of hydrocarbons. This activity also includes the extraction of a sufficient quantity of hydrocarbons to conduct the preliminary tests necessary to determine the methods and conditions of extraction.
- Industrial patents and intellectual property rights are amortized over the length of their estimated useful life, which cannot exceed the statutory life or the term of the underlying contract. When the estimated useful life cannot be determined, they are written off over five years.
- Concessions, licenses, trademarks and similar rights are capitalized and amortized over the length of their estimated useful life, which cannot exceed the term of the underlying purchase contract. When the estimated useful life cannot be determined, they are written off over five years.
- Hydrocarbon concessions are recorded at the acquisition cost or at the cost incurred to find the respective deposits. In accordance with the unit of product method, the amortization is computed on the value determined by the ratio between the quantities produced during the fiscal year and the estimated remaining available reserves at the beginning of the fiscal year, taking into account any significant change to reserves that occurred during the fiscal year. In addition, a test is made each year to make sure that the carrying value of these assets is not greater than their realizable value computed by discounting future cash flows, which are estimated based on future production programs and market values.
- Goodwill is booked as an asset only when it is acquired for consideration and only for an amount equivalent to the cost actually paid. It is amortized over a period not exceeding 20 years. When the estimated useful life cannot be determined they are written off over five years. As required under IAS 36, a test is made each year to make sure that the carrying value of the cash generating unit, to which the goodwill can be reasonably allocated, is not greater than their realizable value, estimated taking into account company plans.

Property, Plant and Equipment

Property, plant and equipment is recorded at purchase or production cost, including directly attributable costs, incidental costs and indirect costs applicable to internal production. Starting with the current year, expenses incurred to finance the manufacturing process, either internally or through contractors, are no longer capitalized. The cost of assets received as the result of a transfer of business operations is determined by independent expert appraisers, as required by Article 2343 of the Civil Code. The historical cost shown in the balance sheet also includes any consolidation difference attributable to the individual assets.

The cost of assets is adjusted upwards only when required by specific laws that cover inflation adjustments on property, plant and equipment, but the adjusted value of the assets cannot exceed their market value. Gains on inflation adjustments are reflected in stockholders' equity under Reserve for inflation adjustments.

Ordinary maintenance expenses that serve the purpose of preserving the assets are charged to income in the year they are incurred. Those that enhance the value of property, plant and equipment are added to the respective assets, insofar as they extend their useful life or upgrade their technology.

The cost of fixed assets with a limited useful life is written off in the year it is incurred. The depreciation rates applied to property, plant and equipment are determined on the basis of technical and financial considerations and are applied on a straight-line basis over the estimated useful life of the assets, which is assessed on a regular basis to take into account any deterioration or loss in value. Capital equipment appurtenant to hydrocarbon production concessions is depreciated in accordance with the unit-of-product method, which is the method used to amortize the underlying hydrocarbon production concessions. As a result, depreciation is computed on the value determined by the ratio between the quantities produced during the fiscal year and the estimated remaining available reserves at the beginning of the fiscal year. The depreciation of assets transferable at no cost is taken on a straight-line basis over the remaining term of the contract or their estimated useful life, whichever is less.

If at the end of the fiscal year the market value of an asset is significantly less than its depreciable cost, the asset is written down to its market value. When the reasons for the writedown no longer apply, the asset cost is reinstated.

Financial Fixed Assets

Fixed assets consisting of investments in subsidiaries, affiliated companies and other companies are carried at cost, determined using the LIFO method with annual increments, plus incidental expenses. They are written down to reflect any permanent loss in value. The writedowns are reversed in subsequent fiscal years if the reasons for the adjustments no longer apply. Value adjustments may not reduce the carrying value of an investment to less than the stockholders' equity of the investee company or the estimated realizable value, when the sale of the respective company is being negotiated. Usually, the carrying value of an equity investment in a sub-

subsidiary or affiliated company may never exceed the interest in the underlying stockholders' equity, determined taking into account goodwill and any unrealized gains or losses attributable to the assets of the investee companies. When the Parent Company prepares the consolidated financial statements, the valuation is made based on the pro rata share of the Group's interest in consolidated stockholders' equity. Historical cost includes the original purchase price and subsequent charges, additional investments in connection with capital increases, the allocated portion of any loss upon merger and reductions in carrying value due to disposals or reductions in capital stock resulting from stockholder approved distributions. Reductions in capital stock carried out to offset losses, followed by replenishments of the same magnitude, do not result in a change in historical cost.

If at the end of the year subsidiaries or affiliated companies have a negative net worth and Edison intends to defray the cost of recapitalizing these companies, the parent company recognizes in its financial statements an amount equivalent to its interest in the negative net worth by means of an addition to the Reserves for risks and charges. If an investee company prepares its financial statements in a currency other than the euro, all valuations are made based on the reporting currency of the investee company. All losses are converted into euros at the historical exchange rate used to determine the cost of the investment. The historical exchange rate used to determine the cost of an investment can be changed only when exchange rate fluctuations produce a permanent loss in value. In such a case, the historical exchange rate is replaced with the new exchange rate, and the carrying value of the investment is written down accordingly.

Treasury shares and other securities are shown at cost determined using the LIFO method with annual increments, but are written down for lasting losses in value.

Receivables and Payables

Receivables are carried at their estimated realizable value obtained by deducting from their face value the necessary allowances. Trade receivables assigned with recourse have been eliminated from the balance sheet. The deferred consideration still owed is shown under current assets as a receivable from outsiders. Payables are shown at their face value. Tax liabilities for the fiscal year are computed by applying the tax rates in force on the balance sheet date to a realistic estimate of the taxable income. If the taxes payable during the fiscal year are less than the tax credits, tax prepayments and taxes withheld, the resulting credit difference is shown as an asset on the balance sheet. Receivables and payables denominated in foreign currencies are adjusted to year-end exchange rates. Any resulting gains or losses compared with their original carrying value are credited or debited to the statement of income. When contracts have been executed to hedge foreign exchange risks, any gains or losses are reflected in the statement of income using an accrual period, which is consistent with the life of the hedged assets or liabilities. Starting with the current fiscal year, any currency translation gain that is reflected in the statement of income must be set aside as a separate reserve, which may not be distributed until the gain is realized.

Securitization Transactions

Edison Spa established a securitization program, as allowed under Law No. 130/99, that involves the assignment with recourse of a portfolio of trade accounts receivable to a company called Edison Treasury Services Srl (ETS), which is not a member of the Group. ETS finances purchases of these receivables by issuing short-term asset-backed securities that are guaranteed by the abovementioned portfolio of receivables. These securities are issued through private placements sold to institutional investors. Edison receives most of the assignment proceeds up front. The remaining portion (deferred consideration) is paid out monthly, after the receivables have been actually collected and handling and interest charges have been deducted. For the Edison Group, the risk is limited to the value of the deferred consideration, which is computed as a lump-sum portion of the entire portfolio and shown under current assets as a receivable from outsiders. Edison Spa physically collects and recovers past due receivables and is responsible for monitoring payment performance. The collection trend (performance of receivables) of each portfolio is used to determine the percentage of the portfolio that will be withheld as deferred consideration in the next assignment of receivables. On the balance sheet date, the recoverability of the deferred compensation is assessed based on the performance of the assigned receivables and a determination is made as to the need for a writedown. Interest and handling charges are recognized on an accrual basis under Interest and other financial expense.

Inventories

Inventories are valued at the lower of purchase/manufacturing cost, including incidental expenses, or estimated realizable value based on market conditions. The cost of raw materials, auxiliaries and supplies is determined using the LIFO method with annual increments. The cost of finished goods and merchandise (fluxing gasoil, diesel fuel and natural gas) is determined using the FIFO method. Real estate property held for resale is valued by identifying the relevant specific costs. Inventories of other finished goods and merchandise are valued by the LIFO method with annual increments. Any difference compared with the inventory values determined at year-end market prices must be disclosed in the Notes to the Financial Statements only if it is material.

Financial Assets not Held as Fixed Assets

Financial assets not held as fixed assets are carried at the lower of cost, determined using the LIFO method with annual increments, or estimated realizable value, based on market conditions. Any writedown is reversed when the reasons for the reduction in value no longer apply.

Accruals and Deferrals

Accrued income and prepaid expenses include income attributable to the fiscal year but collectible in subsequent years, and expenses incurred prior to the end of the fiscal year, but attributable to subsequent fiscal years. Accrued expenses and deferred income represent costs attributable to the fiscal year, but payable in subsequent years, and income received before the end of the fiscal year but attributable to subsequent

fiscal years. These items include only expense and income items attributable to two or more years, the amount of which changes over a period of time.

Reserves for Risks and Charges

Reserves for risks and charges are established to fund quantifiable charges, the existence of which is certain or probable, but the amount or date of occurrence of which could not be determined as of the close of the fiscal year.

Reserve for Employee Severance Indemnities

The reserve for employee severance indemnities covers amounts owed to employees based on their length of service at the end of the fiscal year, determined pursuant to law, collective bargaining agreements and any supplemental company agreements in force at the end of the fiscal year. Tax prepayments have been deducted directly from the reserve for employee severance indemnities.

Memorandum Accounts

These accounts are used to record guarantees provided directly or indirectly, listing separately sureties, endorsements and other guarantees, which are booked in an amount equal to the actual value of the commitment, as well as collateral provided, which is shown in an amount equal to the carrying value of the pledged assets or rights.

The heading Commitments, risks and other memorandum accounts includes commitments for derivatives (forward currency purchases, swaps, futures, etc.) that require the exchange of principal or other assets or the differential at maturity, which are recognized at the contract settlement price. Commitments for other types of derivatives (interest rate swaps, etc.) are recognized at their notional amount. Derivatives are used for hedging purposes, not for speculation. These contracts are valued in a fashion that is consistent with the underlying assets, liabilities and contractual commitments outstanding on the balance sheet date. When the existence of a hedging relationship cannot be proven and adequately documented, all valuation losses are recognized in earnings. Gains are recognized only when they are earned on interest rate or commodity transactions that mature within one year.

Revenues, Income, Costs, Expenses, Dividends and Grants

Revenues and income are booked net of returns, discounts, allowances, bonuses and any taxes directly related to the sale of the products and the provision of the services in question. Revenues from sales of products are recognized when title to the goods is transferred, which generally occurs upon delivery or shipment of the goods. Service revenues are recognized when the services are provided in accordance with the respective contracts. Financial income and expense are entered on an accrual basis. Dividends are entered in the year when the investee company convenes the Stockholders' Meeting that approves the distribution of earnings and reserves. If the Stockholders' Meeting of a subsidiary approves a dividend distribution prior to the approval of the financial statements by the Board of Directors, the dividends are recognized in the fi-

financial statements of the subsidiary on an accrual basis. Capital grants, i.e., amounts disbursed by the Government or by public agencies pursuant to law, are booked when they are collected or upon receipt of the formal resolution authorizing their payment, whichever occurs first. At the end of the year, they are booked and reflected in the statement of income in proportion to the amount of the assets to which they refer.

Income Taxes

Income taxes for the fiscal year are determined on the basis of the taxable income, computed in accordance with the laws currently in force. The resulting liability is recognized in the balance sheet under Taxes payable. Deferred taxes are computed using as a basis the differences between the values attributed to assets and liabilities for statutory and tax purposes and taking into account items that, while not attributable to assets and liabilities, can have a deferred-tax impact (e.g. tax loss carryforward, accelerated and supplemental depreciation and amortization, maintenance expenses in excess of allowed ceilings and deductible in subsequent years, provisions for doubtful accounts, etc.). Deferred-tax assets and liabilities are determined on the basis of the tax rates in effect in the year when the respective temporary difference arises. In subsequent years, this accrual is adjusted if a different tax rate is in force at the end of each fiscal year. Deferred-tax assets are recognized only if their future recoverability is reasonably certain and are written down to reflect any change in recoverability expectations. Taking a conservative approach, valuations of deferred-tax assets are made taking into account the length of Company plans or the length of time for which plans approved by the Company's Board of Directors that provide a reasonable expectation of recoverability are available. Deferred-tax liabilities are recognized only when they arise from taxable temporary differences that produce an actual tax liability. Deferred-tax liabilities are offset only when, under the tax laws, the taxpayer has the right to make such offsets for tax purposes. The resulting amount is posted to the Reserve for current and deferred taxes, if it is a liability. If the opposite is true, it is posted to an asset account called Deferred-tax assets.

In order to avoid that the deduction only for tax purposes of negative income components from a company's earnings results in the distribution of untaxed earnings, companies are required to set up restricted reserves, other than the Statutory reserve, for an amount equal to that of the negative income components deducted for tax purposes but not for reporting purposes, net of the portion of the reserve for deferred taxes attributable to the deducted amounts.

Impact of Extraordinary Merger Transactions on Edison Spa

As was the case with the mergers completed in 2002 and 2003, the Company carried out a series of important corporate restructuring transactions in 2004 that produced a radical change in the industrial operations of Edison Spa, the Group's Parent Company.

More specifically:

- On July 31, 2004, Edison executed a deed of merger absorbing its wholly owned direct subsidiaries Bussi Termoelettrica, Caffaro Energia, Sogetel, Vega Oil and Savim. The mergers were effective as of September 1, 2004 vis-à-vis third parties and as of January 1, 2004 for reporting and tax purposes.
- On December 1, 2004, but effective December 3, 2004, Edison executed a deed of merger absorbing Ise, of which it had acquired 100% ownership at a cost of 631 million euros. The acquisition was completed in two steps, with Edison buying first a 25% interest in Ise from Ilva for 145 million euros and then purchasing the remaining 75% from Finel Spa for 486 million euros. The merger is effective for reporting and tax purposes as of January 1, 2004.

Through these mergers, Edison acquired four thermoelectric power plants and one hydroelectric power plant located in central and southern Italy with an installed capacity of about about 1,300 MW.

As a result of these transactions and of those completed in 2003, Edison Spa now directly owns:

- 46 mineral concessions for the production of hydrocarbons;
- 18 thermoelectric power plants;
- 41 hydroelectric power plants.

The merger of the companies mentioned above into Edison Spa produced a surplus upon merger of 571,000 euros, in addition to a loss upon merger of 482,511,000 euros that was allocated in full to the Company's primary assets as follows: 209,092,000 euros to plant and machinery and the remaining 273,419,000 euros to goodwill.

Goodwill is amortized over a maximum of 20 years. This length of time is deemed to be reasonable in view of the remaining technical life of the underlying assets, the duration of the operating licenses held directly and indirectly and the conditions of the markets where the Company operates.

The table below, which is provided for the sake of greater clarity, shows the impact on the balance sheet of the allocation of the surplus upon merger and of the loss upon merger:

(Balances at January 1, 2004)	
B.I) Intangibles	
B.I.5) Goodwill	273,419
B.II) Property, plant and equipment	
B.II.2) Plant and machinery	209,092
A) Stockholders' equity	
A.VII) Other reserves – loss upon merger	571

The schedule provided on the following page, which presents in summary form the impact on the balance sheet of the mergers by absorption discussed in the preceding paragraphs, is being provided to help the reader understand how the Company's balance sheet changed in 2004 and offer a more complete picture of the transactions executed during the year.

Pro Forma Balance Sheet at January 1, 2004

	Edison Spa	Bussi Termoelettrica	Caffaro Energia	Vega Oil	ISE	Sogetel	Savim	Aggregate	Elimina- tions	Riclassif. of goodwill allocation	Total
ASSETS (in millions of euros)											
A. Receivables from stockholders	-	-	-	-	-	-	-	-	-	-	-
B. Fixed assets											
I - Intangibles	2,907	1	17	-	25	-	-	2,950	482	(209)	3,223
II - Property, plant and equipment	1,751	23	102	-	525	66	-	2,467	-	209	2,676
III - Financial fixed assets	3,530	-	-	-	7	-	-	3,537	(904)	-	2,633
Total fixed assets (B)	8,188	24	119	-	557	66	-	8,954	(422)	-	8,532
C. Current assets											
I - Inventories	152	-	-	-	19	-	1	172	-	-	172
II - Accounts receivable	1,934	1	13	-	47	14	3	2,012	-	-	2,012
III - Financial assets (not held as fixed assets)	455	12	-	1	-	-	1	469	-	-	469
IV - Liquid assets	76	5	-	-	165	-	-	246	-	-	246
Total current assets (C)	2,617	18	13	1	231	14	5	2,899	-	-	2,899
D. Accrued income and prepaid expenses	73	-	1	-	2	-	-	76	-	-	76
TOTAL ASSETS	10,878	42	133	1	790	80	5	11,929	(422)	-	11,507
LIABILITIES AND STOCKHOLDERS' EQUITY (in millions of euros)											
A. Stockholders' equity											
I - Capital stock	4,212	16	26	-	100	8	-	4,362	(150)	-	4,212
II - Additional paid-in capital	80	-	-	-	-	-	-	80	-	-	80
III - Reserve for inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
IV - Statutory reserve	-	3	5	-	20	1	-	29	(29)	-	-
I - Reserves under the Bylaws	-	-	-	-	-	-	-	-	-	-	-
VI - Reserve for treasury stock	-	-	-	-	-	-	-	-	-	-	-
VII - Other reserves											
- Reserve for Government grants	4	-	-	-	-	-	-	4	-	-	4
- Reserve for investments planned under Law No. 488/92	16	-	-	-	-	-	-	16	-	-	16
- Surplus upon merger	-	-	-	-	-	-	-	-	-	-	-
- Miscellaneous reserves	-	-	-	-	-	-	-	-	-	-	-
Total other reserves	20	-	-	-	-	-	-	20	-	-	20
VIII - Retained earnings (Loss carryforward)	(595)	12	(3)	1	495	18	1	(71)	(243)	-	(314)
IX - Net income (loss) for the year	144	-	-	-	-	-	-	144	-	-	144
Total stockholders' equity (A)	3,861	31	28	1	615	27	1	4,564	(422)	-	4,142
B. Reserves for risks and charges	1,069	-	1	-	3	-	-	1,073	-	-	1,073
C. Reserve for employee severance indemnities	31	1	1	-	2	-	1	36	-	-	36
D. Liabilities	5,820	10	103	-	170	53	3	6,159	-	-	6,159
E. Accrued expenses and deferred income	97	-	-	-	-	-	-	97	-	-	97
TOTAL LIABILITIES	7,017	11	105	-	175	53	4	7,365	-	-	7,365
Total liabilities and stockholders' equity	10,878	42	133	1	790	80	5	11,929	(422)	-	11,507

NOTES TO THE BALANCE SHEET – ASSETS

B) Fixed Assets

Fixed assets totaled 8,836,103,000 euros at December 31, 2004, for a net gain of 647,034,000 euros compared with 2003. The corporate restructuring transactions completed during the year, especially the acquisition and subsequent absorption of Ise Spa, accounts for this increase.

These transactions produced a structural change in the makeup of Edison's fixed assets. More specifically, while the value of the financial fixed assets decreased due to the elimination of the carrying values of the investments in the absorbed companies, Edison acquired direct ownership of six thermoelectric power plants and 10 hydroelectric power plants. Another factor was the Company capital investment program, which added 400,600,000 euros to fixed assets.

The table below presents a breakdown of fixed assets and the changes that occurred since December 31, 2003:

Fixed assets	2004	2003	Change
B.I.) Intangibles	3,017,146	2,907,439	109,707
B.II.) Property, plant and equipment	2,931,942	1,751,267	1,180,675
B.III.) Financial fixed assets	2,887,015	3,530,363	(643,348)
	8,836,103	8,189,069	647,034

The individual items that comprise fixed assets are reviewed below.

B.I) Intangibles

The main components of intangibles, which totaled 3,017,146,000 euros, are:

- 2,724,794,000 euros for the portion of the loss upon merger that could not be allocated to assets and was booked as goodwill;
- 245,467,000 euros representing the carrying value of 46 mineral concessions for the exploitation of hydrocarbon deposits;
- 29,273,000 euros consisting mainly of costs incurred to connect the Taranto CET 3 power plant (former Ise Spa thermoelectric power plant) to the natural gas and electric power grids.

The table below provides a breakdown of this item and shows the changes that occurred in 2004:

	B.I.1) Start-up and expansion costs	B.I.2) Research, development and advertising expenses	B.I.4) Concessions, licenses, trade- marks and similar rights	B.I.5) Goodwill	B.I.6) Work in- progress and dvances	B.I.7) Other intan- gibles	Total
Balance at 12/31/03 (A)	10,258	4,839	255,739	2,615,484	9,351	11,768	2,907,439
Changes in 2004:							
- Contributions upon merger	1,152	-	48	16,836	136	24,934	43,106
- Allocation of loss upon merger to intangibles	-	-	-	273,419	-	-	273,419
- Additions	-	7,129	1,109	-	3,383	246	11,867
- Disposals	-	-	(33)	-	-	-	(33)
- Writedowns	-	-	(7,300)	(23,629)	-	-	(30,929)
- Amortization	(5,378)	(8,572)	(26,562)	(157,316)	-	(7,936)	(205,764)
- Reversal of tax items	-	-	18,041	-	-	-	18,041
- Other changes	-	-	4,425	-	(4,686)	261	-
Total changes (B)	(4,226)	(1,443)	(10,272)	109,310	(1,167)	17,505	109,707
Balance at 12/31/04 (A)+(B)	6,032	3,396	245,467	2,724,794	8,184	29,273	3,017,146
Breakdown:							
Historical cost	74,784	298,409	645,835	3,192,567	8,184	87,879	4,307,658
Writedowns (-)	(91)	(27,273)	(82,184)	(23,834)	-	(1,454)	(134,836)
Accumulated amortization (-)	(68,661)	(267,740)	(318,184)	(443,939)	-	(57,152)	(1,155,676)
Net carrying value	6,032	3,396	245,467	2,724,794	8,184	29,273	3,017,146

The impact of the mergers completed in 2004 is reflected mainly in the **Goodwill** and **Other intangibles** columns. It includes the following:

- 16,836,000 euros for the goodwill carried by the absorbed company Caffaro Energia Srl as a result of a previous acquisition of certain business operations;
- 273,418,000 euros for the loss upon merger generated by the absorption of Caffaro Energia Srl (149,296,000 euros), ISE Spa (102,819,000 euros), Sogetel Spa (11,960,000 euros) and Bussi Termoelettrica Spa (9,343,000 euros);
- the costs incurred to connect the power plants of the former Ise Spa to the natural gas and electric power grids, which are shown in the Other intangibles column.

Additions for the year (11,868,000 euro) include the following:

- Hydrocarbon exploration costs incurred in Italy and abroad totaling 6,557,000 euros. These costs are written off in full in the year they are incurred.
- Costs incurred to purchase application software for the balance.

Writedowns of 30,928,000 euros were booked mainly to reduce the carrying value of certain hydrocarbon concessions when it became apparent that the invested amount could not be recovered fully.

Impairment test of the value of intangibles and property, plant and equipment

The carrying value of goodwill is reviewed annually in accordance with the IAS 36 method to make sure that it is not greater than the estimated recoverable value (either value in use or realizable value), taking into account corporate plans. The same valuation test is applied to all intangibles and property, plant and equipment items that entail the risk of impairment. The total required adjustment was 32,998,000 euros, including 30,928,000 euros for intangibles and, as shown below, 2,070,000 euros for facilities of the hydrocarbon operations.

B.II.) Property, Plant and Equipment

Property, plant and equipment totaled 2,931,942,000 euros. A breakdown that occurred in 2004 is provided below:

	B.II.1) Land and buildings	B.II.2) Plant and machinery	B.II.3) Manufac- turing and distrib. equip.	B.II.4) Other assets	B.II.5) Construct. in progr. and advan.	Total
Balance at 12/31/03 (a)	207,034	1,297,295	5,891	2,787	238,260	1,751,267
Changes in 2004:						
- Contributions upon merger	63,965	576,141	1,303	1,062	74,033	716,504
- Allocation of merger loss	-	209,092	-	-	-	209,092
- Additions	17,576	33,302	1,076	210	336,570	388,732
- Disposals	(410)	(7,249)	(480)	(47)	-	(8,186)
- Writedowns	(171)	(2,070)	-	-	-	(2,241)
- Depreciation	(15,960)	(170,637)	(1,176)	(1,308)	-	(189,081)
- Reversal of tax items	20	65,829	6	-	-	65,855
- Other changes	6,024	48,519	648	1,077	(56,268)	-
Total changes (b)	71,044	752,926	1,377	993	354,335	1,180,675
Balance at 12/31/04 (a)+(b)	278,078	2,050,222	7,266	3,780	592,596	2,931,942
Breakdown:						
Historical cost	391,905	4,120,490	31,977	18,266	594,864	5,157,502
Writedowns (-)	(5,429)	(78,750)	(33)	(109)	(2,268)	(86,589)
Accumulated depreciation (-)	(108,398)	(1,991,518)	(24,678)	(14,377)	-	(2,138,971)
Net carrying value	278,078	2,050,222	7,266	3,780	592,596	2,931,942

The total carrying value of property, plant and equipment includes 1,146,735,000 euros representing the loss upon merger allocated as additions to the asset accounts, 209,092,000 euros of which refer to corporate restructuring transactions completed in 2004.

Contributions upon merger of 716,504,000 euros include:

- 576,141,000 euros for six thermoelectric power plants, 10 hydroelectric power plants and transmission substations;
- 63,965,000 euros for buildings serving the Company's industrial facilities;
- 74,032,000 euros for facilities under construction, the largest of which is the Torviscosa power plant (formerly Caffaro Energia Srl).

Additions for the period, amounting to 388,732,000 euros, are the result of the following capital expenditures:

- The investments of the **thermoelectric operations**, which totaled 330,922,000 euros, were used mainly for the construction of a new 400-MW power plant in Candela (83,052,000 euros) and to continue building 800-MW facilities in Altomonte (130,617,000 euros) and Torviscosa (85,398,000 euros).
- The **hydroelectric operations** invested 24,193,000 euros, focusing primarily on the Marlengo (5,630,000 euros), Battigio (2,419,000 euros), Esterle (1,310,000 euros) and Taio (1,217,000 euros) power plants.
- The capital investments of the **hydrocarbons operations** amounted to 27,417,000 euros. They were used for exploratory drilling in several fields (10,333,000 euros), to drill the S. Madalena 1 well (3,598,000 euros), complete the Naide platform (6,428,000 euros) and develop the Candela fields (2,316,000 euros).

Disposals for the period, which amounted to 8,186,000 euros, refer mainly to the retirement of a pilot plant that was no longer useful for future development.

The following should also be noted with regard to property, plant and equipment:

- **Writedowns for the period** of 2,241,000 euros, which concern mainly natural gas wells;
- **Financial expense** was not capitalized;
- Following changes in corporate law, **depreciation**, which totaled 189,081,000 euros, is taken based on the remaining useful lives of the assets. No changes to the lives of the assets were made during the period.

The individual items that comprise property, plant and equipment are discussed below.

B.II.1) Land and Buildings

Land and buildings totaled 278,078,000 euros. This item includes:

- 210,220,000 euros for buildings serving the Company's industrial facilities;
- 67,858,000 euros for land that is neither annexed nor appurtenant to industrial facilities.

A breakdown is as follows: thermoelectric operations 177,607,000 euros, hydrocarbons operations 1,658,000 euros and hydroelectric operations 85,420,000 euros.

The carrying value of buildings returnable at no cost was 2,643,000 euros, net of accumulated depreciation of 1,005,000 euros.

The finance lease covering the building at 31 Foro Buonaparte that houses the headquarters of Edison Spa expired on December 31, 2004. This building was bought back by the Company and is carried at a value of 5,116,000 euros.

B.II.2) Plant and Machinery

Plant and machinery of 2,050,222,000 euros, includes 18 thermoelectric power plants, 41 licensed hydroelectric power plants, transformer and dispatching stations and electric power lines (mostly low voltage).

The table below provides a breakdown of this item and shows the changes that occurred in 2004.

	Assets returnable at no cost	Other hydroelectric equipment	Transmission lines	Transformer stations	Other equipment	Total
Balance at 12/31/03 (A)	362,055	722,939	5,612	13,841	192,848	1,297,295
Changes in 2004:						
- Contributions upon merger	18,341	478,365	21,923	57,254	260	576,143
- Allocation of goodwill	-	208,984	-	99	9	209,092
- Additions	3,410	21,185	282	128	8,297	33,302
- Disposals	-	(1,159)	(53)	-	(6,038)	(7,250)
- Writedowns	-	-	-	-	(2,070)	(2,070)
- Depreciation	(43,779)	(92,356)	(1,588)	(4,438)	(28,476)	(170,637)
- Reversal of tax items	(26)	58,933	33	1,936	4,953	65,829
- Other changes	3,580	38,124	11	237	6,566	48,518
Total changes (B)	(18,474)	712,076	20,608	55,214	(16,499)	752,927
Balance at 12/31/04 (A)+(B)	343,581	1,435,015	26,221	69,055	176,349	2,050,222
Breakdown:						
Historical cost	663,035	2,440,535	42,796	118,838	855,286	4,120,490
Writedowns (-)	-	(3,402)	(2)	(5)	(75,341)	(78,750)
Accumulated depreciation (-)	(319,454)	(1,002,118)	(16,574)	(49,776)	(603,596)	(1,991,518)
Net carrying value	343,581	1,435,015	26,220	69,055	176,349	2,050,222

Other changes reflect construction in progress completed during the fiscal year and added to the value of the respective production assets.

B.II.3) Manufacturing and Distribution Equipment

This item amounted to 7,266,000 euros at the end of 2004. It consists primarily of equipment installed in electrical and mechanical workshops located at production facilities, transformer stations and emergency repair units.

B.II.4) Other Assets

Other assets of 3,780,000 euros consist of office equipment and licensed vehicles.

B.II.5) Construction in Progress and Advances

Construction in progress and advances of 592,596,000 euros refers to the costs incurred to build hydroelectric and thermoelectric power plants and develop hydrocarbon producing fields. The total includes 214,550,000 euros in advances paid to suppliers of goods and services.

Construction in progress and advances is allocated as follows:

- For the **thermoelectric operations**, construction of new power plants in Candela, Altomonte and Torviscosa;
- For the **hydroelectric operations**, work on the Battigio (2,419,000 euros) and Esterle (1,310,000 euros) power plants;
- For the **hydrocarbons operations**, drilling in hydrocarbon fields in Italy.

For the sake of full disclosure, we point out that in the consolidated financial statements the finance leases for the Foro Buonaparte building, which expired on December 31, 2004, and for the Sesto San Giovanni, Settimo Torinese, Porcari and Nera Montoro power plants were recognized in accordance with the method required by the IAS 17 Revised international accounting principle. If this method had been used for the statutory financial statements, it would have increased net property, plant and equipment by 103 million euros, increased the amount owed to other lenders by 52 million euros and improved the bottom line by 3 million euros.

Assets under finance leases	Historical cost	Depreciation	Net carrying value at 12/31/2004
Lands and buildings	48,472	(12,428)	36,044
Plant, property and equipment	83,804	(31,363)	52,441
Total assets under finance leases	132,276	(43,791)	88,485

B.III.) Financial Fixed Assets

At 2,887,015,000 euros, financial fixed assets were down significantly (-643,347,000 euros) compared with December 31, 2003.

The table below shows a breakdown of the changes that occurred during the fiscal year:

	B.III.1.a) Subsidiaries companies	B.III.1.b) Affiliated companies	B.III.1.d) Other loans	B.III.2) Long-term securities	B.III.3) Other	Total
Balance at 12/31/03 (A)	2,247,747	991,583	169,235	119,874	1,923	3,530,362
Changes in 2004:						
- Cancellation upon merger	(917,796)	-	-	-	-	(917,796)
- Contributions upon merger	13,768	-	-	-	-	13,768
- Distribution of reserves	(11,200)	-	-	-	-	(11,200)
- Capital stock increases	17,750	6,667	7,910	-	-	32,327
- Replenishments of losses	304	6,331	1	-	-	6,636
- Additions	659,530	1	412	-	-	659,943
- Disposals	(104,137)	(60,639)	(136)	-	-	(164,912)
- Writedowns	(190,509)	(12,379)	(16,553)	-	-	(219,441)
- Other changes	950	-	(4)	(42,668)	-	(41,722)
Total changes (B)	(532,290)	(60,019)	(8,370)	(42,668)	-	(643,347)
Balance at 12/31/04 (A)+(B)	1,715,457	931,564	160,865	77,206	1,923	2,887,015
Breakdown:						
Historical cost	2,337,784	1,005,148	302,293	77,206	1,923	3,724,354
Reserve for writedowns	(622,327)	(73,584)	(141,428)	-	-	(837,339)
Net carrying value	1,715,457	931,564	160,865	77,206	1,923	2,887,015

The balance includes 1,440,675,000 euros in loss upon merger allocated to equity investments in 2002 and 2003. These equity investments reflect the higher values currently allocated to the thermoelectric power plants and the hydrocarbon deposits owned by each individual investee company to which a portion of the loss upon merger is allocated.

For the sake of greater clarity, the table below shows how the loss upon merger was allocated to equity investments in previous years. Companies that were later absorbed are not shown in the table.

Company	Original carrying value	Allocated amount	Write-downs	Other changes	Carrying value at 12/31/04
Finel Spa	117,139	252,000	-	-	369,139
Edison Energie Speciali Spa	46,242	389,000	-	-	435,242
Selm Holding Internat. SA	22,758	204,000	(187,051)	(11)	39,696
Serene Spa	17,427	61,000	-	3,448	81,875
Termica Milazzo Srl	13,957	56,000	-	-	69,957
Termica Boffalora Srl	9,971	13,000	-	-	22,971
Termica Celano Srl	313	27,900	-	12,133	40,346
Total loss allocated in 2002 (a)	227,807	1,002,900	(187,051)	15,770	1,059,226
Edison International Spa	22,595	381,598	(350,214)	-	53,979
Bussi termoelettrica Spa	15,513	29,573	-	-	-
Sarmato Energia Spa	8,821	26,755	-	-	35,575
Gever Spa	6,375	17,681	-	-	24,056
Jesi Energia Spa	3,795	11,742	-	-	15,537
Total loss allocated in 2003 (b)	41,586	437,775	(350,214)	-	129,147
Total (a+b)	269,393	1,440,675	(537,265)	15,770	1,188,373

A detailed list of the equity investments held at December 31, 2004 and the changes that occurred during the year is provided in the Other Information section at the end of this document. The carrying values and the underlying stockholders' equities taken from the financial statements of the individual investee companies are also shown in the Other Information section.

B.III.1 a) Equity Investments in Subsidiaries

The changes that occurred in the equity investments in subsidiaries, which have a carrying value of 1,715,457,000 euros, or 532,290,000 euros less than at the beginning of the year, reflect the changes that occurred as a result of the Group's intense restructuring activity. A review of these changes is provided below.

Additions to equity investments of 659,530,000 euros include:

- 631,000,000 euros for the purchase of 100% control of the ISE Spa affiliate, which was later absorbed.
- 17,750,000 euros for capital increases carried out by Termica Celano Srl (12,120,000 euros), Nuova Cisa Srl (3,500,000 euros) and Nuova Alba Srl (1,875,000 euros).
- 13,768,000 euros in contributions upon merger.
- 3,448,000 euros to increase the interest held in the Serene Spa subsidiary through the purchase of a further 3.32% interest.
- 3,310,000 euros for the purchase of a 49% interest in Megs Srl. This purchase gave Edison 100% control.

Reductions of equity investments include:

- 917,796,000 euros for cancellations upon merger;
- 104,137,000 euros for disposals during the period, the largest of which refer to the sale of the equity investments in Edison T&S (93,927,000 euros) and Società Gasdotti per il Mezzogiorno (10,162,000 euros);
- 190,509,000 euros for writedowns booked to lower the carrying value of investments to the pro-rata interests in the underlying stockholders' equity, the largest of which refers to the investments in Selm Holding International Sa (187,051,000 euros) following the distribution of dividends totaling 279,860,000 euros.

B.III.1 b) Equity Investments in Affiliated Companies

Equity investments in affiliated companies totaled 931,564,000 euros, or 60,019,000 euros less than at December 31, 2003.

Additions to equity investments include capital stock increases of 6,667,000 euros, the largest of which (5,397,000 euros) was carried out by Silone Spa within the framework of transactions executed in connection with the disposal of this investment.

Reductions of equity investments include:

- Disposals totaling 60,640,000 euros, the largest of which refers to the sale of investments in Acucar Guarani Sa (36,000,000 euros), Aquila Spa (10,773,000 euros), Silone Srl (9,654,000 euros) and Monteshell Bitumi Srl (4,213,000 euros);
- Writedowns of 12,379,000 euros booked to bring the carrying value of the investments in Intergen Sidi Krir Generating Company in line with its estimated realizable value.

B.III.1 d) Equity Investments in Other Companies

Equity investments in other companies totaled 160,865,000 euros. They consist primarily of minority positions in publicly traded utilities and telecommunications companies, such as AEM Spa (139,029,000 euros) and RCS Mediagroup (10,016,000 euros).

Additions of 7,910,000 euros reflect primarily advances on capital contributions, the largest of which (7,908,000 euros) was provided to IPSE 2000. The investment in this company was then written down by 16,000,000 euros.

B.III.2 Long-term loans

Long-term loans of 77,206,000 euros include 24,908,000 euros loaned to subsidiaries with structural financing needs and 51,667,000 euros loaned to IPSE 2000 in consideration of the pro-rata interest held in the UMTS licenses. Since it is uncertain that this loan will be repaid, it has been written off by establishing a reserve for the same amount. All loans are due within one year, with the exception of facilities totaling 6,854,000 euros that are due after five years.

C) Current Assets

A breakdown of current assets, which totaled 1,789,717,000 euros (836,027,000 euros less than in 2003), is as follows:

Current assets	2004	2003	Change
C.I.) Inventories	212,311	151,496	60,815
C.II.) Accounts receivable	1,279,210	1,933,610	(654,400)
C.III.) Financial assets not held as fixed assets	288,951	454,992	(166,041)
C.IV.) Liquid assets	9,245	85,646	(76,401)
	1,789,717	2,625,744	(836,027)

The individual items that make up this caption are discussed below.

C.I) Inventories

Inventories totaled 212,311,000 euros. They include:

- 133,754,000 euros in hydrocarbon inventories, including 122,425,000 euros in stored natural gas and 11,329,000 euros in stocks of fluxing oil and crude oil produced from the Rospo Mare, Sarago Mare and Vega fields.
- 39,242,000 euros in real estate assets available for resale.
- 31,155,000 euros in materials and equipment used to maintain and operate production facilities.
- 7,948,000 euros in work in process in connection with the design of the Rovigo re-gasification terminal.

The carrying value of the inventories is about the same as their value at year-end market prices.

C.II) Accounts Receivable

A breakdown of accounts receivable (1,279,210,000 euros) is as follows:

	12/31/04	12/31/03	Change
C.II.1) Trade accounts receivable	444,161	253,369	190,792
C.II.2) Accounts receivable from subsidiaries	153,236	795,024	(641,787)
C.II.3) Accounts receivable from affiliated companies	55,169	63,904	(8,735)
C.II.4) Accounts receivable from controlling companies	31	33	(2)
C.II.4 <i>bis</i>) Due from the tax authorities	516,164	760,851	(244,687)
C.II.4 <i>ter</i>) Deferred-tax assets	24,000	-	24,000
C.II.5) Accounts receivable from outsiders	86,448	60,429	26,019
Total	1,279,210	1,933,610	(654,400)
Breakdown:			
- Trade related receivables	621,111	409,065	212,046
- Other receivables	678,099	1,524,545	(846,446)

Receivables due after one year, which totaled 367,902,000 euros, include the long-term portion of tax refunds and accrued interest receivable. This item was down significantly compared with December 31, 2003 due to the assignment to subsidiaries of credits for the old corporate income tax.

The sharp decrease in Accounts receivable reflects a reduction in the receivables owed by the Edison International subsidiary following the collection of dividends accrued in 2003.

Disclosure of Securitization Transactions Pursuant to Law No. 130/99

The turnover of assigned receivables amounted to 718,414,000 euros in 2004. Assigned receivables outstanding at December 31, 2004 totaled 38,028,000 euros. The deferred portion of assigned receivables (DPP) recognized in the financial statements under Accounts receivable from outsiders amounted to 23,485,000 euros. Consequently, the securitization transactions generated a financial benefit of about 14,543,000 euros at December 31, 2004.

C.II.1) Trade Accounts Receivable

Trade accounts receivable totaled 444,161,000 euros. The main components of this item include the following:

- 256,532,000 euros from contracts involving sales of electric power and steam. These amounts are shown net of an allowance for doubtful accounts of 10,472,000 euros.
- 178,940,000 euros from contracts involving sales of natural gas (shown net of an allowance for doubtful accounts of 3,657,000 euros) and 8,172,000 euros from transactions involving sales of oil.

C.II.2) Accounts Receivable from Subsidiaries

Accounts receivable from subsidiaries totaled 153,237,000 euros owed by Edison Group Companies, a breakdown of which is provided below:

	12/31/04	12/31/03	Change
Edison per Voi Spa	25,592	19,445	6,147
Edison Trading Spa	54,126	658	53,468
Termica Milazzo srl	12,660	4,579	8,081
Edison Energia Spa	9,307	44,732	(35,425)
Serene Spa	7,791	14,656	(6,865)
Edison International Spa	6,812	652,594	(645,782)
Consorzio di Sarmato scpa	5,709	4,199	1,510
Edison D.G. Spa	4,647	2,231	2,416
Termica Celano Srl	3,924	-	3,924
Termica Boffalora Srl	3,553	694	2,859
Edison Rete Spa	1,701	1,233	468
Turk Edison Sa	-	9,715	(9,715)
Megs Srl	-	4,816	(4,816)
ISE Spa	-	3,997	(3,997)
Other subsidiaries	17,415	31,475	(14,061)
	153,237	795,024	(641,788)

The main components of this account are trade receivables from the sale of electric power and natural gas (Edison Trading for 52,670,000 euros, Termica Milazzo for 12,660,000 euros and Edison per Voi for 17,012,000 euros); receivables for technical, administrative and financial services, including lease payments for general utility services provided by Edison Spa to Group companies; and 5,251,000 euros for VAT payments through the VAT pool system.

C.II.3) Accounts Receivable from Affiliated Companies

The amount of 55,169,000 includes 50,132,000 euros in trade receivables related mainly to sales of natural gas. Receivables for services and costs rebilled to Group companies account for the balance.

C.II.4) Accounts Receivable from Controlling Companies

The amount of 31,000 euros refers to the provision of services (mainly financial and administrative) to the controlling company Italennergia Bis Spa.

C.II.4 bis) Due From the Tax Authorities

A breakdown of this item, which totaled 516,164,000 euros, is as follows:

	12/31/04	12/31/03	Change
Due by the tax authorities for:			
- corporate (IRPEG) and local (ILOR) income tax refunds	215,417	214,263	1,154
- accrued interest on tax refunds	127,604	120,744	6,860
- VAT overpayments	69,782	25,528	44,254
- IRPEG 2004 estimated tax payments	68,155	175,840	(107,685)
- VAT refund	17,941	17,985	(44)
- IRPEG credit carried forward	1,582	186,712	(185,130)
- other tax overpayments	15,683	19,779	(4,096)
	516,164	760,851	(244,687)

The amount owed for corporate (IRPEG) and local (ILOR) income tax refunds and accrued interest includes 367,902,000 euros due after one year.

The significant decrease of the IRPEG credit carried forward reflects the assignment of tax credits to subsidiaries, as allowed under current Italian tax laws.

C.II.4 ter) Deferred-tax Assets

The balance of 24,000,000 euros includes 5,000,000 euros in tax assets related to the utilization of tax loss carryforwards and 19,000,000 euros in prepaid taxes on the future utilization of taxable reserves. A more detailed discussion of these items is provided in the sections of these Notes that discuss the transactions that gave rise to these entries.

C.II.5) Accounts Receivable From Outsiders

A breakdown of the balance of 86,448,000 euros is as follows:

	12/31/04	12/31/03	Change
- Due by Edison Treasury Services	23,582	19,059	4,523
- Security deposits	6,280	4,414	1,866
- Sundry receivables	69,458	45,886	23,572
- Allowance for doubtful accounts	(12,872)	(8,930)	(3,942)
	86,448	60,429	26,019

The increase in Sundry receivables is due to an increase in transaction volume stemming from the mergers completed in 2004.

C.III.) Financial Assets not Held as Fixed Assets

The balance of 288,952,000 euros includes 29,359,000 euros in equity investments in publicly traded companies, which have been marked to market. Writedowns of 9,747,000 euros booked in previous years were reversed in 2004.

C.III.7) Loans Receivable

Loans receivable of 259,592,000 euros reflect financial transactions with subsidiaries and affiliated companies consisting of intra-Group current account financing, all of which are due within one year.

The most significant balances are listed below:

Company	12/31/04	12/31/03	Change
Subsidiaries			
Edison Rete Spa	56,973	59,581	(2,608)
Parco Eolico Faeto Srl	36,521	38,402	(1,881)
Edison Energie Speciali Spa	28,839	30,693	(1,854)
Società Gasdotti del Mezzogiorno Spa	-	23,302	(23,302)
Serene Spa	22,890	21,745	1,145
Edison DG Spa	29,987	21,446	8,541
Stirpex BV	-	18,210	(18,210)
Termica Milazzo Srl	-	17,436	(17,436)
Caffaro Energia Spa	-	93,038	(93,038)
Protecma Srl	7,083	17,071	(9,988)
Edison France Sa	9,363	10,775	(1,412)
Edison LNG Spa	11,495	10,335	1,160
Termica Cologno Srl	5,458	8,801	(3,343)
Termica San Bartolomeo Srl	10,446	-	10,446
Other companies	19,324	35,913	(16,589)
Total (a)	238,379	406,748	(168,369)
Affiliated companies			
Ibiritermo Sa	17,346	18,069	(723)
Sistemi di Energia Spa	1,500	1,000	500
Parco Eolico Castelnuovo Srl	2,367	352	2,015
Roma Energia Srl	-	123	(123)
Total (b)	21,213	19,544	1,669
Total (a+b)	259,592	426,292	(166,700)

The significant reduction of these receivables, compared with 2003, reflects the reduced need for financing by Group companies and the impact of the mergers by absorption completed in 2004; 45,280,000 euros of loans are due within one year, while 17,346,000 are due after 5 years.

C.IV) Liquid Assets

Liquid assets totaled 9,245,000 euros, or 76,401,000 euros less than at December 31, 2003. They consist almost exclusively of readily available short-term bank deposits.

D) Accrued Income and Prepaid Expenses

A breakdown of the balance of 55,374,000 euros is as follows:

- 33,504,000 euros in prepaid expenses, including 10,121,000 euros in financial prepaid expenses;
- 18,266,000 euros in financial accrued income, which consist mainly of gains on forward transactions;
- 3,604,000 euros in bond issue discounts.

Prepaid expenses include 8,885,000 euros for insurance premiums, 3,514,000 euros for hydroelectric licensing fees and surcharges and 10,982,000 euros for other prepaid income.

NOTES TO THE BALANCE SHEET – LIABILITIES AND STOCKHOLDERS' EQUITY

A) Stockholders' Equity

The main changes that occurred in 2004 in the amount and composition of the Company's stockholders' equity, which reflect the appropriation of the 2003 net income, include the following:

- 46,809,000 euros for the exercise of 46,808,705 2007 Edison common share warrants, which resulted in the subscription of 46,808,705 Edison common shares at a price of 1 euro per share;
- 571,000 euros for the surplus upon merger generated by the absorption of Savim Srl and Vega Oil Spa;
- 311,876,000 euros for the year's net income.

The table below shows a breakdown of this item and the changes to its components:

	Capital stock	Additional paid-in capital	Reserve for Government grants	Reserve for investments under Law No. 488/92	Reserve for future capital increases	Other merger surplus reserves	Loss carry-forward	Net income (loss) for the year	Total
Stockholders' Equity at 12/31/03	4,212,079	79,921	3,770	15,993	250	-	(595,166)	144,321	3,861,168
Appropriation of 2003 earnings	-	(79,921)	-	-	(250)	-	224,492	(144,321)	-
Capital stock increase through the exercise of warrants	46,809	-	-	-	-	-	-	-	46,809
Surplus upon merger	-	-	-	-	-	571	-	-	571
Earnings for the year	-	-	-	-	-	-	-	311,876	311,876
Stockholders' Equity at 12/31/04	4,258,888	-	3,770	15,993	-	571	(370,674)	311,876	4,220,424

The **capital stock**, which was fully subscribed and paid in, consisted of 4,258,887,966 common shares, par value 1 euro each, broken downs as follows:

	Number of shares
Common shares	4,148,295,546
Nonconvertible savings shares	110,592,420

Only common shares were issued in connection with the exercise of warrants.

In 2003, when the capital stock was increased to 1,095 million euros through the issuance of new shares (excluding the shares offered through option rights to Italennergia Bis), the Company issued 1,095 million warrants. For the period between September 2003 and December 2007, these warrants convey the right to purchase an equal number of new common shares, at a price of 1 euro per share. A total of 1,025,610,224 warrants were outstanding at December 31, 2004. The details requested by Articles 2427/7/bis of the Italian Civil Code are available in section named "Other Information".

B) Reserves for Risks and Charges

The balance of 978,959,000 euros includes the reserve for taxes (60,310,000 euros) and other reserves for risks and charges established to cover contingent liabilities (918,649,000 euros). A breakdown of these reserves is provided below:

	Balance at 12/31/03	Contribution upon merger	Provisions	Utilizations	Balance at 12/31/04
B.2) Reserve for current and deferred taxes	50,148	747	15,955	(6,540)	60,310
B.3) Other reserves for risks and charges					
- for guarantees provided on contracts to sell equity investments	294,014	-	32,916	(10,321)	316,609
- for risks from disputes, litigation and contractual instruments	209,229	-	7,573	(39,074)	177,728
- for closing of mineral properties	90,586	-	10,090	(1,078)	99,598
- for asset writedowns	17,378	-	13,516	(749)	30,145
- for risks on equity investments	28,258	-	9,738	(25,138)	12,858
- for other risks and charges	379,641	3,030	13,768	(114,728)	281,711
Total other reserves for risks and charges	1,019,106	3,030	87,601	(191,088)	918,649
Total reserves for risks and charges	1,069,254	3,777	103,556	(197,628)	978,959

B.2) Reserve for Current and Deferred Taxes

The balance of 60,310,000 euros, which includes 747,000 euros contributed upon mergers, provides coverage for liabilities that may arise as a result of current tax-related disputes (44,836,000 euros) and deferred taxes, including 15,000,000 euros related to reversals of items booked exclusively for tax purposes, which is reflected in the Provisions column.

Utilizations of reserves (6,540,000 euros) reflect almost exclusively the settlement of disputes.

B.3) Other Reserves

The Reserves for risks and charges include 3,030,000 euros attributable to the absorbed companies.

Provisions of 87,601,000 euros include:

- 60,326,000 euros in extraordinary provisions, broken down as follows: 31,250,000 euros for guarantees provided in connection with the sale of certain businesses (mainly Cereol and Edison T & S), 13,118,000 euros to writedown certain buildings owned by the Company in Italy to their realizable value and 8,200,000 euros added to certain reserves as inflation adjustments through December 31, 2004;
- 10,448,000 euros for future environmental remediation costs at certain industrial sites;

- 10,090,000 euros for closures of mineral properties and the removal of equipment upon completion of the exploitation of natural gas and oil fields;
- 6,737,000 euros to write down the carrying value of certain investments by the amount that exceeds the pro rata interest in the underlying stockholders' equity.

Utilizations of 191,088,000 euros include:

- 91,000,000 euros drawn from the reserve for the Porto Marghera dispute, which were used to offset environmental remediation costs;
- 38,197,000 euros used in connection with the settlement of several disputes, the largest of which refer to the Val di Stava and Val Martello events;
- 16,000,000 euros drawn from the reserve for risks established for IPSE 2000 Spa;
- 25,138,000 euros drawn from reserves established in connection with companies that were sold or closed, which include Aquila Spa, Sogene Spa and AIFA Holding;
- Utilizations of reserves for risks in connection with the settlement of other pending disputes account for the difference.

Additional information about these reserves is provided in the section of the Report on Operations that discusses the current status of legal disputes.

C) Reserve For Employee Severance Indemnities

The Reserve for employee severance indemnities, which amounted to 37,322,000 euros, reflects the accrued indemnities owed to employees at December 31, 2004.

The changes that occurred in 2004, broken down by types of employees, is provided below:

	Balance at 12/31/03	Contribution upon merger	Provisions	Utilizations	Other changes	Balance at 12/31/04
Executives	6,389	19	1,550	(453)	(838)	6,667
Middle managers	7,229	314	1,438	(650)	(234)	8,097
Office staff	14,144	2,630	2,314	(1,666)	(727)	16,695
Production staff	5,543	2,985	972	(1,259)	(578)	7,663
	33,305	5,948	6,274	(4,028)	(2,377)	39,122
Tax prepayment (L.D. 79/1998)	(2,085)	(160)			445	(1,800)
	31,220	5,788	6,274	(4,028)	(1,932)	37,322

At December 31, 2004, the Company had 1,631 employees (1,337 in 2003), including 321 added through merger absorptions, broken down as follows: 134 executives, 321 middle managers, 798 office staff and 378 production staff.

D) Liabilities

Liabilities totaled 5,351,981 euros. They include the following:

	12/31/04	12/31/03	Change
D. 1) Bonds	2,629,639	2,029,639	600,000
D. 3) Loans payable to stockholders	881	1,484	(603)
D. 4) Due to banks	899,607	1,834,358	(934,751)
D. 5) Due to other lenders	6,660	6,254	406
D. 6) Advances	16,254	15,802	452
D. 7) Trade accounts payable	555,978	304,896	251,082
D. 9) Accounts payable to subsidiaries	1,011,852	1,351,846	(399,993)
D.10) Accounts payable to affiliated companies	1,136	1,365	(229)
D.11) Accounts payable to controlling companies	4,421	1,340	3,081
D.12) Taxes payable	26,121	35,665	(9,544)
D.13) Contributions to pension and social security institutions	8,401	8,180	221
D.14) Other liabilities	191,030	238,276	(47,246)
	5,351,981	5,829,106	(477,125)
Broken down as follows:			
Due within one year	2,328,335	3,397,732	(1,069,397)
Due between one and five years	1,611,498	1,827,532	(216,034)
Due after five years	1,412,148	603,842	(808,306)

The main liability accounts are reviewed below.

D.1) Bonds

Total bond indebtedness of 2,629,639,000 euros includes the following:

- **600,000,000 euros in Edison 2000-2007 bonds** issued in July 2000 by Edison Spa and its Selm Holding International and Edison Termoelettrica (now Edison Spa) subsidiaries within the framework of a 1.5-billion-euro Medium Term Notes Program. As a result of the downgrading of the Group's credit rating from A-/A2 to BBB+/Baa3 in 2001, the coupon rate was increased to 7.375% as allowed under the protection provided to the bondholders by the Stockholders' Meeting in December 2001, as amended by the Stockholders' Meeting of February 20, 2004. These bonds are traded on the Luxembourg Stock Exchange.
- **829,639,000 euros in ITALENERGIA 2002-2007 bonds**, placed with retail investors. This bond issue matures in five years and has a mixed fixed/floating structure. For the first two years it paid interest semiannually at a fixed coupon rate of 4.70%. For the remaining three years it will pay interest at a variable rate equal to the six-month Euribor rate plus 75 basis points. In 2001, following the downgrading of the Group's credit rating from BBB/Baa2 to BBB+/Baa3, the coupon rate was increased by 25 basis points, bringing the fixed coupon rate to 4.95% and the spread of the variable coupon rate to 100 basis points. The increase in the interest rate could be reversed if the rating is boosted to BBB/Baa2 or better.

- **700,000,000 euros in Edison 2003-2010 bonds.** These bonds, which were issued in December 2003 in the amount of 600,000,000 euros by Edison Spa and its Selm Holding subsidiary within the framework of a 2-billion-euro Medium Term Notes Program, pay coupon interest at a fixed rate of 5.125%. An additional 100 million euros in bonds with the same coupon interest were issued in January 2004. These bonds, which are not subject to rate indexing adjustments for changes in credit ratings, are listed on the Luxembourg Stock Exchange.
- **500,000,000 euros in Edison 2004-2011 bonds,** issued in July 2004 by Edison Spa and Selm Holding. These bonds, which were issued within the framework of a 2-billion-euro Medium Term Notes Program mentioned above, pay interest quarterly based on a variable coupon rate equal to the three-month Euribor rate plus 60 basis points. These bonds, which are not subject to rate indexing adjustments for changes in credit ratings, are listed on the Luxembourg Stock Exchange.

The table below shows in detail the main characteristics of these bond issues.

Amount	600 million euros	830 million euros	700 million euros	500 million euros
Issue price	99.753	At par (100)	99.576 / 102.842 (*)	99.807
Issue date	July 20, 2000	August 26, 2002	December 12, 2003	July 9, 2004
Redemption	Lump sum at par	Lump sum at par	Lump sum at par	Lump sum at par
Maturity date	July 19, 2007	August 26, 2007	December 10, 2010	July 19, 2011
Current rate	7.375 %	3.173%	5.125%	2.746%
Coupon	End of year	End of six months	Annual	End of quarter

(*) Issue price for the supplemental 100-million-euro bond issue floated on January 26, 2004.

D.3) Loans Payable to Stockholders

The amount of 881,000 euros represents the balance in a current account held with the controlling company Itالenergia Bis Spa. This account accrues interest at the marginal refinancing rate of the European Central Bank plus a spread.

D.4) Due to Banks

At December 31, 2004, the Group owed banks 899,607,000 euros, including 391,715,000 euros in medium- and long-term loans, 385,633,000 euros in short-term utilizations of medium- and long-term credit lines and 122,259,000 euros in temporary utilization of available checking account overdraft facilities. At December 31, 2004, available and unused lines of credit, which totaled 1,675 million euros, include 1,600 million euros in standby facilities that expire in 2009.

The table below provides a breakdown of medium- and long-term credit lines and shows the repayment schedule for these loans.

	Outstanding balance	Installments due in 2005	Installments due after 2005
Unsecured medium- and long-term loans	391,715	5,123	386,592
	391,715	5,123	386,592
Repayment schedule:			
Installments due in 2006			4,113
Installments due in 2007			57,114
Installments due in 2008			90,023
Installments due in 2009			24,318
Installments due after five years			211,024
			386,592

D.5) Due to Other Lenders

The balance of 6,660,000 euros refers to loans from the various public institutions. The table below provides a breakdown of these loans and shows the repayment schedule for these loans.

	Outstanding balance	Installments due in 2005	Installments due after 2005
CECA loans	4,377	1,459	2,918
MICA loans	2,269	220	2,049
Other loans	14	14	-
	6,660	1,693	4,967
Repayment schedule:			
Installments due in 2006			1,683
Installments due in 2007			1,688
Installments due in 2008			234
Installments due in 2009			239
Installments due in 2010 and later			1,123
			4,967

D.6) Advances

The amount of 16,254,000 euros is for advances and binding downpayments received from third-party buyers of equity investments and real estate assets. The largest advance (15,000,000 euros) was provided by Falck Spa in connection with agreements for the sale of 100% of Tecnimont Spa.

D.7) Trade Accounts Payable

The balance of 555,978,000 euros consists mainly of payables arising from purchases and swaps of electric power and amounts owed for regular and extraordinary facilities maintenance. There are no payables due after five years.

	12/31/04	12/31/03	Change
Accounts payable to domestic suppliers	510,411	292,216	218,195
Accounts payable to foreign suppliers	45,567	12,680	32,887
	555,978	304,896	251,082
Breakdown:			
Hydrocarbons operations	221,126	196,710	24,416
Thermoelectric operations	296,736	62,505	234,231
Hydroelectric operations	19,124	28,085	(8,961)
Corporate activities	18,992	17,596	1,396
	555,978	304,896	251,082

D. 9) Accounts Payable to Subsidiaries

Accounts payable to subsidiaries amounted to 1,011,852,000 euros. They include:

- financial payables of 931,987,000 euros, which represent balances in intra-Group current accounts established as part of the Group's centralized cash management system;
- miscellaneous payables of 57,325,000 euros related primarily to the settlement of the Group's VAT liability;
- trade payables of 22,540,000 euros, which reflect purchases of electric power and natural gas.

The following table provides a list of the most significant exposures to subsidiaries.

	12/31/04	12/31/03	Change
Edison International	6,139	1,176,443	(1,170,304)
Finel	714,761	32,503	682,258
Edison Trading	6,335	27,581	(21,246)
Edison Energia	75,755	4,006	71,749
Edison Per Voi	10,264	6,459	3,805
Parco Eolico San Giorgio	21,130	-	21,130
Tecnimont	86,142	15,350	70,792
Other subsidiaries	91,326	89,504	1,822
	1,011,852	1,351,846	(339,994)

D.10) Accounts Payable to Affiliated Companies

The balance of 1,136,000 euros includes 748,000 euros in trade receivables owed to the Swiss affiliate Kraftwerke Hinterrhein AG for the rebilling of the costs incurred to generate the electric power delivered to Edison Spa and 388,000 euros in trade receivables owed to other affiliates.

D.11) Accounts Payable to Controlling Companies

This item, which totaled 4,421,000 euros, consists mainly of costs for seconded personnel rebilled by the controlling company.

D.12) Taxes Payable

A breakdown of taxes payable, which totaled 26,121,000 euros, is as follows:

	12/31/04	12/31/03	Change
Law No. 289/2002 (all-inclusive tax amnesty)	11,998	26,829	(14,831)
Local taxes (IRAP)	10,001	5,000	5,001
Withheld taxes payable	3,965	2,938	1,027
Other amounts payable	157	898	(741)
	26,121	35,665	(9,544)

D.13) Contributions to Pension and Social Security Institutions

This item, which amounted to 8,401,000 euros, represents benefit payments owed by the Company and the sums withheld from employees in accordance with current laws.

D.14) Other Liabilities

Other liabilities of 191,030,000 euros include the following:

	12/31/04	12/31/03	Change
Amounts owed to public institutions	11,841	27,055	(15,214)
Amounts payable to employees	14,504	14,943	(439)
Amounts owed to stockholders for unclaimed dividends	541	545	(4)
Miscellaneous liabilities	164,144	195,734	(31,590)
	191,030	238,277	(47,247)

The main components of Other liabilities are reviewed below:

- **Amounts owed to public institutions** (11,841,000 euros) consist of royalties owed for the extraction of natural gas (8,494,000) and fees payable for the right to divert the flow of rivers for hydroelectric generation (3,347,000);
- **Amounts payables to employees** (14,504,000 euros) refer to the deferred compensation owed to employees under the collective bargaining agreement currently in force;

- **Miscellaneous liabilities** include the balance owed under the agreement reached with Enichem on March 6, 2003 to settle the disputes that arose in 1992 with regard to the Enimont joint venture (50,000,000 euros). The balance (114,144,000 euros, unchanged compared with 2003) includes 29,507,000 euros owed for dispute settlements and 17,278,000 euros payable for purchases of green certificates.

E) Accrued Expenses and Deferred Income

A breakdown of this item, which totaled 92,507,000 euros, is as follows:

- Financial accrued expenses of 74,920,000 euros, which include charges related to derivative hedges (34,316,000 euros) and accrued interest on outstanding bond issues (33,672,000 euros);
- Financial deferred income of 17,587,000 euros, which include the cost of derivative transactions executed in connection with the ITALENERGIA 2002-2007 bond issue (10,320,000 euros) and grants received from the Italian Ministry of Industry, Commerce and Crafts (3,697,000 euros).

NOTES TO THE MEMORANDUM ACCOUNTS

A breakdown of memorandum accounts totaling 8,462,499,000 euros is as follows:

	12/31/04	12/31/03	Change
1) Guarantees provided			
Sureties and other guarantees on behalf of:			
- subsidiaries	1,767,479	1,403,098	364,381
- affiliated companies	1,215,076	1,289,361	(74,285)
- outsiders	319,171	534,204	(215,033)
	3,301,726	3,226,663	75,063
2) Collateral provided for			
Borrowings and other obligations of outsiders	966,750	950,319	16,431
Liabilities listed on the balance sheet	377,809	107,161	270,648
	1,344,559	1,057,480	287,079
3) Commitments, risks and other memorandum accounts			
Commitments to purchase fixed assets	823,873	548,647	275,226
Transactions to hedge interest rate risks	2,157,639	1,716,578	441,061
Forward transactions and derivatives to hedge foreign exchange risks	98,951	31,380	67,571
Forward transactions in the commodities markets	404	103,375	(102,971)
Commitments to buy equity investments	167,590	165,400	2,190
Securities deposited with outsiders	288,674	477,895	(189,221)
Other company assets held by outsiders	144,400	89,605	54,795
Offsets of VAT credits	5,674	11,071	(5,397)
Obligations toward outsiders for leased assets	216	17,742	(17,526)
Assets of outsiders held by the Company	6,987	12,344	(5,357)
Guarantees provided by suppliers and customers	120,158	109,576	10,582
Other memorandum accounts	1,648	1,028	620
	3,816,214	3,284,641	531,573
Total memorandum accounts	8,462,499	7,568,784	893,715

1) Guarantees Provided

The main components of this item, which came to 3,301,726,000 euros, are:

- 719,251,000 euros in guarantees provided to the Milan VAT office on behalf of subsidiaries for offsetting VAT credits and those provided to subsidiaries in connection with the intra-Group assignment of tax credits.
- 598,395,000 euros for guarantees provided mostly to customers of Tecnimont Spa (563,821,000 euros) and Protecma Srl (34,574,000 euros) for the performance of supply contracts.
- 300,000,000 euros for a guarantee provided on behalf of the Edipower Spa affiliate to secure a junior loan facility granted to Edipower. This guarantee was cancelled on February 22, 2005, when Edipower began restructuring its financing facilities.
- 250,000,000 euros for a commitment to contribute capital and/or provide the subor-

minated financing needed by the Edipower Spa affiliate for its repowering program. This commitment was reduced to 25 million euros effective February 23, 2005.

- 100,833,000 euros for sureties provided to Edison Energie Speciali for damages caused by defects attributable to Edison in the design or construction of wind farms built under project financing arrangements, limited to the cost of building and designing the facilities in question in accordance with contract stipulations.
- 55,230,000 euros for a counterguarantee provided to secure the obligation undertaken by the Bluefare Ltd affiliate toward The Royal Bank of Scotland Plc, which owns a put option for the Edipower shares it holds (equal to 5% of the capital stock of Edipower Spa). This option is exercisable starting on the fifth year after the signing of the Coinvestment Agreement. If Bluefare Ltd fails to perform its obligation, the industrial stockholders of Edipower can be held jointly responsible, but they retain the right to pursue Bluefare Ltd.
- 50,000,000 euros for a surety provided to Edipower Spa to secure the contractual obligations of Edison Trading, a wholly owned subsidiary of Edison Spa.

In addition, as part of the refinancing of Edipower Spa, Edison Spa has agreed to provide this affiliate with sufficient additional capital and/or subordinated financing to ensure the successful completion of the repowering program with regard to either increases in the capital investment budget, the time of completion of the project, or the plant's capacity or the performance of the repowered power plants and provide coverage of cost overruns, defects liability costs and underperformances that Edipower Spa may incur (250 million euros). This commitment was reduced to 100 million euros, effective February 23, 2005, when Edipower began restructuring its financing facilities.

Moreover, pursuant to a tolling contract and a power purchasing agreement, Edison Spa has guaranteed the commercial obligations undertaken by Edison Trading Spa (a wholly owned subsidiary of Edison Spa) toward Edipower Spa, but only in the event of serious default or insolvency by Edison Trading Spa (300 million euros).

2) Collateral Provided

Collateral provided totaled 1,344,559,000 euros. It consists primarily of Edipower Spa shares (800,534,000 euros) pledged to secure financing provided to Edipower by a pool of banks and Serene Spa shares (81,875,000 euros) pledged to San Paolo IMI Spa to secure a loan. Collateral for liabilities listed on the balance sheet refers to mortgages that have not yet been cancelled even though the underlying loans had been repaid by December 31, 2004. The increase compared with December 31, 2003 refers to mortgage assets of Sogetel and ISE, which were absorbed in 2004.

3) Commitment, Risks and Other Memorandum Accounts

The balance of 3,816,214,000 euros includes the following:

- 2,157,639,000 euros in off-balance-sheet transactions that hedge interest rate risks. The computation of their fair value, carried out by estimating the discounted cash flow provided under each contract, determined a net outflow of about 35,050,000

euros. Most contracts expire in 2005 (25%), 2006 (23%), 2007 (23%) and 2008 (12%). The balance expires in subsequent years.

	Carrying value 12/31/04	Fair value 12/31/04	Carrying value 12/31/03	Fair value 12/31/03
Hedging contracts	(10,472)	(21,331)	2,772	(13,838)
Contracts that do not qualify as hedges under IAS 39	(13,719)	(13,719)	(11,139)	(10,702)
	(24,191)	(35,050)	(8,367)	(24,540)

- 288,674,000 euros (book value) in securities deposited with outsiders for safekeeping.
- 167,590,000 euros for the potential exercise of the put option enforced against the industrial stockholders. In the case of Edison Spa, the liability is equivalent to 7.5% of the Edipower shares. The put options are exercisable starting in 2007.
- 5,674,000 euros representing the value of VAT credits used for offsetting purposes by subsidiaries that were later absorbed by Edison Spa.

Other Commitments Not Reflected in the Memorandum Accounts

The Group's hydrocarbons operations have entered into contracts for the importation of natural gas. As is usually the case, contracts of this magnitude and of these durations contain take-or-pay clauses that obligate the buyer to pay for any shortages between the stipulated maximum quantities and the quantity actually used (unless the shortage is due to causes not provided for in the contract), with the option for the buyer to make up, at certain conditions, the paid but unused volume over the life of the contract. When fully operational, the import contracts that are currently being implemented with Russia, Libya and Norway will provide annual supplies of 7.4 billion cubic meters of natural gas a year. In 2004, the Group signed an import contract with Qatar that will become effective when the North Adriatic LNG terminal is built. When this agreement is fully operational, Qatar will supply a total of 6 billion cubic meters of natural gas a year. Edison Spa is in the final stage of negotiations to increase to 6.6 billion cubic meters of natural gas per year the volume supplied under this contract.

Payments required as a result of the take-or-pay clause are made on the basis of a price that reflects the contract price but is indexed to current market terms. These contracts have terms ranging between 10 and 25 years. When all of the contracts are fully operational, the annual supply of natural gas will amount to 13.4 billion cubic meters (14 billion cubic meters a year when the supplemental import contract from Qatar is finalized).

Insofar as the **electric power operations** are concerned, the agreements governing loans received by Parco Eolico San Giorgio and Parco Eolico Foiano, which are secured by a special lien on existing equipment and facilities, entail additional commitments and risks that are not reflected in the borrowers' memorandum accounts. These commitments and risks include the assignment to the Agent, who acts as a representative of the assignee banks, of existing or future receivables generated by supply contracts and a special lien for the benefit of the lending banks on assets of any kind that may be owned by the borrower companies in the future and on any receivables generated by the sale of such assets.

Loans received by Termica Milazzo and Termica Celano are secured by a negative pledge of Edison Spa shares and, for Termica Celano, a pledge commitment toward the lender bank, should certain noncompliance conditions occur. Termica Celano Srl granted to its lender banks a special pledge on the equipment of its cogenerating power plant. Termica Milazzo Srl granted to its lender banks a mortgage and special pledge on all of the production facilities it owns.

Pursuant to a stockholder agreement relative to **Finel Spa**, which governs the relationship between EDF International Sa (EDFI), a subsidiary of EDF Sa that owns 40% of Finel Spa, and Edison Spa, which own the remaining 60%, starting on July 1, 2005, EDFI has the right to sell its Finel shares to Edison for a consideration that can be paid either with Edison shares (if Edison's Stockholders' Meeting allows it) or with cash.

In any case, the value of the Edison shares paid as consideration for the interest in Finel may not be less than 300 million euros (after deducting any dividends and any reserves or capital distributed after the date of the relevant agreement). If EDFI and Edison fail to reach an agreement on the terms of sale, upon a request by EDFI, Edison will be required to grant EDFI a put option exercisable at any time.

If Electricité de France Sa ceases to be directly or indirectly a stockholder of Edison, Edison agrees to grant EDFI a put option on the Finel shares in question, exercisable at a price that may not be less than 300 million euros (after deducting dividends and any reserves or capital distributed after the date of the relevant agreement).

Tecnimont, in its capacity as the managing partner of temporary business combination (abbreviated as ATI in Italian), was awarded a contract to build a regasification terminal in Brindisi that will be owned by Brindisi LNG. Upon the signing of the final contract and subject to certain conditions, Brindisi LNG asked for the issuance of parent company guarantees (PCGs). In February 2005, Edison provided its PCG to Brindisi LNG for the maximum amount of 146.1 million euros.

Because the PCGs entail a joint liability, the parties signed a guarantor's cross indemnity agreement, whereby a guarantor is indemnified in the event a PCG is enforced due to a failure to perform by ATI members other than those specifically guaranteed by the guarantor in question (Tecnimont and Sofregaz for Edison).

NOTES TO THE STATEMENT OF INCOME

Edison Spa reported net income of 311,876,000 euros in 2004, compared with net income of 144,321,000 euros the previous year.

The improvement achieved in 2004 is mainly the result of changes in the scope of consolidation (mainly the absorption of ISE Spa) and of a positive industrial performance by the electric power and hydrocarbons operations, which generated a Net production value of 316 million euros, compared with 8 million euros in 2003.

Additional favorable factors were a sizable reduction in net financial expense, made possible by a decrease in indebtedness and the lower interest rates paid, and the positive impact of the reversal of items booked exclusively for tax purposes, which added 69 million euros to extraordinary income. The use of depreciation and amortization rates based on the useful lives of the assets instead of tax considerations produced a benefit of about 70 million euros.

Net financial income amounted to 163,670,000 euros. The decrease from the 674,437,000 euros earned last year is due mainly to a reduction in the dividends received from subsidiaries.

The individual factors that contributed to this performance are reviewed on the following pages.

A) Production Value

Production value, which totaled 3,447,572,000 euros, includes the following:

Production value	2004	2003	Change
A.1) Sales and service revenues	3,302,566	2,827,645	474,921
A.2) Changes in inventory of work in progress, semifinished goods and finished goods	41,022	(14,149)	55,171
A.3) Change in inventory of contract work in process	7,184	-	7,184
A.4) Increase in Company-produced additions to fixed assets	16,244	6,752	9,492
A.5) Other revenues and income	80,556	104,003	(23,447)
	3,447,572	2,924,251	523,320

The main components of production value are analyzed below.

A.1) Sales and Service Revenues

Sales and service revenues totaled 3,302,566,000 euros. A breakdown is as follows:

	2004	2003	Change
Revenues from the sales of:			
- Electric power	1,806,802	852,134	954,668
- Natural gas	1,305,887	1,775,746	(469,859)
- Steam	83,633	52,133	31,500
- Oil	47,018	46,943	75
- Other materials and utilities	2,730	2,570	160
	3,246,070	2,729,526	516,544
Revenues from:			
- services	28,902	45,835	(16,933)
- contract work	15,888	27,436	(11,548)
- transmission of electric power	7,296	6,888	408
- sales of buildings in real estate inventory	2,781	5,695	(2,914)
- other sources	1,629	12,265	(10,636)
	3,302,566	2,827,645	474,921

The increase of 516,544,000 euros, which is attributable to the inclusion of absorbed companies, is the net result of higher sales of electric power (+954,668,000 euros, due mainly to the absorption of ISE Spa), offset in part by a reduction of 469,859,000 euros in natural gas sales. This decrease reflects the absorption of Edison Gas in December 2003, whose production is no longer invoiced, since it is used directly by the thermoelectric power plants of Edison Spa.

Sales of electric power to Group companies totaled 320,605,000 euros, while shipments of natural gas amounted to 694,045,000 euros.

Moreover:

- **service revenues** include corporate services and technical design and facilities construction services provided to Group companies and outsiders.
- **revenues from sales of buildings** refer to sales of nonindustrial buildings held in the real estate inventory.

A.2) Changes in inventory of work in progress, semifinished goods and finished goods

The increase of 41,022,000 euros reflects a rise in the natural gas inventory stored for future delivery to customers.

A.3) Changes in Contract Work in Process

The increase of 7,184,000 euros refers mainly to the Rovigo regasification project. Additional information is provided in the note to CI) Inventory in the Current assets section of the balance sheet.

A.4) Increase in Company-Produced Additions to Fixed Assets

The amount of 16,244,000 euros includes costs added to Property, plant and equipment, mainly in connection with the construction of thermoelectric power plants. Financial expense is not capitalized.

A.5) Other Revenues and Income

A breakdown of this item, which amounted to 80,556,000 euros, is provided below:

	2004	2003	Change
Natural gas and oil and swaps	8,753	22,423	(13,670)
Expenses rebilled	10,464	14,582	(4,118)
Recoveries of costs from partners	12,870	14,230	(1,360)
Utilization of reserve for closures of mineral properties	1,078	10,114	(9,036)
Gains on disposals	1,054	8,416	(7,362)
Out-of-period income	20,242	7,911	12,331
Recovery of the cost of seconded personnel	3,151	7,728	(4,577)
Operating grants	1,355	5,549	(4,194)
Utilization of other reserves	9,401	2,170	7,231
Rentals of industrial and other facilities	2,718	1,858	860
Miscellaneous revenues and income	9,470	9,022	448
	80,556	104,003	(23,447)

The main components of this item are:

- 8,753,000 euros for **natural gas and oil swaps** carried out to optimize natural gas logistics. The corresponding charge is recognized under the heading B.6) - Raw materials, auxiliaries, supplies and merchandise.
- 10,464,000 euros for the **expenses rebilled** by the Company to the applicable subsidiaries.
- 12,870,000 euros for **recoveries of costs from partners** in connection with expenses incurred in those instances when the Company is the operator of leases for the exploitation of hydrocarbon deposits.
- 9,401,000 euros for the **utilization of reserves**. The largest items are the utilizations of the reserve for royalties for the 1993-1996 period (2,420,000 euros) and of the allowance for doubtful accounts (6,176,000 euros).
- Out-of-period income includes differences on the 2003 royalties (4,785,000 euros), on the sale of electric power to Ilva Spa (4,663,000 euros) and on the maintenance of Fenice's Termoli power plant (1,523,000 euros).

B) Cost of Production

A breakdown of the cost of production, which totaled 3,131,985,000 euros, is provided below:

Cost of production	2004	2003	Change
B.6) Raw materials, auxiliaries, supplies and merchandise	2,004,846	1,812,808	192,038
B.7) Outside services	469,409	436,644	32,785
B.8) Use of property not owned	46,294	62,179	(15,885)
B.9) Personnel	117,524	109,249	8,275
B.10) Depreciation, amortization and writedowns	403,154	417,505	(14,351)
B.11) Change in inventory of raw materials auxiliaries, supplies and merchandise	1,562	2,744	(1,182)
B.12) Provisions for risks	20,538	15,509	5,029
B.14) Miscellaneous operating costs	68,658	59,618	9,040
	3,131,985	2,916,256	215,729

The change in the scope of consolidation mentioned earlier in this Report is the reason for the increase in the cost of production.

B.6) Raw Materials, Auxiliaries, Supplies and Merchandise

This item, which totaled 2,004,846,000 euros, includes the following:

	2004	2003	Change
Purchases of:			
- Natural gas	1,659,267	1,738,810	(79,543)
- Other utilities	248,724	15,400	233,324
- Electric power	42,850	36,143	6,707
- Fluxing and fuel oil	29,884	5,769	24,115
- Materials and equipment	22,549	14,888	7,661
- Other materials	1,572	1,798	(226)
	2,004,846	1,812,808	192,038

More specifically:

- Purchases of natural gas (1,659,267,000 euros) include gas bought for resale (1,272,757,000 euros) and as fuel for the Company's thermoelectric power plants (382,013,000 euros). The balance (4,497,000 euros) represents swaps and is the offset of the income account A 5) Other revenues and income.
- Purchases of electric power (42,850,000 euros) were made exclusively from consortium subsidiaries and represent Edison pro rata interest in the production of those consortia;
- Purchases of other utilities (248,724,000 euros) refer mainly to supplies of non-fluxed oil (14,954,000 euros) and deliveries of recycled gas (197,943,000 euros). Almost all of the recycled gas was provided by the absorbed company ISE Spa.

B.7) Outside Services

Outside services totaled 469,409,000 euros. The amounts shown in the table below are net of capitalized costs of 111,070,000 euros reclassified as additions to property, plant and equipment. A breakdown is as follows:

	2004	2003	Change
Transmission costs paid	231,539	226,654	4,885
Professional and consulting services	100,879	116,716	(15,908)
Maintenance and repairs	83,573	37,116	46,457
Insurance services	19,615	16,540	3,075
Royalties on the production of hydrocarbons	7,229	11,424	(4,195)
Incidental personnel costs and seconded personnel	7,946	6,654	1,292
Other services	18,628	21,519	(2,891)
	469,409	436,623	32,786

The most significant component of this account is the cost of transmission services (231,539,000 euros) paid to deliver natural gas to customers. A much smaller amount (5,234,000 euros) was paid to GRTN for electric power transmission.

Professional and consulting services, which totaled 100,808,000 euros, include 31,508,000 euros in technical services required to operate the facilities, legal fees (13,094,000 euros), information technology services (20,786,000 euros), administrative and financial consulting services (5,274,000 euros) and the services provided to the absorbed companies by the corporate staff functions of Edison Spa (25,612,000 euros).

Maintenance and repairs of 85,373,000 euros are attributable mainly to the thermo-electric operations (39,950,000 euros), the hydroelectric operations (8,271,000 euros) and the hydrocarbons operations (19,067,000 euros).

B.8) Use of Property not Owned

The largest components of this item, which totaled 46,294,000 euros, are:

- 20,515,000 euros, in fees paid for the usage of public water for hydroelectric generation, surcharges paid to local agencies and fees payable under specific provincial and regional regulations.
- 6,413,000 euros to lease aircraft and the service vessels used to operate the Vega, Sarago Mare and Rospo Mare oil concessions.
- 7,821,000 euros in lease payments incurred under the building leases covering the Foro Buonaparte building and the thermoelectric power plants. The lease covering this building expired on December 31, 2004 and the Company bought back the building for 5,124,000 euros.
- 4,278,000 euros in lease payments incurred under the building lease covering the Nera Montoro power plant of the former Termica Narni Srl.

B.9) Personnel

As shown in the table below, personnel costs increased to 117,524,000 euros (109,249,000 euros in 2003), reflecting the staff expansion that resulted from the mergers by absorption completed in 2003.

	Number at 1/1/04	Reclassifications	Additions	Reductions	Number at 12/31/04	Average
Executives	137	5	5	(13)	134	135
Middle managers	306	29	11	(25)	321	324
Office staff	684	133	28	(47)	798	743
Production staff	210	146	42	(20)	378	382
Total staff ⁽¹⁾	1,337	313	86	(105)	1,631	1,584

⁽¹⁾ Including transfers among Group companies and promotions to higher classifications.

B.10) Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 403,154,000 euros, is as follows:

	2004	2003	Change
Amortization of intangibles	205,767	208,376	(2,609)
Depreciation of property, plant and equipment	189,081	204,958	(15,877)
Writedowns of fixed assets	171	2,517	(2,346)
Writedowns of loans included in current assets	8,135	1,654	6,481
	403,154	417,505	(14,351)

Amortization of intangibles, which totaled 205,767,000 euros, includes 157,317,000 euros for the loss upon merger posted to Goodwill and 29,941,000 euros for hydro-carbon exploration concessions. Exploration costs (6,828,000 euros in 2004) are charged in full to income in the year they are incurred.

Depreciation of property, plant and equipment includes:

- 43,779,000 euros for the depreciation of assets returnable at no cost, which is computed based on the remaining life of the respective hydroelectric licenses.
- 102,628,000 euros for depreciation of hydroelectric and thermoelectric power plants.
- 24,230,000 euros for the depreciation of natural gas pipelines and natural gas deposits.

For the sake of greater clarity, the table below shows the depreciation taken for each of the assets included in Property, plant and equipment a broken down by tax class. Starting in 2004, as required by the reform of Italian corporate law, depreciation is only taken at standard rates. This has produced an economic benefit of about 70 million euros, compared with the charge that would have resulted by applying the rates used until 2003.

	Depreciation in 2004	
	Amount	Average rate
Land and buildings	15,960	4.07
Plant and machinery:		
• assets returnable at no cost	43,779	6.60
• production facilities	92,356	3.78
• transmission lines	1,588	3.71
• transformer stations	4,438	3.73
• other plant and machinery	28,476	3.33
Manufacturing and distribution equipment	1,176	3.68
Other assets	1,307	7.16

Writedowns of loans included in current assets refer mainly to the restatement to realizable value of trade receivables of the electric power operations.

B.11) Change in Inventory of Raw Materials, Auxiliaries, Supplies and Merchandise

The balance of 1,562,000 euros includes the following:

- A negative change of 2,509,000 euros representing the carrying value of buildings sold in 2004. The sales proceeds are recognized under A.1) Sales and service revenues. The sale of these assets produced a gain of 272,000 euros.
- A positive change of 947,000 euros representing an increase in the inventory of raw materials and engineering supplies.

B.12) Provisions for Risks

The amount of 20,538,000 euros reflects mainly provisions recognized in anticipation of future charges that will be incurred to shut down natural gas and oil deposits at the end of their useful lives and certain electric power production facilities.

B.14) Miscellaneous Operating Costs

A breakdown of this item, which amounted to 68,658,000 euros, is provided in the table below:

	2004	2003	Change
Green certificates	17,278	6,734	10,544
Corporate costs, industry association dues and chamber of commerce fees	15,852	11,982	3,870
Rebillable costs	8,584	10,673	(2,089)
Out-of-period expenses	7,297	3,517	3,780
Fines and settlements paid	4,760	490	4,270
Indirect taxes and fees	3,365	6,546	(3,181)
Municipal property taxes (ICI)	2,567	2,019	548
Nondeductible VAT	2,131	8,983	(6,852)
Losses on disposals of property, plant and equipment	1,127	731	396
Miscellaneous operating costs	5,697	7,963	(2,266)
	68,658	59,638	9,020

The main components of miscellaneous Operating Costs are reviewed below:

- **Green certificates** refer to the costs incurred by the thermoelectric operations to comply with the requirements of Article 11 of Legislative Decree No. 79/99.
- **Corporate costs** include the fees paid to Directors and Statutory Auditors. As required by law, more detailed information on this item is provided in the Corporate Governance section of the Report on Operations. The balance shown above includes the costs paid by the absorbed companies.
- **Indirect taxes and fees** include 1,420,000 euros in excise taxes paid on sales of natural gas and electric power.

C) Financial Income and Expense

As shown in the table below, net financial income amounted to 163,670,000 euros:

	2004	2003	Change
C.15) Income from equity investments	374,310	966,421	(592,111)
C.16) Other financial income	133,257	167,808	(34,551)
C.17) Interest and other financial expense	(342,096)	(435,255)	93,159
c.17 bis) Foreign exchange gains (losses)	(1,801)	(24,537)	22,736
Total	163,670	674,437	(510,767)

C.15) Income from Equity Investments

Income from equity investments totaled 374,310,000 euros, or 592,111,000 euros less than in 2003. It consists mainly of dividends received from subsidiaries and affiliated companies. The decrease that occurred in 2004 reflects the absence of the non-recurring dividend paid by Edison International in 2003 when it sold its Egyptian reserves, and the lack of dividend tax credits, which are no longer available under the new tax law.

Dividends and other income	2004	2003	Change
a) Subsidiaries:			
- Selm Holding International	279,860	-	279,860
- Edison Rete Spa	12,365	-	12,365
- Serene Spa	11,025	9,450	1,575
- Bussi Termoelettrica Spa	10,989	12,636	(1,647)
- Sogetel Spa	10,204	5,000	5,204
- Edison International Spa	4,935	651,614	(646,679)
- Termica Milazzo Spa	4,800	13,981	(9,181)
- Other subsidiaries	23,926	169,108	(145,182)
	358,104	861,789	(503,685)
Tax credit (basket "a")	-	83,042	(83,042)
	358,104	944,831	(586,727)
b) Affiliated companies:			
- Sel Edison Spa	4,359	5,334	(975)
- Kraftwerke Hinterrhein Ag – Switzerland	606	649	(43)
- Acucar Guarany	-	977	(977)
- Other affiliated companies	1,765	1,973	(208)
	6,730	8,933	(2,203)
Tax credit (basket "a")	-	4,124	(4,124)
	6,730	13,057	(6,327)
c) Other companies:			
- AEM Spa	4,590	3,856	734
- Blumet	1,407	-	1,407
- Gains on the disposal of equity investments	2,184	2,888	(704)
- Miscellaneous companies	1,295	1,009	286
	9,476	7,753	1,723
Tax credit (basket "a")	-	780	(780)
	9,476	8,533	943
TOTAL	374,310	966,421	(592,111)

The gains on the disposal of equity investments were earned on market sale of Fondiaria Sai warrants (1,640,000 euros) and Acea shares (544,000 euros).

C.16) Other Financial Income

Other financial income of 133,257,000 euros includes the following:

	2004	2003	Change
A) Income from long-term loans receivable			
1) Income from subsidiaries	1,700	1,907	(207)
2) Affiliated companies	2,557	9,577	(7,020)
4) Other companies	31	31	-
Total	4,288	11,515	(7,227)
C) Income from securities included in current assets other than equity investments	86	124	(38)
D) Other financial income from:			
1) Subsidiaries	13,870	53,505	(39,635)
2) Affiliated companies	86	166	(80)
4) Other companies:			
- Gains on derivatives	94,525	83,282	11,243
- Accrued interest on amounts due from tax authorities	6,592	9,408	(2,816)
- Accrued interest on short-term loans receivable	2,843	1,286	1,557
- Other financial income	10,966	8,522	2,444
	114,927	102,498	12,428
	133,257	167,808	(34,550)

Interest income from subsidiaries includes interest accrued on intra-Group current accounts established as part of the Group's centralized cash management system.

Interest earned on derivatives (94,525,000 euros) reflects primarily the impact of derivatives executed to hedge the risk of fluctuations in interest rates, foreign exchange rates and commodity prices. The effectiveness of the hedges from an accounting standpoint was tested in accordance with the method recommended in IAS 39. When this approach could not be followed completely, the positions were marked to market and any resulting losses were always recognized, irrespective of the type of derivative. Gains were recognized only when they were generated by foreign exchange or commodity hedges maturing within one year.

C.17) Interest and Other Financial Expense

Interest and other financial expense decreased to 342,096,000 euros in 2004 reflecting a reduction in indebtedness, which was made possible by the capital increase carried out in 2003, and an across-the-board decline in the cost of money.

The table below provides a breakdown of this item and shows the changes from the previous year:

	2004	2003	Change
A) Interest paid to subsidiaries	13,988	39,188	(25,200)
B) Interest paid to affiliated companies	18	5	13
C) Interest paid to controlling companies	55	5,580	(5,525)
D) Other:			
- bonds	123,927	87,645	36,282
- derivatives	120,048	89,538	30,510
- bank fees and charges	35,719	48,783	(13,064)
- short-term bank borrowings	30,890	99,383	(68,493)
- long-term debt	10,981	11,989	(1,008)
- securities trading losses	-	46,814	(46,814)
- Miscellaneous charges	6,470	6,330	140
Total	328,035	390,482	(62,447)
	342,096	435,255	(93,159)

The main components of this account are reviewed below:

- Financial expense for derivatives, which totaled 120,048,000 euros, offsets a corresponding entry included in financial income.
- Interest on bonds (123,927,000 euros) reflects the placement of a new issue in 2004. This item is explained in greater detail in the note to the corresponding balance sheet account.

D) Value Adjustments on Financial Assets

The net charge of 216,418,000 euros is the result of the following entries:

- 187,051,000 euros to write down the carrying value of the investment in Selm Holding;
- 39,490,000 euros for the Company's pro rata interest in lasting losses of investee companies;
- 9,747,000 euros to mark to market the value of investments in publicly traded companies. These investments had been written down in previous years.

	2004	2003	Change
D. 18) Upward value adjustments of equity investments	9,740	-	9,740
D. 19,A) Writedowns of equity investments			
- Selm Holding	187,051	-	187,051
- IPSE Spa	16,000	-	16,000
- SIDI Krir Generatine Company	12,279	-	12,279
- IWH BV	5,000	43,172	(38,172)
- Edison International Spa	-	350,214	(350,214)
- Stirpex BV	-	11,355	(11,355)
- Other writedowns	5,821	14,570	(8,749)
	226,151	419,311	(193,160)
D. 19,C) Writedowns of securities included in current assets other than equity investments	7	29,811	(29,804)
Total Adjustments on Financial Assets	(216,418)	(449,122)	232,704

The writedown of the investment in Selm Holding International Sa is offset by a dividend of 279,860,000 euros booked on an accrual basis under Financial income from equity investments.

E) Extraordinary Income and Expense

Net extraordinary income totaled 56,000,000 euros. The main components of this account are reviewed below:

Extraordinary income and expense	2004	2003	Change
E.20) Extraordinary income			
- Utilization of the reserves for risks	172,474	524,104	(351,630)
- Out-of-period income from reversals of tax items	83,897	-	83,897
- Gain on the sale of equity investments	54,291	2,753	51,538
- Other out-of-period income	23,778	54,616	(30,838)
- Other extraordinary income	200	418	(218)
	334,640	581,891	(247,251)
E.21) Extraordinary expense			
- Provisions for risks	61,281	81,615	(20,334)
- Deferred taxes on gains from reversals of tax items	15,000	-	15,000
- Out-of-period expense	4,898	42,173	(37,275)
- Income taxes attributable to previous years	3,852	39,096	(35,244)
- Loss on the sale of equity investments	1,799	104,676	(102,877)
- Costs paid pursuant to court orders	1,224	5,447	(4,223)
- Fees paid to intermediaries	962	28,321	(27,359)
- Other extraordinary expense	189,624	267,928	(78,304)
	278,640	569,256	(290,616)
Net extraordinary income	56,000	12,634	43,366

Extraordinary income, which amounted to 334,640,000 euros, includes the following:

- 129,197,000 euros from the utilization of the Reserves for risks and charges, in connection with the settlement of the Val di Stava and Val Martello disputes, and of the reserve set aside for the Porto Marghera dispute upon the performance of the required environmental remediation work.
- 83,897,000 euros in out-of-period income from the derecognition of expense items booked exclusively for tax purposes, as required under the accounting principles provided in the new law that governs statutory financial statements.
- 54,291,000 euros in gains earned on the disposal of the natural gas transmission network upon the divestiture of Edison T&S (31,499,000 euros) and the sale of SGM (19,052,000 euros).
- 25,138,000 euros from the utilization of reserves for risks upon the sale or liquidation of Group companies in 2004.
- 23,508,000 euros in miscellaneous out-of-period income, including refunds of taxes.
- 16,000,000 euros from the utilization of a reserve for financial risks established in connection with the investment in IPSE.

Extraordinary expense of 278,640,000 euros includes the following:

- 129,197,000 euros for charges paid by Edison Spa to settle the disputes related to the Val di Stava and Val Martello floods and carry out environmental remediation work at the Venice-Porto Marghera facility (a corresponding item was booked under extraordinary income).
- 61,281,000 euros for a provision for extraordinary expense booked to cover the following items: 31,250,000 euros in connection with the sale of Group companies in 2004 and in previous years, 13,118,000 euros for charges related to risks that could conceivably arise from the sale of Company buildings and 8,200,000 euros for inflation adjustments added to existing reserves.
- 15,000,000 euros for estimated deferred-tax liabilities related to the derecognition of expense items booked exclusively for tax purposes. This item was already discussed when commenting out-of-period income.
- 32,998,000 euros in extraordinary writedowns booked to bring the carrying value of intangibles and property, plant and equipment in line with realizable value. This adjustment was already discussed in the comments to the corresponding asset accounts.

22) Current, Deferred and Prepaid Income Taxes

A breakdown of income taxes, which totaled 6,962,000 euros, is provided in the table below:

Income taxes	2004	2003
Corporate income tax (IRES)	-	-
Local income taxes (IRAP)	30,000	5,000
Other taxes	91	27,097
Total current taxes	30,091	32,097
Deferred-tax (assets) liabilities	(23,129)	69,525
Total income taxes	6,962	101,622

Given the availability of a tax loss carryforward, current taxes consist exclusively of local taxes (IRAP). The balance shown for deferred taxes reflects the deferred-tax assets computed on the basis of the tax loss carryforward of the Company (5 million euros) and on the reversal of taxable reserves for risks, taking into account the industrial plan approved by the Company's corporate governance bodies (19 million euros).

	2004	
	Tax effect	Average tax rate (%)
Deferred-tax assets :		
- Tax loss carryforward	5,000	33
- Reserves for risks and charges	19,000	33
Total deferred-tax assets (A)	24,000	33
Deferred-tax liabilities :		
- Excess depreciation and amortization ⁽¹⁾	15,000	37.25
- Gains with deferred taxation	474	37.25
- Writedowns of receivables	-	-
Total deferred-tax liabilities (B)	15,474	37.25
Deferred-tax assets offset against the respective reserve for deferred taxes (C)	-	-
Reserve for deferred taxes shown on the financial statements (D)=(B-C)	15,474	37.25
Net (deferred-tax assets)/liabilities shown on the financial statements (A-D)	8,526	27.0

⁽¹⁾ The corresponding charges have been booked as an extraordinary expense.

No deferred taxes were credited or debited directly to stockholders' equity.

The valuation of deferred tax assets was made based on expectations of actual utilization and taking into account the time horizon of the official plans of the Group. More specifically:

- the deferred-tax assets on tax loss carryforwards were estimated at 5 million euros, even though the theoretical amount was about 130 million euros;
- the recoverability of the reserves for risks was estimated at 19 million euros, even though the theoretical amount was significantly higher.

With regard to the merger transactions completed in 2003 and 2004, the loss upon merger that had been allocated to the equity investments and the property, plant and equipment accounts of the absorbed companies, and to goodwill, is not tax deductible and the recognitions of such amounts in the statement of income gives rise to items that are not tax deductible.



Other Information



Information Required Under Law No. 72 of 1983 and Law No. 413 of 1991

The table below contains a list of the assets still held by the Company that have been the subject of inflation adjustments. The Company chose not to adjust for inflation the carrying value of its assets, as allowed under Law N. 342/2000.

Fixed assets	Historical cost	Loss upon merger	Inflation adjustments			Total	Carrying value
			under Law No. 576/75	under Law No. 72/83	under Law No. 413/91		
Property, plant and equipment	70,031	23	-	46	-	46	70,100
Buildings	261,414	43,609	21	5,631	11,130	16,782	321,805
Plant and machinery:							
Assets returnable at no cost	309,258	301,245	-	52,531	-	52,531	663,035
Other facilities	1,647,867	781,346	-	11,322	-	11,322	2,440,535
Transmission lines	42,265	45	-	486	-	486	72,796
Transformer stations	115,701	2,466	-	671	-	671	118,838
Other plant and machinery	813,733	24,249	1,127	16,177	-	17,304	855,286
Construction in progress	594,864	-	-	-	-	-	594,864
Manufacturing and distribution equipment	31,898	4	-	70	5	75	31,977
Other assets	18,237	-	-	29	-	29	18,266
Total	5,905,269	1,152,987	1,148	86,963	11,135	99,247	5,157,502

Accumulated depreciation and write down of property, plant and equipment	Historical cost	Loss upon merger	Inflation adjustments			Total	Carrying value
			under Law No. 576/75	under Law No. 72/83	under Law No. 413/91		
Land	2,242	-	-	-	-	-	2,242
Buildings	93,703	8,362	21	3,883	5,616	9,520	111,585
Plant and machinery:							
Assets returnable at no cost	187,619	92,313	-	39,522	-	39,522	319,454
Other facilities	903,373	90,593	-	11,554	-	11,554	1,005,520
Transmission lines	16,146	11	-	419	-	419	16,576
Transformer stations	48,740	281	-	760	-	760	49,781
Other plant and machinery	636,353	25,611	1,083	16,222	332	16,973	678,937
Construction in progress	2,268	-	-	-	-	-	2,268
Manufacturing and distribution equipment	24,636	-	-	70	5	75	24,711
Other assets	14,457	-	-	29	-	29	14,486
Total	1,929,537	217,171	1,104	72,459	5,289	78,852	2,225,560

Compensation Paid to Directors and Statutory Auditors and Stock Options and Equity Investments Held by Directors

Information concerning:

- compensation paid to Directors and Statutory Auditors,
- stock options held by Directors,
- equity investments held by Directors.

is provided in the Corporate Governance section of the Report on Operations.

Tax Status of Capital Stock and Reserves in the Event of Redemption or Distribution

A. Reserves that upon distribution are not included in the taxable income of the Company:	
• Other reserves (surplus upon merger)	571
B. Reserves on which taxation has been deferred, but which will be added to the Company's taxable income upon utilization:	
• Reserve for Government grants (former Edison – Grants under Article 55)	3,770
• Reserve for Government grants (former Edison Gas – Law No. 488/92)	15,993
	19,763
C. Reserves on which taxation has been deferred that have been added to capital stock and are taxable if the capital stock is reduced due to a distribution to the stockholders:	
• Reserve under Law. No. 576 of 12/1/75 (formerly Edison Montedison)	31,064
• Reserve under Law No. 72 of 3/19/83 (formerly Edison Montedison)	15,283
• Reserve under Law. No. 576 of 12/1/75 (formerly Finagro)	1,331
• Reserve under Law No. 72 of 3/19/83 (formerly Finagro)	3,310
• Reserve under Law No. 72 of 3/19/83 (formerly Montedison)	8,561
• Reserve under Law No. 72 of 3/19/83 (formerly Silos di Genova Spa)	186
• Reserve under Law No. 413 of 12/30/91 (formerly Finagro)	4,762
• Reserve under Law. No. 576 of 12/1/75 (formerly Calcemento)	976
• Reserve under Law No. 72 of 3/19/83 (formerly Calcemento)	4,722
• Reserve under Law No. 413 of 12/30/91 (formerly Sondel)	2,976
• Reserve under Law No. 413 of 12/30/91 (formerly Edison)	118,911
	192,082

The taxes that would be payable if the reserves listed in Item C above were distributed total 65 million euros.

Starting in 2004, as a result of the deletion of Section 2 from Article 2426 of the Italian Civil Code, which allowed the recognition of “value adjustments and provisions booked exclusively in accordance with tax laws,” expense items that are not recognized in the statement of income may be deducted when allowed by a specific statutory provision and must be listed in a separate schedule attached to the income tax return. In order to secure any claims of the tax administration, Article 109 of the Uniform Tax

Code (abbreviated as TUIR in Italian) requires that when a company has earnings the taxation of which has been temporarily deferred, an equal amount of the company's reserves (other than the Statutory reserve) and retained earnings must be set aside on the company's financial statements, so that it may be added to the company's taxable income when distributed.

In 2004, the first year of implementation of this provision, Edison's financial statements reflect the derecognition of expense items that had been recognized exclusively for tax purposes and deducted in the statement of income. The impact of this restatement, net of the impact of deferred taxes, amounts to 69 million euros (out of which only 25 million euros have fiscal relevance).

Moreover, the reform of the corporate income tax (IRES), which went into effect on January 1, 2004, introduced the overall presumption whereby the net income for the fiscal year and any portion of the reserves (other than capital stock reserves) that has not been set aside in a deferred-taxation status will be deemed to have been distributed, irrespective of the provisions of the applicable resolution approved by the Stockholders' Meeting (Article 47 of the TUIR).

Publicly Traded Securities – Comparison of Year-End Carrying Value and Market Value at December 31, 2004

	Currency	Total par value	Par value per unit	Number of shares held	Carrying value (in euros)		Market value (*) (in euros)	
					per unit	total	per unit	total
B.III) - Financial fixed assets								
1) Equity investments in:								
D) Other companies								
AEM Spa	EUR	47,739,640.00	0.52	91,807,000	1.514	139,028,573.49	1.688	154,970,216.00
Gemina Spa	EUR	3,405,735.00	1.00	3,405,735	1.326	4,516,532.72	0.905	3,082,190.18
Banca popolare di Lodi Soc. Coop. a R. L.	EUR	198,780.00	3.00	66,260	5.578	369,611.82	8.166	541,079.16
RCS Mediagroup (form. HdP Spa)	EUR	7,333,157.00	1.00	7,333,157	1.366	10,016,103.99	4.254	31,195,249.88
						153,930,822.02		189,788,735.21
C.III) - Financial assets not held as fixed assets								
4) Other equity investments								
ACEA Spa	EUR	1,911,522.00	5.16	370,450	8.012	2,968,045.40	8.012	2,968,045.40
ACEGAS-APS Spa	EUR	3,673,920.00	5.16	712,000	9.153	6,516,936.00	9.153	6,516,936.00
ACSM Spa	EUR	1,488,000.00	1.00	1,488,000	2.539	3,778,032.00	2.539	3,778,032.00
American Superconductor Corp.	USD	160,000.00	1.00	160,000	10.932	1,749,120.00	10.932	1,749,120.00
AMGA Spa	EUR	5,085,756.00	0.52	9,780,300	1.454	14,220,556.06	1.454	14,220,556.06
Camfin - CAM Finanziaria Spa	EUR	28,066.48	0.52	53,974	2.342	126,407.11	2.342	126,407.11
						29,359,096.57		29,359,096.57

(*) Market value represents the stock market price on December 30, 2004 published as per *Sole 24 Ore* on December 31, 2004.

LIST OF EQUITY INVESTMENTS (pursuant to Article 2427, Section 5, of the Italian Civil Code)

B.III - Financial Fixed Assets

Equity Investments in Subsidiaries

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Abruzzo Energia Srl	(*) Sesto San Giovanni (MI)				
Balance at 12/31/03		EUR	10,000	-	70.000
Cancellation upon merger into Termica Celano Srl		EUR	(10,000)	-	(70.000)
Balance at 12/31/04		EUR	-	-	-
Acta Srl in liquidation (single stockholder)	(*) Ravenna				
Balance at 12/31/03		EUR	10,200	-	100.000
Cancellation upon merger into Come Iniziative Immobiliari Srl (single stockholder)		EUR	(10,200)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Aifa Holding Sa	Luxembourg				
Balance at 12/31/03		EUR	103,646,750	52.49	100.000
Annulment upon deletion		EUR	(103,646,750)	(52.49)	(100.000)
Balance at 12/31/04		EUR	-	-	-
Atema Ltd	Dublin (Ireland)				
Balance at 12/31/03		EUR	1,500,000	0.50	100.000
Balance at 12/31/04		EUR	1,500,000	0.50	100.000
Biomasse Veneto Srl in liquidation	(*) Verona				
Balance at 12/31/03		EUR	10,000	-	51.000
Annulment upon deletion		EUR	(10,000)	-	(51.000)
Balance at 12/31/04		EUR	-	-	-
Biomasse Emilia Romagna Srl in liquidation	(*) Cesena (FC)				
Balance at 12/31/03		EUR	10,000	-	51.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	10,000	-	51.000
Bussi Termoelettrica Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	15,600,000	1.00	100.000
Cancellation upon merger into Edison Spa		EUR	(15,600,000)	(1.00)	(100.000)
Balance at 12/31/04		EUR	-	-	-
Caffaro Energia Srl (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	25,822,846	-	100.000
Cancellation upon merger into Edison Spa		EUR	(25,822,846)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Calbiotech Srl in fallimento	Ravenna				
Balance at 12/31/03		L	90,000,000	-	55.000
Balance at 12/31/04		L	90,000,000	-	55.000
Calcestruzzi Palermo Spa in receivership(single stockholder)	Palermo				
Balance at 12/31/03		EUR	108,360	5.16	100.000
Balance at 12/31/04		EUR	108,360	5.16	100.000

(1) Amounts in euros.

(2) Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
7,000 (7,000) -	70,000 (70,000) -	(57,630) 57,630 -	12,370 (12,370) -	-	-	-	-	na
10,200 (10,200) -	1 (1) -	(983,242) 983,242 -	(983,241) 983,241 -	-	-	-	-	na
1,974,633 (1,974,633) -	255,841,689 (255,841,689) -	(255,588,983) 255,588,983 -	252,706 (252,706) -	-	-	-	-	na
3,000,000 3,000,000	1,500,050 1,500,050	(118,369) (118,369)	1,381,681 1,381,681	-	-	-	-	na
5,100 (5,100) -	5,100 (5,100) -	- - -	5,100 (5,100) -	-	-	-	-	na
5,100 - 5,100	37,225 - 37,225	- (37,224) (37,224)	37,225 (37,224) 1	-	-	-	-	na
15,600,000 (15,600,000) -	45,086,133 (45,086,133) -	- - -	45,086,133 (45,086,133) -	-	-	-	-	na
25,822,846 (25,822,846) -	177,713,776 (177,713,776) -	- - -	177,713,776 (177,713,776) -	-	-	-	-	na
49,500,000 49,500,000	1 1	- -	1 1	-	-	-	-	na
21,000 21,000	511,034 511,034	(511,033) (511,033)	1 1	-	-	-	-	na

The currency codes used in this Report are those provided in the ISO 4217 International Standard, except for the Italian lira, for which the traditional L was used.
CHF = Swiss franc, EUR = euro, NLG = Dutch guilder, PTE = Portuguese escudo, BRL = Brazilian real, GBP = British pound, USD = U.S. dollar, EGP = Egyptian pound, TRL = Turkish lira.

Equity Investments in Subsidiaries (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Cersam Srl - Centro Ricerche Servizi Amb. (single stockholder) (*) Milano					
Balance at 12/31/03		EUR	4,131,700	-	100.000
Cancellation upon merger into Come Iniziative Immobiliari Srl (single stockholder)		EUR	(4,131,700)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Come Iniziative Immobiliari Srl (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	2,583,000	-	100.000
Merger by absorption of Acta Srl in liquidation		EUR	-	-	-
Merger by absorption of Cersam Srl		EUR	-	-	-
Merger by absorption of ICI Srl		EUR	-	-	-
Merger by absorption of Società Immobiliare Assago Spa		EUR	-	-	-
Balance at 12/31/04		EUR	2,583,000	-	100.000
Consorzio di Sarmato Soc. Cons. P.A.					
	Milan				
Balance at 12/31/03		EUR	200,000	1.00	52.500
Balance at 12/31/04		EUR	200,000	1.00	52.500
Ecofuture Srl (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	-	-	-
Acquisition		EUR	10,200	-	100.000
Coverage of losses		EUR	-	-	-
Advance on future capital contributions		EUR	-	-	-
Balance at 12/31/04		EUR	10,200	-	100.000
Edison D.G. Spa (single stockholder) (*) Selvazzano Dentro (PD)					
Balance at 12/31/03		EUR	460,000	1.00	100.000
Balance at 12/31/04		EUR	460,000	1.00	100.000
Edison Energia Spa (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	22,000,000	1.00	100.000
Balance at 12/31/04		EUR	22,000,000	1.00	100.000
Edison Energie Speciali Spa (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	4,200,000	1.00	100.000
Balance at 12/31/04		EUR	4,200,000	1.00	100.000
Edison France Sarl					
	Paris (France)				
Balance at 12/31/03		EUR	7,700	-	100.000
Balance at 12/31/04		EUR	7,700	-	100.000
Edison Gas Espana Sa					
	Barcelona (Spain)				
Balance at 12/31/03		EUR	60,200	1.00	100.000
Coverage of losses		EUR	-	-	-
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	60,200	1.00	100.000
Edison Hellas Sa					
	Athens (Greece)				
Balance at 12/31/03		EUR	263,700	2.93	100.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	263,700	2.93	100.000

(1) Amounts in euros.

(2) Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
4,131,700	29,981,177	(25,849,477)	4,131,700					
(4,131,700)	(29,981,177)	25,849,477	(4,131,700)					
-	-	-	-	-	-	-	-	na
2,583,000	11,090,369	(7,651,895)	3,438,474					
-	-	(983,242)	(983,242)					
-	29,981,177	(25,849,477)	4,131,700					
-	2,118,613	(988,668)	1,129,945					
-	33,212,065	(24,705,668)	8,506,397					
2,583,000	76,402,224	(60,178,950)	16,223,274	39,342,461	39,342,461	(3,228,980)	(3,228,980)	na
105,000	108,456	(9,607)	98,849					
105,000	108,456	(9,607)	98,849	194,642	102,187	-	-	na
-	-	-	-					
10,200	200,000	-	200,000					
-	8,801	-	8,801					
-	170,000	-	170,000					
10,200	378,801	-	378,801	32,798	32,798	(147,531)	(147,531)	na
460,000	42,467,948	-	42,467,948					
460,000	42,467,948	-	42,467,948	28,557,971	28,557,971	18,326,905	18,326,905	na
22,000,000	44,978,075	-	44,978,075					
22,000,000	44,978,075	-	44,978,075	76,978,922	76,978,922	34,814,060	34,814,060	na
4,200,000	435,242,647	-	435,242,647					
4,200,000	435,242,647	-	435,242,647	22,580,357	22,580,357	4,925,470	4,925,470	na
7,700	58,301	(58,300)	1					
7,700	58,301	(58,300)	1	(55,774)	(55,774)	(63,473)	(63,473)	na
60,200	891,473	(831,273)	60,200					
-	63,107	-	63,107					
-	-	(63,107)	(63,107)					
60,200	954,580	(894,380)	60,200	-	-	-	-	na
90,000	267,458	(80,000)	187,458					
-	-	(8,000)	(8,000)					
90,000	267,458	(88,000)	179,458	179,509	179,509	13,826	13,826	na

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Equity Investments in Subsidiaries (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Edison International Spa	(*) Milan				
Balance at 12/31/03		EUR	17,850,000	1.00	70.000
Balance at 12/31/04		EUR	17,850,000	1.00	70.000
Edison LNG Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	10,000,000	1.00	100.000
Balance at 12/31/04		EUR	10,000,000	1.00	100.000
Edison Rete Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	106,778,200	1.00	100.000
Merger by absorption of Ise Rete Srl		EUR	-	-	-
Balance at 12/31/04		EUR	106,778,200	1.00	100.000
Edison Stocceglio Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	-	-	-
Establishment through the partial, proportional demerger of Edison T&S Spa		EUR	81,497,301	1.00	100.000
Balance at 12/31/04		EUR	81,497,301	1.00	100.000
Edison T&S Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	175,424,000	1.00	100.000
Partial, proportional demerger for the benefit of Edison Stocceglio Spa		EUR	(81,497,301)	-	-
Disposal		EUR	(93,926,699)	(1.00)	(100.000)
Balance at 12/31/04		EUR	-	-	-
Edison Trading Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	30,000,000	1.00	100.000
Balance at 12/31/04		EUR	30,000,000	1.00	100.000
Euroil Exploration LTD	London (England)				
Balance at 12/31/03		GBP	9,250,000	1.00	0.000
Balance at 12/31/03		GBP	9,250,000	1.00	0.000
Ferruzzi Trading France Sa in liquidation	Paris (France)				
Balance at 12/31/03		EUR	-	-	-
Contribution upon deletion AIFA Holding Sa		EUR	7,622,451	15.24	99.999
Balance at 12/31/04		EUR	7,622,451	15.24	99.999
Finanziaria di partecipazioni elettriche - Finel Spa	(*) Milan				
Balance at 12/31/03		EUR	194,000,000	1.00	60.000
Balance at 12/31/04		EUR	194,000,000	1.00	60.000
Finimeg Spa (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	2,425,200	1.00	100.000
Balance at 12/31/04		EUR	2,425,200	1.00	100.000
Frigotecnica Srl in liquidation (single stockholder) (in receivership)	Palermo				
Balance at 12/31/03		EUR	76,500	-	100.000
Balance at 12/31/02		EUR	76,500	-	100.000
Gever Spa (pledged shares)	Milan				
Balance at 12/31/03		EUR	10,500,000	1,000.00	51.000
Balance at 12/31/04		EUR	10,500,000	1,000.00	51.000

⁽¹⁾ Amounts in euros.⁽²⁾ Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
12,495,000	469,363,845	(415,385,051)	53,978,794					
12,495,000	469,363,845	(415,385,051)	53,978,794	82,224,141	57,556,899	7,136,304	4,995,413	na
10,000,000	10,000,000	-	10,000,000					
10,000,000	10,000,000	-	10,000,000	7,980,923	7,980,923	(290,442)	(290,442)	na
106,778,200	153,601,886	-	153,601,886					
-	6,922,207		6,922,207					
106,778,200	160,524,093	-	160,524,093	172,688,687	172,688,687	10,016,283	10,016,283	na
-	-	-	-					
81,497,301	81,497,301	-	81,497,301					
81,497,301	81,497,301	-	81,497,301	84,387,699	84,387,699	2,096,699	2,096,699	na
175,424,000	175,424,000	-	175,424,000					
-	(81,497,301)	-	(81,497,301)					
(175,424,000)	(93,926,699)	-	(93,926,699)					
-	-	-	-	-	-	-	-	na
30,000,000	30,000,000	-	30,000,000					
30,000,000	30,000,000	-	30,000,000	71,361,300	71,361,300	41,085,095	41,085,095	na
1	950	-	950					
1	950	-	950	-	-	-	-	na
-	-	-	-					
499,996	5,860,389	-	5,860,389					
499,996	5,860,389	-	5,860,389	-	-	-	-	na
116,400,000	369,138,888	-	369,138,888					
116,400,000	369,138,888	-	369,138,888	457,950,889	274,770,533	232,376,666	139,426,000	na
2,425,200	2,023,652	-	2,023,652					
2,425,200	2,023,652	-	2,023,652	2,611,016	2,611,016	(390,491)	(390,491)	na
76,500	788,111	(788,110)	1					
76,500	788,111	(788,110)	1	-	-	-	-	na
5,355	24,055,699	-	24,055,699					
5,355	24,055,699	-	24,055,699	21,067,986	10,744,673	1,189,360	606,574	na

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Equity Investments in Subsidiaries (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
ICI - Impresa Commerciale e Industriale Srl (single stockholder)(*) Ravenna					
Balance at 12/31/03		EUR	1,291,143	-	100.000
Cancellation upon merger into Come Iniziative Immobiliari Srl (single stockholder)		EUR	(1,291,143)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Intermarine USA LLC in liquidation New York (USA)					
Balance at 12/31/03		USD	100	-	99.000
Advance on future capital contributions		USD	-	-	-
Writedown		USD	-	-	-
Balance at 12/31/04		USD	100	-	99.000
ISE - Iniziative Sviluppo Energie Spa (*) Milan					
Balance at 12/31/03		EUR	-	-	-
Acquisition		EUR	100,000,000	1.00	100.000
Cancellation upon merger into Edison Spa		EUR	(100,000,000)	1.00	(100.000)
Balance at 12/31/04		EUR	-	-	-
ISE Rete Srl (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	-	-	-
Contribution upon merger of ISE Spa		EUR	4,922,207	-	100.000
Cancellation upon merger into Edison Rete Spa (single stockholder)		EUR	(4,922,207)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Jesi Energia Spa (*) Milan					
Balance at 12/31/03		EUR	5,350,000	1.00	70.000
Balance at 12/31/04		EUR	5,350,000	1.00	70.000
Megs Srl (single stockholder) (*) Sesto San Giovanni (MI)					
Balance at 12/31/03		EUR	260,000	-	51.000
Acquisitions		EUR	-	-	49.000
Balance at 12/31/04		EUR	260,000	-	100.000
Montecatini Srl (single stockhold.) (form. Sondel Srl) in liquid. (*) Milan					
Balance at 12/31/03		EUR	60,000	-	100.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	60,000	-	100.000
Montedison Srl (single stockholder) in liquidation (*) Milan					
Balance at 12/31/03		EUR	60,000	-	100.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	60,000	-	100.000
Montedison Finance Europe NV Amsterdam (Netherlands)					
Balance at 12/31/03		EUR	4,537,803	1.00	100.000
Merger by absorption of Stirpex BV		EUR	-	-	-
Balance at 12/31/04		EUR	4,537,803	1.00	100.000
Nuova Alba Srl (single stockholder) (*) Milan					
Balance at 12/31/03		EUR	2,016,457	-	100.000
Reduction of capital stock to cover losses		EUR	(1,875,245)	-	100.000
Replenishment of capital stock		EUR	1,875,245	-	100.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	2,016,457	-	100.000

(1) Amounts in euros.

(2) Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
1,291,143	2,118,613	(988,667)	1,129,946					
(1,291,143)	(2,118,613)	988,667	(1,129,946)					
-	-	-	-	-	-	-	-	na
99	137,616	(137,615)	1					
-	165,344	-	165,344					
-	-	(131,845)	(131,845)					
99	302,960	(269,460)	33,500	-	-	-	-	na
-	-	-	-					
100,000,000	631,000,000	-	631,000,000					
(100,000,000)	(631,000,000)	-	(631,000,000)					
-	-	-	-	-	-	-	-	na
-	-	-	-					
-	6,922,207	-	6,922,207					
-	(6,922,207)	-	(6,922,207)					
-	-	-	-	-	-	-	-	na
3,745,000	15,537,145	-	15,537,145					
3,745,000	15,537,145	-	15,537,145	15,365,691	10,755,984	8,929,129	6,250,390	na
132,600	131,696	-	131,696					
127,400	3,310,461	-	3,310,461					
260,000	3,442,157	-	3,442,157	6,533,322	6,533,322	4,409,878	4,409,878	na
60,000	66,851	(16,630)	50,221					
-	-	(13,248)	(13,248)					
60,000	66,851	(29,878)	36,973	36,973	36,973	(16,247)	(16,247)	na
60,000	66,850	(15,644)	51,206					
-	-	(13,477)	(13,477)					
60,000	66,850	(29,121)	37,729	37,730	37,730	(15,477)	(15,477)	na
4,537,803	16,612,438	(15,076,438)	1,536,000					
-	12,410,000	(11,354,934)	1,055,066					
4,537,803	29,022,438	(26,431,372)	2,591,066	6,598,487	6,598,487	389,160	389,160	na
2,016,457	3,810,900	(3,778,051)	32,849					
(1,875,245)	-	-	-					
1,875,245	1,875,245	-	1,875,245					
-	-	(1,908,093)	(1,908,093)					
2,016,457	5,686,145	(5,686,144)	1	(317,692)	(317,692)	(2,562,662)	(2,562,662)	na

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Equity Investments in Subsidiaries (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Nuova CISA Spa in liquidation (single stockholder)	(*) Ravenna				
Balance at 12/31/03		EUR	1,549,350	1.00	100.000
Advance on future capital contributions		EUR	-	-	-
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	1,549,350	1.00	100.000
Pluriservizi Nord Italia Scarl - PNI in liquidation	(*) Milan				
Balance at 12/31/03		EUR	516,000	-	96.500
Acquisition		EUR	-	-	3.00
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	516,000	-	99.500
Rumianca Spa in liquidation (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	100,000	0.05	99.999
Reduction of capital stock to cover losses		EUR	(231,235)	-	99.999
Replenishment of capital stock		EUR	231,235	-	100.000
Coverage of losses		EUR	-	-	-
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	100,000	0.05	100.000
Sarmato Energia Spa	Milan				
Balance at 12/31/03		EUR	14,420,000	1.00	61.000
Balance at 12/31/04		EUR	14,420,000	1.00	61.000
Savim Srl (single stockholder)	(*) Milan				
Balance at 12/31/03		EUR	260,000	-	100.000
Cancellation upon merger into Edison Spa		EUR	(260,000)	-	(100.000)
Balance at 12/31/04		EUR	-	-	-
Selm Holding International Sa	Luxembourg				
Balance at 12/31/03		EUR	24,000,000	120.00	100.000
Disposal		EUR	-	-	(0.050)
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	24,000,000	120.00	99.95
Serene Spa	Milan				
Balance at 12/31/03 (pledged)		EUR	25,800,000	5.16	63.000
Purchases of shares		EUR	-	-	3.316
Balance at 12/31/04		EUR	25,800,000	5.16	66.316
Società Gasdotti del Mezzogiorno - SGM Spa	Frosinone				
Balance at 12/31/03		EUR	780,000	1.00	71.340
Acquisition		EUR	-	-	28.660
Disposal		EUR	(780,000)	1.00	(100.000)
Balance at 12/31/04		EUR	-	-	-
Società Generale per Progettazioni Consulenze e Partecipazioni Spa (under extraordinary administration)	Rome				
Balance at 12/31/03		L	300,000,000	10,000.00	59.333
Balance at 12/31/04		L	300,000,000	10,000.00	59.333

(1) Amounts in euros.

(2) Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
1,549,350	1	(3,122,387)	(3,122,386)					
-	3,500,000	-	3,500,000					
-	-	(377,613)	(377,613)					
1,549,350	3,500,001	(3,500,000)	1	(849,616)	(849,616)	(1,132,546)	(1,132,546)	na
497,940	498,372	(41,653)	456,719					
15,480	1	-	1					
-	-	(456,719)	(456,719)					
513,480	498,373	(498,372)	1	-	-	-	-	na
1,999,997	103,292	(103,291)	1					
(4,624,697)	-	-	-					
4,624,700	141,578	-	141,578					
-	89,657	-	89,657					
-	-	(140,393)	(140,393)					
2,000,000	334,527	(243,684)	90,843	80,843	80,843	(51,534)	(51,534)	na
8,796,200	35,575,744	-	35,575,744					
8,796,200	35,575,744	-	35,575,744	24,098,478	14,700,072	6,545,557	3,992,790	na
260,000	408,626	-	408,626					
(260,000)	(408,626)	-	(408,626)					
-	-	-	-	-	-	-	-	na
200,000	244,530,587	(17,773,926)	226,756,661					
(100)	(24,090)	15,228	(8,862)					
-	-	(187,051,451)	(187,051,451)					
199,900	244,506,497	(204,810,149)	39,696,348	39,511,334	39,491,578	(204,874)	(204,772)	na
3,150,000	78,426,749	-	78,426,749					
165,789	3,448,411	-	3,448,411					
3,315,789	81,875,160	-	81,875,160	121,158,538	80,347,496	51,456,171	34,123,674	na
556,452	1,543,690	-	1,543,690					
223,548	8,618,220	-	8,618,220					
(780,000)	(10,161,910)	-	(10,161,910)					
-	-	-	-	-	-	-	-	na
17,800	87,230	(87,229)	1					
17,800	87,230	(87,229)	1	-	-	-	-	na

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Equity Investments in Subsidiaries (continued)

Company	Head office	Capital stock		% interest held
		Currency	Amount	
Società Immobiliare Assago Spa (single stockholder)	(*) Milan			
Balance at 12/31/03		EUR	7,905,000	1.00
Cancellation upon merger into Come Iniziative Immobiliari Srl (single stockholder)		EUR	(7,905,000)	(1.00)
Balance at 12/31/04		EUR	-	-
Sogetel Spa (single stockholder)	(*) Turin			
Balance at 12/31/03		EUR	8,192,749	5.16
Cancellation upon merger into Edison Spa		EUR	(8,192,749)	(5.16)
Balance at 12/31/04		EUR	-	-
Stel Spa	Milan			
Balance at 12/31/03		EUR	1,000,000	1.00
Balance at 12/31/04		EUR	1,000,000	1.00
Stirpex Bv	Amsterdam (Netherlands)			
Balance at 12/31/03		EUR	45,378	453.78
Distribution of reserves		EUR	-	-
Cancellation upon merger into Montedison Finance Europe		EUR	(45,378)	(453.78)
Balance at 12/31/04		EUR	-	-
Tecnimont Spa (single stockholder)	Milan			
Balance at 12/31/03		EUR	52,000,000	1.00
Balance at 12/31/04		EUR	52,000,000	1.00
Termica Boffalora Srl	(*) Milan			
Balance at 12/31/03		EUR	14,220,000	-
Balance at 12/31/04		EUR	14,220,000	-
Termica Celano Srl	(*) Milan			
Balance at 12/31/03		EUR	259,000	-
Advance on future capital contributions		EUR	-	-
Merger by absorption of Abruzzo Energia Srl		EUR	-	-
Balance at 12/31/04		EUR	259,000	-
Termica Cologno Srl	(*) Milan			
Balance at 12/31/03		EUR	9,296,220	-
Balance at 12/31/04		EUR	9,296,220	-
Termica Milazzo Srl	(*) Milan			
Balance at 12/31/03		EUR	23,241,000	-
Balance at 12/31/04		EUR	23,241,000	-
Vega Oil Spa (single stockholder)	(*) Milan			
Balance at 12/31/03		EUR	104,000	1.00
Cancellation upon merger into Edison Spa		EUR	(104,000)	(1.00)
Balance at 12/31/04		EUR	-	-
Volta Spa	Milan			
Balance at 12/31/03		EUR	130,000	1.00
Reduction of capital stock to cover losses		EUR	(80,600)	1.00
Replenishment of capital stock		EUR	80,600	1.00
Disposal		EUR	-	1.00
Balance at 12/31/04		EUR	130,000	1.00

Total subsidiaries

⁽¹⁾ Amounts in euros.⁽²⁾ Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
7,905,000 (7,905,000) -	33,212,065 (33,212,065) -	(24,705,668) 24,705,668 -	8,506,397 (8,506,397) -	-	-	-	-	na
1,587,742 (1,587,742) -	49,716,065 (49,716,065) -	- - -	49,716,065 (49,716,065) -	-	-	-	-	na
750,000 750,000	750,000 750,000	- -	750,000 750,000	949,644	712,233	(36,244)	(27,183)	na
100 - (100) -	23,610,000 (11,200,000) (12,410,000) -	(11,354,934) - 11,354,934 -	12,255,066 (11,200,000) (1,055,066) -	-	-	-	-	na
52,000,000 52,000,000	118,289,214 118,289,214	- -	118,289,214 118,289,214	80,859,347	80,859,347	13,727,338	13,727,338	na
9,954,000 9,954,000	22,971,331 22,971,331	- -	22,971,331 22,971,331	19,345,789	13,542,050	8,034,336	5,624,035	na
181,300 - - 181,300	28,213,368 12,119,952 70,000 40,403,320	- - (57,630) (57,630)	28,213,368 12,119,952 12,370 40,345,690	30,488,809	21,342,166	12,379,229	8,665,460	na
6,042,543 6,042,543	6,069,782 6,069,782	- -	6,069,782 6,069,782	7,954,528	5,170,443	(252,968)	(164,429)	na
13,944,600 13,944,600	69,957,191 69,957,191	- -	69,957,191 69,957,191	65,138,340	39,083,004	19,659,102	11,795,461	na
104,000 104,000 -	103,434 (103,434) -	- - -	103,434 (103,434) -	-	-	-	-	na
66,300 (41,106) 80,600 (39,494) 66,300	1,731,529 - 80,600 (39,494) 1,772,635	(1,665,229) (41,106) - - (1,706,335)	66,300 (41,106) 80,600 (39,494) 66,300	168,359	85,863	38,953	19,866	na
	2,436,875,279	(721,360,098)	1,715,515,181					

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LIST OF EQUITY INVESTMENTS (pursuant to Article 2427, Section 5, of the Italian Civil Code)

B.III - Financial Fixed Assets

Equity Investments in Affiliated Companies

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Açucar Guarani Sa	Olimpia (Brazil)				
Balance at 12/31/03		BRL	236,776,622	245.80	35.835
Disposal		BRL	(236,776,622)	(245.80)	(35.835)
Balance at 12/31/04		BRL	-	-	-
Aquila Spa in liquidation	Muggia (TS)				
Balance at 12/31/03		EUR	2,582,000	1.00	50.000
Advance on future capital contributions		EUR	-	-	-
Disposal		EUR	(2,582,000)	(1.00)	(50.000)
Balance at 12/31/04		EUR	-	-	-
Bluefare LTD	London (England)				
Balance at 12/31/03		GBP	1,000	0.01	50.000
Balance at 12/31/04		GBP	1,000	0.01	50.000
Calcestruzzi Pozzallo Srl in liquidation	Pozzallo (RG)				
Balance at 12/31/03		EUR	26,000	-	50.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	26,000	-	50.000
CISA Spa (pledged shares)	Massafra (TA)				
Balance at 12/31/03		EUR	1,560,000	5.20	6.667
Balance at 12/31/04		EUR	1,560,000	5.20	6.667
Coniel Spa in liquidation	Rome				
Balance at 12/31/03		EUR	1,020	0.51	35.250
Balance at 12/31/04		EUR	1,020	0.51	35.250
Consorzio Montoro	Narni				
Balance at 12/31/03		EUR	-	-	-
Acquisitions		EUR	4,000	-	25.000
Balance at 12/31/04		EUR	4,000	-	25.000
E dipower Spa	Milan				
Balance at 12/31/03		EUR	1,441,300,000	1.00	40.000
Balance at 12/31/04		EUR	1,441,300,000	1.00	40.000
ESTGAS Spa	Udine				
Balance at 12/31/03		EUR	750,000	1.00	22.000
Balance at 12/31/04		EUR	750,000	1.00	22.000
Eta 3 Spa	Arezzo				
Balance at 12/31/03		EUR	2,000,000	1.00	33.013
Balance at 12/31/04		EUR	2,000,000	1.00	33.013
Finsavi Srl in receivership (shares under attachment)	Palermo				
Balance at 12/31/03		EUR	192,400	-	50.000
Reduction of capital stock due to losses		EUR	(173,702)	-	-
Balance at 12/31/04		EUR	18,698	-	50.000

⁽¹⁾ Amounts in euros.⁽²⁾ Draft financial statements.^(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
345,192	36,000,000	-	36,000,000					
(345,192)	(36,000,000)	-	(36,000,000)					
-	-	-	-	-	-	-	-	na
1,291,000	5,957,546	(1,516,520)	4,441,026					
-	6,331,373	-	6,331,373					
(1,291,000)	(12,288,919)	1,516,520	(10,772,399)					
-	-	-	-	-	-	-	-	na
50,000	813	-	813					
50,000	813	-	813					
-	-	-	-	-	-	-	-	na
13,000	10,233	(10,232)	1					
-	(10,233)	10,232	(1)					
13,000	-	-	-					
-	-	-	-	-	-	-	-	na
20,000	-	-	-					
20,000	-	-	-					
-	-	-	-	-	-	-	-	na
705	308	-	308					
705	308	-	308					
-	-	-	-	-	-	-	-	na
1,000	1,000	-	1,000					
1,000	1,000	-	1,000					
-	-	-	-	-	-	-	-	na
576,520,000	800,534,250	-	800,534,250					
576,520,000	800,534,250	-	800,534,250	1,983,672,830	793,469,132	7,624,219	3,049,688	na
165,000	165,000	-	165,000					
165,000	165,000	-	165,000					
-	-	-	-	-	-	-	-	na
660,262	660,262	-	660,262					
660,262	660,262	-	660,262					
-	-	-	-	-	-	-	-	na
96,200	96,061	(96,060)	1					
(86,851)	-	-	-					
9,349	96,061	(96,060)	1					
-	-	-	-	-	-	-	-	na

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Equity Investments in Affiliated Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
GASCO Spa	Bressanone (BZ)				
Balance at 12/31/03		EUR	500,000	1.00	40.000
Balance at 12/31/04		EUR	500,000	1.00	40.000
Ibiritermo Sa (pledged shares)	Ibiritè (Brazil)				
Balance at 12/31/03		BRL	7,651,814	1.00	50.000
Balance at 12/31/04		BRL	7,651,814	1.00	50.000
Inica Sarl in liquidation	Lisbon (Portugal)				
Balance at 12/31/03		PTE	1,000,000	-	20.000
Balance at 12/31/04		PTE	1,000,000	-	20.000
Intergen Sidi Krir Generating Co.	Giza (Egypt)				
Balance at 12/31/03		EGP	408,000,000	34.00	39.000
Writedown		EGP	-	-	-
Balance at 12/31/04		EGP	408,000,000	34.00	39.000
International Water Holdings Bv	Amsterdam (Netherlands)				
Balance at 12/31/03		EUR	40,000	10.00	50.000
Balance at 12/31/04		EUR	40,000	10.00	50.000
Kraftwerke Hinterrhein (KHR) Ag	Thusis (Switzerland)				
Balance at 12/31/03		CHF	100,000,000	1,000.00	20.000
Balance at 12/31/04		CHF	100,000,000	1,000.00	20.000
Monteshell Bitumi Srl	Muggia (TS)				
Balance at 12/31/03		EUR	8,840,000	-	50.000
Disposal		EUR	(8,840,000)	-	(50.000)
Balance at 12/31/04		EUR	-	-	-
Prometeo Spa	Osimo (AN)				
Balance at 12/31/03		EUR	1,938,743	1.00	21.000
Balance at 12/31/04		EUR	1,938,743	1.00	21.000
Roma Energia Srl	Rome				
Balance at 12/31/03		EUR	50,000	-	35.000
Advance on future capital contributions		EUR	-	-	-
Balance at 12/31/04		EUR	50,000	-	35.000
Rosfid Srl in liquidation	Milan				
Balance at 12/31/03		L	46,000,000	-	42.285
Balance at 12/31/04		L	46,000,000	-	42.285
SAT Servizi Ambiente Territorio Spa	Sassuolo (MO)				
Balance at 12/31/03		EUR	27,752,560	5.17	40.000
Advance on future capital contributions		EUR	-	-	-
Balance at 12/31/04		EUR	27,752,560	5.17	40.000

⁽¹⁾ Amounts in euros.⁽²⁾ Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
200,000	200,000	-	200,000					
200,000	200,000	-	200,000	-	-	-	-	na
3,825,907	1,161,904	-	1,161,904					
3,825,907	1,161,904	-	1,161,904	-	-	-	-	na
200,000	1,138	(1,137)	1					
200,000	1,138	(1,137)	1	-	-	-	-	na
4,680,000	45,379,366	-	45,379,366					
-	-	(12,379,366)	(12,379,366)					
4,680,000	45,379,366	(12,379,366)	33,000,000	-	-	-	-	na
2,000	93,193,110	(72,534,613)	20,658,497					
2,000	93,193,110	(72,534,613)	20,658,497	-	-	-	-	na
20,000	11,362,052	-	11,362,052	(1)	(1)	(1)	(1)	
20,000	11,362,052	-	11,362,052	78,990,903	15,798,181	3,239,000	647,800	na
4,420,000	4,212,739	-	4,212,739					
(4,420,000)	(4,212,739)	-	(4,212,739)					
-	-	-	-	-	-	-	-	na
407,136	451,289	-	451,289					
407,136	451,289	-	451,289	-	-	-	-	na
17,500	262,500	-	262,500					
-	192,500	-	192,500					
17,500	455,000	-	455,000	-	-	-	-	na
19,451,000	1	-	1					
19,451,000	1	-	1	-	-	-	-	na
2,147,199	22,288,915	-	22,288,915					
-	775,000	-	775,000					
2,147,199	23,063,915	-	23,063,915	-	-	-	-	na

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Equity Investments in Affiliated Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Savitri Srl in liquidation	Muggia (TS)				
Balance at 12/31/03		EUR	2,856,000	-	50.000
Liquidation		EUR	(2,856,000)	-	(50.000)
Balance at 12/31/04		EUR	-	-	-
Sel-Edison	Castelbello (BZ)				
Balance at 12/31/03		EUR	84,798,000	1.0	42.000
Balance at 12/31/04		EUR	84,798,000	1.0	42.000
SIE Srl in liquidation	Acquaviva delle Fonti (BA)				
Balance at 12/31/03		EUR	46,800	-	50.000
Balance at 12/31/04		EUR	46,800	-	50.000
SI.LO.NE - Sistema logistico Nord Est Srl	Muggia (TS)				
Balance at 12/31/03		EUR	2,211,568	-	50.000
Advance on future capital contributions		EUR	-	-	-
Disposal		EUR	(2,211,568)	-	(50.000)
Balance at 12/31/04		EUR	-	-	-
Sidi Krir Operating Co Bv	Rotterdam (Netherlands)				
Balance at 12/31/03		NLG	100,000	1,000.00	39.000
Balance at 12/31/04		NLG	100,000	1,000.00	39.000
Sistemi di Energia Spa	Milan				
Balance at 12/31/03		EUR	10,500,000	1.00	37886
Balance at 12/31/04		EUR	10,500,000	1.00	37886
Società Gasdotti Algeria Italia - Galsi Spa	Milan				
Balance at 12/31/03		EUR	5,000,000	1.00	18.000
Advance on future capital contributions		EUR	-	-	-
Reduction of capital stock to cover losses through a reduction in share par value		EUR	(1,900,000)	(0.38)	-
Balance at 12/31/04		EUR	3,100,000	0.62	18.000
Total affiliated companies					

⁽¹⁾ Amounts in euros.

⁽²⁾ Draft financial statements.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements ⁽²⁾	Pro-rata interest in stock. equity	Net income in latest approved fin. statements ⁽²⁾	Pro-rata interest in net income	Fair value at 12/31/04
1,428,000 (1,428,000) -	1,370,824 (1,370,824) -	(1,370,823) 1,370,823 -	1 (1) -	-	-	-	-	na
35,615,160 35,615,160	35,615,160 35,615,160	- -	35,615,160 35,615,160	96,047,240	40,339,841	9,470,726	3,977,705	na
23,400 23,400	1 1	- -	1 1	-	-	-	-	na
1,105,784 - (1,105,784) -	21,523,858 5,396,912 (26,920,770) -	(17,266,818) - 17,266,818 -	4,257,040 5,396,912 (9,653,952) -	-	-	-	-	na
39 39	17,698 17,698	- -	17,698 17,698	-	-	-	-	na
3,978,004 3,978,004	4,063,732 4,063,732	(1,048,823) (1,048,823)	3,014,909 3,014,909	-	-	-	-	na
900,000 - - 900,000	900,000 302,400 - 1,202,400	- - - -	900,000 302,400 - 1,202,400	2,487,013	447,662	(1,641,034)	(295,386)	na
	1,017,624,460	(86,059,999)	931,564,461					

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LIST OF EQUITY INVESTMENTS (pursuant to Article 2427, Section 5, of the Italian Civil Code)

B.III - Financial Fixed Assets

Equity Investments in Other Companies

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
AEM Spa	Milan				
Balance at 12/31/03		EUR	936,024,648	0.52	5.100
Balance at 12/31/04		EUR	936,024,648	0.52	5.100
Agrobio Srl in liquidation	Sesto San Giovanni (MI)				
Balance at 12/31/03		EUR	10,000	-	10.000
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	10,000	-	10.000
Banca Popolare di Lodi soc. coop a r.l.	Lodi (MI)				
Balance at 12/31/03		EUR	862,227,726	3.00	0.023
Balance at 12/31/04		EUR	862,227,726	3.00	0.023
Blumet Spa	Reggio Emilia				
Balance at 12/31/03		EUR	7,600,000	1.00	17.942
Acquisitions		EUR	-	-	1.758
Balance at 12/31/04		EUR	7,600,000	1.00	19.700
Cersset Srl	Bari				
Balance at 12/31/03		EUR	116,241	-	0.061
Balance at 12/31/04		EUR	116,241	-	0.061
Cesi Spa	Milan				
Balance at 12/31/03		EUR	8,550,000	2.50	1.055
Balance at 12/31/04		EUR	8,550,000	2.50	1.055
Compagnia Paramatti Finanziaria Spa	Milan				
Balance at 12/31/03:					
- common shares		L	217,631,352	3.00	0.006
- nonconvertible savings shares		L	50,979,750	750.00	-
		L	268,611,102	-	0.005
Balance at 12/31/04:					
- common shares		L	217,631,352	3.00	0.006
- nonconvertible savings shares		L	50,979,750	750.00	-
		L	268,611,102	-	0.005
Consultec Srl in liquidation	Rome				
Balance at 12/31/03		EUR	10,200	-	8.000
Liquidation		EUR	(10,200)	-	(8.000)
Balance at 12/31/04		EUR	-	-	-
Costruttori Romani Riuniti Grandi Opere Spa	Rome				
Balance at 12/31/03		EUR	5,164,568	12,911.42	0.500
Balance at 12/31/04		EUR	5,164,568	12,911.42	0.500

⁽¹⁾ Amounts in euros.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements	Pro-rata interest in stock. equity	Net income in latest approved fin. statements	Pro-rata interest in net income	Fair value at 12/31/04
91,807,000	139,028,573	-	139,028,573					
91,807,000	139,028,573	-	139,028,573	-	-	-	-	na
1,000	1,000	-	1,000					
-	-	(999)	(999)					
1,000	1,000	(999)	1	-	-	-	-	na
66,260	369,612	-	369,612					
66,260	369,612	-	369,612	-	-	-	-	-
1,363,601	1,363,601	-	1,363,601					
133,618	133,618	-	133,618					
1,497,219	1,497,219	-	1,497,219	-	-	-	-	na
70	222	-	222					
70	222	-	222	-	-	-	-	na
36,065	145,072	(2,162)	142,910					
36,065	145,072	(2,162)	142,910	-	-	-	-	na
3,992	1	-	1					
-	-	-	-					
3,992	1	-	1					
3,992	1	-	1					
-	-	-	-					
3,992	1	-	1					
816	1	-	1					
(816)	(1)	-	(1)					
-	-	-	-	-	-	-	-	na
2	25,823	-	25,823					
2	25,823	-	25,823	-	-	-	-	na

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Equity Investments in Other Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Emittenti Titoli Spa	Milan				
Balance at 12/31/03		EUR	4,264,000	0.52	7.073
Disposal		EUR	-	-	-
Balance at 12/31/04		EUR	4,264,000	0.52	3.890
European Energy Exchange Ag - EEX	Leipzig (Germany)				
Balance at 12/31/03		EUR	40,050,000	1.00	0.749
Balance at 12/31/04		EUR	40,050,000	1.00	0.749
Finigure Spa (in bankruptcy)	Genoa				
Balance at 12/31/03		L.	6,261,874,080	3,135	0.035
Balance at 12/31/04		L.	6,261,874,080	3,135	0.035
Finutenti Spezia Srl	La Spezia				
Balance at 12/31/03		EUR	575,841	-	0.448
Balance at 12/31/04		EUR	575,841	-	0.448
Fornara Spa (under extraordinary administration)	Turin				
Balance at 12/31/03:					
- common shares		EUR	49,140,000	0.26	-
- preferred shares		EUR	3,235,700	0.26	0.001
		EUR	52,375,700	0.26	0.000
Balance at 12/31/04:					
- common shares		EUR	49,140,000	0.26	-
- preferred shares		EUR	3,235,700	0.26	0.001
		EUR	52,375,700	0.26	0.000
Gemina Spa	Milan				
Balance at 12/31/03:					
- common shares		EUR	364,477,312	1.00	0.934
- nonconvertible savings shares		EUR	3,762,768	1.00	-
		EUR	368,240,080	1.00	0.925
Balance at 12/31/04:					
- common shares		EUR	364,477,312	1.00	0.934
- nonconvertible savings shares		EUR	3,762,768	1.00	-
		EUR	368,240,080	1.00	0.925
Gerolimich Spa in liquidation	Milan				
Balance at 12/31/03:					
- common shares		EUR	62,417,088	0.30	0.000
- convertible savings shares		EUR	17,038,512	0.30	-
		EUR	79,455,600	0.30	0.000
Balance at 12/31/04:					
- common shares		EUR	62,417,088	0.30	0.000
- convertible savings shares		EUR	17,038,512	0.30	-
		EUR	79,455,600	0.30	0.000
Idroenergia Scrl	Aosta				
Balance at 12/31/03		EUR	774,000	-	0.067
Balance at 12/31/04		EUR	774,000	-	0.067

(1) Amounts in euros.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements	Pro-rata interest in stock. equity	Net income in latest approved fin. statements	Pro-rata interest in net income	Fair value at 12/31/04
580,000	299,494	489	299,983					
(261,000)	(135,720)	-	(135,720)					
319,000	136,774	489	164,263	-	-	-	-	na
300,000	660,000	-	660,000	-	-	-	-	na
300,000	660,000	-	660,000	-	-	-	-	na
700	1	-	1	-	-	-	-	na
700	1	-	1	-	-	-	-	na
2,582	2,582	-	2,582	-	-	-	-	na
2,582	2,582	-	2,582	-	-	-	-	na
-	-	-	-	-	-	-	-	-
63	77	-	77	-	-	-	-	-
63	77	-	77	-	-	-	-	-
-	-	-	-	-	-	-	-	-
63	77	-	77	-	-	-	-	-
63	77	-	77	-	-	-	-	-
3,405,735	6,054,334	(1,537,801)	4,516,533	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,405,735	6,054,334	-	4,516,533	-	-	-	-	-
3,405,735	6,054,334	(1,537,801)	4,516,533	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,405,735	6,054,334	(1,537,801)	4,516,533	-	-	-	-	-
20	4	-	4	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20	4	-	4	-	-	-	-	-
20	4	-	4	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20	4	-	4	-	-	-	-	-
516	516	-	516	-	-	-	-	-
516	516	-	516	-	-	-	-	-

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Equity Investments in Other Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Idrovie Ticino Milano Nord Venezia Spa in liquidation	Brescia				
Balance at 12/31/03		L.	509,370,000	10,000	2.146
Balance at 12/31/04		L.	509,370,000	10,000	2.146
Immobiliare Caprazucca Spa	Parma				
Balance at 12/31/03		EUR	7,517,948	0.43	0.003
Balance at 12/31/04		EUR	7,517,948	0.43	0.003
IPSE 2000 Spa	Rome				
Balance at 12/31/03		EUR	2,150,000,000	1.00	5.000
Reduction of capital stock through a reduction in share par value		EUR	(1,999,500,000)	(0.93)	-
Advance on future capital contributions		EUR	-	-	-
Acquisitions		EUR	-	-	2.91
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	150,500,000	0.070	7.91
Istituto Europeo di Oncologia Srl	Milan				
Balance at 12/31/03		EUR	106,500,000	-	5.361
Reduction of capital stock to cover losses		EUR	(49,194,618)	-	-
Writedown		EUR	-	-	-
Balance at 12/31/04		EUR	57,305,382	-	5.361
Istituto Immobiliare di Catania Istica Spa	Catania				
Balance at 12/31/03		EUR	6,200,000	3.10	0.058
Balance at 12/31/04		EUR	6,200,000	3.10	0.058
Istituto per l'Enciclopedia della Banca e della Borsa Spa	Rome				
Balance at 12/31/03		EUR	502,116	1.55	0.926
Balance at 12/31/04		EUR	502,116	1.55	0.926
Istud Spa	Milan				
Balance at 12/31/03		EUR	1,136,212	516.46	0.682
Balance at 12/31/04		EUR	1,136,212	516.46	0.682
I.S.V.E.UR. Spa	Rome				
Balance at 12/31/03		EUR	562,000	224.80	1.000
Change in par value of shares					
		EUR	1,938,000	775.20	-
Balance at 12/31/04		EUR	2,500,000	1,000.000	1.000
Mandelli Spa (under extraordinary administration)	Piacenza				
Balance at 12/31/03		EUR	10,200,000	0.51	0.000
Balance at 12/31/04		EUR	10,200,000	0.51	0.000
Megs Akdeniz Elektrik Uretim Hizmetleri Limited in liq.	Kosekoy - Izmit (Turkey)				
Balance at 12/31/03		TRL	30,000,000,000	25,000,000.00	1.000
Balance at 12/31/04		TRL	30,000,000,000	25,000,000.00	1.000
Nomisma - Società di studi economici Spa	Bologna				
Balance at 12/31/03		EUR	5,345,328	0.37	2.215
Balance at 12/31/04		EUR	5,345,328	0.37	2.215
Pro.Cal Scrl (in bankruptcy)	Naples				
Balance at 12/31/03		L	500,000,000	-	4.348
Balance at 12/31/04		L	500,000,000	-	4.348

(1) Amounts in euros.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements	Pro-rata interest in stock. equity	Net income in latest approved fin. statements	Pro-rata interest in net income	Fair value at 12/31/04
1,093	1	-	1					
1,093	1	-	1					
546	1	-	1					
546	1	-	1					
107,500,000	133,561,688	(125,426,073)	8,135,615					
-	-	-	-					
-	7,908,486	-	7,908,486					
62,565,000	278,416	-	278,416					
-	-	(16,000,000)	(16,000,000)					
170,065,000	141,748,590	(141,426,073)	322,517	-	-	-	-	na
5,709,600	7,384,581	(3,713,525)	3,671,056					
(2,637,386)	-	-	-					
-	-	(550,686)	(550,686)					
3,072,214	7,384,581	(4,264,211)	3,120,370	-	-	-	-	na
1,150	1	-	1					
1,150	1	-	1	-	-	-	-	na
3,000	8,615	-	8,615					
3,000	8,615	-	8,615					
15	6,468	-	6,468					
15	6,468	-	6,468					
25	32,336	(26,716)	5,620					
-	-	-	-					
25	32,336	(26,716)	5,620	-	-	-	-	na
11	13	-	13					
11	13	-	13					
12	1,280	-	1,280					
12	1,280	-	1,280	-	-	-	-	na
320,000	633,735	(154,262)	479,473					
320,000	633,735	(154,262)	479,473	-	-	-	-	na
21,739,000	11,228	-	11,228					
21,739,000	11,228	-	11,228	-	-	-	-	na

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Equity Investments in Other Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
PRO.CALMI Srl in liquidation	Milan				
Balance at 12/31/03		EUR	51,000	-	15.330
Distribution upon liquidation		EUR	-	-	-
Balance at 12/31/04		EUR	51,000	-	15.330
RCS Mediagroup Spa	Milan				
Balance at 12/31/03:					
- common shares		EUR	732,359,407	1.00	1.001
- azioni di risparmio non convertibili		EUR	29,349,593	1.00	-
		EUR	761,709,000	1.00	0.963
Balance at 12/31/04:					
- common shares		EUR	732,669,457	1.00	1.001
- nonconvertible savings shares		EUR	29,349,593	1.00	-
		EUR	762,019,050	1.00	0.962
R.E.A. (Regional Energy Agency) Spa	Florence				
Balance at 12/31/03		EUR	-	-	-
Acquisition		EUR	518,000	518.00	1.000
Balance at 12/31/04		EUR	518,000	518.00	1.000
Reggente Spa	Lucera (FG)				
Balance at 12/31/03		EUR	260,000	0.52	5.209
Balance at 12/31/04		EUR	260,000	0.52	5.209
Sago Spa	Florence				
Balance at 12/31/03		EUR	439,875	2.07	2.635
Capital stock increase		EUR	536,130	-	-
Balance at 12/31/04		EUR	976,005	2.07	1.188
Sant'Angelo Srl in liquidation	Padua				
Balance at 12/31/03		EUR	10,200	-	16.670
Balance at 12/31/04		EUR	10,200	-	16.670
Servizi Territoriali Est Trentino - STET Spa	Pergine V. (TN)				
Balance at 12/31/03		EUR	21,400,000	1.00	0.122
Capital stock increase		EUR	1,039,400	-	-
Balance at 12/31/04		EUR	22,439,400	1.00	0.116
Sirio	Turin				
Balance at 12/31/03		EUR	-	-	-
Contribution upon merger of Sogetel Spa		EUR	56,364	-	0.551
Balance at 12/31/04		EUR	56,364	-	0.551
Sistemi Formativi Confindustria Scpa	Rome				
Balance at 12/31/03		EUR	236,022	516.46	6.565
Balance at 12/31/04		EUR	236,022	516.46	6.565
Soc.Gen.Imm. SOGENE Spa in liquidation	Rome				
Balance at 12/31/03		EUR	19,026,230	0.36	17,252
Writeoff of capital stock		EUR	(19,026,230)	(0.36)	(17,252)
Replenishment of unsubscribed capital stock		EUR	120,000	1.00	-
Balance at 12/31/04		EUR	-	-	-

(1) Amounts in euros.

(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements	Pro-rata interest in stock. equity	Net income in latest approved fin. statements	Pro-rata interest in net income	Fair value at 12/31/04
7,818	3,506	-	3,506					
-	(3,505)	-	(3,505)					
7,818	1	-	1	-	-	-	-	na
7,333,157	23,856,311	(13,840,207)	10,016,104					
-	-	-	-					
7,333,157	23,856,311	(13,840,207)	10,016,104					
7,333,157	23,856,311	(13,840,207)	10,016,104					-
-	-	-	-					
7,333,157	23,856,311	(13,840,207)	10,016,104	-	-	-	-	-
-	-	-	-					
10	1,295	-	1,295					
10	1,295	-	1,295	-	-	-	-	na
26,043	13,450	-	13,450					
26,043	13,450	-	13,450	-	-	-	-	na
5,600	15,260	-	15,260					
-	-	-	-					
5,600	15,260	-	15,260					
1,700	1	-	1					
1,700	1	-	1	-	-	-	-	na
26,063	25,823	-	25,823					
-	-	-	-					
26,063	25,823	-	25,823	-	-	-	-	na
-	-	-	-					
310.52	27	-	27					
310.52	27	-	27	-	-	-	-	na
30	15,494	-	15,494					
30	15,494	-	15,494	-	-	-	-	na
9,117,648	1	-	1					
(9,117,648)	(1)	-	(1)					
-	-	-	-					
-	-	-	-	-	-	-	-	na

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Equity Investments in Other Companies (continued)

Company	Head office	Capital stock			% interest held
		Currency	Amount	Par value per share	
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome				
Balance at 12/31/03		EUR	154,950	51.65	12.600
Balance at 12/31/04		EUR	154,950	51.65	12.600
Trentino Servizi Spa - TS Spa	Rovereto (TN)				
Balance at 12/31/03		EUR	220,942,079	1.00	0.010
Capital stock increase		EUR	3,848,080	1.00	-
Balance at 12/31/04		EUR	224,790,159	1.00	0.010
Unione Manifatture Spa in liquidation	Milan				
Balance at 12/31/03		EUR	117,248,793	1.57	0.000
Balance at 12/31/04		EUR	117,248,793	1.57	0.000
3 R Associati Spa	Bergamo				
Balance at 12/31/03		EUR	7,392,102	1.00	0.179
Reduction of capital stock due to losses		EUR	(7,382,102)	1.00	-
Balance at 12/31/04		EUR	10,000	1.00	0.179
Total other companies					
Total equity investments					

⁽¹⁾ Amounts in euros.

^(*) Company subject to the oversight and coordination of Edison Spa.

No. of shares or par value of partnership interests held	Cost ⁽¹⁾	Permanent changes in value ⁽¹⁾	Net carrying value ⁽¹⁾	Stockhold. equity in latest approved fin. statements	Pro-rata interest in stock. equity	Net income in latest approved fin. statements	Pro-rata interest in net income	Fair value at 12/31/04
378	325,005	(325,004)	1					
378	325,005	(325,004)	1	-	-	-	-	na
22,250	25,823	-	25,823					
-	-	-	-					
22,250	25,823	-	25,823	-	-	-	-	na
12	7	-	7					
12	7	-	7					
13,290	387,343	-	387,343					
17,98	387,343	-	387,343	-	-	-	-	na
	327,441,498	(161,576,946)	160,864,552					
	3,776,941,237	(968,997,043)	2,807,944,194					

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Table B.III.3) Financial Fixed Assets – Other Securities

Company	Issuer's country	Currency	Interest held	No. of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value
Deutsche Bank Dinerplus FIAMM								
Balance at 12/31/03		EUR		1	1,923,239	-	1,923,239	-
Balance at 12/31/04		EUR	-	1	1,923,239	-	1,923,239	na
Total other securities		-	-	-	1,923,239	-	1,923,239	

C.III) FINANCIAL ASSETS NOT HELD AS FIXED ASSETS**C.III.2) Equity Investments in Affiliated Companies**

Company	Head office	Capital stock		% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount						
Syremont Spa	Messina								
Balance at 12/31/03		EUR	750,000	1.00	40,000	300,000	400.00	-	400.00
Balance at 12/31/04		EUR	750,000	1.00	40,000	300,000	400.00	-	400.00
Total equity investments in affiliated companies						400.00	-	400.00	-

C.III.4) Other Equity Investments

Company	Head office	Capital stock			% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount	Par value per share						
Acea Spa Rome										
Balance at 12/31/03	EUR	1,098,898,884	5.16	0.597	1,270,450	13,750,688.26	(7,233,279.76)	6,517,408.50		
Disposal	EUR	-	-	(0.423)	(900,000)	(9,741,130.65)	5,124,130.65	4,617,000.00		
Upward value adjustment	EUR	-	-	-	-	-	1,067,636.90	1,067,636.90		
Balance at 12/31/04	EUR	1,098,898,884	5.16	0.174	370,450	4,009,557.61	(1,041,512.21)	2,968,045.40	2,968,045.40	
Acegas - APS Spa Trieste										
Balance at 12/31/03	EUR	282,983,213	5.16	1.298	712,000	7,466,305.86	(3,808,049.86)	3,658,256.00		
Upward value adjustment	EUR	-	-	-	-	-	2,858,680.00	2,858,680.00		
Balance at 12/31/04	EUR	282,983,213	5.16	1.298	712,000	7,466,305.86	(949,369.86)	6,516,936.00	6,516,936.00	
ACSM Spa Como										
Balance at 12/31/03	EUR	37,496,500	1.00	3.968	1,488,000	5,359,999.53	(2,947,951.53)	2,412,048.00		
Upward value adjustment	EUR	-	-	-	-	-	1,365,984.00	1,365,984.00		
Balance at 12/31/04	EUR	37,496,500	1.00	3.968	1,488,000	5,359,999.53	(1,581,967.53)	3,778,032.00	3,778,032.00	
American Superconductor Corp. Westborough (USA)										
Balance at 12/31/03	Usd	19,128,000	1.00	0.836	160,000	4,975,111.08	(3,219,291.60)	1,755,819.48		
Writedown	Usd	-	-	-	-	-	(6,699.48)	(6,699.48)		
Balance at 12/31/04	Usd	19,128,000	1.00	0.836	160,000	4,975,111.08	(31,225,991.08)	1,749,120.00	1,749,120.00	
Azienda Mediterranea Gas e Acqua Spa Genoa										
Balance at 12/31/03	EUR	169,525,200	0.52	3.000	9,780,301	22,421,655.74	(12,602,233.54)	9,819,422.20		
Disposal	EUR	-	-	-	(1)	(1.14)	-	(1.14)		
Upward value adjustment	EUR	-	-	-	-	-	4,401,135.00	4,401,135.00		
Balance at 12/31/04	EUR	169,525,200	0.52	3.000	9,780,300	22,421,654.60	(8,201,098.54)	14,220,556.06	14,220,556.06	
Assicurazioni Generali Spa Trieste										
Balance at 12/31/03	EUR	1,275,999,458	1.00	0.000	2	81.47	(39.47)	42.00		
Disposal	EUR	(1,275,999,458)	(1.00)	(0.000)	(2)	(81.47)	39.47	(42.00)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Autogrill Spa Novara										
Balance at 12/31/03	EUR	132,288,000	0.52	0.000	1	6.77	-	6.77		
Disposal	EUR	(132,288,000)	(0.52)	(0.000)	(1)	(6.77)	-	(6.77)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Banco Popolare di Verona e Novara Verona										
Balance at 31,12,2002	EUR	1,332,452,174	3.60	0.000	14	158.05	-	158.05		
Disposal	EUR	(1,332,452,174)	(3.60)	(0.000)	(14)	(158.05)	-	(158.05)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Bulgari Spa Rome										
Balance at 12/31/03	EUR	20,487,177	0.07	0.000	1	5.05	-	5.05		
Disposal	EUR	(20,487,177)	(0.07)	(0.000)	(1)	(5.05)	-	(5.05)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		

C.III.4) Other Equity Investments (continued)

Company	Head office	Capital stock			% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount	Par value per pshare						
Camfin - Cam Finanziaria Spa Pero (MI)										
Balance at 12/31/03	EUR	50,651,623	0.52	0.055	53,974	80,014.30	-	80,014.30		
Upward value adjustment	EUR	-	-	-	-	-	46,392.81	46,392.81		
Balance at 12/31/04	EUR	50,651,623	0.52	0.055	53,974	80,014.30	46,392.81	126,407.11	126,407.11	
Compagnia Assicuratrice Unipol Spa Bologna										
Balance at 12/31/03:										
- common shares	EUR	576,978,584	1.00	-	-	-	-	-	-	
- preferred shares	EUR	329,251,547	1.00	0.000	220	333.92	-	333.92		
	EUR	906,230,131	1.00	0.000	220	333.92	-	333.92		
Disposal:										
- common shares	EUR	576,978,584	1.00	-	-	-	-	-	-	
- preferred shares	EUR	329,251,547	1.00	(0.000)	(220)	(333.92)	-	(333.92)		
	EUR	906,230,131	1.00	(0.000)	(220)	(333.92)	-	(333.92)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- preferred shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	
ENI Spa Rome										
Balance at 12/31/03	EUR	4,001,116,976	1.00	0.000	2	32.78	(2.86)	29.92		
Disposal	EUR	(4,001,116,976)	(1.00)	(0.000)	(2)	(32.78)	2.86	(29.92)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-	-	
FIAT Spa Turin										
Balance at 12/31/03:										
- common shares	EUR	4,002,087,990	5.00	0.000	1	39.99	(33.91)	6.08		
- preferred shares	EUR	516,461,550	5.00	-	-	-	-	-		
- savings shares	EUR	399,564,000	5.00	-	-	-	-	-		
	EUR	4,918,113,540	5.00	0.000	1	39.99	(33.91)	6.08		
Disposals:										
- common shares	EUR	4,002,087,990	5.00	(0.000)	(1)	(39.99)	(33.91)	6.08		
- preferred shares	EUR	516,461,550	5.00	-	-	-	-	-		
- savings shares	EUR	399,564,000	5.00	-	-	-	-	-		
	EUR	4,918,113,540	5.00	(0.000)	(1)	(39.99)	33.91	(39.99)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- preferred shares	EUR	-	-	-	-	-	-	-	-	
- savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	
Fondiarìa - SAI Spa Florence										
Balance at 12/31/03:										
- common shares	EUR	128,729,892	1.00	0.038	48,308	3,057,320.35	(2,395,597.37)	661,722.98		
- nonconvertible savings shares	EUR	41,790,201	1.00	-	-	-	-	-		
	EUR	170,517,093	1.00	0.028	48,308	3,057,320.35	(2,395,597.37)	661,722.98		
Disposals:										
- common shares	EUR	128,729,892	-	-	(48,308)	(3,057,320.35)	2,395,597.37	(661,722.98)		
- nonconvertible savings shares	EUR	41,790,201	-	-	-	-	-	-		
	EUR	170,517,093	-	-	(48,308)	(3,057,320.35)	2,395,597.37	(661,722.98)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- nonconvertible savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	

C.III.4) Other Equity Investments (continued)

Company	Head office	Capital stock			% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount	Par value per share						
Warrant Fondiaria - SAI										
6/30/05 - 6/30/08										
Balance at 12/31/03	EUR	-	-	2.893	818,523	3,118,573.26	(1,467,606.00)	1,650,967.26		
Disposals	EUR	-	-	(2.893)	(818,523)	(3,118,573.26)	1,467,606.00	(1,650,967.26)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Fonds Commun de Placement a Risques Partenaires "A"										
	Paris									
Balance at 12/31/03	EUR	2,561,149	15.31	1.494	2,500	40,186.62	-	40,186.62		
Disposals	EUR	(2,561,149)	(15.31)	(1.494)	(2,500)	(40,186.62)	-	(40,186.62)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Gewiss Spa										
	Cenate Sotto (BG)									
Balance at 12/31/03	EUR	60,000,000	0.50	0.000	3	17.34	(6.54)	10.80		
Disposals	EUR	(60,000,000)	(0.50)	(0.000)	(3)	(17.34)	6.54	(10.80)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
IMA - Industria Macchine Automatiche Spa										
	Ozzano dell'Emilia (BO)									
Balance at 12/31/03	EUR	18,772,000	0.52	0.000	1	6.87	-	6.87		
Disposals	EUR	(18,772,000)	(0.52)	(0.000)	(1)	(6.87)	-	(6.87)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Mediobanca Banca di Credito Finanziario Spa										
	Milan									
Balance at 12/31/03	EUR	389,275,208	0.50	0.000	1	9.97	(1.37)	8.60		
Disposals	EUR	(389,275,208)	(0.50)	(0.000)	(1)	(9.97)	1.37	(8.60)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-		
Pirelli & C. Spa (form.Pirelli Spa)										
	Milan									
Balance at 12/31/03:										
- common shares	EUR	1,729,321,896	0.52	0.000	1	12.23	(11.42)	0.81		
- nonconvertible savings shares	EUR	70,077,503	0.52	-	-	-	-	-		
	EUR	1,799,399,399	0.52	0.000	1	12.23	(11.42)	0.81		
Disposals:										
- common shares	EUR	1,729,321,896	0.52	(0.000)	(1)	(12.23)	11.42	(0.81)		
- nonconvertible savings shares	EUR	70,077,503	0.52	-	-	-	-	-		
	EUR	1,799,399,399	0.52	(0.000)	(1)	(12.23)	11.42	(0.81)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-		
- nonconvertible savings shares	EUR	-	-	-	-	-	-	-		
	EUR	-	-	-	-	-	-	-		

C.III.4) Other Equity Investments (continued)

Company	Head office	Capital stock			% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount	Par value per pshare						
RAS Spa	Milan									
Balance at 12/31/03:										
- common shares	EUR	402,532,196	0.60	0.000	1	10.74	-	10.74		
- savings shares	EUR	804,006	0.60	-	-	-	-	-		
	EUR	403,336,202	0.60	0.000	1	10.74	-	10.74		
Disposals:										
- common shares	EUR	402,298,752	0.60	(0.000)	(1)	(10.74)	-	(10.74)		
- savings shares	EUR	804,006	0.60	-	-	-	-	-		
	EUR	403,336,202	0.60	(0.000)	(1)	(10.74)	-	(10.74)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	
Saes Getters Spa	Lainate (MI)									
Balance at 12/31/03:										
- common shares	EUR	7,214,964	0.52	0.000	1	8.73	-	8.73		
- nonconvertible savings shares	EUR	5,005,036	0.52	-	-	-	-	-	-	
	EUR	12,220,000	0.52	0.000	1	8.73	-	8.73		
Disposals:										
- common shares	EUR	7,214,964	0.52	(0.000)	(1)	(8.73)	-	(8.73)		
- nonconvertible savings shares	EUR	5,005,036	0.52	-	-	-	-	-	-	
	EUR	12,220,000	0.52	(0.000)	(1)	(8.73)	-	(8.73)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- nonconvertible savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	
SNIA Spa	Milan									
Balance at 12/31/03	EUR	590,117,322	1.00	0.000	1	14.19	(12.22)	1.97		
Disposal	EUR	(590,117,322)	(1.00)	(0.000)	(1)	(14.19)	12.22	(1.97)		
Balance at 12/31/04	EUR	-	-	-	-	-	-	-	-	
Telecom Italia Spa	Milan									
Balance at 12/31/03:										
- common shares	EUR	5,657,884,011	0.55	0.000	7	70.29	(53.84)	16.45		
- nonconvertible savings shares	EUR	3,187,756,588	0.55	-	-	-	-	-	-	
	EUR	8,845,640,599	-	-	7	70.29	(53.84)	16.45		
Disposals:										
- common shares	EUR	5,657,884,011	0.55	(0.000)	(7)	(70.29)	53.84	(16.45)		
- nonconvertible savings shares	EUR	3,187,756,588	0.55	-	-	-	-	-	-	
	EUR	8,845,640,599	-	-	(7)	(70.29)	53.84	(16.45)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- nonconvertible savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	

C.III.4) Other Equity Investments (continued)

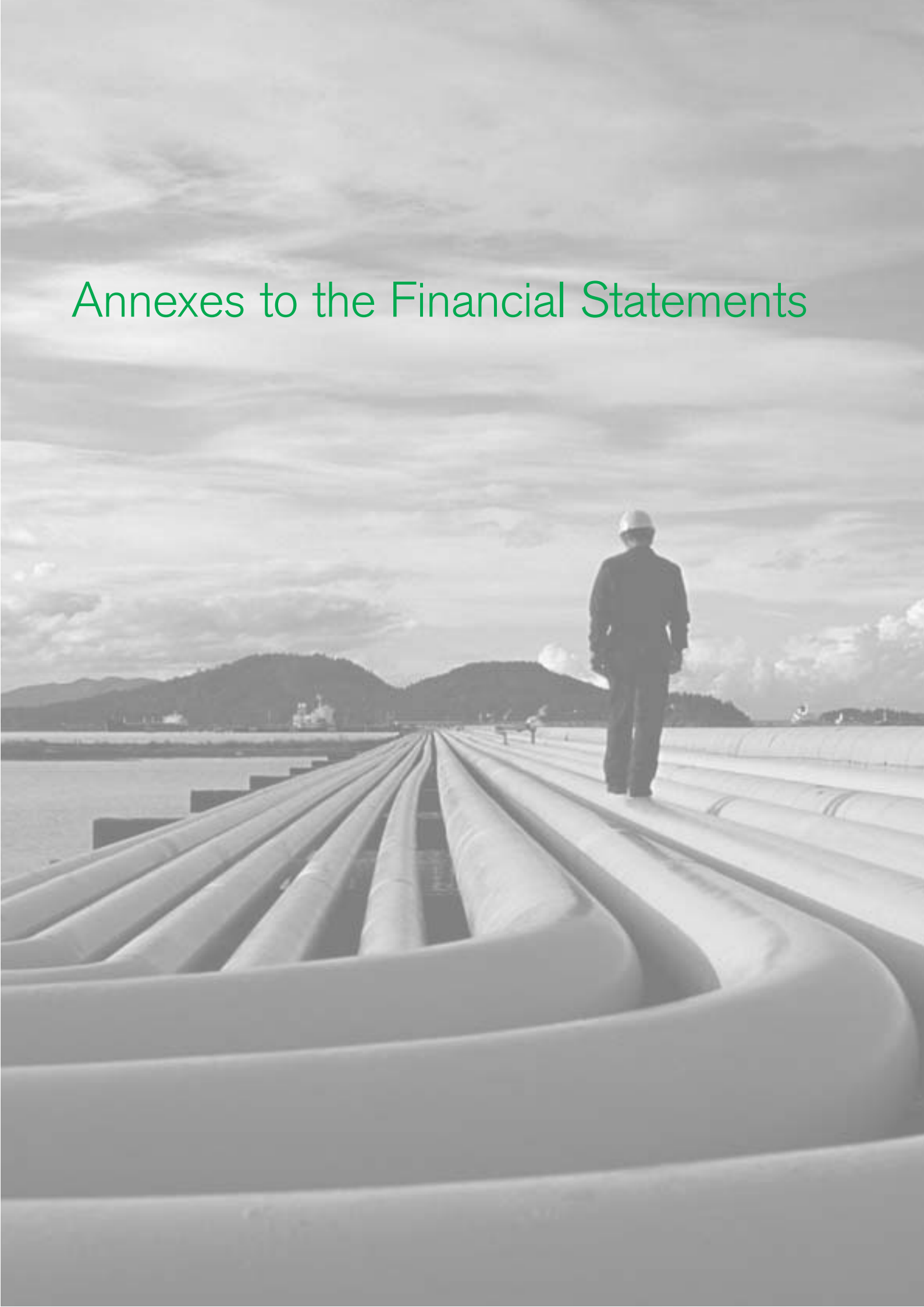
Company	Head office	Capital stock			% interest held	Number of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value at 12/31/04
		Curr.	Amount	Par value per share						
Vincenzo Zucchi Spa	Milan									
Balance at 12/31/03:										
- common shares	EUR	24,376,800	1.00	0.000	1	7.44	(3.34)	4.10		
- savings shares	EUR	3,427,403	1.00	-	-	-	-	-		
	EUR	27,804,203	1.00	0.000	1	7.44	(3.34)	4.10		
Disposals:										
- common shares	EUR	24,376,800	1.00	0.000	(1)	(7.44)	3.34	(4.10)		
- savings shares	EUR	3,427,403	1.00	-	-	-	-	-		
	EUR	27,804,203	1.00	(0.000)	(1)	(7.44)	3.34	(4.10)		
Balance at 12/31/04:										
- common shares	EUR	-	-	-	-	-	-	-	-	
- savings shares	EUR	-	-	-	-	-	-	-	-	
	EUR	-	-	-	-	-	-	-	-	
Total equity investments not held as fixed assets						44,312,642.98	(14,953,546.41)	29,359,096.57	29,359,096.57	

C.III.5) Other Securities

Company	Issuer's country	Currency	No. of shares or partnership interests held	Cost	Permanent changes in value	Net carrying value	Fair value
CCT (Italian Treasury paper) 1/1/97/07							
Balance at 12/31/03		EUR	2,104,000	2,104,000	-	2,104,000	-
Disposal		EUR	(2,104,000)	(2,104,000)	-	(2,104,000)	-
Balance at 12/31/04		EUR	-	-	-	-	-
Total other securities			-	-	-	-	-

Milan, March 16, 2005
The Board of Directors
by the Chairman (Umberto Quadrino)

Annexes to the Financial Statements



FINANCIAL HIGHLIGHTS OF THE PRINCIPAL SUBSIDIARIES

Tecnimont Spa

Registered office:	Milan	
Capital stock:	52,000,000 euros	
% interest held:	Edison Spa	100%
<i>(in thousands of euros)</i>		
	12/31/04	12/31/03
Net revenues	491,734	475,228
Value added	79,207	66,747
EBITDA	25,972	19,160
EBIT	24,188	16,858
Income before extraordinary items and taxes	24,848	16,879
Income before taxes	25,736	29,627
Net income (loss)	13,727	17,236
Fixed assets	24,068	26,121
Net working capital	(47,812)	(7,545)
Invested capital, net of operating liabilities	(23,744)	18,576
Reserve for employee severance indemnities	(15,177)	(13,977)
Net invested capital	(38,921)	4,599
Stockholders' equity	80,859	67,133
Net borrowings (liquid assets)	(119,780)	(62,534)

Edison Trading Spa

Registered office:	Milan	
Capital stock:	30,000,000 euros	
% interest held:	Edison Spa	100%
<i>(in thousands of euros)</i>		
	12/31/04	12/31/03
Net revenues	1,531,614	91,528
Value added	70,035	2,117
EBITDA	65,688	(1,108)
EBIT	65,688	(1,108)
Income before extraordinary items and taxes	65,476	2,259
Income before taxes	65,768	2,266
Net income (loss)	41,085	1,356
Fixed assets	-	-
Net working capital	60,836	5,232
Invested capital, net of operating liabilities	60,836	5,232
Reserve for employee severance indemnities	(433)	(340)
Net invested capital	60,403	4,892
Stockholders' equity	71,361	31,564
Net borrowings (liquid assets)	(10,958)	(26,672)

Edison Energia Spa

Registered office:	Milan	
Capital stock:	22,000,000 euros	
% interest held:	Edison Spa	100%
<i>(in thousands of euros)</i>	12/31/04	12/31/03
Net revenues	1,380,016	1,539,573
Value added	69,288	24,853
EBITDA	62,983	16,418
EBIT	62,983	13,902
Income before extraordinary items and taxes	58,335	11,703
Income before taxes	59,732	11,064
Net income (loss)	33,919	5,111
Fixed assets	-	100
Net working capital	40,248	40,322
Invested capital, net of operating liabilities	40,248	40,422
Reserve for employee severance indemnities	(1,043)	(1,005)
Net invested capital	39,204	39,417
Stockholders' equity	76,979	42,745
Net borrowings (liquid assets)	(37,775)	(3,328)

Edison Rete Spa

Registered office:	Milan	
Capital stock:	106,778,200 euros	
% interest held:	Edison Spa	100%
<i>(in thousands of euros)</i>	12/31/04	12/31/03
Net revenues	43,674	45,243
Value added	33,385	37,897
EBITDA	28,533	33,156
EBIT	17,979	23,713
Income before extraordinary items and taxes	16,142	22,061
Income before taxes	16,532	22,158
Net income (loss)	10,016	13,019
Fixed assets	207,614	208,221
Net working capital	24,339	21,865
Invested capital, net of operating liabilities	231,953	230,086
Reserve for employee severance indemnities	(3,238)	(3,271)
Net invested capital	228,715	226,814
Stockholders' equity	172,689	167,495
Net borrowings (liquid assets)	56,026	59,320

Report of the Independent Auditors



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW
DECREE NO. 58 DATED 24 FEBRUARY 1998**

To the shareholders of
EDISON SpA

1. We have audited the financial statements of EDISON SpA as of 31 December 2004. These financial statements are the responsibility of EDISON's directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 13 April 2004.

3. In our opinion, the financial statements of EDISON SpA as of December 31, 2004 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Company.

4. Without qualifying our opinion, we wish to highlight the following:
- a) As disclosed in detail in the directors' report and in the notes to the financial statements, following several extraordinary merger operations which took place during the period, values relating to 2004 are not comparable to 2003 values.
 - b) The Company accounts for leases by charging lease payments to the income statement; these transactions being finance leases, the effects that would have been generated if the Company had applied lease accounting in accordance with IAS 17 revised are disclosed in the notes to the financial statements.
 - c) Pursuant to Legislative Decree No. 6/03 (reform of company law), the Company has eliminated all fiscal interference, reversing additional depreciation posted in prior years for tax purposes; the related effects are disclosed in the notes to the financial statements.

Milan, 4 April 2005

PricewaterhouseCoopers SpA

Marco Sala
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the financial statements referred to in this report.

This document is also available on the
Company website: www.edison.it

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