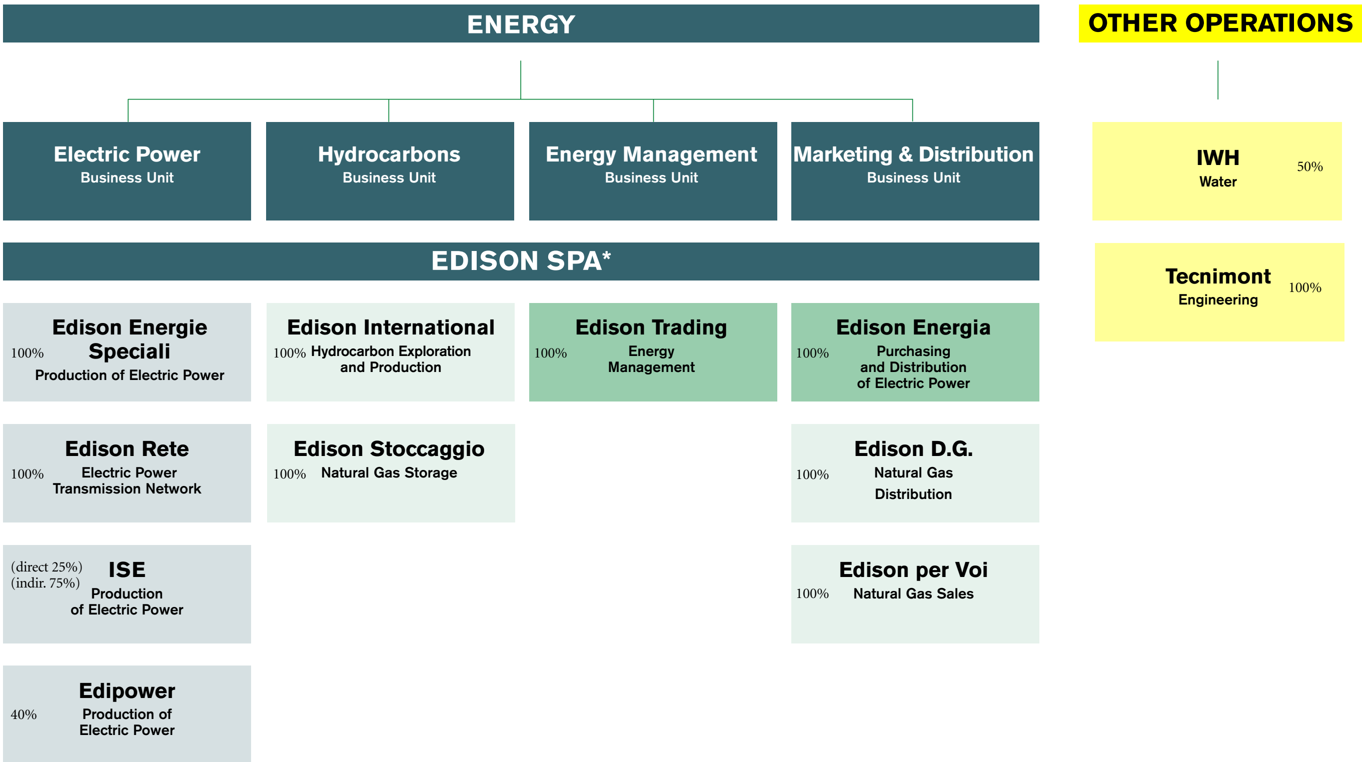
QUARTERLY REPORT AT SEPTEMBER 30, 2004

Contents

This Quarterly Report was the subject of a limited audit in accordance with procedures agreed upon with the Company.

I) STRUCTURE OF THE GROUP AND KEY EVENTS

Simplified Structure of the Group at September 30, 2004



Electric Power Business Unit

Hydrocarbons Business Unit

Electric Power Business Unit/Hydrocarbons Business Unit

(*) Edison Spa, through its Business Units, is directly engaged in the production of electric power from hydroelectric and thermoelectric power plants, and produces, imports and distributes hydrocarbon products.

Note: Edison Spa owns directly a 25% interest in ISE, it purchased from Ilva (a Riva Group company) on July 9, 2004. The remaining 75% is owned indirectly by Finel Spa, a 60% subsidiary of Edison Spa.
Edipower is an affiliated company valued by the equity method.

Key Events

Third Quarter

Edison Completes the Issuance of 500 Million Euros in Debt Securities

During the first half of July, acting in accordance with a resolution approved by the Board of Directors on June 15, 2004, Edison completed the placement of 500 million euros in debt securities. The offering was oversubscribed by more than three times. The issuance of these seven-year securities, which pay interest quarterly at a variable rate of 60 basis points above the three-month Euribor, produced a further improvement in the Group's liquidity profile (its indebtedness is fully refinanced through 2006), improved the ratio of bonds payable to bank debt (now about 60-40) and lengthened the average maturity of its indebtedness (average life extended to 4.3 years).

A Tecnimont Affiliate Wins a Contract for an LNG Terminal in France

Also during the first half of July, Gaz de France awarded a contract to build an LNG regasification terminal in Fos Cavaou, near Marseille, to a joint venture formed by Sofregaz (Tecnimont), Saipem (Eni) and Technigaz (Eni affiliate).
The portion of the contract attributable to Sofregaz (the lead partner in the joint venture) amounts to about 180 million euros.

Edison Buys Ilva's 25% Interest in ISE

On July 9, 2004, Edison Spa and Ilva Spa closed on an agreement they had executed at the end of May in which Edison bought a 25% minority interest that Ilva held in Iniziative Sviluppo Energie Spa (ISE). The transaction was valued at 210 million euros, but the price actually paid was 145 million euros, after Ilva received 65 million euros for its share of a distribution of reserves.

The merger of ISE into Edison is approved

On July 28, Edison's Board of Directors and ISE's Stockholders' Meeting approved the merger by absorption of Ise into Edison. For reporting and tax purposes, the merger will be effective as of January 1, 2004. Edison already owns 25% of ISE, which it purchased from Ilva on July 9, 2004. The acquisition of the remaining 75% from Finel, which has already been approved by the corporate governance bodies of both companies, will be completed prior to the execution of the deed of merger.
Edison has also agreed to grant EDF the option of requesting the redemption of its investment in Finel (40%) in a manner agreeable to both parties and at a price consistent with the value of Finel's stockholders' equity on the date the request is made. However, this option may not be exercised before June 30, 2005 (unless EDF ceases to be a stockholder of Italenergia Bis and Edison prior to that date) or after December 31, 2006, and may not be transferred to a third party should EDF decide to sell its 40% interest in Finel.

Edison Sells Its Gas Transmission Network

On July 30, Edison signed a contract selling its investments in Edison T&S (previously demerged upon the separation of the storage operations) and in its SGM subsidiary to the Clessidra Sgr Italian private equity fund. The assets subject of the sale, which closed on September 7, 2004, include the Cellino network, a 1,300-km high-pressure gas transmission system the Collalto gas pipeline in the Veneto region, the Garaguso network in the Basilicata region, the Cirò network in the Calabria region, the Comiso network in Sicily, and the SGM network that connects Latium and Puglia. When the deconsolidation of assigned debt is included, this transaction, which closed for a cash price of about 169 million euros, improved the Group's net financial position by 197 million euros.

The Contract Merging Bussi, Caffaro, Savim, Sogetel and Vega Oil into Edison Is Signed

The instrument setting forth the merger of these wholly owned subsidiaries into their parent company, Edison Spa, was signed on July 31, 2004. The respective merger proposals had been approved in May.

II) FINANCIAL HIGHLIGHTS

Edison Group – Cumulative Data at September 30, 2004

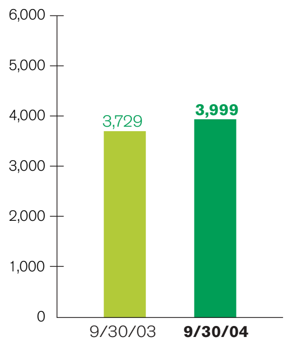
2003 full year		9 months 2004	9 months 2003	% change	Core Businesses 9 months 2004	Core Businesses 9 months 2003	Core Businesses % change
Edison Group							
6,287	Net revenues	4,632	4,533	2.2%	3,999	3,729	7.2%
1,103	EBITDA	909	800	13.6%	889	801	11.0%
17.5%	as a % of net revenues	19.6%	17.6%		22.2%	21.5%	
415	EBIT	439	277	58.5%	423	315	34.3%
6.6%	as a % of net revenues	9.5%	6.1%		10.6%	8.4%	
(283)	Net financial expense	(183)	(200)	8.5%	(185)	(195)	5.1%
115	Income before extraordinary items and taxes	288	11	n.m.	268	51	n.m.
144	Group interest in net income (loss)	81	149	(45.6%)	70	250	n.m.
352	Capital expenditures	266	255	4.3%	261	230	13.5%
17	Investments in exploration	16	12	33.3%	16	12	33.3%
10,156	Net invested capital [(1)]	9,972	10,114	(1.8%)	10,042	10,097	(1.3%)
4,143	Net borrowings [(1)]	4,077	4,140	(1.6%)	4,365	4,246	0.0%
6,013	Stockholders' equity before minority interest [(1)]	5,895	5,974	(2.0%)	5,677	5,851	(2.2%)
5,213	Group interest in stockholders' equity [(1)]	5,321	5,199	2.1%	5,109	5,084	1.9%
3,970	Number of employees [(1) (2)]	3,894	3,991	0.2%	2,277	2,382	(2.8%)
4.15%	ROI [(3)]	6.0%	3.7%		5.8%	4.3%	
0.69	Debt/Equity ratio	0.69	0.69		0.77	0.73	
	Stock market prices (in euros) [(4)]						
1.4869	common shares	1.3964	1.3563				
1.3047	nonconvertible savings shares	1.2932	1.2473				
0.5610	warrants outstanding	0.4306	-				
	Earnings (Loss) per share (in euros) [(5)]						
0.0396	basic	0.018	0.043				
0.0327	diluted	0.015	0.036				

[(1)] End-of-period amounts. The changes are computed against the data at December 31, 2003.
[(2)] Companies consolidated on a line-by-line basis and Group interest in companies consolidated by the proportional method.
[(3)] On average net invested capital, after deducting the value of equity investments held as fixed assets. The percentages shown for the first nine months of 2003 and 2004 are computed on an annualized basis.
[(4)] Simple arithmetic mean of the prices for the last calendar month of the period.
[(5)] Computed in accordance with IAS 33.

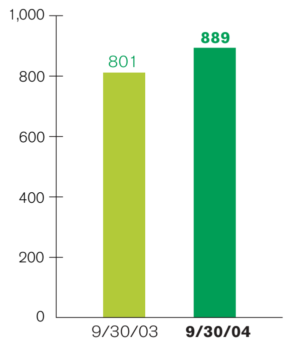
	3rd quarter 2004	3rd quarter 2003	% change	Core Businesses 3rd quarter 2004	Core Businesses 3rd quarter 2003	Core Businesses % change
Net revenues	1, 445	1,256	15%	1,242	1,059	17.3%
EBITDA	283	194	45.9%	276	190	45.3%
as a % of net revenues	19.6%	15.4%		22.2%	17.9%	
EBIT	126	36	250%	121	33	266.7%
as a % of net revenues	8.7%	2.9%		9.7%	3.1%	
Net financial expense	(59)	(29)	n.m.	(59)	(28)	n.m.
Income before extraordinary items and taxes	71	16	n.m.	66	12	n.m.
Group interest in net income (loss)	28	8	n.m.	24	(2)	n.m.
Capital expenditures	96	45	n.m.	93	43	n.m.
Investments in exploration	6	5	20%	6	5	20%

Operating Highlights of the Core Businesses

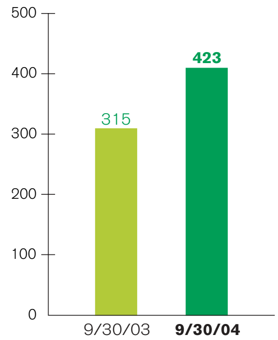
Net Revenues



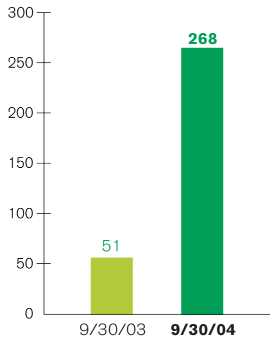
EBITDA



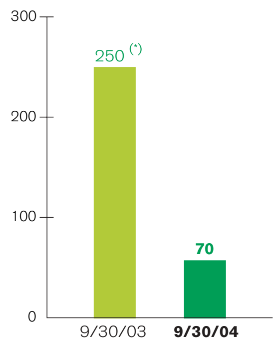
EBIT



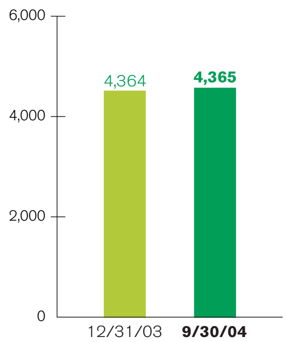
Income Before Extraordinary Items and Taxes



Group Interest in Net Income (Loss)



Net Borrowings



(*) Includes 320 million euros earned on the sale of natural gas reserves in Egypt (WDDM).

III) PERFORMANCE AND RESULTS OF THE GROUP IN THE THIRD QUARTER OF 2004

Business Environment

Demand for electric power in Italy (in TWh)	**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
Net domestic production	214.2	209.1	2.4%	73.0	71.5	2.1%
Imports	32.9	38.5	(14.5%)	9.6	11.5	(16.5%)
Surges	(7.7)	(7.7)	n.m.	(2.3)	(2.4)	4.2%
Total demand	**239.4**	**239.9**	**(0.3%)**	**80.3**	**80.6**	**(0.4%)**

In the third quarter of 2004, demand for electric power from the Italian grid totaled 80.3 TWh (TWh = 1 billion kWh), down slightly (-0.4%) from 80.6 TWh in the same period last year, despite less extreme weather conditions than in 2003.
Cumulative demand for the first nine months of 2004 was also down, decreasing by 0.3% compared with the 239.9 TWh consumed as of September 30, 2003. In July, demand for power from the grid rose to an all-time high of 53,500 MW, or about 400 MW more than the summer peak reached in July 2003 and about 100 MW above the winter high recorded in December 2003.

During the third quarter of 2004, net domestic production (excluding surges) increased to 73 TWh, up 2.1% from the 71.5 TWh generated in the same period last year. Overall, production was sufficient to meet 91% of demand for the period.
During the first nine months of 2004, cumulative net domestic production (excluding surges) totaled 214.2 TWh, or 2.4% more than at September 30, 2003. Production was sufficient to meet 89.5% of demand. Net imports decreased by 14.5% to 32.9 TWh, or 13.7% of domestic consumption (16.1% at September 30, 2003).

Demand for natural gas in Italy (in billions of m^3)	**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
Service and residential users	18.4	18.9	(2.6%)	1.6	1.6	n.m.
Industrial users	13.4	13.2	1.5%	4.0	3.9	2.6%
Thermoelectric power plants	24.1	21.9	10%	7.9	7.6	3.9%
Transportation	0.3	0.3	n.m.	0.1	0.1	n.m.
Total demand	**56.2**	**54.3**	**3.5%**	**13.6**	**13.2**	**3.0%**

Total Italian demand for natural gas grew to 13.6 billion cubic meters in the third quarter of 2004, or 3.0% more than the 13.2 billion cubic meters consumed in the same period last year. Rising demand from thermoelectric power plants and industrial users (up 3.9% and 2.6%, respectively) accounts for most of this increase.
Preliminary end-of-period data show that cumulative gas consumption through September 30, 2004 was 56.2 billion cubic meters, a gain of 3.5% compared with the same period in 2003.

The main reason for the year-over-year increase was higher consumption by thermoelectric power plants, which grew by 2.2 billion cubic meters (+10.0%), reflecting a rise in the demand for energy. Shipments to industrial users were up a more modest 1.5%.

In the benchmark oil market, the price of Brent crude continued to hold at a very high level in the third quarter of 2004 (average price US$41.50/bbl). As a result, the average for the first nine months of the year rose to US$36.30/bbl, or about US$7.70/bbl higher (+26.9%) than in the first nine months of 2003.

Benchmark market	**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
Price of crude oil in US$/bbl	36.3	28.6	26.9%	41.5	28.7	44.6%
US$/euro exchange rate	1.226	1.112	10.3%	1.222	1.124	8.7%
Price of crude oil in euros/bbl	29.6	25.7	15.2%	34.0	25.5	33.3%

The euro remained strong vis-à-vis the U.S. dollar, with the average exchange rate rising to $1.222 for one euro in the third quarter of 2004. As a result, the average for the first nine months of 2004 increased to $1.226 for one euro, compared with $1.112 for one euro in the same period last year (+10.30%).
The appreciation of the euro versus the U.S. dollar had the effect of mitigating the impact of the higher cost of Brent crude (when stated in euros, the average price was 34.00 euros/bbl in the third quarter of 2004). This effect was even more pronounced on the average price for the first nine months of the year, which came to 29.60 euros/bbl, or 3.80 euros/bbl (+15.2%) more than in the same period in 2003.

Performance and Results of the Group

As a result of changes in the Group's structure and portfolio of businesses that occurred in 2003, the data for the first nine months of 2004 are not fully comparable with those for the same period last year.
In order to present the performance of the Group's operations more effectively, the data for its Core Businesses are shown separately from those of its Other Operations.

Core Businesses

The Group's industrial operations continued to report steadily improving results in the third quarter of 2004, enjoying rising unit sales of electric power (+14.2%) and natural gas (+15.2%) and higher sales prices than in the same period in 2003.
Net revenues grew by 17% compared with the third quarter of 2003, EBITDA were up 45.3% to 276 million euros and EBIT rose to 121 million euros, or 88 million euros more than in the three months ended September 30, 2003.
This remarkable improvement in operating performance was offset in part by an increase in net financial expense and a reduction in extraordinary income compared with the third quarter of 2003. The main reason for the rise in net financial expense

is a different method of accounting for the financial impact of interest rate and commodity price hedges. The new method was adopted at the end of 2003. Until then, it was reflected in the EBITDA balance. Now, as explained in the notes to the financial statements, it is a component of net financial expense. This change had a negative impact of about about 20 million euros on the bottom line.
The Group's interest in net income for the third quarter of 2004 totaled 24 million euros, compared with virtual breakeven in the same period last year.

Cumulative results for the Group's Core Businesses for the first nine months of 2004 show that gains in unit sales of electric power (+13.6%) and natural gas (+11.9%), translated into higher net revenues, which grew by 270 million euros, or 7.2%, compared with the same period in 2003.
Cumulative EBITDA increased to 889 million euros, or 88 million euros more (+11.0%) than the 801 million euros earned in the nine months ended September 30, 2003. EBIT were also up, rising to 423 million euros (+34.3%).
The positive performance of the industrial operations was augmented by a reduction in net financial expense, which decreased by about 10 million euros compared with the first nine months of 2003. A reduction in indebtedness and the lower cost of funds paid by the Group as a result of its improved standing in the financial markets are the main reasons for this improvement.

Other Operations of the Group

Engineering – The upward trend in reported revenues, operating results and financial position that began during the first half of the year continued in the third quarter of 2004. Net revenues totaled 612 million euros (+11.1%) and EBITDA rose to 18 million euros, up from 13 million euros in the same period last year.

Water – At 7 million euros, net revenues were lower than in the third quarter of 2003. Revenues for the first nine months of 2004 decreased by 19.2% to 21 million euros, but EBITDA grew to 2 million euros, compared with 1 million euros in the same period a year ago.

Results of the Group

In the third quarter of 2004, overall net revenues increased by 15% compared with the same three months in 2003 and EBITDA improved by about 46%, rising from 194 million euros in the third quarter of 2003 to 283 million euros, or 20% of net revenues, in the quarter ended September 30, 2004. EBIT, which grew by 90 million euros (36 million euros earned in the third quarter of 2003), were equivalent to 9% of net revenues. Group interest in net income jumped to 28 million euros, up from 8 million euros in the three months ended September 30, 2003.
Net financial expense amounted to 59 million euros in the third quarter of 2003, reflecting the impact of the change in the accounting treatment of hedging transactions mentioned above.

The Group ended the first nine months of 2004 with net revenues of 4,632 million

euros, or 2.2% more than in the same period last year. EBITDA, which totaled 909 million euros (+13.6% compared with September 30, 2003), were equivalent to 19.6% of net revenues, compared with 17.6% a year earlier (+11.4%).
EBIT were up both in absolute terms (439 million euros, or 58.5% more than in 2003) and as a percentage of net revenues (9.5% compared with 6.1% in the first nine months of 2003).
In the first nine months of 2004, the Group earned net income of 81 million euros, down from 149 million euros at September 30, 2003. The absence of extraordinary income mentioned earlier in this Report accounts for this decrease.

At September 30, 2004, the Group's net borrowings totaled 4,077 million euros, a decrease of 66 million euros from the 4,143 million euros reported at the end of 2003.

Outlook for the Balance of 2004

The results for the third quarter of 2004 confirm that the favorable trend that began to take shape at the end of last year is continuing, and they justify expectations of a positive performance in the final quarter of the year.
The Group's performance in the first nine months of 2003 and, consequently, the entire year was aided by extraordinary income, which included the nonrecurring gain earned on the sale of the Egyptian gas reserves (WDDM).

Significant Events Occurring After September 30, 2004

On October 6, 2004, a Swiss Federal Court turned down the appeal filed by Cereol Holding Bv of a partial arbitration award issued on April 1, 2004 that set the value of a 49% interest in the capital stock of Oleina at US$73.1 million. The award had been issued in connection with two separate actions filed by Ildom against Cereol Holding Bv, which in February 2002 bought 49% of Oleina's capital stock from Ildom. After appealing the award, Cereol Holding Bv filed an appeal against the Addendum of July 27, 2004 in which the Board of Arbitrators had recomputed the final value of a 49% interest in the capital stock of Oleina at US$107.5 million. The appeal filed against the Addendum, which is now being reviewed by a Swiss Federal Court, had the immediate result of temporarily suspending the enforcement of the Addendum. The impact of the two arbitration awards referred to above is covered by a guarantee provided to Bunge when it purchased Edison's interest in Cereol in 2002 with a specific deductible of US$39 million.
In keeping with a conservative approach, the Group increased its reserves by a further 15 million euros.

On October 8, 2004, the Italian Ministry of the Environment approved the Environmental Impact Study prepared in connection with the construction of an LNG regasification terminal in Rosignano, which the Group plans to build in partnership with BP and Solvay.

IV) SEGMENT INFORMATION

Net Revenues and EBITDA by Type of Business

2003 full year		**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
	Core Businesses						
	Electric Power Business Unit						
3,889	Net revenues	3,311	2,837	16.7%	1,110	840	32.1%
826	EBITDA	725	605	19.8%	222	165	34.5%
21.2%	as a % of net revenues	21.9%	21.3%		20.0%	19.6%	
	Hydrocarbons Business Unit						
2,097	Net revenues	1,558	1,513	3.0%	449	398	12.8%
362	EBITDA	228	261	(12.6%)	76	43	76.7%
17.3%	as a % of net revenues	14.6%	17.3%		16.9%	10.8%	
	Corporate Activities						
77	Net revenues	42	41	2.4%	3	11	(72.7%)
(101)	EBITDA	(64)	(65)	1.5%	(22)	(18)	(22.2%)
n.m.	as a % of net revenues	n.m.	n.m.		n.m.	n.m.	
	Eliminations						
(922)	Net revenues	(912)	(662)	(37.8%)	(320)	(190)	(68.4%)
-	EBITDA						
	Total Core Businesses						
5,141	Net revenues	3,999	3,729	7.2%	1,242	1,059	17.3%
1,087	EBITDA	889	801	11.0%	276	190	45.3%
21.1%	as a % of net revenues	22.2%	21.5%		22.2%	17.9%	
	Other Operations						
	CONTINUING OPERATIONS						
	Water						
32	Net revenues	21	26	(19.2%)	7	10	(30.0%)
3	EBITDA	2	1	100.0%	2	1	100.0%
9.4%	as a % of net revenues	9.5%	3.8%		28.6%	10.0%	
	Engineering						
884	Net revenues	612	551	11.1%	196	190	3.2%
28	EBITDA	18	13	38.5%	5	3	66.7%
3.2%	as a % of net revenues	2.9%	2.4%		2.6%	1.6%	
	Divested Operations (*)						
230	Net revenues	-	230	n.m.	-	-	
(15)	EBITDA	-	(15)	n.m.	-	-	
(6.5%)	as a % of net revenues	-	(6.5%)		-	-	
	Eliminations						
	- Net revenues	-	(3)	n.m.	-	(3)	n.m.
	- EBITDA	-	-		-	-	
	Total Other Operations	**-**	**-**		**-**	**-**	
1,146	Net revenues	633	804	(21.3%)	203	197	3.0%
16	EBITDA	20	(1)	n.m.	7	4	75.0%
1.4%	as a % of net revenues	3.2%	(0.1%)		3.4%	2.0%	
	Edison Group						
6,287	**Net revenues**	**4,632**	**4,533**	**2.2%**	**1,445**	**1,256**	**15.0%**
1,103	**EBITDA**	**909**	**800**	**13.6%**	**283**	**194**	**45.9%**
17.5%	as a % of net revenues	19.6%	17.6%		19.6%	15.4%	

(*) In 2003, Divested Operations included Health-Care Chemicals (for three months) and Telecommunications (for six months).

Net Revenues by Geographic Destination

2003 full year	%		9 months 2004	%	9 months 2003	%	3rd quarter 2004	3rd quarter 2003
5,179	82.4%	Italy	3,987	86.0	3,809	38.6	1,251	1,025
53	0.8%	France	27	0.6	31	0.7	8	14
7	0.1%	Spain	-	-	12	0.3	-	-
192	3.1%	Other euro-zone countries	72	1.6	116	2.6	21	34
5,431	**86.4%**	**Total euro-zone countries**	**4,086**	**88.2**	**3,968**	**87.6**	**1,280**	**1,073**
25	0.4%	Other EU countries	85	1.8	3	0.1	30	1
61	1.0%	Eastern Europe	3	0.0	38	0.8	1	17
4	0.1%	North America	-	-	4	0.1	-	-
766	12.1%	Other countries	458	10.0	520	11.4	134	165
6,287	**100.0**	**Edison Group**	**4,632**	**100.0**	**4,533**	**100.0**	**1,445**	**1,256**

Net Revenues by Geographic Source

2003 full year	%		9 months 2004	%	9 months 2003	%	3rd quarter 2004	3rd quarter 2003
5,748	91.4	Italy	4,339	93.7	4,119	90.9	1,358	1,125
45	0.7	France	40	0.9	35	0.8	14	15
26	0.5	Spain	-	-	26	0.6	-	1
1	-	Other euro-zone countries	12	0.3	4	0.1	4	2
5,820	**92.6**	**Total euro-zone countries**	**4,391**	**94.8**	**4,184**	**92.4**	**1,376**	**1,143**
21	0.3	Other EU countries	39	0.8	4	0.1	12	1
35	0.6	Eastern Europe	-	-	22	0.5	-	10
-	-	North America	-	-	-	-	-	-
411	6.5	Other countries	202	4.4	323	7.0	57	102
6,287	**100.0**	**Edison Group**	**4,632**	**100.0**	**4,533**	**100.0**	**1,445**	**1,256**

Electric Power Operations

Quantitative Data

Sources (in GWh) (*)	9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
Net production Edison Group	**26,309**	**26,412**	**(0.4%)**	**8,676**	**8,459**	**2.6%**
- Thermoelectric power plants	23,452	23,430	0.1%	7,520	7,472	0.6%
- Hydroelectric power plants	2,571	2,762	(6.9%)	1,075	925	16.2%
- Wind farms	286	220	30.0%	81	62	30.0%
Edipower	**9,343**	**1,029**	**n.m.**	**3,279**	**466**	**n.m.**
Imports	**764**	**816**	**(6.4%)**	**194**	**190**	**2.1%**
Other domestic purchases and exchanges (1)	**1,494**	**5,106**	**(70.7%)**	**(8)**	**1,512**	**n.m.**
Total sources	**37,910**	**33,363**	**13.6%**	**12,141**	**10,627**	**14.2%**

(*) One GWh is equal to one million kWh.
(1) Net of line losses and tolls.

Uses (in GWh)	9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
CIP-6 dedicated	16,773	16,598	1.1%	5,552	5,275	5.3%
Industrial, captive and other customers	3,958	4,115	(3.8%)	1,290	1,326	(2.7%)
Deregulated market	17,179	12,650	35.8%	5,299	4,026	31.6%
Total uses	**37,910**	**33,363**	**13.6%**	**12,141**	**10,627**	**14.2%**

Financial Highlights

2003 full year		9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
	Sales and other revenues						
3,418	Electric power	2,841	2,510	13.2%	931	742	25.5%
132	Steam and utilities	92	100	(8.0%)	36	30	20.0%
34	Other sales and services	129	95	35.8%	34	32	6.2%
3,584	Total sales and service revenues	3,062	2,705	13.2%	1,001	804	24.5%
305	Other revenues	249	132	88.6%	109	36	n.m.
3,889	**Net revenues**	**3,311**	**2,837**	**16.7%**	**1,110**	**840**	**32.1%**
826	EBITDA	725	605	19.8%	222	165	34.5%
21.2%	as a % of net revenues	21.9%	21.3%		20.0%	19.6%	
247	Capital expenditures	223	165	35.2%	83	37	n.m.
8,079	Net invested capital (1)	7,909	8,050	(2.1%)			
1,328	Number of employees (1) (2)	1,328	1,344	-			

(1) End-of-period amounts. The changes are computed against the data at December 31, 2003.
(2) The number of employees shown for 2003 has been recomputed to reflect changes in the Group's structure.

Net revenues totaled 1,110 million euros in the third quarter of 2004, a gain of more than 32% compared with the same period in 2003. Rising unit sales (+14.2%) and the significant increase in sales prices made possible by higher benchmark fuel costs, coupled with the successful pricing strategy adopted by the Group in its target markets, account for this improvement.
EBITDA rose to 222 million euros, or 34.5% more than the 165 million euros earned in the third quarter of 2003.

At 3,311 million euros, cumulative revenues for the first nine months of 2004 were 17% higher than in the same period last year. This increase is mainly the product of higher unit sales (+13.6% compared with the first three quarters of 2003).
Revenues from the sale of steam and other utilities were about 8 million euros less than in the first nine months of 2003 due to a 14.9% decrease in unit sales (5,770 kt compared with 6,778 kt in the nine months ended September 30, 2003), offset in part by an 8.8% rise in the price charged to customers.
An increase in the availability of electric power, which enabled Edison to take full advantage of the opportunities that existed in the market segments described below, and a more favorable pricing structure lifted cumulative EBITDA to 725 million euros, or about 120 million euros more (+19.8%) than the amount earned in the first nine months of 2003.

Sales and Marketing

In the third quarter of 2004, sales of electric power totaled 12,141 million kWh, or 14.2% more than in the same period last year. Sales in the deregulated market increased by 31.6%, with deliveries to customers up 10% and sales executed on the Electric Power Exchange (a channel that was not available in 2003) accounting for an additional 900 GWh. Sales under CIP6 contracts increased by 5.3%, but deliveries to industrial, captive and other customers were down slightly.

In the first nine months of 2004, sales in the deregulated market also benefited from the positive developments discussed above, totaling 17,179 million kWh, or 4,529 million kWh more (+35.8%) than in the same period last year. Sales executed on the Electric Power Exchange amounted to 1,988 GWh.
This positive performance, which strengthened Edison's position as Italy's leading operator in the deregulated energy market, was also made possible by the contribution provided by Edipower (the tolling agreement became fully operational at the start of 2004) and the success achieved on the Electric Power Exchange.
Cumulative unit sales for the nine months ended September 30, 2004 totaled 37,910 million kWh, or 13.6% more than in the same period last year.

Production and Procurement

Net production totaled 8,676 million kWh in the third quarter of 2004. The increase of 217 million kWh (+2.6%) over the same period a year ago reflects primarily the higher output contributed by hydroelectric power plants and wind farms (up 16.2% and 30%, respectively), as the production of the Group's thermoelectric facilities did not rise appreciably over the level achieved in the third quarter of 2003.

Cumulative output for the first nine months of 2004 was down slightly, due mainly to the reduced availability of water resources, a decrease in the energy made available by the KHR affiliate and the deconsolidation of Sel Edison (its output is now included among Other domestic purchases).

In the first nine months of 2004, the output of electric power generated by Edison Group hydroelectric power plants located in Italy (including the energy produced by KHR that was available in Italy) was 2,571 million kWh, compared with 2,762 million kWh in the same period last year (-6.9%).

The net output of the Group's wind farms increased to 286 million kWh, or 66 million kWh more (+30%) than in the first nine months of 2003, reflecting more favorable wind conditions and the contribution of newly commissioned facilities.

Gross production of thermoelectric power totaled 23,980 million kWh, little changed from the first six months of 2003. After deducting power consumed internally and line losses, net thermoelectric production totaled 23,452 million kWh.

During the first nine months of 2004, Edison's internal production was supplemented with electric power purchased from external sources. These purchases increased by about 67% compared with the same period last year. As explained earlier, this sharp increase in external supply reflects the positive impact of the tolling contract with Edipower. The contract became fully operational on January 1, 2004, giving the Group access to an expanded supply and enabling it to strengthen its position in the electric power market.

Capital Expenditures

Capital expenditures in the first nine months of 2004 totaled 223 million euros, or 58 million euros more than in the same period a year ago. These expenditures were used mainly for the construction of power plants in Torviscosa (UD), Candela (FG) and Altomonte (CS).

Edipower

As explained earlier in this Report, Edison has a 50% tolling agreement with this 40% affiliate, which had net revenues of 650 million euros in the first nine months of 2004. Revenues from the sale of fuel inventories to tollers, executed after the tolling agreement became operational, totaled 67 million euros. EBITDA grew to 288 million euros (44.3% of net revenues), or about 83% more than the 158 million euros earned in the same period last year. The implementation of tolling contracts, which became effective on January 1, 2004, produced a significant change in the structure of

Edipower's business. As a result, the operating data are not comparable with those for the first nine months of 2003, when net revenues totaled 967 million euros.

The energy made available to tollers during the first nine months of 2004 amounted to 19.0 TWh, an increase of about 3.9 TWh (+25%) compared with the same period last year. An additional 0.2 TWh were sold directly to the Operator of the National Transmission Grid (abbreviated GRTN in Italian). The output of hydroelectric power increased as a percentage of total output (8.7%, compared with 8.3% in 2003).

At September 30, 2004, net borrowings totaled 2,133 million euros, or 41 million euros less than at the end of 2003. The cash flow generated during the period, which more than offset capital expenditures, accounts for this improvement.

During the first nine months of 2004, capital expenditures of about 145 million euros were used for the repowering of the Chivasso, Sermide and Piacenza power plants and to install catalytic denitrification equipment at the Brindisi power plant.

At September 30, 2004, Edipower had 1,403 employees on its payroll, 77 less than at December 31, 2003.

Hydrocarbons Operations

Quantitative Data

Sources (in millions of m³ of natural gas)	**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
Total net production:	**970**	**1,191**	**(18.6%)**	**324**	**335**	**(3.3%)**
- Production in Italy	777	870	(10.7%)	250	274	(8.8%)
- Production outside Italy	193	321	(39.9%)	74	61	21.3%
Pipeline imports	**5,015**	**4,130**	**21.4%**	**1,642**	**1,239**	**32.5%**
LNG imports	**18**	**400**	**(95.5%)**	**-**	**147**	**n.m.**
Domestic and other purchases [(1)]	**2,019**	**1,448**	**39.4%**	**275**	**225**	**22.2%**
Total supply sources	**8,022**	**7,169**	**11.9%**	**2,241**	**1,946**	**15.2%**
Direct purchases to fuel power plants	1,469	1,836	(20.0%)	451	504	(10.5%)
Total supply	9,491	9,005	5.4%	2,692	2,450	9.9%

(1) Includes inventory changes and pipeline leaks.

Uses (in millions of m³ of natural gas)	**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
Residential use (consumers)	223	200	11.5%	30	25	20.0%
Residential use (distributors)	1,735	1,545	12.3%	179	141	27.0%
Industrial use	1,259	1,132	11.2%	385	388	(0.8%)
Thermoelectric fuel use	4,612	3,971	16.1%	1,573	1,331	18.2%
Exports	193	321	(39.9)	74	61	21.3%
Total uses	**8,022**	**7,169**	**11.9%**	**2,241**	**1,946**	**15.2%**

(1) Includes inventory changes and pipeline leaks.

Financial Highlights

2003 full year		**9 months 2004**	9 months 2003	% change	**3rd quarter 2004**	3rd quarter 2003	% change
	Sales and other revenues						
1,894	Natural gas sales	1,453	1,364	6.5%	430	343	25.4%
63	Sales of oil and other products	51	55	(7.3%)	12	19	(36.8%)
1,957	Total sales revenues	1,504	1,419	6.0%	442	362	22.1%
140	Other revenues	54	94	(42.5%)	7	36	(80.6%)
2,097	**Net revenues**	**1,558**	**1,513**	**3.0%**	**449**	**398**	**12.8%**
362	EBITDA	228	261	(12.6%)	76	43	76.7%
17.3%	as a % of net revenues	14.6%	17.3%		16.9%	10.8%	
79	Capital expenditures	33	63	(47.6%)	9	5	80.0%
17	Investments in exploration	16	12	33.3%	6	5	20.0%
285	Net invested capital [(1)]	1,272	1,168	n.m.			
463	Number of employees [(1) (2)]	411	473	(11.2%)			

(1) End-of-period amounts. The changes are computed against the data at December 31, 2003.
(2) The number of employees shown for 2003 has been restated to reflect changes in the Group's structure.

Net revenues totaled 449 million euros in the third quarter of 2004. The gain of 51 million euros (+12.8%) over the same period last year is mainly the result of higher unit sales of natural gas (+15.2%) and an increase in unit revenues. EBITDA rose to 76 million euros, about 77% more than the 43 million euros earned in the third quarter of 2003.

At 1,558 million euros, revenues for the first nine months of 2004 were up 3% over the same period a year ago. A 12% rise in unit sales, offset in part by a decrease in the average unit price charged, accounts for this increase.
The percentage gain in unit sales recorded in the first nine months of 2004 was virtually the same (+12%) as in the third quarter. The price decrease that occurred during the same period, which was due to the lag effect of the computation formula, should even out later this year or in the first quarter of 2005.

When stated in euros, the average price of blended oil held relatively steady at 17.0 euros per barrel, compared with 17.1 euros per barrel in the first nine months of 2003. Over the same period, the price of non-fluxed oil declined to 15.2 euros per barrel, slightly less than the 15.7 euros per barrel averaged in the first nine months of 2003.

Despite the improvement achieved in the third quarter of the year, EBITDA totaled 228 million euros at September 30, 2004, a decrease of 33 million euros (-12.6%) compared with the amount earned in the first nine months of 2003. This decline in operating profitability, which occurred because the drop in average gas prices caused by the indexing computation method more than offset a gain in unit sales, should be made up in the coming months.

Sales and Marketing

In the third quarter of 2004, unit sales of natural gas increased by 15.2% compared with the same period last year, reflecting a sharp rise in shipments to residential customers (+25.9%) and thermoelectric power plants (+18.2%). Sales to industrial users were relatively flat.

At September 30, 2004, sales totaled 8,022 million cubic meters, or 12% more than the 7,169 million cubic meters sold in the first nine months of 2003.
Thanks to the implementation of successful marketing programs, unit sales to residential customers and industrial users grew by 12.2% and 11.2%, respectively, compared with the first nine months of 2003.
At September 30, 2004, Edison Per Voi served a total of about 144,500 residential customers.
Shipments to thermoelectric users increased to 4,612 million cubic meters, or 16.1% more than the 3,971 million cubic meters sold in the first nine months of 2003, as the net result of increased demand by Edison and Edipower generating facilities and reduced deliveries to the power plants of noncaptive customers.

Production and Procurement

In the third quarter of 2004, production of natural gas was down slightly (-3.3%) compared with the same period last year, due mainly to a decrease in output from fields in Italy.
On the procurement side, exports increased by 18.4% and purchases from domestic suppliers rose by 22.2%.

Net production for the first nine months of 2004 decreased compared with the same period a year ago due to the normal depletion of existing deposits in Italy and the absence of production from the WDDM offshore field in Egypt, since these reserves were sold in June 2003.
Net production of natural gas totaled 970 million cubic meters, or about 18.6% less than in the first nine months of 2003. At 1,831,000 barrels, production of crude oil was only slightly lower than in the first nine months of 2003, as the fields continued to produce at a good rate. The Group's operations that engage in natural gas procurement continued to import natural gas from a variety of sources, including ongoing imports via pipeline under contracts with suppliers in Russia and Northern Europe (+21.4%), which were used to make up shortfalls in domestic production and LNG supplies. There was a sharp reduction in the availability of LNG due to an accident that occurred late in January at the Skikda liquefaction facility in Algeria, which was shut down completely until May. Imports of natural gas totaled 5,033 million cubic meters in the first nine months of 2004 (4,530 million cubic meters imported in the same period last year), accounting for more than 64% of the natural gas Edison sold in Italy.
The rise in domestic purchases compared with the first nine months of 2003 is due primarily to gas supplied by Eni that was used to fuel thermoelectric power plants.

Capital Investments

Capital Expenditures

Capital expenditures totaled 33 million euros, compared with 63 million euros in the first nine months of 2003. The main projects pursued in Italy included a workover of the Regina field, the development of the Montegranaro gas field and Rospo oil field and an expansion of the Collalto (UD) storage facility. Work carried out in Egypt included the installation of gas compressors for the Rashid field and construction of a second platform in the Rosetta field.

Investments in Exploration

In the first nine months of 2004, the Group's investments in exploration totaled 16 million euros, 11 million euros of which were invested in projects outside Italy.
New initiatives included further negotiations for three new offshore blocks in Iran, Ivory Coast and Senegal.

Corporate Activities

Financial Highlights

2003 full year		9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
77	Net revenues	42	41	2.4%	3	11	(72.7%)
(101)	EBITDA	(64)	(64)	0.0%	(22)	(17)	(29.4%)
n.m.	as a % of net revenues	n.m.	n.m.		n.m.	n.m.	
2	Capital expenditures	5	2	n.m.	-	1	n.m.
2,236	Net invested capital (1)	1,720	2,344	(23.1%)		6	
551	Number of employees (1) (2)	538	552	(2.4%)		(5)	

(1) End-of-period amounts. The changes are computed against the data at December 31, 2003.
(2) The number of employees shown for 2003 has been restated to reflect changes in the Group's structure.

Corporate Activities, which consist primarily of those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and of certain holding companies and real estate companies, had net revenues of 42 million euros, or 1 million euros more than in the first nine months of 2003.

EBITDA were negative by 64 million euros, the same amount as in the first nine months of 2003. Changes in the scope of consolidation arising from a streamlining of the corporate structure and organization are partly responsible for the loss. On a comparable scope of consolidation basis, costs decreased by about 10%.

During the third quarter of 2004, as part of a corporate reorganization process that got under way in 2003, Bussi, Caffaro, Savim, Sogetel and Vega Oil were merged into Edison Spa, which is also scheduled to absorb ISE before the end of the year.

Real Estate Operations

The Group continued to divest nonstrategic real estate assets, which were valued at 90 million euros at September 30, 2004, 8 million euros less than at the beginning of the year, reflecting the disposal of the following properties, which were sold at prices roughly equal to their carrying values:

- A building on Via Amba Alagi, in Genoa;
- A building on Via dell'Ambrosiana, in Milan;
- Land located in Tor Tre Teste, in Rome.

During the third quarter of 2004, consistent with the Group-wide corporate reorganization process, most of Group's real estate assets that are not attributable to Edison Spa, were transferred to the subsidiary Come Iniziative Immobiliari Srl, which absorbed ICI, Cersam and Immobiliare Assago.

Other Operations of the Group

Water
Financial Highlights

2003 full year		9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
32	Net revenues	21	26	(19.2%)	7	10	(30.0%)
3	EBITDA	2	1	100.0%	2	1	100.0%
9.4%	as a % of net revenues	9.5%	3.8%		28.6%	10.0%	
4	Capital expenditures	4	7	(42.9%)	3	3	-
11	Net invested capital (1)	6	54	(45.5%)			
18	Number of employees (1)	8	20	(55.6%)			

(1) End-of-period amounts. The changes are computed against the data at December 31, 2003.
Note: The data in the table above reflect the Group's interest in operations that are consolidated at 50% by the proportional method.

Revenues for the first nine months of 2004, which totaled about 21 million euros, were generated by operations carried out in Guayaquil under license. Operating expenses for the same period came to about 19 million euros, of which 16 million euros are attributable to the Guayaquil license and about 3 million euros constitute overhead, which includes the cost of downsizing incentives (the payroll decreased by 10 employees compared with December 31, 2003). These operations reported positive EBITDA, as they did in the first nine months of 2003.

At the end of June, IWH BV sold the interests it had held indirectly in Scottish companies that provide water management and treatment services in the Highlands and in Tay, Moray and Montrose to Infrastructure Investors LP, a fund managed by Barclays and Société Générale. As a result, IWH BV now has operating companies only in South America.

Engineering
Financial Highlights

2003 full year		9 months 2004	9 months 2003	% change	3rd quarter 2004	3rd quarter 2003	% change
884	Net revenues	612	551	11.1%	196	190	3.2%
28	EBITDA	18	13	38.5%	5	3	66.7%
3.2%	as a % of net revenues	2.9%	2.4%		2.6%	1.6%	
2	Capital expenditures	1	1	-	-	-	
955	Order backlog (1)	650	1,020	(31.9%)			
(56)	Net invested capital (1)	(96)	(36)	71.4%			
1,610	Number of employees (1)	1,609	1,589	0.1%			

(1) End-of-period amounts. The changes are computed against the data at December 31, 2003.

Tecnimont's operating and financial performance in the third quarter of 2004 shows that the positive trend of the first half of the year is continuing.
Compared with the first nine months of 2003, net revenues increased by 61 million euros (+11.1%) and EBITDA rose from 13 million euros to 18 million euros (+38.5%). Liquid assets also improved, rising to 183 million euros, or 47 million euros more than the 136 million euros available at the end of 2003.

At September 30, 2004, the order backlog was 305 million euros less than the 955 million euros reported at December 31, 2003. However, the current balance does not include an order of about 60 million euros for a high-density polyethylene plant in Salavat, Bashkortostan (Russian Federation), the financing for which is still being finalized.

In addition, Tecnimont has submitted bids in response to calls for tenders for projects in the fields of polymer production, natural gas transmission and treatment, and energy. The competitive bidding process for these contracts is now in the closing phase, and Tecnimont expects to report a significant increase in its order backlog.

V) REVIEW OF THE OPERATING PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The Quarterly Report at September 30, 2004 was prepared in accordance with Article 82 of Consob Regulation No. 11971 of May 14, 1999, as amended. This Report contains only consolidated data.

With regard to the presentation of the financial statements, in order to make the data comparable with those published in the Annual and Semiannual Reports, the balance sheet and statement of income are presented in reclassified form to make them consistent with the reclassified format used in the Annual and Semiannual Reports on Operations. These financial statements are also consistent with the financial statement formats provided in Articles 2424 and 2425 of the Italian Civil Code.

Accounting Principles and Methods

The principles of consolidation, the methods used to translate financial statements denominated in foreign currencies, the accounting principles and the valuation criteria followed in this Report are consistent with those applied in the preparation of the annual consolidated financial statements, which should be consulted for more complete information.

The procedures used to estimate value are also consistent with those normally applied when preparing annual consolidated financial statements.

The enactment of Legislative Decree No. 6/2003, as amended, which reformed Italian corporate law, produced changes in certain valuation criteria, the content of the notes to the financial statements and the format of the financial statements. These changes did not have an impact on the Group's financial statements for the third quarter of 2004.

Unless otherwise stated, the amounts shown in the notes to the financial statements are in millions of euros.

Principal Changes in the Scope of Consolidation Since December 31, 2003

The most significant changes in the scope of consolidation that occurred in the first nine months of 2004 are reviewed below:

Electric Power – In February 2004, Stirpex Bv, a wholly owned subsidiary of Edison Spa, sold its 84.78% interest in Turk Edison Enerji A.S., a company that operates a cogenerating, combined-cycle power plant. The 60-MW facility was sold to Entek A.S., a company of the Koç Group in Turkey. This investment was deconsolidated effective January 1, 2004.

Hydrocarbons – In September, following the divestiture of the Group's gas transmission network, Edison T&S and SGM, respectively a wholly owned subsidiary and an 83.34% subsidiary of Edison Spa, were sold and deconsolidated. Prior to the sale, Edison T&S had spun off its gas storage business to Edison Stoccaggio, a newly established company that the Group now consolidates on a line-by-line basis.

Other Operations: Water – At the end of June, International Water (Highlands) Limited, International Water (Tay) Limited and IWL Moray Montrose Limited were sold to buyers outside the Group and deconsolidated effective June 30, 2004.
The scope of consolidation annexed in this report has been restad pursuant to the new structure of the group, as follows:

Core Businesses

- Electric Power Business Unit
- Hydrocarbons Business Unit
- Marketing and Distribution Business Unit
- Energy Management Business Unit
- Corporate Activities

Other Operations

- Water
- Engineering

Consolidated Balance Sheet

12/31/03		9/30/04	9/30/03
	A. Fixed assets		
4,017	Intangibles	3,824	4,114
5,555	Property, plant and equipment	5,324	5,549
1,235	Financial fixed assets	1,272	1,263
10,807		**10,420**	**10,926**
	B. Net working capital		
2,770	Inventories	3,220	2,588
1,096	Trade accounts receivable	985	898
1,226	Other assets	832	1,221
(3,524)	Trade accounts payable and advances on contract work in process (-)	(3,753)	(3,200)
(1,374)	Reserves for risks and charges (-)	(1,295)	(1,427)
(783)	Other liabilities (-)	(374)	(830)
(589)		**(385)**	**(750)**
10,218	**C. Invested capital, net of operating liabilities (A+B)**	**10,035**	**10,176**
(62)	**D. Reserve for employee severance indemnities (-)**	**(63)**	**(62)**
10,156	**E. Net invested capital (C-D)**	**9,972**	**10,114**
	Covered by:		
6,013	**F. Stockholders' equity before minority interest**	**5,895**	**5,974**
	G. Net borrowings		
3,091	Long-term debt	3,387	2,412
(9)	Long-term financial assets (-)	(3)	(6)
1,649	Short-term borrowings	996	2,142
(588)	Short-term financial assets (-)	(303)	(408)
4,143		**4,077**	**4,140**
10,156	**H. Total coverage sources (F+G)**	**9,972**	**10,114**

Consolidated Statement of Income

2003 full year		9 months 2004	9 months 2003	3rd quarter 2004	3rd quarter 2003
6,287	**A. Net revenues**	**4,632**	**4,533**	**1,445**	**1,256**
(12)	Change in inventory of work in progress, semifinished goods and finished goods	141	57	125	65
9	Increase in Company-produced additions to fixed assets	14	5	11	1
6,284	**B. Production value**	**4,787**	**4,595**	**1,581**	**1,322**
(4,896)	Raw materials and outside services (-)	(3,693)	(3,582)	(1,237)	(1,070)
1,388	**C. Value added**	**1,094**	**1,013**	**344**	**252**
(285)	Labor costs (-)	(185)	(213)	(61)	(58)
1,103	**D. EBITDA**	**909**	**800**	**283**	**194**
(688)	Depreciation, amortization and writedowns (-)	(470)	(523)	(157)	(158)
415	**E. EBIT**	**439**	**277**	**126**	**36**
(283)	Net financial expense	(183)	(200)	(59)	(29)
(20)	Interest in the result of companies valued by the equity method, dividends from and writedowns of investments in companies valued at cost	30	(67)	4	7
3	Other income (expense), net	2	1	-	2
115	**F. Result before extraordinary items and taxes**	**288**	**11**	**71**	**16**
543	Extraordinary income (expense)	(1)	582	18	46
658	**G. Income before taxes and minority interest**	**287**	**593**	**89**	**62**
(424)	Income taxes	(141)	(384)	(49)	(38)
	H. Net income (loss):				
90	**Minority interest in net income (loss)**	**65**	**60**	**12**	**16**
144	**Group interest in net income (loss)**	**81**	**149**	**28**	**8**
	Earnings (Loss) per share (in euros):				
0.0396	**basic**	**0.018**	**0.043**	**-**	**-**
0.0327	**diluted**	**0.015**	**0.036**	**-**	**-**

Statement of Changes in Net Financial Position

2003 full year		9 months 2004	9 months 2003
(6,461)	**A. Net borrowings at beginning of period**	**(4,143)**	**(6,461)**
1,103	EBITDA	909	800
138	Change in operating working capital [1]	(84)	193
(32)	Income taxes paid (-)	(11)	(46)
(384)	Changes in other assets (liabilities)	(325)	(281)
825	**B. Cash flow – Operating activities**	**489**	**666**
(939)	Investments in intangibles; property, plant and equipment; and financial fixed assets (-)	(476)	(800)
1,901	Proceeds from the sale of intangibles; property, plant and equipment; and financial fixed assets	193	1,851
17	Dividends received	13	8
1,804	**C. Free cash flow**	**219**	**1,725**
(283)	Financial income (expense), net	(183)	(200)
614	Contributions of capital stock and reserves	25	592
-	Distributions of capital stock and reserves (-)	-	-
(26)	Dividends declared (-)	(82)	(20)
2,109	**D. Net cash flow – Financing activities**	**(21)**	**2,097**
237	Change in the scope of consolidation	80	234
(28)	Net currency conversion differences	7	(10)
2,318	**E. Net cash flow for the period**	**66**	**2,321**
(4,143)	**F. Net borrowings at end of period (A+E)**	**(4,077)**	**(4,140)**

[1] Inventories+trade accounts receivable+trade accounts payable.

Statement of Cash Flow (in accordance with IAS 7) at September 30, 2004

2003 full year		9/30/04
	A. Cash flow – Operating activities	
144	Group interest in net income (loss)	81
90	Minority interest in net income (loss)	65
680	Depreciation and amortization	470
(11)	Interest in the result of companies valued by the equity method (-)	(27)
8	Dividends from companies valued by the equity method	13
(516)	(Gains) Losses on the sale of fixed asset	(58)
123	(Upward adjustments) Writedowns of fixed assets and other equity investments	5
(1)	Change in the reserve for employee severance indemnities	1
343	Change in working capital (excluding financial assets)	(162)
860	**Total cash flow from operations (A)**	**388**
	B. Cash flow – Investing activities	
(419)	Investments in property, plant and equipment and intangibles (-)	(287)
(520)	Investments in financial fixed assets (-)	(189)
1,742	Proceeds from the sale of property, plant and equipment and intangibles	10
159	Proceeds from the sale of financial fixed assets	183
(33)	Net change in financial assets not held as fixed assets	31
929	**Total cash flow from investing activities (B)**	**(252)**
	C. Cash flow – Financing activities	
924	Net change in long-term debt	600
614	Capital contributions by controlling companies or minority stockholders	25
-	Capital grants collected during the period	
(2,872)	Repayments of borrowings (-)	(94)
(26)	Dividends declared payable to controlling companies or minority stockholders (-)	(82)
(472)	Net change in short-term debt and other changes	(863)
(1,832)	**Total cash flow from financing activities (C)**	**(414)**
(9)	**D. Change in the scope of consolidation**	**7**
(34)	**E. Net currency conversion differences**	**6**
(86)	**F. Net cash flow for the period (A+B+C+D+E)**	**(265)**
601	**G. Liquid assets and equivalents at beginning of period**	**515**
515	**H. Liquid assets and equivalents at end of period (F+G)** [1]	**250**

[1] This item includes the liquid assets shown on the balance sheet and financial assets that can be readily turned into cash, less restricted bank deposits that secure project financing facilities.
These assets include the following:

2003 full year		9/30/04
2	- Other securities (C.III.6)	
47	- Loans receivable due within three months (C.III.7)	2
494	- Liquid assets (C.IV)	222
(28)	- Restricted bank deposits that secure project financing facilities (-)	(4)
515		**250**

Notes to the Consolidated Balance Sheet

The most significant items in the Balance Sheet and Statement of Income are reviewed below.

A) Fixed Assets

Fixed assets totaled 10,420 million euros at September 30, 2004. The net decrease of 387 million euros from December 31, 2003 is the result of depreciation and amortization of 470 million euros, changes in the scope of consolidation arising from the divestiture of the gas transmission network (127 million euros), the sale of Turk Edison Enerji (51 million euros) and a decrease in consolidation difference caused by the purchase of a 25% interest in ISE Spa by Edison Spa (60 million euros).
These charges were offset in part by additions to fixed assets totaling 291 million euros (266 million euros for property, plant and equipment and 22 million euros for intangibles) and the value of financial fixed assets increased due to the valuation by the equity method of the investments in the Edipower affiliate.
The table below summarizes the changes that occurred during the first nine months of 2004.

	B.I) Intangibles	B.II) Property, plant and equipment	B.III) Financial fixed assets	Total
Balance at 12/31/03 (A)	**4,017**	**5,555**	**1,235**	**10,807**
Changes during the period:				
- Additions	22	266	3	291
- Capital stock increases	-	-	7	7
- Disposals	-	-	(5)	(5)
- Coverage of losses	-	-	-	0
- Redemptions of capital stock and reserves	-	-	-	0
- New loans	-	-	20	20
- Loan repayments	-	-	(4)	(4)
- Depreciation and amortization	(207)	(263)	-	(470)
- Writedowns	-	-	(5)	(5)
- Currency conversion differences	-	-	-	0
- Dividends received	-	-	(5)	(5)
- Interest in earnings of investee companies	-	-	27	27
- Interest in losses of investee companies	-	-	-	0
- Change in the scope of consolidation	(3)	(238)	-	(241)
- Other changes/Reclassifications	(5)	4	(1)	(2)
Total changes (B)	**(193)**	**(231)**	**37**	**(387)**
Balance at 9/30/04 (A+B)	**3,824**	**5,324**	**1,272**	**10,420**

The most significant components of fixed assets are reviewed below.

Intangibles

Intangibles, which totaled 3,824 million euros at September 30, 2004, include 3,435 million euros in consolidation difference and concessions for the production of hydrocarbons valued at 288 million euros. The decrease of 193 million euros from December 31, 2003 primarily reflects the amortization for the period, including 16 million euros in costs incurred for research and exploration of hydrocarbon deposits, which the Group writes off in the period they are incurred.

A breakdown of the consolidation difference by type of operations is as follows:

	9/30/04	12/31/03
Electric Power Business Unit	2,942	3,073
Hydrocarbons Business Unit	491	512
Other Operations	2	3
Total	**3,435**	**3,588**

The balance at September 30, 2004 includes 2,458million euros for the consolidation difference that arose in 2001 upon the acquisitions of Montedison, Edison and Fiat Energia by Edison (formerly Italenergia).

Property, Plant and Equipment

At the end of the third quarter of 2004, the balance in the property, plant and equipment account (5,324 million euros) was 231 million euros less than at the beginning of the year as the net result of the following changes:

- **Additions** of 266 million euros broken down as follows: 223 million euros invested by the Electric Power Business Unit mainly in the construction of new thermoelectric power plants (Altomonte for 68 million euros, Candela for 59 million euros and Torviscosa for 42 million euros), and 33 million euros invested by the Hydrocarbons Business Unit in the Regina and Montegranaro fields in Italy and the Rosetta concession in Egypt.
- **Depreciation** of 263 million euros, including 233 million euros for the Electric Power Business Unit and 26 million euros for the Hydrocarbons Business Unit.
- A negative **change in the scope of consolidation** of 238 million euros stemming from the deconsolidation of Edison T&S Spa and SGM Spa upon the disposal of the gas transmission network (127 million euros), the sale of Turk Edison Enerji As (51 million euros) and a decrease of 60 million euros representing the consolidation difference allocated to the production facilities of ISE Spa following the purchase by Edison Spa of the remaining 25% interest in ISE it did not own.

At September 30, 2004, the net carrying value of property, plant and equipment included 427 million euros for assets returnable at no cost (454 million euros at December 31, 2003). Property, plant and equipment also included assets held under finance leases valued at 265 million euros, which were recognized in accordance with IAS 17 (revised).

Financial Fixed Assets

At 1,272 million euros, financial fixed assets show a net increase of 37 million euros compared with December 31, 2003. A breakdown of the changes that occurred during the period is provided below.

	Investments in unconsolidated subsidiaries	Investments in affiliated companies	Investments in other companies	Long-term loans	Other investment securities	Total
Balance at 12/31/03	**8**	**983**	**175**	**67**	**2**	**1,235**
Changes during the period:						
- Changes in capital stock	6	-	1	-	-	7
- Additions/New loans	3	-	-	20	-	23
- Disposals/Repayments (-)	-	(5)	-	(4)	-	(9)
- Interest in earnings of investee companies	-	27	-	-	-	27
- Writedowns (-)	(1)	(1)	(3)	-	-	(5)
- Dividends and reversal of of upward value adjustments (-)	-	(5)	-	-	-	(5)
- Currency conversion differences and other changes (±)	(5)	4	-	-	-	(1)
Total changes	**3**	**20**	**(2)**	**16**	**0**	**37**
Balance at 9/30/04	**11**	**1,003**	**173**	**83**	**2**	**1,272**

Investments in Subsidiaries, Affiliated Companies and Other Companies

The aggregate value of equity investments increased to 1,187 million euros, or 21 million euros more than at December 31, 2003, due mainly to the inclusion of the investment in Edipower Spa (19 million euros), which is valued by the equity method.

In addition:

- Additions of 7 million euros refer to statutory recapitalizations of companies that operated at a loss;
- Writedowns of 5 million euros were taken to adjust to the carrying value of certain subsidiaries to the value of the interest in the underlying stockholders' equity. The companies involved were mainly dormant companies or companies in liquidation.

Long-term Loans

Long-term loans receivable totaled 83 million euros. This amount includes 57 million euros in loans provided to IPSE 2000 Spa. These loans and the carrying value of the investment in this company (9 million euros) are offset by a reserve of 66 million euros, which was established in previous years in view of the limited expectations of recovery.

At September 30, 2004, there were no loans due in more than five years.

B) Working Capital

At September 30, 2004, working capital was negative by 385 million euros, which represents a positive change of 204 million euros compared with December 31, 2003. A breakdown of this change is provided below.

	9/30/04	12/31/03	Change
Inventories	3,220	2,770	450
Trade accounts receivable	985	1,096	(111)
Trade accounts payable	(3,753)	(3,524)	(229)
Operating working capital	**452**	**342**	**110**
Other assets	832	1,226	(394)
Other liabilities	(374)	(783)	409
Reserves for risks and charges	(1,295)	(1,374)	79
Total	**(385)**	**(589)**	**204**

Operating working capital totaled 452 million euros, or 110 million euros more than at December 31, 2003. This balance, which is the net result of positive working capital amounts of 265 million euros for the Electric Power Business Unit, 272 million euros for the Hydrocarbons Business Unit, 46 million euros for the Corporate Activities and 6 million euros by the Water Operations, less negative working capital of 137 million euros for the Engineering Operations, reflects in part the impact of securitization transactions carried out by some of the Group's Core Businesses in accordance with Law No. 130/99. The turnover of assigned receivables totaled 1,383 million euros in the first nine months of 2004; receivables outstanding at September 30, 2004 totaled 121 million euros and the amount shown in the financial statements under **other assets** to recognize the deferred portion of assigned receivables amounted to 49 million euros.

As of September 30, 2004, securitization transactions had generated a financial benefit (receivables outstanding less the deferred portion of assigned receivables) of about 72 million euros.

The tolling contract covering Edipower's production units went into effect on January 1, 2004. Under the contract, each toller is required to provide its pro-rata share of fuel (50% for Edison) and is entitled to receive its pro rata share of the net energy produced.

At September 30, 2004, an inventory of totaling 38 million euros was included in operating working capital.

The reserves for risks and charges totaled 1,295 million euros. They include reserves for taxes of 263 million euros (219 million euros in deferred-tax liabilities) and reserves for contingent liabilities of 1,032 million euros. The table below provides a breakdown of the reserves for risks and charges.

Reserves for risks and charges	12/31/03	Provisions	Utilizations	Other changes deconsolid.	9/30/04
Reserve for pension obligations	**-**	**-**	**-**	**-**	**0**
Reserve for taxes	**262**	**31**	**(14)**	**(16)**	**263**
Other reserves:					
- Charges for the closure of mineral properties	91	10	-	4	105
- Risks for disputes, litigation and contractual obligations	3	-	-	-	3
- Contractual guarantees on the sale of equity investments	295	37	(4)	-	328
- Risks for contract disputes	494	9	(111)	-	392
- Other risks and charges	229	18	(49)	6	204
Total other reserves	**1,112**	**74**	**(164)**	**10**	**1,032**
Total	**1,374**	**105**	**(178)**	**(6)**	**1,295**

Three of the main reserve items are reviewed below.

- The **reserve for charges for the closure of mineral properties,** which totaled 105 million euros, or 10 million euros more that at the beginning of the year, covers the cost of shutting down gas and oil fields at the end of production.
- The **reserve for contractual guarantees on the sale of equity investments** totaled 392 million euros. The increase of 37 million euros reflects mainly the potential future costs that may be incurred in connection with guarantees provided upon the sale of certain Group companies.
- The **reserve for disputes, litigation and contractual obligations** had a balance of 263 million euros, after utilizations of 111 million euros, including 91 million euros for the settlement of the Porto Marghera dispute and 18 million euros for the settlement of the Stava Dam litigation.

The reserve for taxes includes a **reserve for deferred taxes**, which refers to consolidated companies with deferred-tax liabilities that are not fully offset by deferred-tax assets or are not offsettable. The balance at September 30, 2004 is after provisions of 31 million euros, utilizations of 9 million euros and a deduction of 4 million euros for the deconsolidation of companies divested during the period.

D) Reserve for Employee Severance Indemnities

At 63 million euros, the reserve for employee severance indemnities was 1 million euros more than at the end of 2003, reflecting the benefits accrued by employees during the first nine months of 2004. The changes for the period include provisions of 6 million euros, utilizations of 4 million euros and a deduction of 1 million euros for the deconsolidation of companies divested during the period.

As shown in the table below, the Group had 3,894 employees at September 30, 2004. The decrease of 76 employees is due to changes in the scope of consolidation.

Employees by type of business	**September 30, 2004**	December 31, 2003	Change
Electric Power Business Unit	1,328	1,328	0
Hydrocarbons Business Unit	411	463	(52)
Corporate Activities	538	551	(13)
Core Businesses	**2,277**	**2,342**	**(65)**
Water	8	18	(10)
Engineering	1,609	1,610	(1)
Total staff	**3,894**	**3,970**	**(76)**

F) Stockholders' Equity

Stockholders' equity totaled 5,895 million euros, of which 5,321 is the Group's interest in stockholders' equity and 574 represents Minority's interest in stockholders' equity. The table below provides a breakdown of stockholders' equity and shows the changes that occurred during the period.

	Group interest in stockholders' equity	Minority interest in stockholders' equity	Total
Capital stock and reserves	5,069	710	5,779
Net income for the year	144	90	234
Total at 12/31/03	**5,213**	**800**	**6,013**
Changes during the first nine months of 2004:			
- Change in the scope of consolidation	-	(215)	(215)
- Capital stock increase	25	5	30
- Dividends declared	-	(82)	(82)
- Currency conversion differences and other changes	2	1	3
- Net income for the period	81	65	146
Total at 9/30/04	**5,321**	**574**	**5,895**
Broken down as follows:			
Capital stock and reserves	5,240	509	5,749
Net income for the period	81	65	146

The increase in stockholders' equity reflects an addition to capital stock of 25 million euros generated by the conversion of warrants. As a result, the subscribed and paid-in capital stock of Edison Spa, the Group's Parent Company, amounted to 4,237 million euros at September 30, 2004. It consisted of 4,237 million shares, par value 1 euro each.

The main changes in minority interest in stockholders' equity include:

- A decrease of 215 million euros due to changes in the scope of consolidation, of which 206 million euros are related to the purchase by Edison Spa of a 25% interest in ISE. The deconsolidation of divested companies accounts for the balance.
- A decrease of 82 million euros for distributions of reserves and earnings.

G) Net Borrowings

Net borrowings totaled 4,077 million euros at September 30, 2004, a reduction of 66 million euros from December 31, 2003. This change reflects primarily the cash flow from operations, net of capital expenditures and financial expense.
The table below shows the changes in net borrowings on a quarter by quarter basis and provides a breakdown of its components.

	12/31/03	3/31/04	6/30/04	9/30/04
Long-term debt	3,091	3,008	2,795	3,387
Long-term financial assets (-)	(9)	(4)	(6)	(3)
	3,082	**3,004**	**2,789**	**3,384**
Short-term borrowings	1,649	1,687	1,706	996
Short-term financial assets (-)	(588)	(699)	(518)	(303)
	1,061	**988**	**1,188**	**693**
Net borrowings	**4,143**	**3,992**	**3,977**	**4,077**

In July 2004, as part of a program approved by the Board of Directors on June 15, 2004, Edison successfully completed the issuance of bonds totaling 500 million euros. This seven-year issue, which pays interest quarterly at a variable rate of 60 basis points above the three-month Euribor, helped improve the Company's liquidity profile, optimize the ratio of debt securities to bank debt (which has been reduced to 40% of total indebtedness) and lengthen the maturity of its obligations. Following this issue, the total value of the debt securities issued through September 30, 2004 was 2,630 million euros.

Notes to the Consolidated Statement of Income

After deducting minority interest, the Edison Group earned net income of 81 million euros in the first nine months of 2004, compared with net income of 149 million euros in the same period last year. This year's earnings benefited to a significant extent from the following factors:

- A positive performance by the Group's core industrial operations;
- A sizable drop in financial expense made possible by the reduction in indebtedness and the lower cost of money that resulted from the Group's improved standing in the financial markets;
- A decrease in writedowns of equity investments, which totaled 6 million euros, compared with 77 million euros in the first nine months of 2003. The higher amount booked last year reflected the need to lower to their market value the carrying value of investments in companies earmarked for disposal.

At the same time, the main reason for the decrease from the first nine months of 2003 is the absence of the large extraordinary items that were booked last year, chief among them the sale of the West Delta Deep Marine hydrocarbon reserves in Egypt, which generated an after-tax gain of about 348 million euros.

The table below, which is provided to present more clearly the changes in the cumulative amounts at September 30, 2004, shows a quarter by quarter breakdown of the individual items.

	1st quarter 2004	2nd quarter 2004	3rd quarter 2004
Net revenues	1,706	1,481	1,445
EBITDA	358	268	283
as a % of net revenues	21.0%	18.1%	19.6%
Depreciation, amortization and writedowns	(161)	(152)	(157)
EBIT	197	116	126
as a % of net revenues	11.5%	7.8%	8.7%
Group interest in net income	**39**	**14**	**28**

A) Net Revenues

Net revenues totaled 4,632 million euros in the first nine months of 2004. On a comparable consolidation basis, i.e., excluding the contribution of nonstrategic operations sold in 2003 (Telecommunications and Health Care Chemicals), this amount is 329 million euros higher (+7.1%) than in the same period last year.

The table below shows a breakdown of net revenues.

	9 months 2004	9 months 2003	Change
Net revenues:			
- Electric power	2,819	2,502	12.7%
- Natural gas	633	783	(19.2%)
- Oil	36	37	(2.7%)
- Steam	89	96	(7.3%)
- Company-owned power transmission grid	40	41	(2.4%)
- Excise taxes collected	82	96	(14.6%)
- Green certificates	22	6	n.m.
- Sundry revenues and income	278	188	47.9%
- Eliminations	-	(20)	n.m.
Total Core Businesses	**3,999**	**3,729**	**7.2%**
- Water	21	26	(19.2%)
- Engineering	612	551	11.1%
- Divested Operations	-	230	n.m.
- Eliminations	-	(3)	n.m.
Total Other Operations	**633**	**804**	**(21.3%)**
Total	**4,632**	**4,533**	**2.2%**

A breakdown of the Group's core business revenues shows that most of the increase is attributable to the Electric Power Business Unit (+16.7%), which benefited from higher volumes sold in the deregulated market, made possible in part by the increased supply of electric power provided by Edipower once the tolling agreement became fully operational, and a rise in prices charged to customers that reflected favorable trends in the macroeconomic environment. The Hydrocarbons Business Unit was able to offset a decrease in average prices charged with gains in unit sales, thereby posting a modest increase (+3%) over the same period a year ago.

Other Operations include the net revenues of the Engineering Operations (612 million euros, or 11% more than in the same period last year) and those of the Water Operations (21 million euros, or 19% less than in the same period last year).

C) Value Added

Value added totaled 1,094 million euros, or 22.8% of production value, for a gain of 81 million euros (+8%) over the amount generated in the first nine months of 2003 (1,013 million euros, equal to 22% of production value).

The table below provides a breakdown of the costs incurred for raw materials and outside services, which are a significant factor in determining value added.

	9 months 2004	9 months 2003	Change
Raw materials and outside services			
- Purchases of electric power	189	409	(53.8%)
- Transmission of electric power	232	281	(17.4%)
- Purchases of natural gas	1,415	1,306	8.3%
- Purchases of blast furnace, coke oven and other recycled gas	160	144	11.1%
- Purchases of fuel oil	234	21	n.m.
- Transmission of hydrocarbons	152	156	(2.6%)
- Gas and energy excise taxes	83	98	(15.3%)
- Tolling fee	219	-	n.m.
- Services provided by outside consultants	82	107	(23.4%)
- Royalties	6	9	(33.3%)
- Other costs	378	291	29.9%
- Eliminations		(20)	n.m.
Total Core Businesses	**3,150**	**2,872**	**9.7%**
- Water	12	15	(20.0%)
- Engineering	531	480	10.6%
- Divested Operations	-	218	n.m.
- Eliminations	-	(3)	n.m.
Total Other Operations	**543**	**710**	**(23.5%)**
Total	**3,693**	**3,582**	**3.1%**

This item includes virtually all of the purchases of natural gas, electric power and raw materials used for production purposes or, in the case of the Engineering Operations, to build production facilities.

More specifically, purchases of natural gas and fuel oil, which are used mainly to operate thermoelectric power plants, include purchases made to supply Edipower pursuant to the tolling agreement and to generate the additional volumes provided to users in the “mass market” segment.

The main component of the service costs incurred by the Electric Power Business Unit is the tolling fee of 219 million euros paid to Edipower under the tolling agreement for the right to utilize its production capacity.

D) EBITDA

EBITDA totaled 909 million euros, or 13.6% more than in the same period last year. The table below shows a breakdown of EBITDA by type of business.

EBITDA	9 months 2004	as a % of net revenues	9 months 2003	as a % of net revenues
Core Businesses				
- Electric Power Business Unit	725	21.4%	605	21.3%
- Hydrocarbons Business Unit	228	14.6%	261	17.3%
- Corporate Activities	(64)	n.m.	(65)	n.m.
Total Core Businesses	**889**	**22.2%**	**801**	**21.5%**
Other Operations				
- Water	2	9.5%	1	3.9%
- Engineering	18	2.9%	13	2.4%
- Divested Operations	-	-	(15)	(6.5%)
Total Other Operations	**20**	**3.2%**	**(1)**	
Total	**909**	**19.6%**	**800**	**17.7%**

As explained elsewhere in these notes, the improvement in EBITDA was made possible by an increase in unit sales that more than offset the negative impact of lower prices. A more detailed analysis is provided in the Segment Information section of this Report.

Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 470 million euros, is as follows:

	9 months 2004	9 months 2003	Change
Depreciation of property, plant and equipment	263	297	(34)
Amortization of intangibles	207	221	(14)
Writedowns	-	5	(5)
Total	**470**	**523**	**(53)**
Breakdown by type of business			
Electric Power Business Unit	374	384	(10)
Hydrocarbons Business Unit	84	96	(12)
Corporate Activities	8	7	1
Water	1	2	(1)
Engineering	3	1	2
Divested Operations	-	33	(33)
Total	**470**	**523**	**(53)**

Depreciation of property, plant and equipment and amortization of intangibles includes 204 million euros in amortization of goodwill generated in 2001 by the acquisition of Montedison by Italenergia (now Edison).

No change to the estimated useful life of the Group's assets was made during the period under review.

E) EBIT

At 439 million euros (9.5% of net revenues), EBIT for the first nine months of 2004 were sharply higher than the 277 million euros earned in the same period last year, for a year-over-year gain of 162 million euros, or 58.5%.

The Group's Core Businesses performed especially well, posting EBIT of 422 million euros, up 34% from 315 million euros in the first nine months of 2003. This increase confirms the positive trend that was already apparent in the other components of the statement of income.

The table below provides a breakdown of EBIT by type of business.

EBIT	9 months 2004	%	9 months 2003	%
Core Businesses				
- Electric Power Business Unit	350	79.7%	245	88.4%
- Hydrocarbons Business Unit	145	33.0%	146	52.7%
- Corporate Activities	(72)	(16.4%)	(76)	(27.4%)
Total Core Businesses	**423**		**315**	
Other Operations				
- Water	1	0.2%	(1)	(0.4%)
- Engineering	15	3.4%	11	4.0%
- Divested Operations	-	-	(48)	(17.3%)
Total Other Operations	**16**		**(38)**	
Total	**439**	**100.0%**	**277**	**100.0%**
as a % of net revenues	9.5%		6.1%	

As explained elsewhere in these notes, the improvement in EBIT is attributable mainly to the contribution provided by the Electric Power Business Unit, which benefited from an increase in unit sales and higher average sales prices.

Net Financial Expense

Net financial expense amounted to 183 million euros, or 17 million euros less than in the same period last year. The sharp decrease in net financial expense reflects a reduction in indebtedness made possible by the proceeds from the asset divestitures completed in 2003 and the optimization of the Group's sources of financing. Differently from 2003, this item now includes gains and losses on transactions executed to hedge interest rate, foreign exchange and commodity price risks. More specifically:

- The main component of **financial income** of 111 million euros is a gain of 87 million euros on derivatives executed to hedge foreign exchange risks, particularly those arising from bond issues and forward sales of energy and natural gas, and to minimize the impact of fluctuations of rates and market prices.
- **Financial expense** of 294 million euros consists mainly of interest and fees paid to banks and other lenders (90 million euros), interest on bond issues (92 million euros) and charges incurred in connection with derivatives (106 million euros). The

total amount also includes 2 million euros for a lump sum (0.35% of par value) paid to holders of the Edison 2002-2007 bonds upon the cancellation of the put option approved by a meeting of the bondholders in February 2004.

Interest in the Result of Companies Valued by the Equity Method and Writedowns of Equity Investments

The balance in this account (30 million euros) primarily reflects the Group's interest in the earnings of companies valued by the equity method, the largest of which are Edipower (19 million euros) and AEM Spa (5 million euros).

Extraordinary Income and Expense

Net extraordinary expense totaled 1 million euros, marking a sharp deterioration from the net extraordinary income reported in 2003, when the Group earned gains on the sale of hydrocarbon reserves and the settlement of positions related to the divestitures of equity investments.

Extraordinary income of 218 million euros includes the following:

- 135 million euros from the utilization of reserves for risks upon the settlement of disputed items (91 million euros for a dispute involving the Porto Marghera petrochemical plant, 18 million euros for the settlement reached on March 5, 2004 with the Autonomous Province of Trento to close the dispute arising from the Stava Dam disaster and 26 million euros for other disputes);
- 58 million euros in gains earned from the sale of equity investments (49 on the sale of the gas transmission network operated by Edison T&S and its SGM subsidiary);
- 18 million euros in out-of-period gains, including 3 million euros in refunds of foreign taxes;
- 7 million euros from the utilization of the reserve for taxes, of which 3 million euros refers to settlements on reduced terms of disputed tax items in accordance with Tax Amnesty Law No. 289/2002 and 4 million euros for the settlement of other disputes.

Extraordinary expense totaled 219 million euros. It includes the following:

- 135 million euros in charges incurred to settle disputes. This charge, which is the offset of the corresponding extraordinary income item, includes 91 million euros for the Porto Marghera dispute, 18 million euros for the Stava Dam dispute and 26 million euros for the settlement of other legal disputes;
- 37 million euros from the recognition of new contingent risks related to the sale of equity investments;
- 22 million euros in provisions added to the reserves for risks, including 8 million euros for accrued statutory interest;
- 4 million euros for taxes due under the settlement reached pursuant to Tax Amnesty Law No 289/2002;
- 21 million euros for sundry extraordinary charges.

Income Taxes

Income taxes totaled 141 million euros. A breakdown is as follows:

	9 months 2004	9 months 2003	% change
Current taxes	277	489	(43.4%)
Dividend tax credits	(100)	(92)	8.7%
Total current taxes	**177**	**397**	**(55.4%)**
Net deferred-tax (assets) liabilities	(36)	(13)	176.9%
Total income taxes	**141**	**384**	**(63.3%)**
as a % of income before taxes	48.6%	64.8%	

Current taxes reflect the liability for local taxes (IRAP) and corporate income taxes (IRES). **Deferred taxes** include deferred-tax assets computed on tax losses of the controlling company, after taking into account the impact of approved corporate restructuring transactions. Additional deferred-tax assets were not recognized since their future recoverability could not be determined with certainty.

Operating Performance, Financial Position and Financial Performance of Discontinuing Operations

A statement of income, balance sheet and changes in net financial position for the Edison Group, reclassified to show a breakdown of the Group's Core Businesses (Electric Power Business Unit, Hydrocarbons Business Unit and Corporate Activities) and Other Operations earmarked for divestiture, are provided below. Other Operations include the assets of the Water and Engineering Operations and certain minority holdings in publicly traded companies which the Board of Directors, by a resolution approved in 2003, classified as nonstrategic and earmarked for divestiture.

Statement of Income

		9 months 2004			9 months 2003		
		Core businesses	Other operations	Total	Core businesses	Other operations	Total
A.	**Net revenues**	**3,999**	**633**	**4,632**	**3,729**	**804**	**4,533**
	Change in inventory of work in progress, semifinished goods and finished goods	141	-	141	54	3	57
	Increase in Company-produced additions to fixed assets	14	-	14	5	-	5
B.	**Production value**	**4,154**	**633**	**4,787**	**3,788**	**807**	**4,595**
	Raw materials and outside services (-)	(3,149)	(544)	(3,693)	(2,872)	(710)	(3,582)
C.	**Value added**	**1,005**	**89**	**1,094**	**916**	**97**	**1,013**
	Labor costs (-)	(116)	(69)	(185)	(115)	(98)	(213)
D.	**EBITDA**	**889**	**20**	**909**	**801**	**(1)**	**800**
	Depreciation, amortization and writedowns (-)	(466)	(4)	(470)	(486)	(37)	(523)
E.	**EBIT**	**423**	**16**	**439**	**315**	**(38)**	**277**
	Net financial expense	(185)	2	(183)	(195)	(5)	(200)
	Interest in the results of companies valued by the equity method and dividends from companies valued at cost	30	-	30	(70)	3	(67)
	Other income (expense), net	-	2	2	1	-	1
F.	**Result before extraordinary items and taxes**	**268**	**20**	**288**	**51**	**(40)**	**11**
	Extraordinary income (expense)	(33)	(1)	(34)	80	-	80
G.	**Income (loss) before taxes, minority interest and divestitures**	**235**	**19**	**254**	**131**	**(40)**	**91**
	Income taxes	(129)	(12)	(141)	(143)	(9)	(152)
H.	**Net income (loss) excluding the impact of the divestiture of significant operations (gains, tax effect, incidental charges):**						
	Minority interest	**67**	**(2)**	**65**	**61**	**(1)**	**60**
	Group interest	**39**	**9**	**48**	**(73)**	**(48)**	**(121)**
I.	**Impact of divestitures**						
	Gains on disposals	50	7	**57**	580	(35)	**545**
	Charges incurred on divestitures	(4)	-	**(4)**	(25)	(2)	**(27)**
	Provisions for risks on equity investments	(15)	(5)	**(20)**	-	(16)	**(16)**
	Divestiture-related income taxes				(232)		(232)
	Total divestitures	**31**	**2**	**33**	**323**	**(53)**	**270**
L.	**Net income (loss):**						
	Minority interest in net income (loss)	**67**	**(2)**	**65**	**61**	**(1)**	**60**
	Group interest in net income (loss)	**70**	**11**	**81**	**250**	**(101)**	**149**

Balance Sheet

	9/30/04			9/30/03		
	Core businesses	Other operations	Total	Core businesses	Other operations	Total
A. Fixed assets						
Intangibles	3,819	5	3,824	4,080	34	4,114
Property, plant and equipment	5,305	19	5,324	5,533	16	5,549
Financial fixed assets	1,250	22	1,272	1,235	28	1,263
	10,374	**46**	**10,420**	**10,848**	**78**	**10,926**
B. Net working capital						
Inventories	427	2,793	3,220	371	2,217	2,588
Trade accounts receivable	787	198	985	668	230	898
Other assets	718	114	832	1,108	113	1,221
Trade accounts payable and advances on contract work in process (-)	(631)	(3,122)	(3,753)	(691)	(2,509)	(3,200)
Reserves for risks and charges (-)	(1,289)	(6)	(1,295)	(1,415)	(12)	(1,427)
Other liabilities (-)	(297)	(77)	(374)	(745)	(85)	(830)
	(285)	**(100)**	**(385)**	**(704)**	**(46)**	**(750)**
C. Invested capital, net of operating liabilities (A+B)	**10,089**	**(54)**	**10,035**	**10,144**	**32**	**10,176**
D. Reserve for employee severance indemnities (-)	**(47)**	**(16)**	**(63)**	**(47)**	**(15)**	**(62)**
E. Net invested capital (C-D)	**10,042**	**(70)**	**9,972**	**10,097**	**17**	**10,114**
Covered by:						
F. Stockholders' equity	**5,677**	**218**	**5,895**	**5,851**	**123**	**5,974**
broken down as follows:						
Group interest in stockholders' equity	5,109	212	5,321	5,084	115	5,199
Minority interest in stockholders' equity	568	6	574	767	8	775
G. Net borrowings						
Long-term debt	3,387	-	3,387	2,412	-	2,412
Long-term financial assets (-)	-	(3)	(3)	-	(6)	(6)
Short-term borrowings	1,070	(74)	996	2,112	30	2,142
Short-term financial assets (-)	(92)	(211)	(303)	(278)	(130)	(408)
	4,365	**(288)**	**4,077**	**4,246**	**(106)**	**4,140**
H. Total coverage sources	**10,042**	**(70)**	**9,972**	**10,097**	**17**	**10,114**

Statement of Changes in Net Financial Position

		9/30/04			9/30/03		
		Core businesses	Other operations	Total	Core businesses	Other operations	Total
A.	**Net (borrowings) at beginning of period**	**(4,364)**	**221**	**(4,143)**	**(6,220)**	**(241)**	**(6,461)**
	EBITDA	889	20	909	801	(1)	800
	Change in operating working capital	(145)	61	(84)	179	14	193
	Income taxes paid (-)	(8)	(3)	(11)	(45)	(1)	(46)
	Change in other assets (liabilities)	(310)	(15)	(325)	(433)	152	(281)
B.	**Cash flow – Operating activities**	**426**	**63**	**489**	**502**	**164**	**666**
	Investments in intangibles, property, plant and equipment, and financial fixed assets (-)	(451)	(25)	(476)	(739)	(61)	(800)
	Proceeds from the sale of intangibles, property, plant and equipment, and financial fixed assets	179	14	193	1,819	32	1,851
	Dividends received	13	-	13	6	2	8
C.	**Free cash flow**	**167**	**52**	**219**	**1,588**	**137**	**1,725**
	Financial income (expense), net	(185)	2	(183)	(195)	(5)	(200)
	Contributions of capital stock and reserves	25	-	25	592	-	592
	Distributions of capital stock and reserves (-)	-	-	-	-	-	-
	Dividends paid (-)	(82)	-	(82)	(20)	-	(20)
D.	**Cash flow – Financing activities**	**(75)**	**54**	**(21)**	**1,965**	**132**	**2,097**
	Change in the scope of consolidation	73	7	80	23	211	234
	Net currency conversion differences	1	6	7	(14)	4	(10)
E.	**Net cash flow for the period**	**(1)**	**67**	**66**	**1,974**	**347**	**2,321**
F.	**Net (borrowings) at end of period (A+E)**	**(4,365)**	**288**	**(4,077)**	**(4,246)**	**106**	**(4,140)**

Milan, November 11, 2004
The Board of Directors
by Umberto Quadrino
Chairman

VI) LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

A) Scope of Consolidation

Name	Head Office	Currency	Capital stock	Consolidated Group interest % 9/30/04 (a)	Consolidated Group interest % 12/31/03 (a)
Parent Company					
Edison Spa	Milano	EUR	4,236,891,015		
Core Businesses					
Electric Power					
Consorzio di Sarmato Soc. Cons. P.A.	Milan (IT)	EUR	200,000	52.500	52.500
Edison Energie Speciali Spa (sole owner)	Milan (IT)	EUR	4,200,000	100.000	100.000
Edison France Sarl	Paris (FR)	EUR	7,700	100.000	100.000
Edison Rete Spa (sole owner)	Milan (IT)	EUR	106,778,200	100.000	100.000
Flandres Energies Snc	Paris (FR)	EUR	37,500	50.000	50.000
Gever Spa	Milan (IT)	EUR	10,500,000	51.000	51.000
Ibiritermo Sa	Ibirité - Estado De Minas Gerais (BR)	BRL	1,043,562	50.000	50.000
Iniziative Sviluppo Energie Spa - ISE Spa (formerly Iniziative Sviluppo Energie Srl - ISE Srl)	Milan (IT)	EUR	100,000,000	70.000	45.000
Ise Rete Srl (sole owner)	Milan (IT)	EUR	4,922,207	70.000	45.000
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.000	70.000
Megs Srl (sole owner)	Sesto San Giovanni (MI) (IT)	EUR	260,000	100.000	51.000
Parco Eolico Castelnuovo Srl	Castelnuovo Di Conza (SA) (IT)	EUR	10,200	50.000	50.000
Parco Eolico Faeto Srl	Milan (IT)	EUR	11,300	100.000	100.000
Parco Eolico Foiano Srl	Milan (IT)	EUR	683,000	100.000	100.000
Parco Eolico Montemignaio Srl (sole owner)	Milan (IT)	EUR	40,000	100.000	100.000
Parco Eolico San Bartolomeo Srl (sole owner)	Milan (IT)	EUR	10,200	100.000	100.000
Parco Eolico San Giorgio Srl	Milan (IT)	EUR	8,911,200	100.000	100.000
Parco Eolico Vaglio Srl (sole owner)	Milan (IT)	EUR	10,200	100.000	100.000
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	61.000	61.000
Serene Spa	Milan (IT)	EUR	25,800,000	63.000	63.000
Sondel Dakar Bv	Rotterdam (NL)	EUR	18,200	100.000	100.000
Termica Boffalora Srl	Milan (IT)	EUR	14,220,000	70.000	70.000
Termica Celano Srl	Milan (IT)	EUR	259,000	70.000	70.000
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.000	65.000
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.000	60.000
Core Businesses – Hydrocarbons Business Unit					
Hydrocarbons					
Edison International Spa	Milan (IT)	EUR	17,850,000	100.000	100.000
Edison LNG Spa (sole owner)	Milan (IT)	EUR	10,000,000	100.000	100.000
Edison Stoccaggio Spa (sole owner)	Milan (IT)	EUR	81,497,301	100.000	--
Euroil Exploration Ltd	London (UK)	GBP	9,250,000	100.000	100.000
Core Businesses – Marketing and Distribution Business Unit					
Marketing and Distribution					
Arcalgas Sud Spa (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	1,716,000	100.000	100.000
Edison DG Spa (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.000	100.000
Edison Energia Spa (sole owner)	Milan (IT)	EUR	22,000,000	100.000	100.000
Edison Per Voi Spa	Selvazzano Dentro (PD) (IT)	EUR	3,592,000	96.770	96.770

Interest held % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Method of consolidation or valuation (e)
				L
52.500	Edison Spa	-	-	L
100.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	- (g)	-	L
50.000	Edison France Sarl	-	-	P
51.000	Edison Spa	-	-	L
50.000	Edison Spa	-	-	P
25.000	Edison Spa	- (g)	-	L
75.000	Finanziaria di Partecipazioni Elettriche Finel Spa	-	-	
100.000	Iniziative Sviluppo Energie Spa - ISE Spa	- (g)	-	L
70.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
50.000	Edison Energie Speciali Spa (sole owner)	-	-	P
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
100.000	Parco Eolico San Giorgio Srl	- (g)	-	L
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
61.000	Edison Spa	-	-	L
63.000	Edison Spa	-	-	L
100.000	Stirpex Bv	-	-	L
70.000	Edison Spa	- (g)	-	L
70.000	Edison Spa	- (g)	-	L
65.000	Edison Spa	- (g)	-	L
60.000	Edison Spa	- (g)	-	L
70.000	Edison Spa	- (g)	-	L
30.000	Selm Holding International Sa	-	-	
100.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
0.000	Edison Spa	-	-	L
100.000	Selm Holding International Sa	-	-	
100.000	Edison DG Spa (sole owner)	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
45.800	Arcalgas Sud Spa (sole owner)	- (g)	-	L
3.230	Co-Meta Srl (sole owner)	-	-	
50.970	Edison DG Spa (sole owner)	-	-	

A) Scope of Consolidation (continued)

Name	Head Office	Currency	Capital stock	Consolidated Group interest %	
				9/30/04 (a)	12/31/03 (a)
Core Businesses – Energy Management Business Unit					
Energy Management					
Edison Trading Spa (sole owner)	Milan (IT)	EUR	30,000,000	100.000	100.000
Core Businesses – Corporate Activities					
Italian Holding Companies					
Finanziaria di Partecipazioni Elettriche Finel Spa	Milan (IT)	EUR	194,000,000	60.000	60.000
Foreign Holding Companies					
Montedison Finance Europe Nv	Amsterdam (NL)	EUR	4,537,803	100.000	100.000
Selm Holding International Sa	Luxembourg (LU)	EUR	24,000,000	100.000	100.000
Stirpex Bv	Amsterdam (NL)	EUR	45,378	100.000	100.000
Real Estate Companies					
Come Iniziative Immobiliari Srl (sole owner)	Milan (IT)	EUR	2,583,000	100.000	100.000
Other Operations					
Water					
Internat. Water Serv. (Guayaquil) Interagua C. Ltda	Guayaquil (EC	USD	10,000,000	26.550	26.550
International Water (Adelaide I) Sarl	Luxembourg (LU)	EUR	15,098	50.000	50.000
International Water (Adelaide Ii) Sarl	Luxembourg (LU)	EUR	36,295	50.000	50.000
International Water (Bulgaria) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Czech Republic) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (District Heating) Bv	Amsterdam (NL)	EUR	18,000	50.000	50.000
International Water (Estonia) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Highlands) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Moray Montrose) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Mwc) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Mwc) Sarl	Luxembourg (LU)	EUR	13,248,194	50.000	50.000
International Water (Poland) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Riverland) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Tay) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Tunari) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Tunari) Sarl	Luxembourg (LU)	EUR	559,157	50.000	49.990
International Water (UK) Limited	London (UK)	GBP	1,001	50.000	50.000
International Water Consulting Ag	Schwyz (CH)	CHF	100,000	50.000	50.000
International Water Development Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Enterprises Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Holdings Bv	Amsterdam (NL)	EUR	40,000	50.000	50.000
International Water Services (Guayaquil) Bv	Amsterdam (NL)	EUR	20,000	29.500	29.500
International Water Services (Philippines) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Services Ag	Zug (CH)	CHF	100,000	50.000	50.000
International Water Services Holdings Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water Services Limited	George Town - Grand Cayman (KY)	USD	45,100	49.890	49.890
International Water Uu (Prague) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
Iwl (Asia Pacific) Pte Ltd	Singapore (SG)	SGD	2	50.000	50.000
Iwl Adelaide Pty Ltd	Chippendale (AU)	AUD	1,020,460	50.000	50.000
Iwl Corporate Limited	London (UK)	GBP	1	50.000	50.000
Iwl Services (USA) Inc.	Wilmington - Delaware (USA)	USD	1	50.000	50.000
Iwl Services Holdings (UK) Limited	London (UK)	GBP	2	50.000	50.000
Moravska Vodarenska Spolecnost As (in liquid.)	Breclav (CZ)	CZK	2,100,000	50.000	50.000

Interest held % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Method of consolidation or valuation (e)
100.000	Edison Spa	- (g)	-	L
60.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	-	-	L
0.050	Come Iniziative Immobiliari Srl (sole owner)	-	-	L
99.950	Edison Spa	-	-	
100.000	Edison Spa	-	-	L
100.000	Edison Spa	- (g)	-	L
90.000	International Water Services (Guayaquil) Bv	-	-	P
100.000	International Water (Riverland) Bv	-	-	P
100.000	International Water (Riverland) Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water (Mwc) Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water (Tunari) Bv	-	-	P
0.100	International Water Services Limited	0.000	0.000	P
99.900	Iwl Corporate Limited	100.000	100.000	
100.000	International Water Services Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water Development Bv	-	-	P
50.000	Edison Spa	-	-	P
59.000	International Water Services Holdings Bv	-	-	P
100.000	International Water Services Holdings Bv	-	-	P
100.000	International Water Services Holdings Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
99.780	International Water Holdings Bv	-	-	P
100.000	International Water (Czech Republic) Bv	-	-	P
100.000	International Water Services Holdings Bv	-	-	P
1.000	International Water (Adelaide I) Sarl	-	-	P
99.000	International Water (Adelaide Ii) Sarl	-	-	
100.000	Iwl Services Holdings (UK) Limited	-	-	P
100.000	International Water Services Holdings Bv	-	-	P
100.000	International Water Services Holdings Bv	-	-	P
100.000	International Water (Czech Republic) Bv	-	-	P

A) Scope of Consolidation (continued)

Name	Head Office	Currency	Capital stock	Consolidated Group interest %	
				9/30/04 (a)	12/31/03 (a)
Engineering					
Emp. Madrilena de Ing. Y Costr. Sa	Madrid (ES)	EUR	60,110	100.000	100.000
Engineering & Designs Tecnimont Icb Pvt Ltd	Mumbai (IN)	INR	100,000	49.990	49.990
Finewell Limited	Nicosia (CY)	CYP	1,000	99.670	99.670
Guandong Contractor	Montigny-Le-Bretonneux (FR)	EUR	1,000	25.000	25.000
Icb Contractors Private Limited	Mumbai (IN)	INR	3,000,000	50.000	50.000
Imm. Lux. Sa	L-1511 Luxembourg (LU)	EUR	780,000	99.670	99.670
Jts Contracting Company Limited	Floriana, La Valletta (MT)	EUR	100,000	41.600	41.600
Protecma Srl (sole owner)	Milan (IT)	EUR	3,000,000	100.000	100.000
Sofregaz Sa	Paris (FR)	EUR	17,500,000	66.000	66.000
Stts	Montigny-Le-Bretonneux (FR)	EUR	1,000	34.900	34.900
Tecnimont Arabia Limited	Jeddah (SA)	SAR	5,500,000	51.000	51.000
Tecnimont Benelux Sa	Brussels (BE)	EUR	250,000	99.700	99.700
Tecnimont Chile Ltda	Santiago (Rch)	Clp	277,934,149	99.920	99.920
Tecnimont Do Brasil Ltda	São Paulo (BR)	BRL	1,000,000	100.000	100.000
Tecnimont Icb Private Limited	Kalina - Mumbay (IN)	INR	13,886,700	50.000	50.000
Tecnimont International Sa	Luxembourg (LU)	EUR	200,000	99.670	99.670
Tecnimont Nigeria Ltd	Ikoyi - Lagos (NG)	NGN	5,000,000	70.000	70.000
Tecnimont Poland Sp.Zo.O	Warsaw (PL)	PLZ	50,000	99.000	99.000
Tecnimont Spa (sole owner)	Milan (IT)	EUR	52,000,000	100.000	100.000
Tpi-Tecnimont Planung Und Industrieanlagenbau Gmbh	Grimma (DE)	EUR	260,000	100.000	100.000

Interest held % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Method of consolidation or valuation (e)
100.000	Tecnimont Spa (sole owner)	-	-	L
99.980	Tecnimont Icb Private Limited	-	-	P
100.000	Tecnimont International Sa	-	-	L
25.000	Emp. Madrilena de Ing. Y Costr. Sa	-	-	P
15.000	Icogas Tecnologia 2000 Sl	-	-	
100.000	Tecnimont Icb Private Limited	-	-	P
100.000	Tecnimont International Sa	-	-	L
10.000	Sofregaz Sa	-	-	P
35.000	Tecnimont Spa (sole owner)	-	-	
100.000	Tecnimont Spa (sole owner)	-	-	L
66.000	Tecnimont Spa (sole owner)	-	-	L
15.000	Sofregaz Sa	-	-	P
25.000	Tecnimont Spa (sole owner)	-	-	
51.000	Tecnimont Spa (sole owner)	-	-	L
99.700	Tecnimont Spa (sole owner)	-	-	L
99.920	Tecnimont Spa (sole owner)	-	-	L
100.000	Tecnimont Spa (sole owner)	-	-	L
50.000	Tecnimont Spa (sole owner)	- (f)	-	P
0.000	Tpi-Tecnimont Planung Und Industrieanlagenbau Gmbh	-	-	
99.670	Tecnimont Spa (sole owner)	-	-	L
70.000	Tecnimont Spa (sole owner)	-	-	L
99.000	Tecnimont Spa (sole owner)	-	-	L
100.000	Edison Spa	-	-	L
100.000	Tecnimont Spa (sole owner)	-	-	L

Notes

(a) The consolidated Group interest is computed on the basis of the interest held in the respective capital stock by the Parent Company or subsidiaries consolidated on a line-by-line basis, and by jointly controlled companies consolidated by the proportional method.

(b)The interest in the capital stock is equivalent to the ratio between the aggregate par value of all equity securities held directly and the total capital stock. In this computation, the denominator (total capital stock) is net of any treasury shares held.

(c) The percentage of the voting securities held is equivalent to the ratio between the number of voting securities held directly (irrespective of the ownership of the voting rights) and the total number of voting securities (e.g. common and preferred shares) included in the capital stock. Voting securities include voting certificates. The percentage is shown only if it is different from the overall interest held.

(d) The percentage of securities with exercisable voting rights is the ratio between the number of votes which can be effectively cast by the investor company attending an Ordinary Stockholders' Meeting and the total number of votes that can be cast at an Ordinary Stockholders' Meeting. The common shares of some companies confer the right to cast more than one vote at Ordinary Stockholders' Meetings (multiple-vote shares). The percentage is shown only if it is different from the overall interest held.

(e) L = Line-by-line consolidation; P = Consolidation by the proportional method; EM = Consolidation at equity method; C = Valuation at cost.

(f) Pursuant to contractual agreements, an outside stockholder has undertaken to vote 1 Tecnimont ICB Private Ltd share in accordance with the instructions received from Tecnimont Spa, provided that such instructions are not detrimental to the interests of the Company or those of minority stockholders.

(g) Company over which Edison Spa exercises management and coordination authority.

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Capital stock: 4,236,891,015.00 euros, fully paid in
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