Quarterly Report
at March 31, 2005

EDISON

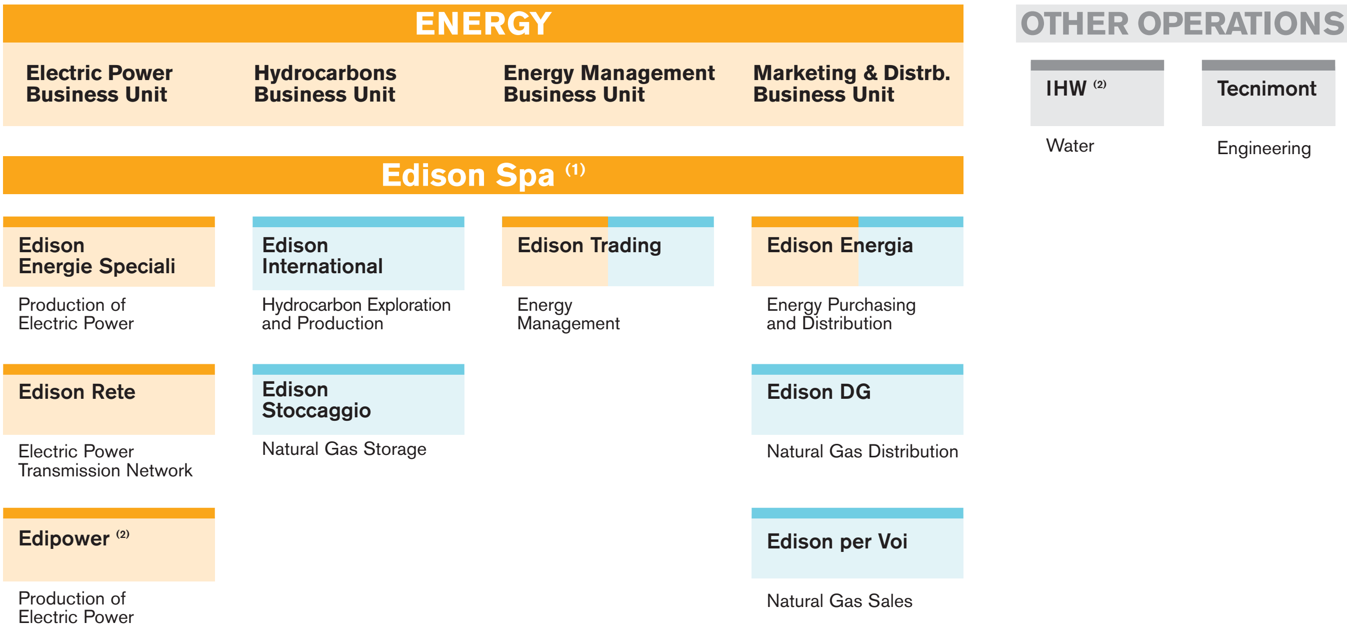
ENERGY FOR A NEW HORIZON

Contents

Quarterly Report at March 31, 2005

EDISON

Simplified Structure of the Group at March 31, 2005



Electric Power Operations

Hydrocarbons Operations

(1) 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.

(2) Edipower and IWH are joint ventures that are consolidated by the proportional method.

Key Events

Growing Our Business

Edison Signs a Letter of Intent to Import Natural Gas from Algeria

On March 7, 2005, Edison and Sonatrach (the Algerian state oil company) signed a letter of intent covering the supply of up to 4 billion cubic meters of Algerian natural gas per year. The gas will be imported through the new Galsi pipeline that will link Algeria and the Italian mainland via Sardinia.

Streamlining the Organization and Changing Our Portfolio of Businesses

Edison France – Sale of a 40-MW Thermoelectric Power Plant

On February 7, 2005, Edison France, a company that holds a 50% interest in Flandres Energies (owner of a 40-MW thermoelectric power plant), was sold to the Dalkia Investissement Group.
The financial effect of the sale was 8 million euros, but the transaction did not have a material impact on the financial statements of Edison Spa.

Update on the Status of Legal and Other Disputes

European Commission – Antitrust Proceedings Against Ausimont

Edison filed its objections and defense arguments in response to the Notice of Complaint it received on January 28, 2005 from the Commission of the European Union. The Complaint informed the Company that it was the target, together with other companies, of proceedings for antitrust violations in connection with the establishment of a cartel in the market for hydrogen peroxide and its derivatives sodium perborate and sodium carbonate, alleging that Ausimont, a company that Montedison (now Edison) sold to Solvay in 2002 was a member of this cartel. The Commission has not yet released its findings.

Edison Trading and Edipower – Carbonyl Issues in Brindisi

A technical consultant hired by the Office of the Public Prosecutor of the Court of Brindisi is continuing his work on determining whether the subsoil and aquifer have been contaminated with carbonyl from Edipower's Brindisi North power plant, which is still the subject of an order of seizure.
The judge in charge of preliminary investigations has handed down decisions rejecting the petitions filed by Edipower asking that it be allowed to restart its thermoelectric power plant. Edipower is appealing these decisions.
Given the provisions that govern the legal and financial relationships that arise from the tolling contracts (which became effective January 1, 2004), the abovementioned court decision should not affect the Tollers' obligation to pay Edipower the agreed-upon consideration for the availability of the Brindisi power plant.
However, in view of recent developments, particularly the ongoing shutdown of the Brindisi power plant, the parties have been reviewing the situation to assess the impact of the abovementioned court decisions on the legal relationships between the tollers and Edipower, specifically with regard to the consideration owed for the availability of the Brindisi power plant.

Cereol Holding – Oleina Arbitration

In the dispute between Cereol Holding and Ildom regarding the determination and payment of the price owed for a 49% interest in the share capital of Oleina, which in an arbitration award and a subsequent addendum was computed at US$107.5 million, Cereol Holding has appealed a decision handed down on November 30, 2004 by the Court of Rotterdam ordering the implementation of the award, as amended by the addendum, and making the arbitration award enforceable.

A hearing on this appeal, during which Cereol Holding asked that the decision of the trial judge that made the award temporarily enforceable be set aside, was held on April 19, 2005. A decision by the Court of Appeals in The Hague is expected shortly.

Significant Events Occurring After March 31, 2005

Tecnimont – Contract for a New Polypropylene Plant

On April 14, 2005, Tecnimont and the TITAN Ltd. Group of Companies signed a contract to build a polypropylene production facility.

This contract, which is valued at about USD100 million, covers the granting of a license, the provision of basic and detailed engineering services, and the supply of equipment and materials, as well as supervisory and technical support services during plant assembly. The facility, which will be built in Omsk (Russian Federation), will have an annual capacity of 180,000 tons. The award of this contract will bolster Tecnimont's leadership position, both in Russia, where the company has already built more than 30 facilities, and in the field of polyolefins in general, an area in which Tecnimont is recognized as a major player, having constructed more than 120 production units worldwide.

Edison – Agreement to Build the Isola di Porto Levante (RO) LNG Terminal

On May 2, 2005, Edison signed definitive agreements with Qatar Petroleum and Exxon Mobil to build the Isola di Porto Levante LNG unloading and regasification terminal off the coast of Italy in the Northern Adriatic. The terminal, scheduled for startup by the end of 2007, will have a regasification capacity of 8 billion cubic meters a year. This facility will be a strategic and reliable source of supply and will help meet Italy's growing demand for natural gas. The Isola di Porto Levante terminal has secured all of the primary authorizations for construction and operation from the relevant Italian and EU agencies.

The contract for the construction of the platform, storage tanks, LNG unloading equipment and regasification facilities has been awarded to Aker Kvaerner. Snam Progetti (ENI Group) has been chosen to build a natural gas pipeline linking the terminal with the national transmission network. The terminal will be located about 15 kilometers off the Veneto coast and situated in approximately 30 meters of depth water.

Edison – Sale of Investments in Electric Power Businesses in Egypt

On May 6, 2005, as part of its planned divestitures of nonstrategic assets, Edison signed a contract to sell its 39% interests in Sidi Krir Generating Company, Ltd. (a company under Egyptian law that owns a 683-MW thermoelectric power plant) and Sidi Krir Operating Company B.V. (a company under Dutch law that provides operation and maintenance services at the power plant) to the Globeleq Group at a price of US$45 million.

Globeleq, an energy group focused on the emerging markets of Africa, South America and Asia, already owned 61% of the two companies.

The transaction is expected to close within two weeks, as soon as the paperwork required by local laws has been completed.

This transaction will not have a material impact on Edison's financial statements, but will improve its financial position by about 35 million euros.

FINANCIAL HIGHLIGHTS

Edison Group – Cumulative Data at March 31, 2005

The table below compares the data for the first quarter of 2004 (when Edipower was valued by the equity method) with data for the first quarter of 2005, computed with the same accounting principles as in 2004 (but with Edipower consolidated proportionally at 40%), and shows pro forma data for the first quarter of 2005 computed in accordance with IAS/IFRS (with Edipower consolidated at 50%).
These data have not been audited, and those computed in accordance with IAS/IFRS do not reflect the impact of applying IAS 39.

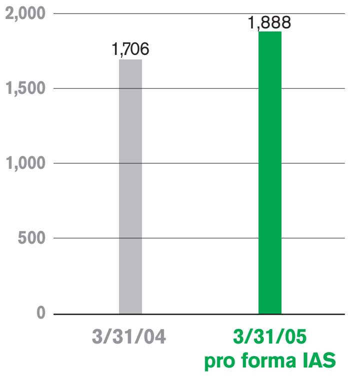
(in millions of euros)

2004 full year		Pro forma data 1st quarter 2005 under IAS/IFRS	1st quarter 2005	1st quarter 2004
6,497	Net revenues	1,888	1,895	1,706
1,254	EBITDA	300	288	358
19.3%	as a % of net revenues	15.9%	15.2%	21.0%
615	EBIT	160	99	197
9.5%	as a % of net revenues	8.5%	5.2%	11.5%
380	Income before extraordinary items and taxes	139	81	140
155	Group interest in net income	86	25	39
9.8	Net invested capital (1) (c)	10.9	10.8	10.1
3.9	Net borrowings (1) (c)	5.0	4.8	4.0
5.9	Stockholders' equity before minority interest (1) (c)	5.9	6.0	6.1
5.4	Group interest in stockholders' equity (1) (c)	5.5	5.5	5.3
454	Capital expenditures	133	127	55
25	Investments in exploration	6	6	6
3,857	Number of employees (1) (2)	4,482	4,350	3,946
6.96%	ROI (3)	6.63%	4.14%	8.8%
0.65	Debt/Equity ratio	0.85	0.80	0.65
Stock market prices (in euros) (4)				
1.5570	- common shares	1.5720	1.5720	1.4062
1.5091	- nonconvertible savings shares	1.5834	1.5834	1.2908
0.5530	- warrants outstanding	0.5762	0.5762	0.4979
Earnings (Loss) per share (in euros) (5)				
0.0358	- basic	0.0194	0.0052	0.0085
0.0287	- diluted	0.0155	0.0041	0.0067

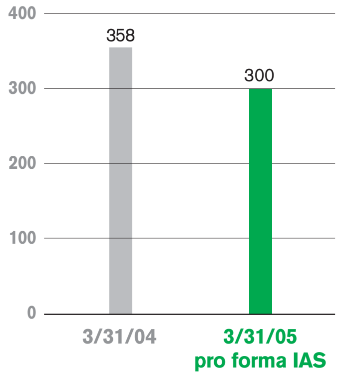
(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.
(2) Companies consolidated on a line-by-line basis and Group interest in companies consolidated by the proportional method.
(3) On average net invested capital, after deducting the value of equity investments held as fixed assets. The percentages shown for the first three months of 2004 and 2005 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.
(c) In billions of euros.

Operating Highlights of the Group

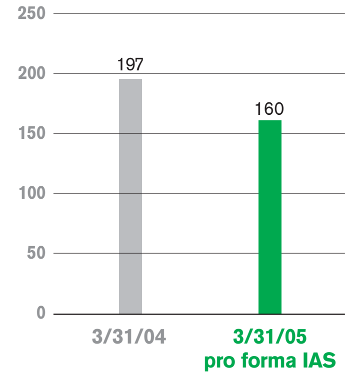
Net Revenues



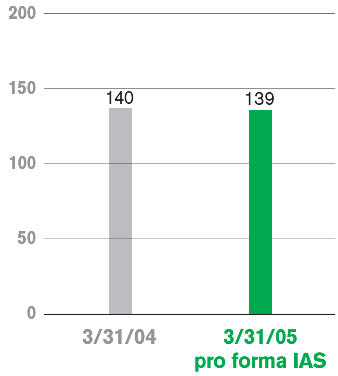
EBITDA



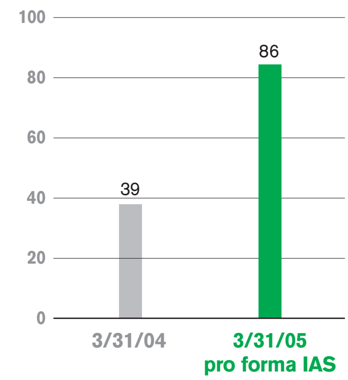
EBIT



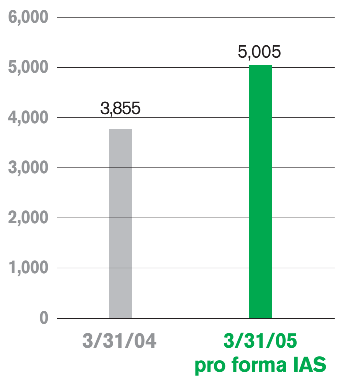
Income before Extraordinary Items and Taxes



Group interest in net income



Net borrowings



Operating and Financial Group Data in Accordance with IAS/IFRS Principles

The report that follows shows a comparison between statement of income and balance sheet data for the first quarter of 2005, computed both in accordance with principles that are consistent with those applied in 2004 and with the new IAS/IFRS principles.
The pro forma data computed in accordance with the new principles have not been audited and do not reflect the impact of applying IAS 39 (Valuation of Financial Instruments), the implementation of which is still being studied. The audit of the opening balances on the balance sheet at January 1, 2004 and of the pro forma financial statements at December 31, 2004 is still in progress.
A "first adoption" balance sheet showing the impact of the IAS/IFRS accounting principles was included in the 2004 Annual Report. The full transition to the IAS/IFRS international accounting principles will occur with the publication of the semiannual report for the current year.

(in millions of euros)

	1st quarter 2005	Restatement to IAS/IFRS principles	Pro forma 1st quarter 2005 under IAS/IFRS
A. Net revenues	**1,895**	**(7)**	**1,888**
Changes in inventory of work in progress, semifinished goods and finished goods	(121)	-	(121)
Increase in company-produced additions to fixed assets	1	-	1
B. Production value	**1,775**	**(7)**	**1,768**
Raw materials and outside services (-)	(1,421)	20	(1,401)
C. Value added	**354**	**13**	**367**
Labor costs (-)	(66)	(1)	(67)
D. EBITDA	**288**	**12**	**300**
Depreciation, amortization and writedowns (-)	(189)	49	(140)
E. EBIT	**99**	**61**	**160**
Net financial expense	(21)	(3)	(24)
Interest in the result of companies valued by the equity method and dividends received from companies valued at cost	2	-	2
Other income (expense), net	1	-	1
F. Income before extraordinary items and taxes	**81**	**58**	**139**
Extraordinary income (expense)		-	-
G. Income before taxes and minority interest	**81**	**58**	**139**
Current, deferred and prepaid income taxes	(48)	-	(48)
H. Net income (loss):			
Minority interest in net income (loss)	**8**	**(3)**	**5**
Group interest in net income (loss)	**25**	**61**	**86**

(in millions of euros)

	1st quarter 2005	Restatement to IAS/IFRS principles	Pro forma 1st quarter 2005 under IAS/IFRS
Net invested capital	10.8	0.1	10.9
Net borrowings	4.8	0.2	5.0
Stockholders' equity (before minority interest)	6.0	(0.1)	5.9

The main restatements shown above are the result of the following:

- The consolidation by the proportional method of the Edipower joint venture at 50% instead of 40%. The consolidation that is based on a 50% interest reflects Edison's interest in the tolling contract, as well as the percentage of indebtedness guaranteed by Edison and the impact of the put-and-call agreement. The consolidation at 50% produced higher EBITDA and EBIT, as well as an increase in property, plant and equipment and in the Group's indebtedness.
- The elimination of goodwill, which, according to IAS 36, is no longer amortizable and should instead be the subject of an annual impairment test.
- An increase in the carrying value of property, plant and equipment and of the depreciation of these assets stemming from their valuation at fair value as part of the transition process. This adjustment had a limited impact on the Edison Group, since the carrying value of these assets had already been adjusted to fair value when they were acquired by Italenergia in 2001, in accordance with IAS 22. As a result of this adjustment, Edison recognized the resulting deferred-tax liability, as required under IAS 12.
- The consolidation of the securitization company and of the items not attributable directly to Edison, which produced a modest increase in net borrowings.
- A change in the scope of consolidation caused by the concurrent impact of IAS 27, IAS 28 and IAS 31, which, however, was not significant.

PERFORMANCE AND RESULTS OF THE GROUP IN THE FIRST QUARTER OF 2005

Business Environment

Demand for electric power in Italy

2004 full year	(in TWh)	**1st quarter 2005**	1st quarter 2004	% change
286.6	Net domestic production	71.2	72.2	(1.4%)
45.6	Imports	13.9	12.5	11.2%
(10.3)	Surges	(2.7)	(2.8)	3.5%
321.9	**Total demand**	**82.4**	**81.9**	**0.6%**

In the first quarter of 2005, demand for electric power from the Italian grid totaled 82.4 TWh (TWh = 1 billion kWh), up slightly from 81.9 TWh in the same period last year, due mainly to a lower average temperature, particularly in January and February. On a seasonally adjusted basis, the increase over the first quarter of 2004 is more pronounced (+2.6%), reflecting the impact of two fewer business days.
During the first three months of 2005, domestic production was sufficient to meet 86.4% of demand, compared with 88.2% in the same period last year. At the same time, imports increased from 15.3% to 16.9%.

The enactment of Resolution No. 235/04 by the Electric Power and Gas Authority, which modified the seasonality of time-of-use bands, shifting the majority of "premium" hours (i.e., those with a higher billing rate) from the winter months to the summer months, had the effect of reducing the number of "full-rate hours" in the first quarter of 2005. As a result, premium hours accounted for 37.6% of total hours (44.5% in 2004).
The limited growth in demand and the unfavorable change in time-of-use bands had a negative impact on operating results. This development is discussed in more detail later in this Report.

Demand for natural gas in Italy

2004 full year	(in billions of m^3)	**1st quarter 2005**	1st quarter 2004	% change
28.2	Service and residential users	14.4	13.3	8.3%
18.6	Industrial users	6.4	6.4	-
32.1	Thermoelectric power plants	7.9	7.5	5.3%
0.4	Transportation	0.1	0.1	-
79.3	**Total demand**	**28.8**	**27.3**	**5.5%**

Total Italian demand for natural gas was estimated at 28.8 billion cubic meters in the first quarter of 2005, or 1.5 billion cubic meters more (+5.5%) than in the same period last year.
Rising demand from residential users and thermoelectric power plants is the main reason for this increase.
Inclement weather during the first three months of the year, with temperatures falling below the seasonal average, is the reason for the rise in consumption by households. This weather pattern forced the Ministry of Production Activities to avail itself

of the option of declaring a weather emergency, which permits the interruption of supply to interruptible dual-fuel users. Despite the declaration of a weather emergency, the Ministry was forced to use the strategic reserve on a system-wide basis, which had a negative financial impact on industry operators.

Benchmark Market

2004 full year		**1st quarter 2005**	1st quarter 2004	% change
38.2	Price of crude oil in US$/bbl	47.5	32.0	48.4%
1.24	US$/euro exchange rate	1.31	1.23	6.5%
30.7	Price of crude oil in euros/bbl	36.2	25.6	41.4%

In the benchmark oil market, the price of Brent crude continued to hold at a very high level in the first quarter of 2005. As a result, the average for the first three months of the year rose to US$47.50/bbl, or about US$15.50/bbl higher (+48.4%) than in the first quarter of 2004.

The euro also continued to appreciate in value vis-à-vis the U.S. dollar, with the average exchange rate for the first three months of 2005 rising to $1.31 for one euro, compared with $1.23 for one euro in the same period last year (+6.5%).
The appreciation of the euro versus the U.S. dollar had the effect of mitigating, to some extent, the impact of the higher cost of Brent crude. When stated in euros, the average price was 36.20 euros/bbl, or 10.6 euros/bbl more (+41.4%) than in the first three months of 2004. However, price trends for the main derivative products (LSC oil +26%, HSC oil +17% and diesel fuel +46%) did not match the pattern of Brent crude.

Net Revenues and EBITDA by Type of Business [1]

The table below provides a comparison between the results for the first quarter of 2005 computed in accordance with IAS/IFRS and the results for 2004.

(in millions of euros)

2004 full year		Pro forma 1st quarter 2005 under IAS/FRS	1st quarter 2005	1st quarter 2004
	CORE BUSINESSES			
	Electric Power Operations			
4,581	Net revenues	1,179	1,201	1,128
989	EBITDA	236	231	280
21.6%	as a % of net revenues	20.0%	19.2%	24.8%
	Hydrocarbons Operations			
2,291	Net revenues	960	954	662
325	EBITDA	83	75	86
14.2%	as a % of net revenues	8.6%	7.9%	13.0%
	Corporate Activities			
77	Net revenues	10	10	19
(88)	EBITDA	(21)	(20)	(13)
n.m.	as a % of net revenues	n.m.	n.m.	n.m.
	Adjustments			
(1,281)	Net revenues	(405)	(406)	(305)
-	EBITDA	-	-	-
n.m.	as a % of net revenues	n.m.	n.m.	n.m.
	Total Core Businesses			
5,668	**Net revenues**	**1,744**	**1,759**	**1,504**
1,226	**EBITDA**	**298**	**286**	**353**
21.6%	**as a % of net revenues**	**17.1%**	**16.3%**	**23.5%**
	OTHER OPERATIONS			
	Continuing Operations			
	Water			
27	Net revenues	7	7	7
4	EBITDA	1	1	-
14.8%	as a % of net revenues	14.3%	14.3%	n.m.
	Engineering			
802	Net revenues	137	129	195
24	EBITDA	1	1	5
3.0%	as a % of net revenues	0.8%	0.8%	2.6%
	Adjustments			
	Net revenues	-	-	-
	EBITDA	-	-	-
	Total Other Operations			
829	**Net revenues**	**144**	**136**	**202**
28	**EBITDA**	**2**	**2**	**5**
3.4%	**as a % of net revenues**	**1.4%**	**1.5%**	**2.5%**
	EDISON GROUP			
6,497	**Net revenues**	**1,888**	**1,895**	**1,706**
1,254	**EBITDA**	**300**	**288**	**358**
19.3%	**as a % of net revenues**	**15.9%**	**15.2%**	**21.0%**

[1] The quarterly data have not been audited.

Net Revenues by Geographic Destination

(in millions of euros)

2004 full year	%		1st quarter 2005	%	1st quarter 2004	%
6,049	93.1	Italy	1,745	92.1	1,498	87.9
85	1.3	France	34	1.8	14	0.8
12	0.2	Other euro-zone countries	4	0.2	21	1.2
6,146	**94.6**	**Total euro-zone countries**	**1,783**	**94.1**	**1,533**	**89.9**
92	1.5	Other EU countries	4	0.2	-	-
3	0.0	Eastern Europe	27	1.4	24	1.4
48	0.7	Latin America	14	0.8	11	0.6
168	2.6	Africa	23	1.2	68	4.0
40	0.6	Asia	44	2.3	70	4.1
6,497	**100.0**	**Edison Group**	**1,895**	**100.0**	**1,706**	**100.0**

Net Revenues by Geographic Source

(in millions of euros)

2004 full year	%		1st quarter 2005	%	1st quarter 2004	%
5,596	86.1	Italy	1,797	94.8	1,599	93.7
72	1.1	France	34	1.8	12	0.7
6	0.1	Spain	-	-	-	-
70	1.1	Other euro-zone countries	7	0.4	3	0.2
5,744	**88.4**	**Total euro-zone countries**	**1,838**	**97.0**	**1,614**	**94.6**
143	2.2	Other EU countries	7	0.4	1	0.1
10	0.1	Eastern Europe	12	0.6	4	0.2
50	0.8	Latin America	12	0.6	10	0.6
193	3.0	Africa	17	0.9	60	3.5
357	5.5	Asia	9	0.5	6	0.4
-	-	Other countries	-	-	11	0.6
6,497	**100.0**	**Edison Group**	**1,895**	**100.0**	**1,706**	**100.0**

Performance and Results of the Group

Core Businesses

In the first quarter of 2005, net revenues increased by 16% compared with the same period last year. This improvement reflects strong growth by the hydrocarbon operations (+45%), which benefitted from a 26.1% rise in unit sales of natural gas that was made possible by expanding demand from residential users and thermoelectric power plants, and higher average prices than in the first three months of 2004. The revenue gain recorded by the electric power operations (+4.5%) is the product of an increase in average prices brought about by a more favorable environment in the benchmark crude oil market and the revenues earned in the dispatching services market, which did not exist in the first quarter of 2004.
The limited gain in electric power revenues is the net result of a slight reduction in unit sales (-4.3%) that reflects a drop of 15.7% in CIP-6 sales, which is attributable to the shutdown of some power plants for scheduled or extraordinary maintenance, offset only in part by a rise in deliveries to customers in the deregulated market (+5.6%).

EBITDA decreased by 55 million euros (-15.6%), falling from 353 million euros in the first three months of 2004 to 298 million euros at March 31, 2005. The main reasons for this decline, which was largely expected, include:

- For the electric power operations, the expiration of CIP-6 incentives for some of the Group's power plants, following the enactment of Resolution No. 235/04 by the Electric Power and Gas Authority, which modified the seasonality of time-of-use bands for 2005 from the winter months to the summer months, causing a decrease in the number of "premium" hours in the first quarter of 2005. In addition, as mentioned above, some power plants were shut down for scheduled or extraordinary maintenance for longer periods of time than last year, thereby reducing the availability of electric power.
- For the hydrocarbons operations, a negative factor was the cost of using strategic reserves during the periods of unusually intense cold that occurred in the first three months of 2005.

These nonrecurring negative factors were offset in part by the positive impact of the consolidation of 50% of Edipower's EBITDA in accordance with the new accounting principles, which are being applied as of January 1, 2005.
If the impact of the developments discussed above is eliminated, the results of the Group's industrial operations are largely in line with those of 2004.

EBIT, which under the new accounting principles no longer reflect the amortization of goodwill, were also down, but decreased less, falling to 159 million euros, compared with 193 million euros in the first quarter of 2004, despite the higher depreciation and amortization booked as a result of the consolidation of Edipower by the proportional method.

Other Operations of the Group

Engineering – As anticipated, business volume and profit margins were down in the first quarter of 2005. Net revenues totaled 137 million euros, and EBITDA were close to breakeven. However, the financial position improved, reflecting the beneficial impact of the positive cash flow generated by ongoing contracts.

Water – At 7 million euros, net revenues were about the same as in the first quarter of 2004. EBITDA grew to 1 million euros, compared with virtual breakeven in the same period a year ago.

Results of the Group

As the net result of the various factors described above, the aggregate revenues generated by the Group's industrial operations increased by 10.7% to 1,888 million euros, EBITDA amounted to 300 million euros and EBIT totaled 160 million euros (197 million euros in the first three months of 2004).

Financial expense was down sharply, falling from 65 million euros in the first quarter of 2004 to 24 million euros in the three months ended March 31, 2005. The decrease in financial expense is partly structural, made possible by a reduction in borrowing costs, and partly due to such nonrecurring factors as the gains earned on commodity hedges, which generated losses in 2004.

Group interest in net income doubled to 86 million euros, compared with 39 million euros in the first quarter 2004, due to the sizable reduction in financial expense mentioned above, a lower tax liability and a decrease in the minority interest percentage, which was made possible by corporate restructuring transactions completed last year.

At March 31, 2005, the Group's net borrowings totaled 5,005 million euros, or 1,150 million euros more than the 3,855 million euros owed at the end of 2004. The inclusion of Edipower in the scope of consolidation accounts for most of the increase, since the Group's pro rata share of Edipower's indebtedness amounts to 1,091 million euros.

Outlook for the Balance of 2005

The placing of new power plants into production in the second half of the year, the favorable seasonal impact of the summer months, the end of the maintenance programs for some CIP-6 power plants and the consolidation of Edipower by the proportional method should enable the Group to report higher operating income in 2005 than it did in 2004.

PERFORMANCE OF THE GROUP'S BUSINESSES

Electric Power Operations

Quantitative Data

Sources

2004 full year	GWh (*)	1st quarter 2005	1st quarter 2004	% change
35,552	**Net production Edison Group:**	**8,035**	**8,883**	**(9.5%)**
31,879	- Thermoelectric power plants	7,387	8,285	(10.8%)
3,269	- Hydroelectric power plants	564	482	17.0%
404	- Wind farms	84	116	(27.6%)
12,443	**Edipower**	**3,072**	**3,307**	**(7.1%)**
1,111	**Imports**	**509**	**319**	**59.6%**
2,407	**Other domestic purchases and swaps** (1)	**1,285**	**968**	**32.7%**
51,513	**Total sources**	**12,901**	**13,477**	**(4.3%)**

Uses

2004 full year	GWh (*)	1st quarter 2005	1st quarter 2004	% change
22,903	CIP-6 dedicated	4,985	5,912	(15.7%)
5,283	Industrial, captive and other customers	1,328	1,325	0.2%
23,327	Deregulated market	6,588	6,240	5.6%
51,513	**Total uses**	**12,901**	**13,477**	**(4.3%)**

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

Financial Highlights

(in millions of euros)

2004 full year		Pro forma 1st quarter 2005 under IAS/IFRS	1st quarter 2004	% change
	Sales and other revenues			
3,949	Electric power	1,052	1,017	3.4%
127	Steam and utilities	32	31	3.2%
171	Other sales and services	46	54	(14.8%)
4,247	**Total sales and service revenues**	**1,130**	**1,102**	**2.5%**
334	Other revenues	49	26	88.5%
4,581	**Net revenues**	**1,179**	**1,128**	**4.5%**
989	EBITDA	236	280	(15.7%)
21.6%	as a % of net revenues	20%	24.8%	-
381	Capital expenditures	118	45	162.2%.
1,317	Number of employees (1) (2)	1,960	1,331	48.8%

(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.
(2) The number of employees at March 31, 2005 includes the portion of Edipower's staff attributable to the Group (651 employees). Restated on a comparable consolidation basis, the total would be 1,311 employees.

Net revenues grew to 1,179 million euros in the first quarter of 2005, for a gain of 4.5% compared with the same period in 2004, even though unit sales were down about 4.3%.

An increase in average sales prices, made possible by a rise in the components of the benchmark fuel basket and a better sales channel mix, coupled with the revenues generated in the dispatching services market, which did not exist in 2004, account for this improvement.

Unit sales of steam and other utilities were about the same as in the first three months of 2004 (2,045 kt compared with 2,475 kt in the first quarter of 2004), but revenues benefited from an increase in sales prices made possible by a rise in the cost of benchmark fuels.

At March 31, 2005, EBITDA totaled 236 million euros, or 44 million euros less (-15.7%) than in the first three months of 2004. As explained earlier in this Report in the review of the performance of the Group's core businesses, this decrease is mainly the result of the loss of CIP-6 incentives for some power plants, downtime at other facilities due to scheduled or extraordinary maintenance and a different allocation of time-of-use bands. These negative factors were offset in part by the consolidation of Edipower by the proportional method as of January 1, 2005.

Sales and Marketing

In the first quarter of 2005, sales of electric power totaled 12,901 million kWh, down slightly (-4.3%) compared with the first three months of 2004. Sales in the deregulated market continued to grow (+5.6%), rising from 6,240 GWh in the first three months of 2004 to 6,588 GWh in the same period this year. Direct deliveries to eligible customers were up about 39%, accounting for most of the increase. Sales on the Electric Power Exchange, which amounted to 835 GWh, correspond to sales made on the so-called STOVE market in the first three months of 2004, which totaled 2,082 GWh.

Sales under CIP-6 contracts decreased by 15.7% due to the plant downtime mentioned above and the proportional (at 66.32%) instead of line-by-line consolidation of Serene, as required by the new accounting principles.

Deliveries to industrial, captive and other customers were about the same as in the first three months of 2004.

Production and Procurement

Net production totaled 8,035 million kWh in the first quarter of 2005. The decrease of 848 million kWh (-9.5%) over the same period a year ago reflects primarily a lower output by hydroelectric power plants (-10.8%) due to the temporary shutdown of facilities as mentioned above and a difference in the percentage at which Serene was consolidated. Hydroelectric output increased by 17%, owing in part to the impact of the IAS/IFRS principles, which require the proportional consolidation (at 42%) of Sel Edison, which previously was valued by the equity method.

The share of the energy generated by Edipower's power plants that was available to the Group was 7% less than in the first three months of 2004 due to the temporary shut-down of some facilities for maintenance and the problems affecting the Brindisi power plant that were discussed earlier in this Report. During the first quarter of 2005, Edison's internal production was supplemented by electric power purchased from external sources. Including imports, these purchases increased by 507 GWh (+39.4%) compared with the same period last year.

Capital Expenditures

Capital expenditures in the first three months of 2005 totaled about 118 million euros (including about 26 million euros invested by Edipower). The increase of 73 million euros over the same period in 2004 reflects primarily the progress made in building the Torviscosa (UD), Altomonte (CS) and Candela (FG) power plants, which required expenditures of 40 million euros, 25 million euros and 10 million euros, respectively, and the Group's pro rata share (50%) of the amounts invested by Edipower, mainly for the repowering of the Chivasso (TO) and Piacenza power plants.

Edipower

Financial Highlights[1]

(in millions of euros)

2004 full year		**Pro forma 1st quarter 2005 under IAS/IFRS**	1st quarter 2004	% change
493	Net revenues	111	72	54.2%
231	EBITDA	49	49	-
46.9%	as a % of net revenues	44.1%	68.1%	-
146	Capital expenditures	26	23	13.0%
1,100	Net borrowings [2]	1,091	1,073	(0.8%)
675	Number of employees [2]	651	735	(3.6%)

(1) Based on the tolling contract that went into effect on January 1, 2004, according to which Edison Spa has access to 50% of Edipower's generating capacity. The data shown are prorated at 50%.
(2) End-of-period amounts. The changes are computed against the data at December 31, 2004.

The Group's pro rata interest in the revenues generated by Edipower amounted to 111 million euros, or about 39 million euros more than the 72 million euros booked in the first quarter of 2004 (+54.2%). At about 49 million euros, EBITDA were roughly the same as in the first three months of 2004. The increase in revenues is mainly the result of the business transacted in the Dispatching Services Market, which was no active 2004.
The energy made available to tollers during the first quarter of 2005 amounted to about 6.2 TWh, or about 0.4 TWh less (-0.7%) than in the same period last year. An additional 0.1 TWh were sold directly to the Operator of the National Transmission Grid. The output of hydroelectric power increased as a percentage of total output (6.6%, compared with 5.6% in 2004).
The Group's pro rata share of capital expenditures amounted to about 26 million euros. They were used mainly for the repowering of the Chivasso and Piacenza power plants.
At March 31, 2005, Edipower had 651 employees on its payroll (pro rata share), 24 less than at December 31, 2004.

Hydrocarbons Operations

Quantitative Data

Sources

2004 full year	millions of m^3 of natural gas	**1st quarter 2005**	1st quarter 2004	% change
1,309	**Total net production:**	**301**	**325**	**(7.4%)**
1,027	- Production in Italy	227	267	(15.0%)
282	- Production outside Italy	74	58	27.6%
6,710	**Pipeline imports**	**1,957**	**1,587**	**23.3%**
18	**LNG imports**	**44**	**18**	**n.m.**
3,421	**Domestic and other purchases** (1)	**2,064**	**1,531**	**34.8%**
11,458	**Total supply sources**	**4,366**	**3,461**	**26.1%**
1,989	Direct purchases to fuel power plants	138	514	(73.2%)
13,447	Total supply	4,504	3,975	13.3%

(1) Includes inventory changes and pipeline leaks.

Uses

2004 full year	millions of m^3 of natural gas	**1st quarter 2005**	1st quarter 2004	% change
328	Residential use (consumers)	167	146	14.4%
2,858	Residential use (distributors)	1,735	1,210	43.4%
1,653	Industrial use	475	496	(4.2%)
6,156	Thermoelectric fuel use	1,748	1,551	12.7%
282	Exports	74	58	27.6%
181	Other sales	167	-	n.m.
11,458	**Total uses**	**4,366**	**3,461**	**26.1%**

Financial Highlights

(in millions of euros)

2004 full year		**Pro forma 1st quarter 2005 under IAS/IFRS**	1st quarter 2004	% change
	Sales and other revenues			
2,115	Natural gas sales	906	616	47.1%
65	Sales of oil and other products	20	16	25.0%
2,180	**Total sales revenues**	**926**	**632**	**46.6%**
111	Other revenues (including excise taxes)	34	30	13.3%
2,291	**Net revenues**	**960**	**662**	**45.0%**
325	EBITDA	83	86	(3.5%)
14.2%	as a % of net revenues	8.6%	13.0%	-
60	Capital expenditures	13	6	n.m.
25	Investments in exploration	6	6	-
416	Number of employees(1)	416	454	(8,3%)

(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.

Net revenues totaled 960 million euros in the first quarter of 2005. The gain of 298 million euros (+45%) over the same period last year is mainly the result of higher unit sales of natural gas (+26.1%) and an increase in unit revenues. In detail, consumption of natural gas by residential customers rose by 546 million cubic meters (+40.3%), while sales to thermoelectric power plants were up 197 million cubic meters (+12.7%) compared with the first three months of 2004.
EBITDA decreased to 83 million euros, about 3.5% less than the 86 million euros earned in the first quarter of 2004. The shortfall in EBITDA, which occurred despite an increase in unit sales, is mainly the result of the charge recognized in connection with the use of the strategic reserve during periods of unusually intense cold.
With regard to this issue, Edison has filed a report with the Ministry of Production Activities outlining the events that made it necessary to use the strategic reserve and concurrently applied for a permit to use the reserve, as required by the Decree dated September 26, 2001. This filing will help reduce the cost of drawing from the reserve.

When stated in euros, the average price of non-fluxed oil increased significantly compared with the first three months of 2004, rising from 14.10 euros per barrel to 19.0 euros per barrel (+34.8%), mirroring changes in the price of benchmark fuels and oil products.

Sales and Marketing

In the first quarter of 2005, unit sales of natural gas increased to 4,366 million cubic meters, or 26.1% more than the 3,461 million cubic meters sold in the first three months of 2004.
Thanks to the implementation of successful marketing programs, unit sales to residential users (both consumers and distributors) were up more than 40% compared with the first quarter of 2004.
Shipments to thermoelectric power plants increased to 1,748 million cubic meters, or 12.7% more than the 1,551 million cubic meters sold in the first three months of 2004, reflecting the Group's increased ability to supply its plants directly instead of relying on outside suppliers.

At March 31, 2005, Edison Per Voi served a total of about 155,000 residential customers.

Production and Procurement

In the first quarter of 2005, production of natural gas totaled 301 million cubic meters, or about 24 million cubic meters less (-7.4%) than in the same period last year, due mainly to a decrease in output from fields in Italy that reflects the natural depletion of gas fields.
On the procurement side, imports increased by about 25% and purchases from domestic suppliers rose by about 35%.

At 560,000 barrels, production of crude oil was only slightly lower than in the first three months of 2004, as the fields continued to produce at a good rate.
In the first quarter of 2005, imports of natural gas via pipeline or as LNG rose to 2,001 million cubic meters, or 396 million cubic meters more (+24.7%) than the 1,605 million cubic meters imported in the same period last year. Domestic purchases grew by 533 million cubic meters (+34.8%), increasing from 1,531 million cubic meters in the first three months of 2004 to 2,064 million cubic meters in the same period this year.
Overall, imports of natural gas accounted for 45.8% of the natural gas Edison sold in Italy, about the same as in the first quarter of 2004.

Capital Investments

Capital Expenditures

Capital expenditures totaled 13 million euros, compared with 6 million euros in the first three months of 2004. The main projects pursued in Italy included an expansion of the Collalto (UD) gas storage facility and the development of the Naide field. Work carried out in Egypt included the installation of gas compressors for the Rashid-2 field in the Rosetta concession.

Investments in Exploration

In the first quarter of 2005, the Group's investments in exploration totaled about 6 million euros, 5 million euros of which were primarily used to develop exploration programs in Croatia and Algeria.

New initiatives included evaluation work on three Algerian exploration blocks that the Group holds through a consortium established with Repsol-RWE and INA-Petrosa. In addition, drilling of the Reggane-5 well got under way. In Croatia, the three-dimensional seismic maps developed in anticipation of drilling the Isabella-2 wells are currently being evaluated.

With regard to the Rovigo LNG terminal, the Group is currently in the process of awarding contracts to suppliers for the construction of the facility.

Corporate Activities

Financial Highlights

(in millions of euros)

2004 full year		Pro forma 1st quarter 2005 under IAS/IFRS	1st quarter 2004	% change
77	Net revenues	10	19	(47.4%)
(88)	EBITDA	(21)	(13)	n.m.
n.m.	as a % of net revenues	n.m.	n.m.	
1	Capital expenditures	-	2	n.m.
539	Number of employees (1)	535	543	(0.7%)

(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.

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 10 million euros, or 9 million euros less than in the first three months of 2004. A reduction in nonrecurring gains accounts for this decrease.

EBITDA were negative by 21 million euros, as the loss widened by about 8 million euros compared with the first quarter of 2004, also due to the abovementioned shortfall in nonrecurring gains.

Capital Increases

The capital increases carried out during the first three months of 2005 reflect conversions of outstanding warrants. These warrants can be exercised until December 31, 2007. At March 31, 2005, there were 1,018,924,169 warrants outstanding.

Real Estate Operations

During the first quarter of 2005, the Group continued to divest nonstrategic real estate assets through a series of transactions that are expected to close before the end of June 2005. More specifically, preliminary agreements totaling 5 million euros have been signed on the sale of buildings on via Guerrini and via Massimo d'Azeglio in Ravenna and a plot of land in Vimercate. These properties were sold at prices roughly equal to their carrying values.

OTHER OPERATIONS OF THE GROUP

Water

Financial Highlights

(in millions of euros)

2004 full year		Pro forma 1st quarter 2005 under IAS/IFRS	1st quarter 2004	% change
27	Net revenues	7	7	n.m.
4	EBITDA	1	-	n.m.
14.8%	as a % of net revenues	14.3%	n.a.	
10	Capital expenditures	2	1	n.m.
7	Number of employees (1)	7	12	n.m.

(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.
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 three months of 2005, which totaled more than 7 million euros, were generated by operations carried out in Guayaquil under license. Operating expenses for the same period came to about 6 million euros, of which 5 million euros are attributable to the Guayaquil license and about 1 million euros constitute overhead. At more than 1 million euros, EBITDA were higher than in the first quarter of 2004.

Engineering

Financial Highlights

(in millions of euros)

2004 full year		Pro forma 1st quarter 2005 under IAS/IFRS	1st quarter 2004	% change
802	Net revenues	137	195	(29.7%)
24	EBITDA	1	5	n.m.
3.0%	as a % of net revenues	0.7%	2.6%	
2	Capital expenditures	-	1	n.m.
568	Order backlog (1)	505	825	(11.1%)
1,578	Number of employees (1)	1,565	1,606	(0.9%)

(1) End-of-period amounts. The changes are computed against the data at December 31, 2004.

Tecnimont's operating and financial performance in the first quarter of 2005 was in line with budget expectations.

Compared with the first three months of 2004, net revenues decreased by 58 million euros (-29.7%), falling from 195 million euros to 137 million euros. EBITDA decreased to 1 million euros, compared with 5 million euros in the first quarter of 2004. On the other hand, the net financial position continued to improve, with liquid assets rising to 202 million euros (191 million euros at the end of 2004), reflecting the positive impact of the cash flow generated by customer orders.

At March 31, 2005, the order backlog was 505 million euros, compared with 568 million euros at December 31, 2004. However, the current balance does not include contracts for a polypropylene plant in Yanbu, Saudi Arabia, and the Brindisi LNG terminal.

In April 2005, as was mentioned in the Key Events section of this report, Tecnimont signed a contract to build a polypropylene production facility with a capacity of 180,000 tons a year in Omsk (Russian Federation). This order, which is valued at 75 million euros, has not been included in the order backlog pending final execution of the contract. Additional work assignments received included change orders to existing contracts and several front-end engineering design contracts.

A breakdown by geographic region and product of the order backlog at December 31, 2005 is as follows:

Geographic region		Product	
Europe	57%	Oil and gas	47%
China	19%	Polymers	45%
Middle East	15%	Chemicals and fertilizers	7%
Asia	4%	Energy	1%
Africa	2%		
Italy	3%		

REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION

This Quarterly Report at March 31, 2005 was prepared in accordance with Article 82 *bis* 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 scope of consolidation changed during the first quarter of 2005. As explained below, Edipower, which previously was valued by the equity method, is now consolidated by the proportional method.
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, 2004

The most significant change in the scope of consolidation that occurred in the first three months of 2005 is the proportional consolidation (at 40%) of Edipower Spa, a joint venture previously valued by the equity method. This change is part of a gradual process, discussed earlier in this Report, that will result in the adoption of a scope of consolidation that is consistent with IAS/IFRS principles. The change had a significant impact on the Group's balance sheet and statement of income. In order to provide a better understanding of the quarterly results, the impact of this change on the scope of consolidation is summarized in the table presented on the following page.

Summary Financial Statements at March 31, 2005

(in millions of euros)

	Proportional amounts at 40%
Statement of Income	
Net revenues	88
EBITDA	39
EBIT	10
Financial expense	(8)
Net income	-
Balance Sheet	
Fixed assets	1,749
Net invested capital	1,685
Net borrowings	872
Group interest in stockholders' equity	-

Other relevant changes are reviewed below:

- **Electric Power –** On February 7, 2005, Edison France Sarl, a company that holds a 50% interest in Flandres Energies, was sold to the Dalkia Investissement Group. Edison France, which owns a 40-MW power plant in Lille (France), was deconsolidated as of January 1, 2005.

- **Engineering –** Effective January 1, 2005, the Group acquired an additional 34% interest in Sofregaz. This company, which was already 66% owned, is now consolidated at 100%.

Consolidated Balance Sheet

12/31/04		3/31/05	3/31/04
	A. Fixed assets		
3,725	Intangibles	4,388	3,952
5,339	Property, plant and equipment	6,366	5,461
1,192	Financial fixed assets	390	1,244
10,256		**11,144**	**10,657**
	B. Net working capital		
3,296	Inventories	2,872	2,826
1,183	Trade accounts receivable	1,421	1,126
935	Other assets	979	1,231
(4,103)	Trade accounts payable and advances on contract work in process (-)	(3,883)	(3,556)
(1,221)	Reserves for risks, charges and taxes (-)	(1,292)	(1,381)
(487)	Other liabilities (-)	(391)	(744)
(397)		**(294)**	**(498)**
9,859	**C. Invested capital, net of operating liabilities (A+B)**	**10,850**	**10,159**
(64)	**D. Reserve for employee severance indemnities (-)**	**(78)**	**(63)**
9,795	**E. Net invested capital (C-D)**	**10,772**	**10,096**
	Covered by:		
5,940	**F. Stockholders' equity before minority interest**	**5,982**	**6,104**
	G. Net borrowings		
3,347	Long-term debt	4,267	3,008
-	Long-term financial assets (-)	(1)	(4)
812	Short-term borrowings	863	1,687
(304)	Short-term financial assets (-)	(339)	(699)
3,855		**4,790**	**3,992**
9,795	**H. Total coverage sources (F+G)**	**10,772**	**10,096**

Consolidated Statement of Income

2004 full year		1st quarter 2005	1st quarter 2004
6,497	**A. Net revenues**	**1,895**	**1,706**
41	Change in inventory of work in progress, semifinished goods and finished goods	(121)	(57)
18	Increase in Company-produced additions to fixed assets	1	-
6,556	**B. Production value**	**1,775**	**1,649**
(5,054)	Raw materials and outside services (-)	(1,421)	(1,233)
1,502	**C. Value added**	**354**	**416**
(248)	Labor costs (-)	(66)	(58)
1,254	**D. EBITDA**	**288**	**358**
(639)	Depreciation, amortization and writedowns (-)	(189)	(161)
615	**E. EBIT**	**99**	**197**
(248)	Net financial expense	(21)	(65)
1	Interest in the result of companies valued by the equity method and dividends from and writedowns of investments in companies valued at cost	2	8
12	Other income (expense), net	1	-
380	**F. Income before extraordinary items and taxes**	**81**	**140**
4	Extraordinary income (expense)	-	(3)
384	**G. Income before taxes and minority interest**	**81**	**137**
(151)	Current, deferred and prepaid income taxes	(48)	(71)
	H. Net income:		
78	**Minority interest in net income**	**8**	**27**
155	**Group interest in net income**	**25**	**39**
	Earnings per share (in euros)**:**		
0.0351	basic	0.0052	0.0085
0.0281	diluted	0.0041	0.0067

Statement of Changes in Net Financial Position

2004 full year		1st quarter 2005	1st quarter 2004
(4,143)	**A. Net borrowings at beginning of period**	**(3,855)**	**(4,143)**
1,254	EBITDA	288	358
(16)	Change in operating working capital[1]	(76)	(53)
(20)	Income taxes paid (-)	-	-
(288)	Changes in other assets (liabilities)	(121)	(84)
930	**B. Cash flow – Operating activities**	**91**	**221**
(690)	Investments in intangibles; property, plant and equipment; and financial fixed assets (-)	(145)	(68)
242	Proceeds from the sale of intangibles; property, plant and equipment; and financial fixed assets	-	15
14	Dividends received	-	1
496	**C. Free cash flow**	**(54)**	**169**
(248)	Financial income (expense), net	(21)	(65)
52	Contributions of capital stock and reserves	7	25
-	Distributions of capital stock and reserves (-)	-	-
(82)	Dividends declared (-)	(3)	-
218	**D. Cash flow – Financial activities**	**(71)**	**129**
70	Change in the scope of consolidation	(864)	22
-	Net currency translation differences	-	-
288	**E. Net cash flow for the period**	**(935)**	**151**
(3,855)	**F. Net borrowings at end of period (A+E)**	**(4,790)**	**(3,992)**

(1) Inventories+trade accounts receivable+trade accounts payable.

Statement of Cash Flow at March 31, 2005

(in accordance with IAS 7)

2004 full year	(in millions of euros)	1st quarter 2005
	A. Cash flow – Operating activities	
155	Group interest in net income	25
78	Minority interest in net income	8
639	Depreciation and amortization	189
(18)	Interest in the result of companies valued by the equity method (-)	2
14	Dividends from companies valued by the equity method	-
(59)	(Gains) Losses on the sale of fixed assets	1
31	(Upward adjustments) Writedowns of fixed assets and other equity investments	1
2	Change in the reserve for employee severance indemnities	-
(71)	Change in working capital (excluding financial assets)	(189)
771	**Total cash flow from operations (A)**	**37**
	B. Cash flow – Investing activities	
(486)	Investments in property, plant and equipment and intangibles (-)	(134)
(204)	Investments in financial fixed assets (-)	(11)
16	Proceeds from the sale of property, plant and equipment and intangibles	-
226	Proceeds from the sale of financial fixed assets	-
24	Net change in financial assets not held as fixed assets	12
(424)	**Total cash flow from investing activities (B)**	**(133)**
	C. Cash flow – Financing activities	
600	Net change in long-term debt	24
52	Capital contributions by controlling companies or minority stockholders	7
(484)	Repayments of borrowings (-)	-
(82)	Dividends declared payable to controlling companies or minority stockholders (-)	(3)
(698)	Net change in short-term debt and other changes	51
(612)	**Total cash flow from financing activities (C)**	**79**
7	**D. Change in the scope of consolidation**	**16**
-	**E. Net currency translation differences**	**-**
(258)	**F. Net cash flow for the period (A+B+C+D+E)**	**(1)**
515	**G. Liquid assets and equivalents at beginning of period**	**257**
257	**H. Liquid assets and equivalents at end of period (F+G)** (1)	**256**

(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:

2004 full year		3/31/05
5	- Other securities (C.III.6)	8
24	- Loans receivable due within three months (C.III.7)	25
239	- Liquid assets (C.IV)	234
(11)	- Restricted bank deposits that secure project financing facilities (-)	(11)
257		**256**

NOTES TO THE CONSOLIDATED BALANCE SHEET

The most significant items in the Balance Sheet and Statement of Income and the changes resulting from the proportional consolidation of Edipower at 40% are reviewed below.

A) Fixed Assets

Fixed assets totaled 11,144 million euros at March 31, 2005. The net increase of 888 million euros from December 31, 2004 is mainly the result of the inclusion of Edipower in the scope of consolidation.
The change for the period also reflects the impact of depreciation and amortization of 189 million euros and additions totaling 134 million euros (127 million euros for property, plant and equipment and 7 million euros for intangibles).
The table below summarizes the changes that occurred during the first three months of 2005.

	Intangibles	Property, plant and equipment	Financial fixed assets	Total
Balance at 12/31/04 (A)	**3,725**	**5,339**	**1,192**	**10,256**
Changes during the period:				
- Additions	7	127	-	134
- Coverage of losses	-	-	4	4
- New loans	-	-	1	1
- Loan repayments	-	-	-	-
- Depreciation and amortization	(78)	(111)	-	(189)
- Interest in earnings of investee companies	-	-	1	1
- Change in the scope of consolidation	734	1,012	(808)	938
- Other changes	-	(1)	-	(1)
Total changes (B)	**663**	**1,027**	**(802)**	**888**
Balance at 3/31/05 (A+B)	**4,388**	**6,366**	**390**	**11,144**

The most significant components of fixed assets are reviewed below.

Intangibles

Intangibles increased to 4,388 million euros, or 663 million euros more than at the beginning of the year, due mainly to the Goodwill attributable to Edipower Spa (720 million euros). Intangibles include 3,306 million euros in consolidation difference and concessions for the production of hydrocarbons valued at 269 million euros.
Amortization for the period, which totaled 78 million euros, reduced the carrying value of the consolidation difference by 50 million euros, goodwill by 11 million euros and concessions for the production of hydrocarbons by 5 million euros. It also includes a charge of 6 million euros for hydrocarbon exploration and development costs, which are charged in full to income in the period they are incurred.

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

	3/31/05	12/31/04
Energy:	3,303	3,353
- Electric power operations	2,838	2,881
- Hydrocarbons operations	465	472
Discontinuing operations	3	1
Total	**3,306**	**3,354**

Property, Plant and Equipment

Property, plant and equipment totaled 6,366 million euros, for a net increase of 1,027 million euros compared with December 31, 2004, reflecting the addition of 1,023 million euros attributable to the inclusion of Edipower in the scope of consolidation. The rest of the change for the period is the net result of the following items:

- **Additions** of 127 million euros broken down as follows: 112 million euros invested by the electric power operations mainly in the construction of new thermoelectric power plants (Altomonte for 25 million euros, Candela for 10 million euros, Simeri Crichi for 9 million euros and Torviscosa for 40 million euros), 20 million euros invested by Edipower Spa (mainly for the repowering of the Chivasso and Piacenza power plants) and 13 million euros invested by the hydrocarbons operations in Italy (expansion of the Collalto storage facility and development of the Naide field) and in Egypt (installation of the gas compressor stations at the Rashid-2 field in the Rosetta concession).
- **Depreciation** of 111 million euros, including 102 million euros for the electric power operations and 9 million euros for the hydrocarbons operations.
- A negative **change in the scope of consolidation** of 10 million euros stemming from the sale of Edison France. Edison France controlled 50% of Flandres Energies, which owned a 40-MW thermoelectric power plant in Lille, France.

At March 31, 2005, the net carrying value of property, plant and equipment included 405 million euros for assets returnable at no cost (418 million euros at December 31, 2004). Property, plant and equipment also included assets held under finance leases valued at 235 million euros, which were recognized in accordance with IAS 17 (revised).

Financial Fixed Assets

At 390 million euros, financial fixed assets show a net decrease of 802 million euros compared with December 31, 2004, due mainly to the consolidation of Edipower. 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 12/31/04 (A)	**11**	**936**	**169**	**74**	**2**	**1,192**
- Coverage of losses	4	-	-	-	-	4
- Additions/New loans	-	-	-	1	-	1
- Interest in earnings of investee companies	-	1	-	-	-	1
- Change in the scope of consolidation	-	(813)	-	5	-	(808)
Total changes (B)	**4**	**(812)**	**-**	**6**	**-**	**(802)**
Balance at 3/31/05 (A+B)	**15**	**124**	**169**	**80**	**2**	**390**

Investments in Subsidiaries, Affiliated Companies and Other Companies

Investments in unconsolidated subsidiaries increased by 4 million euros due to the consolidation of the Edipower joint venture and to statutory recapitalizations carried out to cover losses incurred by Nuova Alba and Finimeg.

Long-term Loans

Long-term loans receivable totaled 80 million euros. This amount includes 52 million euros in loans provided to IPSE 2000 Spa. These loans and other financial commitments toward this company are offset by a reserve of the same amount, which was established in view of the limited expectations of recovery. Long-term loans receivable also include 19 million euros owed by joint ventures of the Group's engineering operations.

At March 31, 2005, there were no loans due in more than five years.

Other Investment Securities

The carrying value of 2 million euros refers to securities that have been pledged to guarantee the obligations of companies that are being liquidated.

B) Working Capital

At March 31, 2005, working capital was negative by 294 million euros, which represents a positive change of 103 million euros compared with December 31, 2004. A breakdown of this change is provided below:

	3/31/05	12/31/04	Change
Inventories	2,872	3,296	(424)
Trade accounts receivable	1,421	1,183	238
Trade accounts payable	(3,883)	(4,103)	220
Operating working capital	**410**	**376**	**34**
Other assets	979	935	44
Other liabilities	(391)	(487)	96
Reserves for risks and charges	(1,292)	(1,221)	(71)
Total	**(294)**	**(397)**	**103**

Operating working capital totaled 410 million euros, or 34 million euros more than at December 31, 2004. This balance is the net result of positive working capital amounts of 307 million euros for the electric power operations, 202 million euros for the hydrocarbons operations, 48 million euros for the corporate activities and 5 million euros for the water operations, less negative working capital of 152 million euros for the engineering operations and negative working capital of 23 million euros for Edipower.
Operating working capital also reflects 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 419 million euros in the first three months of 2005; receivables outstanding at March 31, 2005 totaled 81 million euros and the amount shown in the financial statements under other assets to recognize the deferred portion of assigned receivables amounted to 51 million euros.
As of March 31, 2005, securitization transactions had generated a financial benefit (receivables outstanding less the deferred portion of assigned receivables) of about 30 million euros. The deferred portion of assigned receivables was written down by 1 million euros to make the carrying value of these assets consistent with their estimated realizable value.

The **reserves for risks and charges,** which cover contingent liabilities, totaled 1,292 million euros, or 71 million euros more than at December 31, 2004. They include reserves for contingent liabilities of 992 million euros and reserves for taxes of 300 million euros (255 million euros in net deferred-tax liabilities and 45 million euros related to pending tax disputes). The table below provides a breakdown of the reserves for risks and charges:

Reserves for risks and charges	12/31/04	Provisions	Utilizations	Other changes/Change in scope of consolid.	3/31/05
Reserve for pension obligations	**1**	**-**	**-**	**(1)**	**-**
Reserve for current and deferred taxes	**248**	**6**	**-**	**46**	**300**
Other reserves:					
Risks for contract disputes	178	2	-	-	180
Contractual guarantees on the sale of equity investments	321	-	(3)	-	318
Charges for the closures of mineral properties	105	3	(1)	-	107
Risks on equity investments	21	-	(2)	-	19
Writedowns of assets	33	-	-	-	33
Other risks and charges	314	1	-	20	335
Total other reserves	**972**	**6**	**(6)**	**20**	**992**
Total	**1,221**	**12**	**(6)**	**65**	**1,292**

The largest changes affected the following reserve items:

- The reserve for charges for the closure of mineral properties, which increased by 2 million euros. It covers the cost of shutting down gas and oil fields at the end of production.
- The reserve for charges for contract disputes, which increased by 2 million euros. It includes 117 million euros set aside for Enimont in connection with the Eni-Enichem dispute.
- The reserve for contractual guarantees on the sale of equity investments, which decreased by 3 million euros due to the expiration and resulting cancellation of the guarantees provided in connection with the sale of Sviluppo Linate.
- The reserve for other risks and charges, which increased by 21 million euros, due mainly to the consolidation of Edipower. It refers mainly to disputes and litigation.

The reserve for taxes refers to consolidated companies with deferred-tax liabilities that are not fully offset by deferred-tax assets. The table below provides a breakdown of this reserve based on the underlying temporary differences:

	3/31/05	12/31/04	Change
Deferred-tax liabilities			
- Accelerated and supplemental depreciation and amortization	210	159	51
- Gains the taxation of which has been suspended	1	1	-
- Impact of applying IAS 17 to the recognition of finance leases	63	61	2
- Other	12	8	4
Total deferred-tax liabilities (A)	**286**	**229**	**57**
Deferred-tax assets			
- Taxed reserves	21	17	4
- Tax loss carry forward	5	5	-
- Other	5	4	1
Total deferred-tax assets (B)	**31**	**26**	**5**
Total reserve for deferred taxes (A-B)	**255**	**203**	**52**

D) Reserve for Employee Severance Indemnities

The reserve for employee severance indemnities, which amounted to 78 million euros, reflects the benefits accrued by employees during the first three months of 2005. The change for the period is mainly the result of the consolidation of Edipower (14 million euros).
At March 31, 2005 the Group had a staff of 4,350 employees (521 employees worked for Edipower Spa), broken down as follows:

Employees by type of business	3/31/05	12/31/04	Change
Electric power operations	1,827	1,317	510
Hydrocarbons operations	416	416	-
Corporate activities	535	539	(4)
Core businesses	**2,778**	**2,272**	**506**
Water	7	7	-
Engineering	1,565	1,578	(13)
Total staff	**4,350**	**3,857**	**493**

F) Stockholders' Equity

At March 31, 2005, stockholders' equity totaled 5,982 million euros, including Group interest of 5,452 million euros and minority interest of 530 million euros. The table below shows the changes that occurred during the period.

	Group interest in stockholders' equity	Minority interest in stockholders' equity	Total
Capital stock and reserves	5,257	450	5,707
Net income for the year	155	78	233
Total at 12/31/04	**5,412**	**528**	**5,940**
Changes during the first three months of 2005:			
- Change in the scope of consolidation	-	(3)	(3)
- Capital stock increase	7	-	7
- Dividends declared	-	(3)	(3)
- Currency translation differences and other changes	8	-	8
- Net income for the period	25	8	33
Total at 3/31/05	**5,452**	**530**	**5,982**
Broken down as follows:			
Capital stock and reserves	5,427	522	5,949
Net income for the period	25	8	33

The increase in stockholders' equity reflects an addition to capital stock of 7 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, amounts to 4,266 million euros. It consists of 4,266 million shares, par value 1 euro each. A total of 1,018,924,169 warrants were outstanding at March 31, 2005. Each of these warrants, which can be exercised until December 31, 2007, entitles the holders to purchase through subscription one new share at a price of 1 euro.

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

- A decrease of 3 million euros due to the purchase of an additional interest in Sofregaz (engineering operations);
- A decrease of 3 million euros for distributions of retained earnings by companies other than wholly owned subsidiaries.

The consolidation of Edipower had no impact on the Group's interest in stockholders' equity or net income.

G) Net Borrowings

Net borrowings totaled 4,790 million euros at March 31, 2005. The increase of 935 million euros from December 31, 2004 is due mainly to the inclusion of Edipower Spa in the scope of consolidation (872 million euros).
The table below shows a breakdown of net borrowings:

	3/31/05	12/31/04	Change
Long-term debt	4,267	3,347	920
Long-term financial assets (-)	(1)	-	(1)
	4,266	**3,347**	**919**
Short-term borrowings	863	812	51
Short-term financial assets (-)	(339)	(304)	(35)
	524	**508**	**16**
Net borrowings	**4,790**	**3,855**	**935**

Restated on a comparable consolidation basis, net borrowings show little change compared with December 31, 2004.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

After deducting minority interest, the Edison Group earned net income of 25 million euros in the first three months of 2005, compared with net income of 39 million euros in the same period last year. This year's earnings reflects the combined impact of the following factors:

- a decrease in the profitability of its industrial operations, due mainly to the loss of CIP-6 incentives by some of its dedicated power plants and a change in the distribution of time-of-use bands in the first quarter of 2005, offset in part by the consolidation of Edipower Spa;
- a drop in net financial expense, which fell from 65 million euros to 21 million euros, made possible by a lower cost of money and by the net gains earned on commodity hedging transactions;
- a reduction in the earnings attributable to minority stockholders, which reflects the impact of the corporate restructuring transactions completed in recent years.

A) Net Revenues

A breakdown of net revenues, which totaled 1,895 million euros or 189 million euros more (+11.1%) than in the first quarter of 2004, is as follows:

	3 months 2005	3 months 2004	Change
Net revenues:			
- Electric power	1,044	995	4.9%
- Natural gas	538	420	28.1%
- Oil	12	10	20.0%
- Steam	32	30	6.7%
- Company-owned power transmission grid	11	15	(26.7%)
- Excise taxes collected	43	36	19.4%
- Green certificates	23	21	9.5%
- Sundry revenues and income	56	50	12.0%
- Eliminations	-	(73)	n.m.
Total core businesses	**1,759**	**1,504**	**17.0%**
- Water	7	7	-
- Engineering	129	195	(33.8%)
Total Other Operations	**136**	**202**	**(32.7%)**
Total	**1,895**	**1,706**	**11.1%**

A breakdown of the Group's core business revenues shows that most of the 17% increase is attributable to the hydrocarbons operations, which generated aggregate revenues of 954 million euros (+44.1%) thanks to higher unit sales of natural gas, made possible by a sharp rise in demand from residential users and thermoelectric power plants, and an increase in average unit prices. The electric power operations had net revenues of 1,201 million euros. The increase of 6.5% compared with the first quarter of 2005, which was achieved despite a reduction in unit sales, reflects higher average sales prices for benchmark fuels and the proportional consolidation of Edipower Spa, which contributed 23 million euros.

On a less positive note, the revenues of the engineering operations decreased from 195 million euros in the first three months of 2004 to 129 million euros in the same period this year.

C) Value Added

Value added totaled 354 million euros, or 20% of production value, for a decrease of 62 million euros (-14.9%) over the amount generated in the first three months of 2004 (416 million euros equal to 25.2% 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.

	3 months 2005	3 months 2004	Change
Raw materials and outside services			
- Purchases of electric power	127	134	(5.2%)
- Transmission of electric power	96	69	39.1%
- Purchases of natural gas	638	484	31.8%
- Purchases of blast furnace, coke oven and other recycled gas	61	55	10.9%
- Purchases of fuel oil	59	94	n.m.
- Transportation of hydrocarbons	88	49	79.6%
- Gas and energy excise taxes	43	39	10.3%
- Tolling fee	15	71	(78.9%)
- Services provided by outside consultants	26	21	23.8%
- Royalties	2	2	-
- Other costs	153	111	37.8%
- Eliminations	-	(73)	n.m.
Total core businesses	**1,308**	**1,056**	**23.9%**
- Water	5	7	(36.5%)
- Engineering	108	170	(36.4%)
Total other operations	**113**	**177**	**(36.1%)**
Total	**1,421**	**1,233**	**(15.2%)**

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.

D) EBITDA

EBITDA totaled 288 million euros, or 19.6% less than in the first quarter of 2004. The table below shows a breakdown of EBITDA by type of business:

	3 months 2005	as a % of net revenues	3 months 2004	as a % of net revenues
Core businesses				
- Electric power operations	231	19.4%	280	24.8%
- Hydrocarbons operations	75	7.9%	86	13.0%
- Corporate activities	(20)	n.m.	(13)	n.m.
Total core businesses	**286**	**16.3%**	**353**	**23.5%**
Other operations				
- Water	1	14.3%	-	-
- Engineering	1	0.8%	5	2.6%
Total other operations	**2**	**1.5%**	**5**	**2.5%**
Total	**288**	**15.3%**	**358**	**21.0%**

The decrease in EBITDA, which occurred despite a rise in net revenues, is the result of the following factors:

- For the electric power operations, the expiration of CIP-6 incentives by some thermoelectric power plants and a change in the monthly allocation of time-of-use bands in 2005, offset in part by the proportional consolidation of Edipower, which added 39 million euros;
- For the hydrocarbons operations, mainly the charges incurred to utilize the strategic reserve during the unusually cold period that occurred in the first quarter of 2005.

A more detailed analysis is provided in the section of this Report that reviews the performance of the individual operations of the Group.

Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 189 million euros, is as follows:

	3 months 2005	3 months 2004	Change
Depreciation of property, plant and equipment	111	87	24
Amortization of intangibles	78	69	9
Writedowns	-	5	(5)
Total	**189**	**161**	**28**
Breakdown by type of business			
Electric power operations	156	125	31
Hydrocarbons operations	29	28	1
Corporate activities	3	7	(4)
Water	-	-	-
Engineering	1	1	-
Total	**189**	**161**	**28**

Depreciation of property, plant and equipment and amortization of intangibles includes 67 million euros in amortization of goodwill generated in 2001 by the acquisition of Montedison by Italenergia (now Edison). The increase shown by this item compared with the first quarter of 2004 reflects the proportional consolidation of Edipower Spa (+29 million euros).
No change to the estimated useful lives of the Group's assets was made during the period under review.

E) EBIT

EBIT totaled 99 million euros, or 5.2% of net revenues. A breakdown by type of business is as follows:

	3 months 2005	%	3 months 2004	%
Core businesses				
- Electric power operations	75	75.7%	156	79.2%
- Hydrocarbons operations	46	46.5%	57	28.9%
- Corporate activities	(23)	(23.5%)	(20)	(10.1%)
Total core businesses	**98**		**193**	
Other operations				
- Water	1	1.0%	-	-
- Engineering	-	-	4	2.0%
Total other operations	**1**		**4**	
Total	**99**	**100.0%**	**197**	**100.0%**
as a % of net revenues	5.2%		11.5%	

The decrease in EBIT is attributable to the same actors that are discussed in the note to EBITDA. Insofar as the electric power operations are concerned, the consolidation of Edipower Spa added 10 million euros to EBIT.

Net Financial Expense

Net financial expense decreased to 21 million euros, or 44 million euros less than in the first quarter of 2004, even though the consolidation of Edipower Spa added charges totaling 8 million euros.
This decrease reflects a reduction in the cost of money made possible by the improved credit standing that the Group has attained in the financial markets and by gains earned on commodity hedging transactions.
The main components of this item include the following:

- Financial income of 113 million euros, which includes a gain of 107 million euros on derivatives executed to hedge interest rate, foreign exchange and commodity risks.
- Financial expense of 136 million euros, which consists of interest on bond issues (30 million euros), interest and fees paid to banks and other lenders (25 million euros) and losses incurred on derivatives executed to hedge interest rate, foreign exchange and commodity risks (81 million euros)
- Net foreign exchange translation gains of 2 million euros.

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

The positive balance in this account (2 million euros) primarily reflects the Group's interest in the earnings of companies valued by the equity method.

Extraordinary Income and Expense

Total extraordinary expense was the same amount as total extraordinary income.

Extraordinary income of 13 million euros reflects primarily the utilization of reserves for risks in connection with the settlement of pending disputes.

Extraordinary expense of 13 million euros includes 5 million euros paid to settle disputes, a loss of 1 million euros on the sale of Edison France and an inflation adjustment of 3 million euros added to reserves for risks.

Income Taxes

The income tax obligation recognized in the statement of income amounted to 48 million euros (71 million euros at March 31, 2004), broken down as follows:

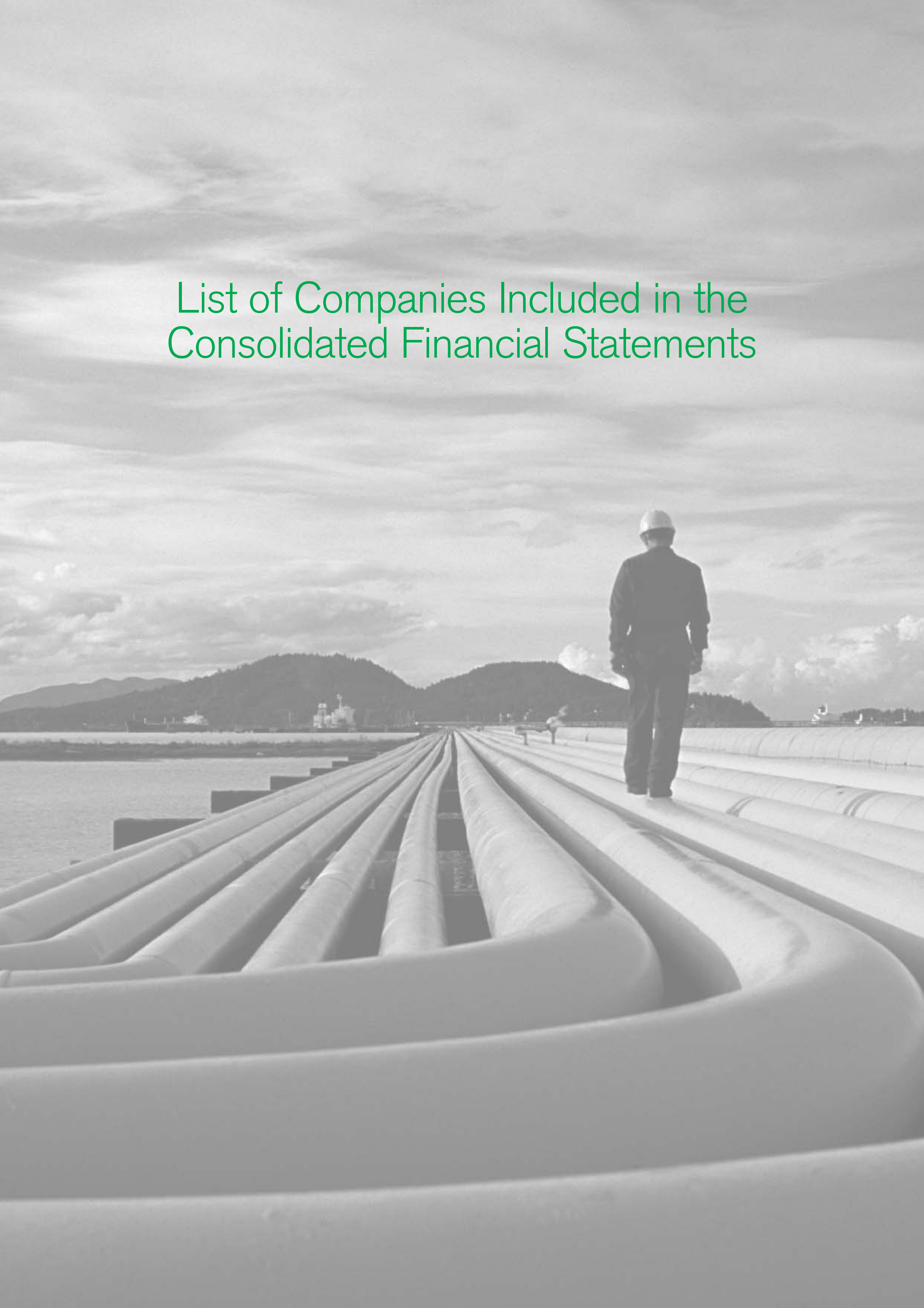
	3 months 2005	3 months 2004	% change
Current taxes	41	70	(41.4%)
Net deferred (prepaid) taxes	7	1	n.m.
Total income taxes	**48**	**71**	**(32.4%)**
as a % of income before taxes	60.0%	51.8%	

Current taxes reflect the liability for corporate income taxes (25 million euros) and local taxes (11 million euros). Sundry taxes account for the balance.
The reduced tax burden is a direct result of the corporate restructuring transactions carried out last year.

Milan, May 10, 2005

The Board of Directors
by Umberto Quadrino
Chairman

List of Companies Included in the Consolidated Financial Statements



A) Scope of Consolidation

Name	Head office	Currency	Capital stock	Consolidated Group interest % (a) 3/31/05	12/31/04
Parent Company					
Edison Spa	Milan	EUR	4,265,574,021		
Core Businesses – Electric Power Business Unit					
Electric Power					
Consorzio di Sarmato Soc. Cons. Pa	Milan (IT)	EUR	200,000	52.500	52.500
Edpower Spa	Milan (IT)	EUR	1,441,300,000	40.000	
Edison Energie Speciali Spa (sole owner)	Milan (IT)	EUR	4,200,000	100.000	100.000
Edison Rete Spa (sole owner)	Milan (IT)	EUR	106,778,200	100.000	100.000
Gever Spa	Milan (IT)	EUR	10,500,000	51.000	51.000
Ibiritermo Sa	Ibiritè – Estado de Minas Gerais (BR)	BRL	7,651,814	50.000	50.000
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	100.000
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.000	50.000
Parco Eolico Faeto Srl (sole owner)	Milan (IT)	EUR	11,300	100.000	100.000
Parco Eolico Foiano Srl (sole owner)	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 (sole owner)	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	66.320	66.320
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 Srl (sole owner) ex 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	100.000
Euroil Exploration Ltd	London (UK)	GBP	9,250,000	100.000	100.000
Core Businesses – Energy Management Business Unit					
Energy Management					
Edison Trading Spa (sole owner)	Milan (IT)	EUR	30,000,000	100.000	100.000

Interest held % (b)	by	Voting securities held % (c)	Voting rights % (d)	Consolidation method as per Civil Code (e)
				L
52.500	Edison Spa	-	-	L
40.000	Edison Spa	-	-	P
100.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
51.000	Edison Spa	-	-	L
50.000	Edison Spa	-	-	P
70.000	Edison Spa	-	-	L
100.000	Edison Spa	- (g)	-	L
50.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	P
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
100.000	Parco Eolico San Giorgio (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
100.000	Edison Energie Speciali Spa (sole owner)	- (g)	-	L
61.000	Edison Spa	-	-	L
66.320	Edison Spa	-	-	L
100.000	Montedison Finance Europe Nv	-	-	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	- (g)	-	L
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 Spa	- (g)	-	L

A) Scope of Consolidation (continued)

Name	Head office	Currency	Capital stock	Consolidated Group interest % (a) 3/31/05	12/31/04
Core Businesses – Marketing and Distribution Business Unit					
Marketing and Distribution					
Asep Gas Srl	Porto Mantovano (MN) (IT)	EUR	221,000	80.000	80.000
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 (sole owner)	Selvazzano Dentro (PD) (IT)	EUR	3,592,000	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
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	50.000
International Water (Uk) Limited	London (UK)	GBP	1,001	50.000	50.000
International Water Consulting Ag	Schweiz (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

Interest held % (b)	by	Voting securities held % (c)	Voting rights % (d)	Consolidation method as per Civil Code (e)
80.000	Edison Per Voi Spa (sole owner)	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
100.000	Edison Spa	- (g)	-	L
100.000	Edison DG Spa (sole owner)	- (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	- (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	-	-	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

A) Scope of Consolidation (continued

Name	Head office	Currency	Capital stock	Consolidated Group interest % (a) 3/31/05	12/31/04
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 liquidation)	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 Pvt Ltd	Mumbai (IN)	INR	100,000	50.000	50.000
Finewell Limited	Nicosia (CY)	CYP	1,000	100.000	100.000
Guandong Contractor	Montigny Le Bretonneux (F)	EUR	1,000	25.000	25.000
Icb Contractors Private Limited	Mumbai (IN)	INR	3,000,000	50.000	50.000
Imm. Lux. Sa	Luxembourg (LU)	EUR	780,000	100.000	100.000
Jts Contracting Company Limited	Floriana, La Valletta (M)T	EUR	100,000	45.000	41.600
Protecma Srl (sole owner)	Milan (IT)	EUR	3,000,000	100.000	100.000
Sofregaz Sa	Paris (FR)	EUR	17,500,000	100.000	66.000
Stts	Montigny Le Bretonneux (FR)	EUR	1,000	40.000	34.900
Tecnimont Arabia Limited	Jeddah (SA)	SAR	5,500,000	51.000	51.000
Tecnimont Benelux Sa	Brussels (BE)	EUR	250,000	100.000	100.000
Tecnimont Chile Ltda	Santiago (CL)	CLP	277,934,149	100.000	100.000
Tecnimont do Brasil Ltda	São Paulo (BR)	BRL	1,000,000	100.000	100.000
Tecnimont Icb Private Limited	Kalina, Mumbai (IN)	INR	13,886,700	50.000	50.000
Tecnimont International Sa	Luxembourg (LU)	EUR	200,000	100.000	100.000
Tecnimont Nigeria Ltd	Lagos (NG)	NGN	5,000,000	70.000	70.000
Tecnimont Poland Sp.zo.o	Warsaw (PL)	PLZ	50,000	100.000	100.000
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
Tws Sa	Lugano (CH)	CHF	100,000	100.000	100.000

Interest held % (b)	by	Voting securities held % (c)	Voting rights % (d)	Consolidation method as per Civil Code (e)
100.000	International Water 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
100.000	Tecnimont Spa (sole owner)	-	-	L
100.000	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
100.000	Tecnimont Spa (sole owner)	-	-	L
15.000	Sofregaz Sa	-	-	P
25.000	Tecnimont Spa (sole owner)	-	-	
51.000	Tecnimont Spa (sole owner)	-	-	L
100.000	Tecnimont Spa (sole owner)	-	-	L
100.000	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	-	-	
100.000	Tecnimont Spa (sole owner)	-	-	L
70.000	Tecnimont Spa (sole owner)	-	-	L
100.000	Tecnimont Spa (sole owner)	-	-	L
100.000	Edison Spa	-	-	L
100.000	Tecnimont Spa (sole owner)	-	-	L
100.000	TPI - Tecnimont Planung und Industrieanlageinbau Gmbh	-	-	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 = Valuation by the 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.

Edison Spa
31 Foro Buonaparte
20121 Milan

Capital stock: 4,265,541,651.00 euros, fully paid in.
Milan Company Register and Tax I.D. No. 06722600019
VAT No. 08263330014
Milan REA No. 1698754

Edison Spa
31 Foro Buonaparte – 20121 Milan - Tel +39 02 6222.1

www.edison.it