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Press Release

Edison's Board of Directors approves the results for the third quarter of 2004

EDISON: RESULTS SHOW CONTINUED STRONG GROWTH

Third quarter of 2004: net revenues +15%, EBITDA +46%,
EBIT and net income more than triple

Milan, November 11, 2004 – The Board of Directors of Edison Spa, meeting today at the Company's Foro Buonaparte headquarters, reviewed the results from operations for the third quarter and first nine months of 2004. In the three months ended September 30, 2004, the Edison Group booked **net revenues** of 1,445 million euros, or 15% more than in the same period a year ago. **EBIT** rose to 126 million euros (equal to 8.7% of revenues), compared with 36 million euros in the third quarter of 2003, and **Group interest in net income** jumped to 28 million euros, up from 8 million euros in the same period last year.

"The results for the third quarter are outstanding," said Umberto Quadrino, Edison's Chairman. "The operating performance and the profitability achieved in that period confirm that the positive trend is continuing, with strong gains for our core electric power and natural gas businesses."

Core Businesses: Electric Power and Natural Gas

Third Quarter

In the third quarter of 2004, **net revenues** increased by 17.3% to 1,242 million euros. At the same time, **EBITDA** rose to 276 million euros, or 45.3% more than in the third quarter of 2003. EBIT were also up strongly (+88 million euros), totaling 121 million euros, or more than three times the amount booked in the same period last year.

Group interest in net income jumped to 24 million euros, compared with the virtual breakeven (-2 million euros) reported in the third quarter of 2003. This year's improvement was achieved despite lower extraordinary income than in 2003 and higher financial expense. The increase in financial expense, which occurred despite the fact that the level of indebtedness was little changed from the end of 2003, is due mainly to the different method used to recognize the financial impact of exchange rate and commodity hedges.

THIRD QUARTER OF 2004

	Core businesses (Electric Power and Natural Gas)			Group		
Amounts in millions of euros	3Q2004	3Q2003	Δ	3Q2004	3Q2003	Δ
Net revenues	1,242	1,059	+17.3%	1,445	1,256	+15%
EBITDA	276	190	+45.3%	283	194	+45.9%
as a % of net revenues	*22.2%*	*17.9%*		*19.6%*	*15.4%*	
EBIT	121	33	+266.7%	126	36	+250%
as a % of net revenues	*9.7%*	*3.1%*		*8.7%*	*2.9%*	
Income before taxes and extraordinary items	66	12	n.m.	71	16	n.m.
Group interest in net income	24	(2)	n.m.	28	8	+250%

FIRST NINE MONTHS OF 2004

	Core businesses (Electric Power and Natural Gas)			Group		
Amounts in millions of euros	Nine months 2004	Nine months 2004	Δ	3Q2004	3Q2003	Δ
Net revenues	3,999	3,729	7.2%	4,632	4,533	2.2%
EBITDA	889	801	11.0%	909	800	13.6%
as a % of net revenues	*22.2%*	*21.5%*		*19.6%*	*17.6%*	
EBIT	423	315	34.3%	439	277	58.5%
as a % of net revenues	*10.6%*	*8.4%*		*9.5%*	*6.1%*	
Income before taxes and extraordinary items	268	51	n.m.	288	11	n.m.
Group interest in net income	70	250	(72%)	81	149	(45.6%)

These strong gains in operating performance reflect the combined impact of increased unit sales (+14.2% for electric power and +15.2% for natural gas) compared with the third quarter of 2003 and higher sales prices. The rise in sales prices was made possible by an increase in the cost of benchmark fuels and higher price levels in the Group's markets.

The **electric power** operations enjoyed especially vigorous growth, with net revenues rising 32.1% to 1,110 million euros and EBITDA increasing to 222 million euros, or 34.5% more than in the third quarter of 2003. These sharp year-over-year gains reflect in part the effect of regulatory changes introduced in 2004, such as the Electric Power Exchange and new time-of-use bands which take into account the impact of peak summer demand.
This improved operating performance is largely the result of higher sales in the deregulated market, which rose 31.6% thanks to increased demand from customers (+10%) and sales made on the Electric Power Exchange, a channel that was not available in 2003. This shift in the sales mix reduced the percentage of total sales contributed by CIP6 contracts, industrial users and captive customers.

The **natural gas** operations also reported higher revenues, which totaled 449 million euros, or 12.8% more than in the third quarter of 2003. This increase reflects an increase in unit sales (+15.2%) and higher average unit revenues than in the third quarter of 2003. The rise in EBITDA, which rose 76.7% to 76 million euros, was made possible by the gain in unit sales and a better spread between prices paid and charged.

	Electric Power			Hydrocarbons		
	3Q2004	3Q2003	Δ	3Q2004	3Q2003	Δ
Unit sales *(GWh/millions of m³)*	12,141	10,627	+14.2%	2,241	1,946	+15.2%
Net revenues *(millions of euros)*	1,110	840	+32.1%	449	398	+12.8%
EBITDA *(millions of euros)*	222	165	+34.5%	76	43	+76.7%

First Nine Months

In the first nine months of 2004, growth in unit sales of electric power (+13.6%) and natural gas (+11.9%) produced gains in **net revenues** (+7.2% to 3,999 million euros), **EBITDA** (+11% to 889 million euros) and **EBIT** (+34.3% to 423 million euros), when compared with the same period last year.

The favorable impact of this positive operating performance was augmented by a decrease in net financial expense, which was made possible by a reduction in indebtedness and by the lower cost of funds paid by the Group as a result of its improved standing in the financial markets. These positive factors more than offset the additional charges stemming from the accounting changes mentioned earlier in this press release.

Overall, the Group's core businesses ended the first nine months of 2004 with **income before taxes and extraordinary items** of 268 million euros, up from 51 million euros in the same period a year ago. **Net income** totaled 70 million euros, compared with 250 million euros at September 30, 2003, when the bottom line had been swelled by nonrecurring extraordinary items (in particular the sale of the Egyptian natural gas reserves for 320 million euros in June 2003).

The **electric power** operations reported cumulative revenues of 3,311 million euros, or 16.7% more than in the first nine months of 2003, thanks to a sharp gain in unit sales (+13.6%). During the same period, EBITDA were also up, rising 19.8% to 725 million euros. As was the case for the third quarter data, the main reason for the improved profitability achieved in the first nine months of 2004 is a more favorable sales mix, as sales to traditional customers (CIP6 contracts, industrial users and captive customers) held steady, while demand from the deregulated market increased by 35.8%.

A noteworthy development that occurred during the first nine months of 2004 was the additional electric power made available to the Group as of January 1, 2004, when the tolling contract with Edipower became fully effective. This contract enabled Edison to cut back its purchases from other domestic operators sharply (-70.7%), achieving significant cost reductions and gaining access to a more reliable supply.

The **natural gas** operations increased its unit sales by 11.9%, but net revenues were up modestly to 1,558 million euros, or 3% more than in the first nine months of 2003. This

disparity is explained by a decrease in the average unit sales price, which fell by 5% because it was based on the cost of benchmark fuels in the three to 12 months that preceded the first nine months of 2004. This benchmark was less favorable than the benchmark used to set prices during the first nine months of 2003. As already explained when commenting the quarterly data, this situation is currently reversing itself.
At 228 million euros, EBITDA were 12.6% less than in the first nine months of 2003, but the negative trend started to flatten out, thanks to a reduction in the negative spread between prices paid and charged. This adverse factor should disappear over the coming months for the same reasons mentioned above.

	Electric Power			**Hydrocarbons**		
	Nine months 2004	**Nine months 2003**	**Δ**	**Nine months 2004**	**Nine months 2003**	**Δ**
Unit sales *(GWh/millions of m^3)*	37,910	33,363	+13.6%	8,022	7,169	+11.9%
Net revenues *(millions of euros)*	3,311	2,837	+16.7%	1,558	1,513	+3%
EBITDA *(millions of euros)*	725	605	+19.8%	228	261	(12.6%)

The Group

Third Quarter

A strong performance by its core businesses enabled the Group to increase **net revenues** to 1,445 million euros (+15% compared with the third quarter of 2003) and boost **EBITDA** by 45.9% to 283 million euros (equal to about 20% of revenues). At the same time, **EBIT** rose 250% to 126 million euros (equal to about 9% of net revenues) and **net income** grew to 28 million euros.
Net financial expense amounted to 59 million euros in the third quarter of 2004. This amount includes a charge stemming from a change in the accounting treatment of hedging transactions.

First Nine Months

The Group reported positive results for the first nine months of 2004 as well. **Net revenues** increased by 2.2% to 4,632 million euros compared with the first nine months of 2003, despite a reduction in the scope of consolidation. **EBITDA** were also up, rising 13.6% to 909 million euros (equal to 19.6% of revenues), and **EBIT** jumped 58.5% to reach 439 million euros (equal to 9.5% of revenues).

The Group ended the first nine months of 2004 with **income before taxes and extraordinary items** of 288 million euros (up from 11 million euros in the same period last year) and **Group interest in net income** of 81 million euros. The decrease from the first nine months of 2003, when net income totaled 149 million euros, is due to the lack of nonrecurring extraordinary income (the sale of the Egyptian gas reserves mentioned earlier).

The Group's **indebtedness** amounted to 4,077 million euros, or 66 million euros less than the 4,143 million euros owed at December 31, 2003.

Capital Expenditures

In the first nine months of 2004, capital expenditures totaled 266 million euros, or 4.3% more than in the same period last year. Capital spending by the electric power operations was up sharply, rising to 223 million euros, or 58 million euros more than in the first nine months of 2003. Construction of the Torviscosa (UD), Candela (FG) and Altomonte (CS) power plants accounts for this increase.

Outlook

The results for the first nine months, and the third quarter in particular, confirm that the positive trend in the performance of the Group's industrial and commercial activities and in the profitability of its operations is continuing and should produce further good results in the closing quarter of the year.

The Quarterly Report at September 30, 2004 will be available upon request at the Company's headquarters (31 Foro Buonaparte, Milan) and at the offices of Borsa Italiana Spa, starting on November 15, 2004. As of that date, it may also be consulted at the Group's website: www.edison.it

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

Consolidated Balance Sheet

(in millions of euros)

12/31/03			9/30/04	9/30/03
	A. FIXED ASSETS			
4,017	Intangibles		3,824	4,114
5,555	Property, plant and equipment		5,324	5,549
1,235	Financial fixed assets		1,272	1,263
10,807			**10,420**	**10,926**
	B. NETWORKING CAPITAL			
2,770	Inventories		3,220	2,588
1,096	Trade accounts receivable		985	898
1,226	Other assets		832	1,221
(3,524)	Trade accounts payable and advances on contract work in process (-)		(3,753)	(3,200)
(1,374)	Reserves for risks and charges (-)		(1,295)	(1,427)
(783)	Other liabilities (-)		(374)	(830)
(589)			**(385)**	**(750)**
10,218	**C. INVESTED CAPITAL, NET OF OPERATING LIABILITIES**	**(A+B)**	**10,035**	**10,176**
(62)	**D. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES (-)**		**(63)**	**(62)**
10,156	**E. NET INVESTED CAPITAL**	**(C-D)**	**9,972**	**10,114**
	Covered by:			
6,013	**F. STOCKHOLDERS' EQUITY (before minority interest)**		**5,895**	**5,974**
	G. NET BORROWINGS			
3,091	Long-term debt		3,387	2,412
(9)	Long-term financial assets (-)		(3)	(6)
1,649	Short-term borrowings		996	2,142
(588)	Short-term financial assets (-)		(303)	(408)
4,143			**4,077**	**4,140**
10,156	**H. TOTAL COVERAGE SOURCES**	**(F+G)**	**9,972**	**10,114**

Consolidated Statement of Income

(in millions of euros)

2003 full year			9 months 2004	9 months 2003	3rd quarter 2004	3rd quarter 2003
6,287	A.	**NET REVENUES**	**4,632**	**4,533**	**1,445**	**1,256**
(12)		Changes in inventory of work in progress, semifinished goods and finished goods	141	57	125	65
9		Increase in company-produced additions to fixed assets	14	5	11	1
6,284	B.	**PRODUCTION VALUE**	**4,787**	**4,595**	**1,581**	**1,322**
(4,896)		Raw materials and outside services (-)	(3,693)	(3,582)	(1,237)	(1,070)
1,388	C.	**VALUE ADDED**	**1,094**	**1,013**	**344**	**252**
(285)		Labor costs (-)	(185)	(213)	(61)	(58)
1,103	D.	**EBITDA**	**909**	**800**	**283**	**194**
(688)		Depreciation, amortization and writedowns (-)	(470)	(523)	(157)	(158)
415	E.	**EBIT**	**439**	**277**	**126**	**36**
(283)		Net financial income (expense)	(183)	(200)	(59)	(29)
(20)		Interest in the result of companies valued by the equity method and dividends received from companies valued at cost	30	(67)	4	7
3		Other income (expense), net	2	1	-	2
115	F.	**INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAXES**	**288**	**11**	**71**	**16**
543		Extraordinary income (expense)	(1)	582	18	46
658	G.	**INCOME BEFORE TAXES AND MINORITY INTEREST**	**287**	**593**	**89**	**62**
(424)		Income taxes	(141)	(384)	(49)	(38)
	H.	**NET INCOME**				
90		**MINORITY INTEREST IN NET INCOME**	**65**	**60**	**12**	**16**
144		**GROUP INTEREST IN NET INCOME**	**81**	**149**	**28**	**8**