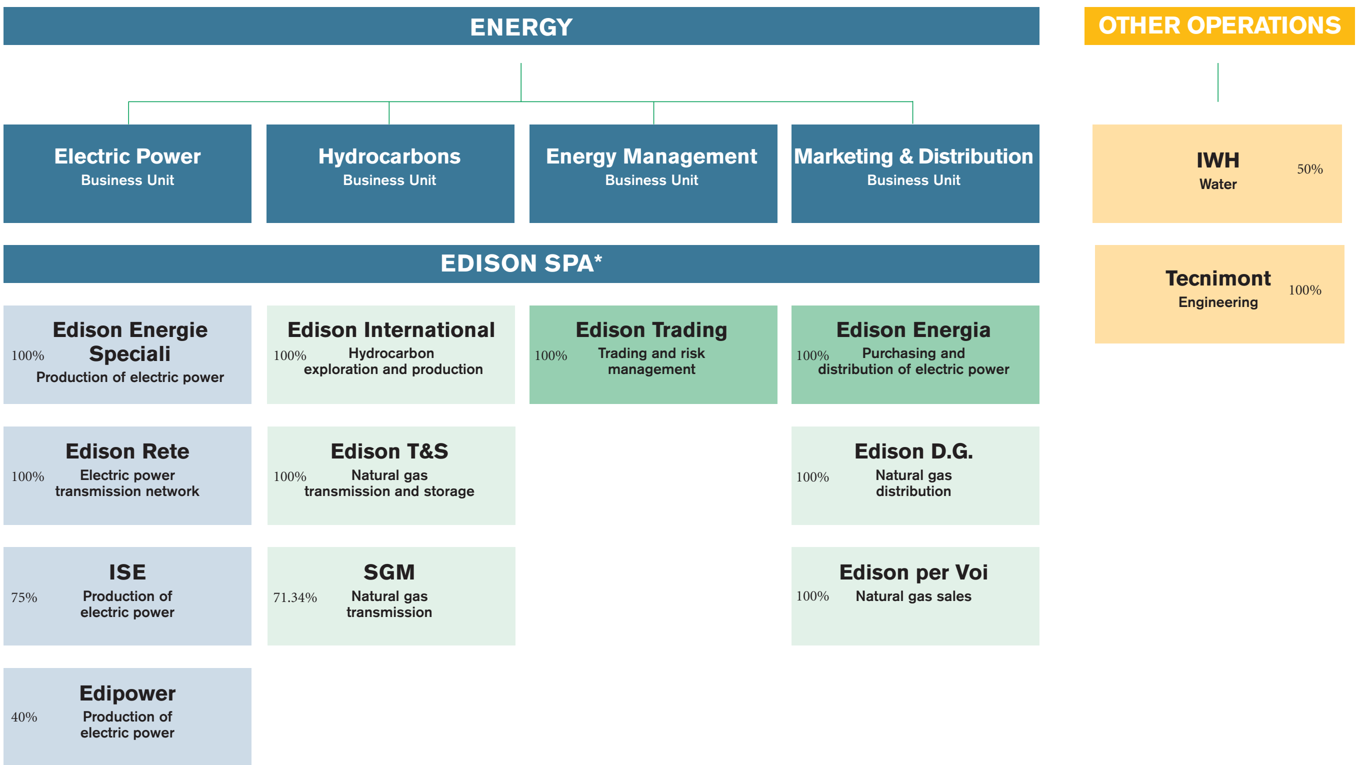
EDISON

QUARTERLY REPORT AT MARCH 31, 2004

Contents

I) STRUCTURE OF THE GROUP AND KEY EVENTS

Simplified Structure of the Group at March 31, 2004



Electric Power operations

Hydrocarbons operations

Electric Power/Hydrocarbons operations

(*) Edison Spa, working 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: ISE is a 75% subsidiary of Finel Spa, which is a 60% direct subsidiary of Edison Spa.
Edipower is a company valued by the equity method.

Key Events

Edison Reopens the EMTN December 2010 Issue with a 100-Million-Euro Placement

In January, Edison reopened the European Medium Term Notes (EMTN) program it launched in November 2003, issuing a second EMTN tranche. This issue, which has a seven-year maturity and carries a 5.125% coupon, was underwritten by institutional investors with a spread that was more than 30 basis points lower than that of the first tranche, which was for 600 million euros.

The Edison 6.375% Bonds Due in July 2007 No Longer Carry a Put Option

In response to the confidence shown by the financial markets in the renewed strength of Group's financial position, the February meeting of Edison's bondholders approved a motion amending some of the terms of the indenture of the Edison 6.375% bonds due in July 2007. The amendment called for the removal of the put option provided under the indenture (one of the clauses added in December 2001) against payment of a lump-sum consideration equal to 0.35% of the par value of each bond and a partial change in the formula used to compute the coupon interest designed to shield bondholders from the impact of rating improvements (from BBB- to BBB for S&P and from Baa3 to Baa2 for Moody's).

Edison Sells a Power Plant in Turkey

Also in February, Edison sold its 84.78% interest in Turk Edison Enerji A.S., a company that operates a combined-cycle power plant with an installed capacity of about 60 MW in Izmit, near Istanbul, to Entek A.S., a company of the Koç Group. The Koç Group is a major diversified Turkish industrial group. This sale, which is consistent with Edison's plan to divest nonstrategic assets outside Italy, is valued at 53 million euros, but will not have a material economic impact on Edison's financial statements.

Tecnimont Is Awarded a New Contract in China

In March, Tecnimont signed a contract covering licensing rights and the provision of engineering and technical support services for the construction of a low density polyethylene (LDPE) plant with an annual production capacity of about 200,000 tons in Lanzhou (China). Construction of this facility, which will require an investment of about 100 million euros, will take two years. The award of this contract strengthens Tecnimont's leadership position in the international market, having built over 100 polyethylene and polypropylene plants worldwide (18 in China).

The facilities developed by Tecnimont during the last five years have produced 8 million tons of polymers a year, accounting for about 22% of the world market.

The Stava Dam Dispute Is Settled

In March, the Autonomous Province of Trent agreed to a settlement that apportions responsibility among the parties (Edison, Snam - now Eni's Gas & Power Division - and Finimeg) liable for the damage caused by the collapse of the Prestavel dams in 1985. Under the settlement, Edison will pay 17.2 million euros, plus interest, to settle any and all claims by the Autonomous Province and the Italian government, with which the Autonomous Province signed a separate settlement agreement.

II) FINANCIAL HIGHLIGHTS

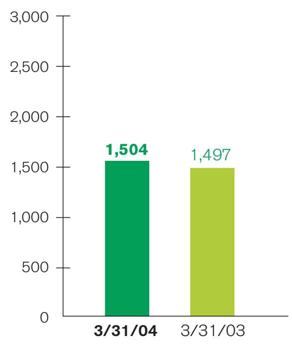
Edison Group – Cumulative Data at March 31, 2004

					Core Businesses		
2003 full year		**First quarter 2004**	First quarter 2003	Change	**First quarter 2004**	First quarter 2003	Change
Edison Group							
6,287	Net revenues	1,706	1,815	(6.0%)	1,504	1,497	0.5%
1,103	EBITDA	358	339	5.6%	353	330	7.0%
17.5%	as a % of net revenues	21.0%	18.7%		23.5%	22.0%	
415	EBIT	197	170	15.9%	193	181	6.6%
6.6%	as a % of net revenues	11.5%	9.4%		12.8%	12.1%	
144	Group interest in net income (loss)	39	(59)	n.m.	37	(41)	n.m.
352	Capital expenditures	55	94	(41.5%)	53	80	(33.7%)
10,156	Net invested capital [1]	10,096	11,689	(0.6%)	10,190	11,213	
4,143	Net borrowings [1]	3,992	6,509	(3.6%)	4,291	6,265	
6,013	Stockholders' equity before minority interest [1]	6,104	5,180	1.5%	5,899	4,948	
5,213	Group interest in stockholders' equity [1]	5,278	4,412	1.2%	5,080	4,198	
3,970	Number of employees [1] [2]	3,946	5,945	(0.6%)	2,329	2,394	
4.15%	ROI [3]	8.8%	6.3%		8.6%	7.0%	
0.69	Debt/Equity ratio	0.65	1.26		0.73	1.27	
	Stock market prices (in euros) [4]						
1.4869	common shares	1.4062	0.8990				
1.3047	nonconvertible savings shares	1.2908	0.8043				
0.5610	warrants outstanding	0.4979	-				
	Earnings (Loss) per share (in euros) [5]						
0.0396	basic	0.0085	(0.030)				
0.0327	diluted	0.0067	(0.030)				

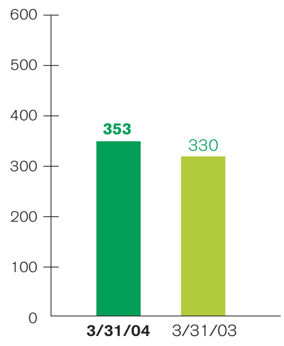
[1] End-of-period amounts. The changes are computed against the data at December 31, 2003.
[2] Companies consolidated on a line-by-line basis and Group interest in companies consolidated by the proportional method.
[3] EBIT divided by average net invested capital, after deducting the value of equity investments held as fixed assets. The percentages shown for the first quarters 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.

Operating Highlights of the Core Businesses

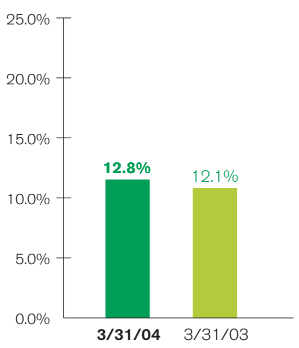
Net Revenues



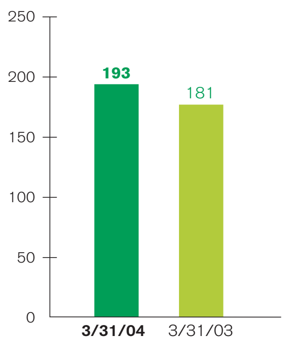
EBITDA



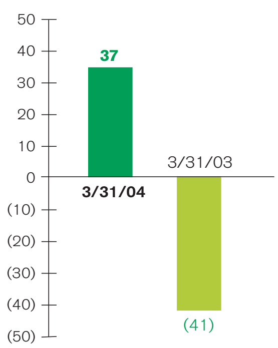
EBIT/Net Revenues



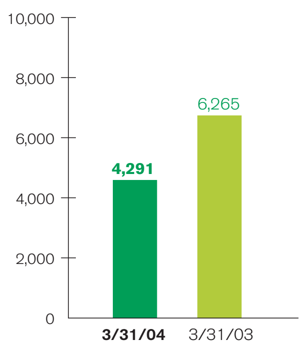
EBIT



Group Interest in
Net Income (Loss)



Net borrowings



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

Business Environment

In the first three months of 2004, demand for electric power from the Italian grid totaled 81.9 TWh (TWh = billion kWh), or 1.8% more than in the same period last year. During the first three months of 2004, demand for power from the grid peaked in March at 50.3 GW, an increase of 4.3% from March 2003.

During the first quarter of 2004, net domestic production (excluding surges) increased to 72.2 TWh, up 4.3% from the same period last year, as the net result of a 7.2% increase in thermoelectric output and a decrease of 13% in hydroelectric generation. Overall, production was sufficient to meet 84.8% of demand. At 12.5 TWh, net imports were down sharply, declining by 10.1% year over year.

Total Italian demand for natural gas grew to 27.3 billion cubic meters through March 2004, or 4.1% more than in the first quarter of 2003.
The main reasons for this substantial increase were higher demand from thermoelectric power plants (+10.5%, due to a sharp rise in electric power output) and a rise in consumption for industrial applications (+6.6%, reflecting an expansion of industrial production in Italy). Demand from residential customers was about the same as in the first three months of 2003.

In the benchmark oil market, the price of Brent crude held at a high level in the first quarter of 2004, with the cumulative average at March 31, 2004 amounting to $32.00/bbl, little changed from $31.50/bbl in the first quarter of 2003.

The euro remained strong vis-à-vis the U.S. dollar, with the average exchange rate rising to $1.23 for one euro in the first quarter of 2004, compared with an average exchange rate of $1.08 for one euro in the same period last year. However, the greenback appeared to be strengthening, with the exchange rate going from $1.29 for one euro at the end of 2003 to about $1.20 for one euro at March 31, 2004.
Because of the weakness of the U.S. dollar, the price of a barrel of Brent crude stated in euros was 3.80 euros per barrel lower than in the first quarter of 2003, falling to 25.60 euros per barrel (29.40 euros per barrel in 2003).

Performance and Results of the Group

The results for the first three months of 2004 are not truly comparable with those for the same period last year due to changes in the Group's structure and portfolio of businesses that occurred in 2003.
In order to provide a more meaningful presentation of the Group's performance, the quarterly data for Edison's core businesses are shown separately.

Core Businesses (Energy and Corporate Sectors)

The Group's industrial operations reported steadily improving results in the first quarter of 2004.
Overall unit sales continued to rise during the first three months of 2004, posting gains of 17.6% for natural gas and 17.8% for electric power. However, prices, which are stated in euros and are based on the cost of benchmark fuels, decreased for both Sectors, mirroring a similar decline in purchasing costs.
The combined impact of these conflicting factors was to keep net revenues about the same as they were in the first three months of 2003, but EBITDA increased from 330 million euros in the first quarter of 2003 to 353 million euros in the same period this year (+7%).
This improvement reflects in part the positive impact of the tolling contract with Edipower, which went into effect on January 1, 2004. This contract gives Edison access to 50% of Edipower's production (about 3.3 TWh), which the Group uses to supply the captive-customer market (transitional system for the sale of electric power in the captive-customer market, abbreviated as STOVE in Italian) and to replace more expensive sources of supply for sales in the deregulated market.

The core businesses ended the first quarter of 2004 on a positive note, enabling the Group to report net income of 37 million euros, compared with a net loss of 41 million euros in the same period last year.
The positive performance of the industrial operations was magnified by a sizable reduction in net financial expense (about 24 million euros less than in the first three months of 2003), which was made possible by a drop in indebtedness and a more favorable credit rating for the Group.

Other Operations of the Group

Engineering – The Engineering operations performed relatively well in the first quarter of 2004, and their financial position continued to show the solid improvement that began at the end of 2003, thanks to the positive cash flow generated by customer orders. Net revenues totaled 195 million euros, and EBITDA were positive by 5 million euros, roughly the same as in the first three months of 2003 (7 million euros).

Water – The first quarter of 2004 ended with breakeven EBITDA, a performance roughly in line with the same period last year.

Results of the Group

The Group ended the first quarter of 2004 with overall revenues of 1,706 million euros, or 6% less than in the first three months of 2003. EBITDA were up 5.6% to 358 million euros, or 21% of net revenues, up from 18.7% at March 31, 2003. EBIT increased in absolute terms to 197 million euros (+15.9%) and improved as a percentage of net revenues, rising to 11.5% (9.4% at the end of March 2003).

The deconsolidation of nonstrategic assets divested in 2003 is the main reason for the decrease in net revenues.

In the three months ended March 31, 2004, the Group earned 39 million euros, compared with a loss of 59 million euros a year earlier, reflecting the positive impact of a strong performances by its core businesses.

Net borrowings totaled 3,992 million euros at March 31, 2004, down 151 million euros from the 4,143 million euros the Group owed at December 31, 2003, as the positive cash flow generated during the first quarter of 2004 and the proceeds from divestitures (53 million euros) more than offset capital expenditures and financial expense.

Outlook for 2004 Results

The results for the first three months of 2004 confirm that the favorable trend that began to take shape last year is continuing and justify expectations of positive earnings for the year as a whole.

Significant Events Occurring After March 31, 2004

In April, as part of its efforts to restructure its indebtedness and lower the cost of financial resources, Edison completed negotiations for a five-year senior unsecured line of credit in the amount of 1,000 million euros. An additional syndication for a further 250 million euros was launched shortly thereafter, bringing the total financing to 1,250 million euros. These transactions enabled the Group to replace a portion of its short-term borrowings with long-term debt, provide more effective support for its industrial development plan and secure terms that are on par with those available to prime borrowers in the corporate financing market.

On April 1, 2004, a Board of Arbitrators handed down an award in the proceedings filed by Ildom against the Cereol Group. In 2002, Edison sold a majority interest in the Cereol Group to Bunge. The award sets at US$73.1 million the value of shares representing 49% of Oleina's capital stock, which Ildom had sold to Cereol in February 2002. Edison will decide on a course of action after it finishes reviewing the award.
In view of the existing contract deductibles and established reserves, no impact is expected on the Edison Group's statement of income.

IV) PERFORMANCE OF THE SECTORS

2003 full year		First quarter 2004	First quarter 2003	Change
	Core Businesses			
	Electric Power Operations			
3,889	Net revenues	1,128	1,024	10.1%
826	EBITDA	280	226	23.9%
21.2%	as a % of net revenues	24.8%	22.1%	
	Hydrocarbons Operations			
2,097	Net revenues	662	668	(0.9%)
362	EBITDA	86	123	(30.1%)
17.3%	as a % of net revenues	13.0%	18.4%	
	Corporate Sector and adjustments			
(845)	Net revenues	(286)	(195)	n.m.
(101)	EBITDA	(13)	(19)	n.m.
n.m.	as a % of net revenues	n.m.	n.m.	
	Total core businesses			
5,141	Net revenues	1,504	1,497	0.5%
1,087	EBITDA	353	330	7.0%
21.1%	as a % of net revenues	23.5%	22.0%	
	Other Operations			
	CONTINUING OPERATIONS			
	Water			
32	Net revenues	7	8	(12.5%)
3	EBITDA	-	1	n.m.
9.4%	as a % of net revenues	n.m.	12.5%	
	Engineering			
884	Net revenues	195	157	24.2%
28	EBITDA	5	7	(28.6%)
3.2%	as a % of net revenues	2.6%	4.5%	
	DIVESTED OPERATIONS (*)			
230	Net revenues	-	153	n.m.
(15)	EBITDA	-	1	n.m.
(6.5%)	as a % of net revenues		0.7%	
	Total other operations			
1,146	Net revenues	202	318	(36.5%)
16	EBITDA	5	9	(44.4%)
1.4%	as a % of net revenues	2.5%	2.8%	
	Edison Group			
6,287	**Net revenues**	**1,706**	**1,815**	**(6.0%)**
1,103	**EBITDA**	**358**	**339**	**5.6%**
17.5%	as a % of net revenues	21.0%	18.7%	

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

Net Revenues by Geographic Destination

2003 full year	%		First quarter 2004	%	First quarter 2003	%
5,179	82.4	Italy	1,498	87.9	1,519	83.7
53	0.8	France	14	0.8	11	0.6
7	0.1	Spain	-	-	6	0.3
192	3.1	Other euro-zone countries	21	1.2	34	1.9
5,431	**86.4**	**Total euro-zone countries**	**1,533**	**89.9**	**1,570**	**86.5**
25	0.4	Other EU countries	-	-	3	0.2
61	1.0	Eastern Europe	24	1.4	8	0.4
4	0.1	North America	-	-	4	0.2
766	12.1	Other countries	149	8.7	230	12.7
6,287	**100.0**	**Edison Group**	**1,706**	**100.0**	**1,815**	**100.0**

Net Revenues by Geographic Source

2003 full year	%		First quarter 2004	%	First quarter 2003	%
5,748	91.4	Italy	1,599	93.7	1,626	89.6
45	0.7	France	12	0.7	11	0.6
26	0.5	Spain	-	-	26	1.4
1	0.0	Other euro-zone countries	3	0.2	-	-
5,820	**92.6**	**Total euro-zone countries**	**1,614**	**94.6**	**1,663**	**91.6**
21	0.3	Other EU countries	1	0.1	3	0.2
35	0.6	Eastern Europe	4	0.2	4	0.2
-	-	North America	-	-	-	-
411	6.5	Other countries	87	5.1	145	8.0
6,287	**100.0**	**Edison Group**	**1,706**	**100.0**	**1,815**	**100.0**

Electric Power Operations

Highlights

2003 full year		First quarter 2004	First quarter 2003	% change
3,889	Net revenues	1,128	1,024	10.1%
826	EBITDA	280	226	23.9%
21.2%	as a % of net revenues	24.8%	22.1%	
247	Capital expenditures	45	48	(6.2%)
8,079	Net invested capital (1)	8,184	8,323	1.3%
1,381	Number of employees at end of period (1)	1,331	1,386	(3.6%)

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

Net revenues increased to 1,128 million euros in the first quarter of 2004, or about 10% more than in the same period last year.

A breakdown of net revenues is provided below.

2003 full year		First quarter 2004	First quarter 2003	% change
	Unit sales			
45,081	Electric power (GWh)*	13,477	11,444	17.8%
9,238	Steam (kt)	2,475	2,501	(1.0%)
	Revenues			
3,418	Electric power	1,017	914	11.3%
132	Steam and utilities	31	38	(18.4%)
34	Other sales and services	54	37	45.9%
3,584	**Total sales revenues**	**1,102**	**989**	**11.4%**
305	Other revenues	26	35	(25.7%)
3,889	**Net revenues**	**1,128**	**1,024**	**10.1%**

(*) One GWh is equal to one million kWh. Unit sales are net of dissipation and tolls (121 GWh in 2004 and 176 GWh in 2003).

Sales revenues totaled 1,102 million euros in the first quarter of 2004, or about 113 million euros more than in the same period last year (+11.4%). This increase primarily reflects a rise in unit sales, since the average unit price charged for electricity during the first three months of 2004 declined to 75.5 euros/MWh (79.9 euros/MWh in the first quarter of 2003), due to a decrease in the cost of benchmark fuels.

Revenues from the sale of steam and other utilities were about 7 million euros less than in the first three months of 2003 as a result of a slight decrease in unit sales and lower average prices, which are tied to the cost of benchmark fuels in this case as well.

Cumulative **EBITDA** at March 31, 2004 rose to 280 million euros, or about 54 million euros more (+23.9%) than in the first quarter of 2003, due mainly to the increased availability of electric power, which enabled the Company to optimize the mix of target markets listed below, and to a more advantageous price structure.

Sales and Marketing

Sales of electric power totaled 13,477 million kWh in the first quarter of 2004. A breakdown by target market is as follows:

(in GWh)	First quarter 2004	First quarter 2003	% change
CIP-6 dedicated	5,912	5,808	1.8%
Captive and other industrial customers	1,325	1,404	(5.6%)
Deregulated market	6,240	4,232	47.4%
Total target markets	**13,477**	**11,444**	**17.80%**

While sales to traditional customers (CIP-6 and industrial customers) held relatively steady, deliveries to customers in other markets (eligible users in the deregulated market, wholesalers, customers covered by Legislative Decree No. 387/03 and "STOVE" users) were up sharply, confirming Edison's position, through its Marketing and Distribution and Energy Management Business Units, as a leading player in the Italian deregulated market. These gains were driven primarily by higher sales to captive customers in the "STOVE" market, who could not be accessed in 2003. The increased level of deliveries was made possible by the additional supply of electric power provided by Edipower as the tolling contract became fully operational.

Production and Procurement

The output of the Electric Power Business Unit declined slightly during the first three months of 2004 compared with the same period last year, due to the reduced availability of water resources for power generation, which were at a record high in March 2003.

Net production of the Edison Group (GWh)	**First quarter 2004**	First quarter 2003	% change
Hydroelectric facilities	482	861	(44.0%)
Thermoelectric facilities	8,285	8,202	1.0%
Wind farms	116	94	23.4%
Total production	**8,883**	**9,157**	**(3.0%)**

In the first quarter of 2004, the output of electric power generated by Edison Group hydroelectric power plants located in Italy (including the energy produced by KHR available in Italy) was 482 million kWh, compared with 861 million kWh (-44%) in the same period last year. The reduced availability of water resources, a decrease in the energy made available by the KHR affiliate and the deconsolidation of Sel Edison (in the table below, its output is included among other domestic purchases) account for this decrease.

As new facilities came on stream, the net output of the Group's wind farms increased to 116 million kWh, or 22 million kWh more than in the first three months of 2003.

Gross production of thermoelectric power totaled 8,499 million kWh, little changed (+1%) compared with the first quarter of 2003. After deducting power consumed internally and lost through dissipation, net thermoelectric production totaled 8,285 million kWh.

During the first three months of 2004, Edison's internal production was supplemented with electric power that the Energy Management Business Unit purchased from the following external sources of supply:

External sources of supply (GWh)	**First quarter 2004**	First quarter 2003	% change
Edipower	3,307	203	n.m.
Imports	319	315	1.3%
Other domestic purchases	1,089	1,945	(44.0%)
Total external supply	**4,715**	**2,463**	**91.4%**

As mentioned earlier in this Report, the 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 reduce its reliance on other, more expensive domestic suppliers.

The total energy available to Edison (net of dissipation and tolls) grew to 13,477 million kWh, up from 11,444 million kWh at March 31, 2003 (+17.8%).

Capital Expenditures

Capital expenditures carried out in the first quarter of 2004 totaled 45 million euros, or 3 million euros less than in the same period a year ago.
The lion's share (39 million euros) was used to expand generating capacity in Italy, with work focused on three power plants:

- Altomonte (800 MW), where construction is more than 50% complete;
- Candela (400 MW), where assembly of the main equipment is already under way;
- Torviscosa (800 MW), where the piling work has started and the civil engineering contracts are being awarded.

Edipower

Edipower had net revenues of 144 million euros in the first three months of 2004. At 97 million euros, EBITDA were equal to 67.4% of net revenues. 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 quarter of 2003, when net revenues totaled 404 million euros and EBITDA were 121 million euros.

The energy made available to tollers during the first three months of 2004 amounted to 6.7 TWh, an increase of about 1.3 TWh (+24.2%) compared with the same period last year. The percentage of the total energy output contributed by hydroelectric power plants decreased to 5.6% (9% in the first quarter of 2003), as the water resources available for power generation were significantly less abundant than they had been in previous years.
At March 31, 2004, net borrowings totaled 2,146 million euros, slightly less (-30 million euros) than at December 31, 2003.
Capital expenditures of 46 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.

During the first three months of 2004, Edipower continued to downsize its staff, reducing it to 1,470 employees, or 10 less than at December 31, 2003.

Hydrocarbons Operations

Highlights

2003 full year		First quarter 2004	First quarter 2003	% change
2,097	Net revenues	662	668	(0.9%)
362	EBITDA	86	123	(30.1%)
17.3%	as a % of net revenues	13.0%	18.4%	
79	Capital expenditures	6	32	(81.3%)
17	Investments in exploration	6	2	n.m.
285	Net invested capital (1)	851	2,624	n.m.
476	Number of employees (1)	454	511	(4.6%)

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

Net revenues totaled 662 million euros in the first quarter of 2004, little changed from the same period a year ago.

A breakdown of unit sales and net revenues is provided below.

2003 full year		First quarter 2004	First quarter 2003	% change
	Unit sales (in millions of cubic meters of gas equivalents)			
10,074	**Total gas sales**	**3,461**	**2,944**	17.6%
393	**Sales of oil and other products**	**82**	**82**	n.m.
	Revenues			
1,894	Natural gas sales (1)	616	584	5.5%
63	Sales of oil and other products	16	19	(15.8%)
1,957	**Total sales revenues**	**632**	**603**	4.8%
140	Other revenues (including excise taxes)	30	65	(53.8%)
2,097	**Net revenues**	**662**	**668**	**(0.9%)**

(1) Includes the value of Intersector sales.

Sales of natural gas grew to 3,461 million cubic meters in the first quarter of 2004, or 17.6% more than in the same period last year, reflecting an increase in available supply.

The rise in unit sales is the sole reason for the gain in revenues, since the average price at which natural gas was sold fell to 0.178 euros per cubic meter, or about 10.1% less than the average of 0.198 euros charged in the first three months of 2003. The main reason for the decrease in price is the steady strengthening of the euro versus the U.S. dollar, which has been causing a decline in the cost of the main benchmark fuels since the end of 2003.
The same was true for the price of pure (non-fluxed) oil, which was down by about 22%, falling from 18 euros per barrel in the first quarter of 2003 to 14.1 euros per barrel in the same period this year.

EBITDA totaled 86 million euros at March 31, 2004, a decrease of 37 million euros (-30.1%) compared with the figure reported for the first quarter of 2003. This decrease in operating profitability, which occurred despite a gain in unit sales, was caused by the decline of about 10% in the average price at which natural gas was sold, which in turn reflected the trend prevailing in the reference energy markets, where conditions were much less favorable than they were in 2003.

Sales and Marketing

Thanks to the efforts of the Marketing and Distribution Business Unit, unit sales of natural gas in the Italian deregulated market were up 13.6%. As shown below, all market segments participated in the gain.

Natural gas sales in the deregulated market (in millions of m^3)	**First quarter 2004**	First quarter 2003	% change
Residential applications (consumers)	146	133	9.8%
Residential applications (distributors)	1,210	1,061	14.0%
Industrial applications	496	436	13.8%
Total sales	**1,852**	**1,630**	**13.6%**

Sales of natural gas for residential applications accounted for 73% of Edison's total domestic sales, about the same as in the first quarter of 2003.
At March 31, 2004, Edison Per Voi served a total of about 143,000 residential customers.

In addition to the gas sold to customers in the deregulated market, Edison delivered natural gas to captive customers who used it to fuel the Group's and Edipower's power plants. Shipments to thermoelectric users increased to 1,551 million cubic meters, up from 1,235 million cubic meters in the first three months of 2003, as the Group's power plants cut back on purchases of natural gas from outside suppliers.

As a result, total domestic sales rose to 3,403 million cubic meters (2,865 million cubic meters in the first three months of 2003). When export sales are added, the total increased to 3,461 million cubic meters (2,944 million cubic meters in the first quarter of 2003).

Production and Procurement

As shown in the table below, net production attributable to the Hydrocarbons Business Unit decreased compared with the first quarter of 2003, due to the normal depletion of existing deposits in Italy and a reduction in gas production from the offshore Rosetta field in Egypt.

Net production (in millions of m^3)	**First quarter 2004**	First quarter 2003	% change
Natural gas production in Italy	267	298	(10.4%)
Natural gas production outside Italy	58	79	(26.6%)
Total natural gas production	**325**	**377**	**(13.8%)**
Oil production (thousands of barrels)	**586**	**603**	**(2.8%)**

Net production of natural gas and oil totaled 419 million cubic meters of gas equivalents, or 11% less than in the first three month of 2003.

At 586,000 barrels, production of crude oil was slightly lower than in the first quarter of 2003, but the fields continued to produce at a good rate. Sales of pure (nonfluxed) oil were about the same as in the first three months of 2003, but prices dropped sharply, as noted above, falling from an average of 18 euros per barrel in the first quarter of 2003 to an average of 14.1 euros per barrel in the same period this year due to a reduction in the average prices of benchmark petroleum products.

The table below provides a breakdown of natural gas purchases made by the Energy Management Business Unit:

Supply sources (in millions of m^3)	**First quarter 2004**	First quarter 2003	% change
Pipeline imports	1,587	1,440	10.2%
LNG imports	18	68	(73.5%)
Domestic and other purchases (*)	1,798	1,357	32.5%
Supplies purchased for resale	**3,403**	**2,865**	**18.8%**
Direct purchases to fuel power plants	514	832	(38.2%)
Total supply	**3,917**	**3,697**	**6.0%**

(*) Includes gas produced in Italy and inventory changes.

The Group continued to import natural gas from different sources: ongoing imports by pipeline under contracts with suppliers in Russia and Northern Europe (1,559 million cubic meters, compared with 1,249 million cubic meters in the first quarter of 2003) and spot-market purchases (46 million cubic meters, down from 259 million cubic meters in the first three months of 2003) from Algeria (delivered as LNG) and Northern Europe (delivered by pipeline).
Imports of natural gas totaled 1,605 million cubic meters in the first quarter of 2004 (1,508 million cubic meters in the same period last year), accounting for 47% of the natural gas sold in Italy.
The significant rise in domestic purchases (+32.5%) compared with the first three months of 2003 is due primarily to gas supplied by Eni that was used to fuel thermoelectric power plants.

Investments in Exploration and Capital Expenditures

The amount invested in exploration increased from 2 million euros in the first quarter of 2003 to 6 million euros in the same period this year. About half of this amount was spent in Italy, with the main focus on Sicily.
Outside Italy, the Group was awarded three production concessions in Egypt and carried out exploration work in Algeria, Iran and Croatia.
Edison is currently assessing new exploration opportunities in North Africa (Libya, Algeria and Egypt), Iran and West Africa.

Development work required investments of 6.2 million euros (32 million euros in the first three months of 2003): 4.6 million euros in Italy and 1.6 million euros in Egypt.

Corporate Sector

Highlights

2003 full year		First quarter 2004	First quarter 2003	% change
77	Net revenues	19	14	35.7%
(99)	EBITDA	(13)	(19)	31.6%
n.m.	as a % of net revenues	n.m.	n.m.	
2	Capital expenditures	2	-	n.m.
2,236	Net invested capital [1]	2,090	2,033	(6.5%)
546	Number of employees [1] [2]	543	542	(0.5%)

[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 recomputed to reflect changes in the Group's structure.
[*] Pro forma amounts that include Selm Holding, Finel and Stirpex, which were previously classified among the holding companies of the Energy Sector.

The Corporate Sector, which consists 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 revenues of 19 million euros, or 5 million euros more than in the first quarter of 2003.

EBITDA were negative by 13 million euros, but the loss was 31% smaller than the 19 million euros lost in the three months ended March 31, 2003, thanks to a reduction in overhead and the improvements brought about by the streamlined organization that resulted from a corporate restructuring at the end of 2003.

Real Estate Companies

No significant changes occurred in this area between the end of 2003 and March 31, 2004. As a result, the value of the Sector's remaining real estate properties was unchanged at 98 million euros.

A restructuring of the real estate companies that is currently under way will result later this year in the transfer of most of the real estate assets to the Come Iniziative Immobiliari Srl. subsidiary.

Other Operations of the Group

Water

Highlights

2003 full year		First quarter 2004	First quarter 2003	% change
32	Net revenues	7	8	(12.5%)
3	EBITDA	-	1	n.m.
9.4%	as a % of net revenues	n.m.	12.5%	
4	Capital expenditures	1	-	n.m.
11	Net invested capital [1]	9	52	(18.2%)
18	Number of employees [1]	12	31	(33.3%)

[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.

The effort to reorganize and streamline the industrial operations (Guayaquil license) and the water purification and treatment facilities (Highlands, Moray and Tay) continued in the first quarter of 2004. In addition, the IWH Group is studying the possibility of liquidating and/or merging those companies that are not slated for divestiture.

The results at March 31, 2004 are presented on a 50% basis, reflecting the amounts consolidated by Edison on a proportional basis. Net revenues, which totaled about 7 million euros, were generated primarily by operations carried out in Guayaquil under license. Operating expenses of about 6.3 million euros are attributable mainly to the Guayaquil operations and to corporate overhead.

EBITDA were close to breakeven.

Engineering

Highlights

2003 full year		First quarter 2004	First quarter 2003	% change
884	Net revenues	195	157	24.2%
28	EBITDA	5	7	(28.6%)
3.2%	as a % of net revenues	2.6%	4.5%	
2	Capital expenditures	1	-	n.m.
955	Order backlog [1]	825	1,311	(13.6%)
(56)	Net invested capital [1]	(131)	(19)	n.m.
1,610	Number of employees [1]	1,606	1,551	(0.2%)

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

The operating and financial results for the first quarter of 2004 show that the positive trend that started in 2003 is continuing.
Revenues increased by 24.2%, or 38 million euros, during the first three months of 2004, rising to 195 million euros (157 million euros at March 31, 2003), but EBITDA decreased slightly to 5 million euros due to the negative impact of an unfavorable change in the euro/U.S. dollar exchange rate.

Reflecting the impact of a positive cash flow from contract orders, the net financial position continued to improve, rising from 136 million euros at the end of 2003 to 207 million euros at March 31, 2003.

At March 31, 2004, the order backlog totaled 825 million euros, compared with 955 million euros at December 31, 2003, and is expected to increase further once certain natural gas contracts are closed.

Major orders booked during the first three months of 2004 include: construction of a polypropylene plant in Yanbu for the National Petroleum Company (Saudi Arabia) valued at 176 million euros (this amount will not be added to the order backlog until the contract is signed), development of a polypropylene facility in Nizhnekamsk (Tatarstan) and the supply of engineering and technical support services to China Petrochemical Material & Equipment Company for the construction of a low density polyethylene (LDPE) plant in Lanzhou (China). This facility will use Basell's Lupotech T technology.

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

The Quarterly Report at March 31, 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 quarterly data comparable with those published in the Annual and Semiannual Reports, the quarterly 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 accounting principles, the valuation criteria, the methods used to translate financial statements denominated in foreign currencies and the principles of consolidation followed in this quarterly 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.

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 quarter 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. This 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 – Vega Oil Spa, a company that is currently dormant, was deconsolidated and is now valued at cost.

At the end of 2003, following the adoption of a new organizational model based on Business Units, the companies included in the consolidated financial statements, a list of which is annexed to this report, have been reorganized as follows:

Core Businesses

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

Diversified Operations

- Engineering
- Water

Consolidated Balance Sheet

12/31/03		3/31/04	3/31/03
	A. FIXED ASSETS		
4,017	Intangibles	3,952	4,996
5,555	Property, plant and equipment	5,461	6,560
1,235	Financial fixed assets	1,244	961
10,807		**10,657**	**12,517**
	B. NET WORKING CAPITAL		
2,770	Inventories	2,826	2,155
1,096	Trade accounts receivable	1,126	1,275
1,226	Other assets	1,231	1,544
(3,524)	Trade accounts payable and advances on contract work in process (-)	(3,556)	(3,094)
(1,374)	Reserves for risks and charges (-)	(1,381)	(1,776)
(783)	Other liabilities (-)	(744)	(854)
(589)		**(498)**	**(750)**
10,218	**C. Invested capital, net of operating liabilities (A+B)**	**10,159**	**11,767**
(62)	**D. Reserve for employee severance indemnities (-)**	**(63)**	**(78)**
10,156	**E. Net invested capital (C-D)**	**10,096**	**11,689**
	Covered by:		
6,013	**F. Stockholders' equity before minority interest**	**6,104**	**5,180**
	G. Net borrowings		
3,091	Long-term debt	3,008	2,503
(9)	Long-term financial assets (-)	(4)	(13)
1,649	Short-term borrowings	1,687	4,396
(588)	Short-term financial assets (-)	(699)	(377)
4,143		**3,992**	**6,509**
10,156	**H. Total coverage sources (F+G)**	**10,096**	**11,689**

Consolidated Statement of Income

2003 full year		First quarter 2004	First quarter 2003
6,287	**A. Net revenues**	**1,706**	**1,815**
(12)	Change in inventory of work in progress, semifinished goods and finished goods	(57)	80
9	Increase in Company-produced additions to fixed assets	-	7
6,284	**B. Production value**	**1,649**	**1,902**
(4,896)	Raw materials and outside services (-)	(1,233)	(1,483)
1,388	**C. Value added**	**416**	**419**
(285)	Labor costs (-)	(58)	(80)
1,103	**D. EBITDA**	**358**	**339**
(688)	Depreciation, amortization and writedowns (-)	(161)	(169)
415	**E. EBIT**	**197**	**170**
(283)	Net financial expense	(65)	(94)
(20)	Interest in the result of companies valued by the equity method, dividends from and writedowns of investments in companies valued at cost	8	5
3	Other income (expense), net	-	-
115	**F. Result before extraordinary items and taxes**	**140**	**81**
543	Extraordinary income (expense)	(3)	(9)
658	**G. Income before taxes and minority interest**	**137**	**72**
(424)	Income taxes	(71)	(107)
	H. Net income (loss):		
90	**Minority interest in net income (loss)**	**27**	**24**
144	**Group interest in net income (loss)**	**39**	**(59)**
	Earnings (loss) per share (in euros):		
0.0396	**basic**	**0.0085**	**(0.030)**
0.0327	**diluted**	**0.0067**	**(0.030)**

Statement of Changes in Net Financial Position

2003 full year			First quarter 2004	First quarter 2003
(6,461)	**A.**	**Net borrowings at beginning of period**	**(4,143)**	**(6,461)**
1,103		EBITDA	358	339
138		Change in operating working capital	(53)	41
(32)		Income taxes paid (-)	-	-
(384)		Change in other assets (liabilities)	(84)	(231)
825	**B.**	**Cash flow – Operating activities**	**221**	**149**
(939)		Investments in intangibles; property, plant and equipment; and financial fixed assets (-)	(68)	(112)
1,901		Proceeds from the sale of intangibles; property, plant and equipment; and financial fixed assets	15	8
17		Dividends received	1	-
1,804	**C.**	**Free cash flow**	**169**	**45**
(283)		Financial income (expense), net	(65)	(94)
614		Contributions of capital stock and reserves	25	-
-		Distributions of capital stock and reserves (-)	-	-
(26)		Dividends declared (-)	-	-
2,109	**D.**	**Net cash flow – Financing activities**	**129**	**(49)**
237		Change in the scope of consolidation	22	-
(28)		Net currency conversion differences	-	1
2,318	**E.**	**Net cash flow for the period**	**151**	**(48)**
(4,143)	**F.**	**Net borrowings at end of period (A+E)**	**(3,992)**	**(6,509)**

Statement of Cash Flow (in accordance with IAS 7)

2003 full year		First quarter 2004
	A. Cash flow – Operating activities	
144	Group interest in net income (loss)	39
90	Minority interest in net income (loss)	27
680	Depreciation and amortization	156
(11)	Interest in the result of companies valued by the equity method (-)	7
8	Dividends from companies valued by the equity method	1
(516)	(Gains) Losses on asset divestitures	-
123	(Upward adjustments) Writedowns of financial fixed assets and other equity investments	5
(1)	Changes in the reserve for employee severance indemnities	1
343	Changes in working capital (excluding financial assets)	(28)
860	**Total cash flow from operations (A)**	**208**
	B. Cash flow – Investing activities	
(419)	Investments in property, plant and equipment and intangibles (-)	(62)
(520)	Investments in financial fixed assets (-)	(6)
1,742	Proceeds from the sale of property, plant and equipment and intangibles	-
159	Proceeds from the sale of financial fixed assets	15
(33)	Net change in financial assets not held as fixed assets	-
929	**Total cash flow from investing activities (B)**	**(53)**
	C. Cash flow – Financing activities	
924	Net change in long-term debt	(83)
614	Contributions of capital stock by controlling companies or minority stockholders	25
-	Capital grants collected during the period	-
(2,872)	Repayments of borrowings (-)	-
(26)	Dividends declared payable to controlling companies or minority stockholders (-)	-
(472)	Net change in short-term debt and other changes	38
(1,832)	**Total cash flow from financing activities (C)**	**(20)**
(9)	**D. Change in the scope of consolidation**	**-**
(34)	**E. Net currency conversion differences**	**-**
(86)	**F. Net cash flow for the period (A+B+C+D+E)**	**135**
601	**G. Liquid assets and equivalents at beginning of period**	**515**
515	**H. Liquid assets and equivalents at end of period (F+G)** (1)	**650**

(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		First quarter 2004
2	- Other securities (C.III.6)	2
47	- Loans receivable due within three months (C.III.7)	49
494	- Liquid assets (C. IV)	624
(28)	- Restricted bank deposits that secure project financing facilities (-)	(25)
515		**650**

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 10,657 million euros at March 31, 2004. The decrease of 150 million euros from December 31, 2003 is the net result of depreciation and amortization of 156 million euros, additions to property, plant and equipment of 55 million euros and a change in the scope of consolidation caused by the divestiture of the Turkish affiliate Turk Edison Enerji.

	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	7	55	1	63
- Capital stock increases	-	-	5	5
- Disposals	-	-	(4)	(4)
- Coverage of losses	-	-	-	-
- Redemptions of capital stock and reserves	-	-	-	-
- New loans	-	-	-	-
- Loan repayments	-	-	-	-
- Depreciation and amortization	(69)	(87)	-	(156)
- Writedowns	-	(5)	-	(5)
- Currency conversion differences	-	-	-	-
- Dividends received	-	-	(1)	(1)
- Interest in earnings of investee companies	-	-	8	8
- Interest in losses of investee companies	-	-	-	-
- Change in the scope of consolidation	-	(52)	-	(52)
- Other changes/Reclassifications	(3)	(5)	-	(8)
Total changes (B)	**(65)**	**(94)**	**9**	**(150)**
Balance at 3/31/04 (A+B)	**3,952**	**5,461**	**1,244**	**10,657**

The most significant components of fixed assets are reviewed below.

Intangibles

Intangibles, which totaled 3,952 million euros at March 31, 2004, include 3,536 million euros in consolidation difference and concessions for the production of hydrocarbons valued at 300 million euros. The decrease of 65 million euros from December 31, 2003 primarily reflects the amortization for the period (69 million euros), including 6 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:

	3/31/04	12/31/03
Electric Power operations	3,028	3,073
Hydrocarbons operations	505	512
Discontinuing operations	3	3
Total	**3,536**	**3,588**

The balance at March 31, 2004 includes 2,529 million 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 first quarter of 2004, the balance in the property, plant and equipment account (5,461 million euros) was 94 million euros less than at the beginning of the year due to the following changes:

- **Additions** of 55 million euros, which reflect the capital investments made by the Electric Power operations mainly in the construction of new thermoelectric power plants in Altomonte (13 million euros), Candela (20 million euros) and Torviscosa (2 million euros), and by the Hydrocarbons operations (6 million euros);
- **Changes in the scope of consolidation** of 52 million euros caused by the sale of the thermoelectric power plant operated by Turk Edison Enerji, which generated a gain of 1 million euros;
- **Depreciation** of 87 million euros, including 77 million euros for the Electric Power operations, 9 million euros for the Hydrocarbons operations and 1 million euros for the Corporate Sector.

Financial Fixed Assets

At 1,244 million euros, financial fixed assets were roughly the same as at the end of 2003. They consist primarily of equity investments (1,177 million euros) and long-term loans receivable (67 million euros.)

The table below provides a breakdown by type of investee company of the changes that occurred during the first three months of 2004 in the equity investments account.

Equity investments	Unconsolidated subsidiaries	Affiliated companies	Other companies	Total
Balance at 12/31/03 (A)	**8**	**983**	**175**	**1,166**
Changes during the period:				
- Additions	-	-	-	0
- Increases of capital stock and reserves	4	1	-	5
- Disposals	-	(1)	-	(1)
- Coverage of losses	-	-	-	0
- Writedowns	-	-	-	0
- Currency conversion differences	-	-	-	0
- Dividends received	-	(1)	-	(1)
- Interest in earnings of investee companies	-	8	-	8
- Interest in losses of investee companies	-	-	-	0
- Reclassifications	-	-	-	0
- Other changes	-	-	-	0
Total changes (B)	**4**	**7**	**0**	**11**
Balance at 3/31/04 (A+B)	**12**	**990**	**175**	**1,177**

The most significant changes that occurred during the period are reviewed below:

- Increases of capital stock and reserves of 5 million euros refer to unconsolidated subsidiaries, including 3.5 million euros provided to Nuova Cisa Spa;
- The interest in earnings of investee companies (8 million euros) stems primarily from the valuation by the equity method of the affiliated companies Edipower (6 million euros) and Sel Edison (1 million euros).

B) Working Capital

At March 31, 2004, working capital was negative by 498 million euros, which represents a positive change of 91 million euros compared with December 31, 2003. A breakdown of this change is provided below:

	3/31/04	12/31/03	Change
Inventories	2,826	2,770	56
Trade accounts receivable	1,126	1,096	30
Trade accounts payable	(3,556)	(3,524)	(32)
Operating working capital	**396**	**342**	**54**
Other assets	1,231	1,226	5
Other liabilities	(744)	(783)	39
Reserves for risks and charges	(1,381)	(1,374)	(7)
Total	**(498)**	**(589)**	**91**

The positive operating working capital of 396 million euros, which is the net result of positive working capital amounts of 300 million euros for the Electric Power operations, 155 million euros for the Hydrocarbons operations and 73 million euros for the Corporate Sector, less negative working capital of 131 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 489 million euros in the first quarter of 2004; receivables outstanding at March 31, 2004 totaled 241 million euros and the amount shown in the financial statements under other assets to recognize the deferred portion of assigned receivables amounted to 114 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.

The reserves for risks and charges totaled 1,381 million euros. They include reserves for taxes of 274 million euros (217 million euros in deferred-tax liabilities) and reserves for contingent liabilities of 1,107 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	3/31/04
B.1) Reserve for pension obligations	**-**	**-**	**-**	**-**	**-**
B.2) Reserve for taxes	**262**	**16**	**(4)**	**-**	**274**
B.3) Other reserves:					
- Charges for the closure of mineral properties	91	-	-	-	91
- Risks for disputes, litigation and contractual obligations	417	-	(5)	-	412
- Contractual guarantees on the sale of equity investments	295	1	(1)	(2)	293
- Charges for asset writedowns	17	-	-	-	17
- Risks on equity investments	28	-	-	-	28
- Other risks and charges	264	2	-	-	266
Total other reserves	**1,112**	**3**	**(6)**	**(2)**	**1,107**
Total	**1,374**	**19**	**(10)**	**(2)**	**1,381**

Deferred-tax liabilities account for the entire increase in the reserve for taxes.

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 addition of the provision for the year. As shown in the table below, the Group had 3,946 employees at March 31, 2004. The decrease of 24 employees compared with December 31, 2003 includes 4 employees of Turk Enerji, a company that was removed from the scope of consolidation.

Employees by Sector	Number at 12/31/03	Number hired	Number who left	Deconsolid./ Other changes	Number at 3/31/04
Electric Power operations	1,381	15	(17)	(48)	1,331
Hydrocarbons operations	476	8	(12)	(18)	454
Corporate Sector	485	-	(4)	62	543
Core businesses	**2,342**	**23**	**(33)**	**(4)**	**2,328**
Water	18	-	(6)	-	12
Engineering	1,610	36	(40)	-	1,606
Total staff	**3,970**	**59**	**(79)**	**(4)**	**3,946**

The column Other changes includes inter-Sector transfers resulting from the adoption of a new organizational structure.

F) Stockholders' Equity

Stockholders' equity totaled 6,104 million euros. 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 quarter of 2004:			
- Change in the scope of consolidation	-	(1)	(1)
- Capital increase	25	-	25
- Dividends declared	-	-	-
- Currency conversion differences and other changes	1	-	1
- Net income for the period	39	27	66
Total at 3/31/04	**5,278**	**826**	**6,104**
Broken down as follows:			
Capital stock and reserves	5,239	799	6,038
Net income for the period	39	27	66

The increase in stockholders' equity reflects the earnings for the period and an addition to capital stock of 25 million euros generated by the conversion of warrants. As of March 31, 2004, a total of 1,047,625,237 exercisable warrants were still outstanding.

G) Net Borrowings

Net borrowings totaled 3,992 million euros at March 31, 2004, a net reduction of about 151 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 and provides a breakdown of its components.

	3/31/04	12/31/03	Change
Long-term debt	3,008	3,091	(83)
Long-term financial assets (-)	(4)	(9)	5
	3,004	**3,082**	**(78)**
Short-term borrowings	1,687	1,649	38
Short-term financial assets (-)	(699)	(588)	(111)
	988	**1,061**	**(73)**
Net borrowings	**3,992**	**4,143**	**(151)**

The 600-million-euro 2003-2010 bond issue that Edison floated in December 2003 was increased by 100 million euros in January 2004. With the issuance of these new securities, which bear the same coupon interest as the original bonds, the total value of the bonds outstanding amounts to 2,130 million euros.

To complete the information provided in these notes, we also disclose that securitization transactions completed in the first quarter of 2004 generated a financial benefit of 127 million euros.

Notes to the Consolidated Statement of Income

After deducting minority interest, the Edison Group earned a net income 39 million euros in the first three months of 2004, compared with a net loss of 59 million euros in the same period last year. This year's earnings benefited to a significant extent from a positive performance by the Group's core industrial operations, which improved their EBITDA by about 19 million euros; a sizable reduction (-29 million euros) in net financial expense made possible by the capital stock increase, the proceeds generated by asset divestitures and a reduction in the tax burden, which totaled 36 million euros.

A) Net revenues

Net revenues totaled 1,706 million euros, or 6% less than in the first three months of 2003. This decrease is due mainly to the deconsolidation of nonstrategic assets divested in 2003 (Telecommunications and Health-Care Chemicals).

As shown in the table below, the net revenues generated by the Group's core businesses are in line with those booked in the first quarter of 2003.

	3/31/04	3/31/03	% change
Net revenues:			
- Electric power	995	915	8.7%
- Natural gas	420	410	2.4%
- Oil	10	12	(16.7%)
- Steam	30	37	(18.9%)
- Company-owned power transmission grid	15	13	15.4%
- Excise taxes collected	36	43	(16.3%)
- Other revenues	71	87	(18.4%)
Eliminations	(73)	(20)	n.m.
Total core businesses	**1,504**	**1,497**	**0.5%**
- Other operations of the Group	202	165	22.4%
- Divested operations	-	153	n.m.
Total other operations	**202**	**318**	**(36.5%)**
Total	**1,706**	**1,815**	**(6.0%)**

A breakdown of the Group's core business revenues shows that the Electric Power operations contributed 1,128 million euros (up from 1,024 million euros in the first quarter of 2003, due mainly to a sizable gain in unit sales), while the Hydrocarbons operations generated 662 million euros, about the same as in last year's opening quarter (668 million euros), as an increase in unit sales offset a decrease in average prices.

Other operations include the net revenues of the Engineering Sector, which rose 24.2% to 195 million euros, and of the Water business, which totaled 7 million euros, virtually the same as in the first three months of 2003.

C) Value Added

Value added generated in the first quarter of 2004 totaled 416 million euros, or 25.6% of net revenues, down slightly from 419 million euros (22% of production value) at March 31, 2003.

The value added generated by the Group's core businesses was 391 million euros, for an overall gain of 26 million euros (+7.1%) compared with the first three months of 2003. The Electric Power operations contributed 298 million euros (+26.8% over the same period last year) and the Hydrocarbons operations the remaining 93 million euros (-28.5%).

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.

	3/31/04	3/31/03	% change
Raw materials and outside services			
- Purchases of:			
electric power	134	157	(14.6%)
natural gas	484	468	3.4%
other fuels	180	53	n.m.
- Tolling fees	71	-	n.m.
- Transmission of electric power	69	108	(36.1%)
- Natural gas transmission	49	54	(9.3%)
- Gas and energy excise taxes	39	43	(9.3%)
- Maintenance and repairs	18	17	5.9%
- Services provided by outside consultants	21	25	(16.0%)
- Other	64	150	(57.3%)
Eliminations	(73)	(20)	n.m.
Total core businesses	**1,056**	**1,055**	**0.1%**
- Other operations of the Group	177	137	29.2%
- Divested operations	-	135	n.m.
Total other operations	**177**	**272**	**(34.9%)**
Total	**1,233**	**1,327**	**(7.1%)**

Purchases of natural gas and fuel oil, which were used primarily to fuel thermoelectric power plants, include those used to supply Edipower in accordance with the requirements of the tolling contract. This contract also covers the 71-million-euro tolling fee paid to Edipower for making available its generating capacity as of January 1, 2004.

D) EBITDA

As shown in the table below, EBITDA totaled 358 million euros, or 5.6% more than in the first quarter of 2003.

EBITDA	3/31/04	as a % of net revenues	3/31/03	as a % of net revenues
Core businesses				
- Electric Power operations	280	24.8%	226	22.1%
- Hydrocarbons operations	86	14.3%	123	18.4%
- Corporate Sector	(13)	(65%)	(19)	n.m.
Total core businesses	**353**	**23.5%**	**330**	**22.0%**
Other operations				
- Water	-	-	1	12.5%
- Engineering	5	0.8%	7	4.5%
- Divested operations	-	-	1	0.6%
Total other operations	**5**	**0.8%**	**9**	**2.8%**
Total	**358**	**21.0%**	**339**	**18.7%**

As explained elsewhere in these notes, the improvement in operating profitability was made possible by an increase in unit sales that more than offset the negative impact of lower prices. More specifically:

- the strong performance by the Electric Power operations reflects in part the contribution of the tolling contract with Edipower, which went into effect on January 1, 2004 and gave Edison access to 50% of the electricity generated by Edipower;
- the decrease in EBITDA experienced by the Hydrocarbons operations in the first quarter of 2004 despite a rise in unit sales is attributable primarily to a 10% reduction in the average price charged for natural gas;
- the improvement reported by the Corporate Sector was made possible primarily by a successful effort to reduce overhead.

Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 161 million euros, is as follows:

	3/31/04	3/31/03	Change
Depreciation of property, plant and equipment	87	96	(9)
Amortization of intangibles	69	73	(4)
Writedowns	5	-	5
Total	**161**	**169**	**(8)**
Breakdown by type of business			
Electric Power operations	125	117	8
Hydrocarbons operations	28	30	(2)
Corporate Sector	7	2	5
Water	-	1	(1)
Engineering	1	1	0
Divested operations (*)		18	(18)
Total	**161**	**169**	**(8)**

Depreciation of property, plant and equipment and amortization of intangibles includes 52 million euros in amortization of the consolidation difference, including 36 million euros of goodwill generated in 2001 by the Italenergia acquisition.

No change to the estimated useful life of the Group's assets was made in the first quarter of 2004.

E) EBIT

At 197 million euros (11.6% of net revenues), EBIT for the first three months of 2004 were sharply higher than the 170 million euros earned in the same period last year, for a year-over-year gain of 27 million euros, or 15.9%.

The Group's core businesses performed especially well, posting EBIT of 193 million euros, up 6.6% from 181 million euros in the first three months of 2003. This gratifying 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.

EBITDA	3/31/04	as a % of net revenues	3/31/03	as a % of net revenues
Core businesses				
- Electric Power operations	156	13.8%	109	10.6%
- Hydrocarbons operations	57	9.5%	93	13,9%
- Corporate Sector	(20)	n.m.	(21)	n.m.
Total core businesses	**193**	**12.8%**	**181**	**12.1%**
Other operations				
- Water	-	-	-	-
- Engineering	4	2.1%	5	3.2%
- Divested operations	-	-	(16)	
Total other operations	**4**	**2.1%**	**(11)**	**(3.5%)**
Total	**197**	**11.5%**	**170**	**9.4%**

Net Financial Expense

Net financial expense amounted to 65 million euros, down from 94 million euros in the first quarter of 2003. The sharp decrease in net financial expense (-29 million euros) reflects a reduction in indebtedness made possible by the proceeds from the asset divestitures completed in 2003 and the recent capital increase, and the beneficial impact of lower interest rates. Net financial expense includes a 2-million-euro lump sum payment (0.35% of par value) provided to the holders of the 2002-2007 Edison bonds as consideration for cancelling the existing put option, as allowed by a resolution approved by the Company's Stockholders' Meeting in February 2004.

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

The balance in this account (8 million euros) primarily reflects the Group's interest in the earnings of companies valued by the equity method, the largest of which are Edipower (6 million euros) and Sel Edison (1 million euros).

Income Taxes

Income taxes totaled 71 million euros. A breakdown is as follows:

Income taxes	3/31/04	3/31/03	Change
Current taxes	**70**	**119**	**(41.2%)**
Deferred taxes			
Deferred-tax liabilities	6	(12)	n.m.
Deferred-tax assets	(5)	-	n.m.
Total income taxes	**71**	**107**	**(30.8%)**
as a % of income before taxes	51.8%	n.m.	n.m.

The reduction in the tax liability compared with the first quarter of 2003 was made possible in part by the corporate restructuring transactions completed in 2003.

Operating Performance, Financial Position and Financial Performance of Discontinuing Operations in Accordance with IAS 35

A statement of income, balance sheet and change in net financial position for the Edison Group, reclassified to show a breakdown of the Group's core businesses and other operations earmarked for divestiture, are provided below. Other operations include the assets of the Water and Engineering businesses and certain minority holdings in publicly traded companies which the Board of Directors, by a resolution approved in 2003, classified as nonstrategic and earmaked for divestiture.

Statement of Income in Accordance with IAS 35

		First quarter 2004			First quarter 2003		
		Core businesses	Other operations	Total	Core businesses	Other operations	Total
A.	**Net revenues**	**1,504**	**202**	**1,706**	**1,497**	**318**	**1,815**
	Change in inventory of work in progress, semifinished goods and finished goods	(57)	-	(57)	78	2	80
	Increase. in Company-produced additions to fixed assets	-	-	-	1	6	7
B.	**Production value**	**1,447**	**202**	**1,649**	**1,576**	**326**	**1,902**
	Raw materials and outside services (-)	(1,056)	(177)	(1,233)	(1,211)	(272)	(1,483)
C.	**Value added**	**391**	**25**	**416**	**365**	**54**	**419**
	Labor costs (-)	(38)	(20)	(58)	(35)	(45)	(80)
D.	**EBITDA**	**353**	**5**	**358**	**330**	**9**	**339**
	Depreciation, amortization and writedowns (-)	(160)	(1)	(161)	(149)	(20)	(169)
E.	**EBIT**	**193**	**4**	**197**	**181**	**(11)**	**170**
	Net financial expense	(66)	1	(65)	(90)	(4)	(94)
	Interest in the results of companies valued by the equity method and dividends from companies valued at cost	8	-	8	4	1	5
	Other income (expense), net	-	-	-	-	-	-
F.	**Result before extraordinary items and taxes**	**135**	**5**	**140**	**95**	**(14)**	**81**
	Extraordinary income (expense)	(3)		(3)	(8)	(1)	(9)
G.	**Income (loss) before taxes, minority interest and divestitures**	**132**	**5**	**137**	**87**	**(15)**	**72**
	Income taxes	(67)	(4)	(71)	(104)	(3)	(107)
H.	**Net income (loss) excluding the impact of the divestiture of significant operations (gains, tax effect, incidental charges):**						
	Minority interest	**28**	**(1)**	**27**	**24**	**-**	**24**
	Group interest	**37**	**2**	**39**	**(41)**	**(18)**	**(59)**
I.	**Impact of divestitures**						
	Gains on disposals						
	Charges incurred on divestitures						
	Provisions for risks on equity investments						
	Divestiture-related income taxes						
	Total divestitures						
L.	**Net income (loss):**						
	Minority interest in net income (loss)	**28**	**(1)**	**27**	**24**	**-**	**24**
	Group interest in net income (loss)	**37**	**2**	**39**	**(41)**	**(18)**	**(59)**

Balance Sheet in Accordance with IAS 35

	First quarter 2004			First quarter 2003		
	Core businesses	Other operations	Total	Core businesses	Other operations	Total
A. Fixed assets						
Intangibles	3,948	4	3,952	4,858	138	4,996
Property, plant and equipment	5,447	14	5,461	6,102	458	6,560
Financial fixed assets	1,239	5	1,244	927	34	961
	10,634	**23**	**10,657**	**11,887**	**630**	**12,517**
B. Net working capital						
Inventories	241	2,585	2,826	232	1,923	2,155
Trade accounts receivable	910	216	1,126	943	332	1,275
Other assets	1,103	128	1,231	1,410	134	1,544
Trade accounts payable and advances on contract work in process (-)	(629)	(2,927)	(3,556)	(685)	(2,409)	(3,094)
Reserves for risks and charges (-)	(1,376)	(5)	(1,381)	(1,755)	(21)	(1,776)
Other liabilities (-)	(646)	(98)	(744)	(772)	(82)	(854)
	(397)	**(101)**	**(498)**	**(627)**	**(123)**	**(750)**
C. Invested capital, net of operating liabilities (A+B)	**10,237**	**(78)**	**10,159**	**11,260**	**507**	**11,767**
D. Reserve for employee severance indemnities (-)	**(47)**	**(16)**	**(63)**	**(47)**	**(31)**	**(78)**
E. Net invested capital (C-D)	**10,190**	**(94)**	**10,096**	**11,213**	**476**	**11,689**
Covered by:						
F. Stockholders' equity	**5,899**	**205**	**6,104**	**4,948**	**232**	**5,180**
broken down as follows:						
Group interest	5,080	198	5,278	4,198	214	4,412
Minority interest	819	7	826	750	18	768
G. Net borrowings						
Long-term debt	3,008	-	3,008	2,365	138	2,503
Long-term financial assets (-)	(1)	(3)	(4)	-	(13)	(13)
Short-term borrowings	1,720	(33)	1,687	4,162	234	4,396
Short-term financial assets (-)	(436)	(263)	(699)	(262)	(115)	(377)
	4,291	**(299)**	**3,992**	**6,265**	**244**	**6,509**
H. Total coverage sources	**10,190**	**(94)**	**10,096**	**11,213**	**476**	**11,689**

Statement of Changes in Net Financial Position in Accordance with IAS 35

		First quarter 2004		
		Core businesses	Other operations	Total
A.	**Net (borrowings) at beginning of period**	**(4,364)**	**221**	**(4,143)**
	EBITDA	353	5	358
	Change in operating working capital	(110)	57	(53)
	Income taxes paid (-)	-	-	-
	Change in other assets (liabilities)	(100)	16	(84)
B.	**Cash flow – Operating activities**	**143**	**78**	**221**
	Investments in intangibles, property, plant and equipment, and financial fixed assets (-)	(66)	(2)	(68)
	Proceeds from the sale of intangibles, property, plant and equipment, and financial fixed assets	14	1	15
	Dividends received	1	-	1
C.	**Free cash flow**	**92**	**77**	**169**
	Financial income (expense), net	(66)	1	(65)
	Contributions of capital stock and reserves	25	-	25
	Distributions of capital stock and reserves (-)	-	-	-
	Dividends paid (-)	-	-	-
D.	**Cash flow – Financing activities**	**51**	**78**	**129**
	Change in the scope of consolidation	22	-	22
	Net currency conversion differences	-	-	-
E.	**Net cash flow for the period**	**73**	**78**	**151**
F.	**Net (borrowings) at end of period (A+E)**	**(4,291)**	**299**	**(3,992)**

Milan, May 10, 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 %	
				3/31/04 (a)	12/31/03 (a)
Parent Company					
Edison Spa	Milan	EUR	4,236,872,953		
Core businesses					
Electric Power Business Unit					
Bussi Termoelettrica Spa	Milan (IT)	EUR	15,600,000	100.000	100.000
Caffaro Energia Srl	Milan (IT)	EUR	25,822,846	100.000	100.000
Consorzio Di Sarmato Soc. Cons. PA	Milan (IT)	EUR	200,000	52.500	52.500
Edison Energie Speciali Spa	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 Srl - ISE Spa	Milan (IT)	EUR	100,000,000	45.000	45.000
Ise Rete Srl (sole owner)	Milan (IT)	EUR	4,922,207	45.000	45.000
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.000	70.000
Megs Mediterranean Eletric Generating Services Srl	Sesto San Giovanni (MI) (IT)	EUR	260,000	51.000	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	Milan (IT)	EUR	10,200	100.000	100.000
Sarmato Energia Spa	Milan (IT)	EUR	14,420,000	61.000	61.000
Savim Srl (sole owner)	Milan (IT)	EUR	260,000	100.000	100.000
Serene Spa	Milan (IT)	EUR	25,800,000	63.000	63.000
Sogetel Spa (sole owner)	Turin (IT)	EUR	8,192,748.72	100.000	100.000
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
Hydrocarbons Business Unit					
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 T&S Spa (sole owner)	Milan (IT)	EUR	175,424,000	100.000	100.000
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.000	100.000
Società Gasdotti Del Mezzogiorno - SGM Spa	Frosinone (IT)	EUR	780,000	71.340	71.340

Interest held % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Method of consolidation or valuation (e)
				L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
52.500	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
50.000	Edison France Sarl	-	-	P
51.000	Edison Spa	-	-	L
50.000	Edison Spa	-	-	P
75.000	Finanziaria Di Partecipazioni Elettriche Finel Spa	-	-	L
100.000	Iniziative Sviluppo Energie Srl - ISE Spa	-	-	L
70.000	Edison Spa	-	-	L
51.000	Edison Spa	-	-	L
50.000	Edison Energie Speciali Spa (sole owner)	-	-	P
97.350	Edison Energie Speciali Spa (sole owner)	-	-	L
2.650	Parco Eolico San Giorgio Srl	-	-	
2.930	Parco Eolico Faeto Srl	-	-	L
97.070	Parco Eolico San Giorgio Srl	-	-	
100.000	Edison Energie Speciali Spa (sole owner)	-	-	L
100.000	Edison Energie Speciali Spa (sole owner)	-	-	L
99.310	Edison Energie Speciali Spa (sole owner)	-	-	L
0.690	Parco Eolico San Bartolomeo Srl	-	-	
100.000	Edison Energie Speciali Spa (sole owner)	-	-	L
61.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
63.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
100.000	Stirpex Bv	-	-	L
70.000	Edison Spa	-	-	L
70.000	Edison Spa	-	-	L
65.000	Edison Spa	-	-	L
60.000	Edison Spa	-	-	L
70.000	Edison Spa	-	-	L
30.000	Selm Holding International Sa	-	-	
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
100.000	Selm Holding International Sa	-	-	L
0.000	Edison Spa			
71.340	Edison Spa	-	-	L

A) Scope of Consolidation (continued)

Name	Head Office	Currency	Capital stock	Consolidated Group interest % 3/31/04 (a)	Consolidated Group interest % 12/31/03 (a)
Marketing and Distribution Business Unit					
Arcalgas Sud Spa (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	1,716,000	100.000	100.000
Edison D.G. 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
La Metano Lombarda Spa (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	312,000	100.000	100.000
Veneta Gestione Servizi Pubblici Metano Spa (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	517,000	100.000	100.000
Energy Management Business Unit					
Edison Trading Spa (sole owner)	Milan (IT)	EUR	30,000,000	100.000	100.000
Corporate Sector					
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)	NLG	100,000	100.000	100.000
Real Estate Companies					
Come Iniziative Immobiliari Srl (sole owner)	Milan (IT)	EUR	2,583,000	100.000	100.000
Società Immobiliare Assago Spa (sole owner)	Milan (IT)	EUR	7,905,000	100.000	100.000
Diversified 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 (L)	EUR	15,097.50	50.000	50.000
International Water (Adelaide II) Sarl	Luxembourg (L)	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 (Highlands) Limited	London (GB)	GBP	1	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 (L)	EUR	13,248,193.50	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 (Tay) Limited	London (GB)	GBP	1	50.000	50.000
International Water (Tunari) Bv	Amsterdam (NL)	EUR	20,000	50.000	50.000
International Water (Tunari) Sarl	Luxembourg (L)	EUR	559,156.50	50.000	49.990

Interest held % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Method of consolidation or valuation (e)
100.000	Edison D.G. Spa (sole owner)	-	-	L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
29.290	Arcalgas Sud Spa (sole owner)	-	-	L
50.970	Edison D.G. Spa (sole owner)	-	-	
6.060	La Metano Lombarda Spa (sole owner)	-	-	
10.450	Veneta Gestione Servizi Pubblici Metano Spa (sole owner)	-	-	
3.230	CO-META Srl (sole owner)			
100.000	Edison D.G. Spa (sole owner)	-	-	L
100.000	Edison D.G. Spa (sole owner)	-	-	L
100.000	Edison Spa	-	-	L
60.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
99.950	Edison Spa	-	-	L
0.050	Edison T&S (sole owner)			
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	L
100.000	Edison Spa	-	-	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 (Highlands) 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 (Tay) Bv	-	-	P
100.000	International Water Holdings Bv	-	-	P
100.000	International Water (Tunari) Bv	-	-	P

A) Scope of Consolidation (continued)

Name	Head Office	Currency	Capital stock	Consolidated Group interest % 3/31/04 (a)	12/31/03 (a)
International Water (UK) Limited	London (GB)	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	Georgetown (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 (GB)	GBP	1	50.000	50.000
Iwl Moray Montrose Limited	London (GB)	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 (GB)	GBP	2	50.000	50.000
Moravska Vodarenska Spolecnost As (in liquid.)	Breclav (CZ)	CZK	2,100,000	50.000	50.000
Engineering					
Emp. Madrilena De Ing. Y Costr. Sa	Madrid (ES)	EUR	60,110	100.000	100.000
Engineering & Designs Tecnimont ICB Private Limited	Mumbay (IN)	INR	100,000	49.990	49.990
Finewell Limited	Nicosia (CF)	CYP	1,000	99.670	99.670
Guandong Contractor	Montigny-Le-Bretonneux (FR)	EUR	1,000	25.000	25.000
Icb Contractors Private Limited	Mumbay (IN)	INR	3,000,000	50.000	50.000
Imm. Lux. Sa	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	3,028,000	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	Bruxelles (BE)	EUR	250,000	99.700	99.700
Tecnimont Chile Ltda	Santiago (CL)	CLP	277,934,149	99.920	99.920
Tecnimont Do Brasil Ltda	São Paulo (BrR)	BRL	1,000,000	100.000	100.000
Tecnimont Icb Private Limited	Kalina - Mumbay (Ind)	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)
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 (Moray Montrose) Bv	-	-	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
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 (sole owner)	-	-	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.

(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.

ARS	ARGENTINE PESO	INR	INDIAN RUPEE
ATS	AUSTRIAN SCHILLING	IQD	IRAQI DINAR
AUD	AUSTRALIAN DOLLAR	JOD	JORDANIAN DINAR
BGL	BULGARIAN LEV	KM	BOSNIA-HERZEGOVINA CONV. MARK
BOB	BOLIVIANO	ITL	ITALIAN LIRA
BRL	BRAZILIAN REAL	LLT	LITHUANIAN LITAS
CAD	CANADIAN DOLLAR	NGN	NIGERIAN NAIRA
CHF	SWISS FRANC	NLG	DUTCH GUILDER
CLP	CHILEAN PESO	NOK	NORWEGIAN KRONER
CNY	CHINESE RENMINBI	PHP	PHILIPPINE PESO
CYP	CYPRUS POUND	PLZ	POLISH ZLOTY
CZK	CZECH KORUNA	PTE	PORTUGUESE ESCUDO
DEM	GERMAN MARK	ROL	ROMANIAN LEU
DKK	DANISH KRONE	RUR	CSI RUBLE
DOP	DOMINICAN REPUBLIC PESO	SAR	SAUDI RIYAL
EEK	ESTONIAN KROON	SGD	SINGAPORE DOLLAR
EGP	EGYPTIAN POUND	SIT	SLOVENIAN TOLAR
ESP	SPANISH PESETA	SKK	SLOVAKIAN KORUNA
EUR	EURO	TRL	TURKISH LIRA
FRF	FRENCH FRANC	UAH	UKRAINIAN HRIVNA
GBP	BRITISH POUND	USD	US DOLLAR
HKD	HONG KONG DOLLAR	XAF	CENTRAL AFRICAN FRANC
HUF	HUNGARIAN FORINT	ZAR	SOUTH AFRICAN RAND

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