

Joint Press release

EDISON AND SEL: A JOINT VENTURE IN THE PROVINCE OF BOLZANO

Milan, April 11, 2008 – Edison and SEL (Società Elettrica Altoatesina) signed today an agreement to establish a joint venture that will operate hydroelectric facilities in the province of Bolzano.

Under the agreement, Edison will convey to a newly established corporation the business operations consisting of seven hydroelectric power plants (Lasa, Brunico, Marlengo, Prati di Vizze, Ponte Gardena, Curon and Premesa, which operate by virtue of concessions expiring between 2011 and 2020) with a combined installed capacity of about 245 MW and an average annual potential output of about 1,000 gigawatt hours, while SEL will contribute shares of stock equal to interests of 30% in the share capitals of Goege Energia Srl and Centrale Elettrica Winnebach Società Consortile Arl (which hold concessions to operate the power plants currently under construction on the Rio Malga Ghega and Rio Vena), as well as a 30% interest in a project for a concession to divert water flows for hydroelectric production in the Rio Vizze, the application for which has already been filed and is owned by SEL together with an application for the award of the Lasa concession. Under the agreement, 60% of the new company's share capital will then be sold to SEL, with Edison owning the remaining 40%.

The sales price of 177 million euros for a 60% interest in the new company was arrived at based on a total value of 295 million euros for all of the conveyed business operations. Pursuant to certain contract conditions, the price could change, but not by a material amount. The valuation of the business operations was supported by a fairness opinion provided by a major investment bank.

Under the terms of the agreement, Edison will manage the dispatching of all of the conveyed power plants. In addition, it will buy all of the energy produced by the Ponte Gardena, Brunico, Prati di Vizze and Curon power plants until their concessions expire (in any case, until December 31, 2015), as well as its pro rata share of the energy produced by the Marlengo, Lasa and Premesa power plants. The preset price at which the produced energy will be supplied must be sufficient to cover the costs incurred by the joint venture company and compensate invested capital. During the period subsequent to the expiration of the existing concessions, provided the joint venture is the successful bidder in the auction for their renewal, the two partners will receive a share of the electric power produced proportionate to their interest in the company's share capital.

SEL and Edison will also consider the concrete possibility of establishing a collaborative relationship to trade electric capacity and energy over the "Wiltener-Leitung" and "Resia" transnational merchant lines that SEL is developing between Italy and Austria.

"This agreement represents a landmark in the history of the autonomy achieved by local governments in the Alto Adige region because it enables the provincial administration to fully perform its institutional public-service function in the strategically important energy sector, thanks to a collaborative relationship with a reliable partner such as Edison," said Luis Durnwalder, President of the Autonomous Province of Bolzano.

"I wish to acknowledge, with deeply felt conviction, the high business standards that characterized Edison's conduct in the course of our negotiations. I say this frankly: Edison's willingness to establish this new company demonstrates its great farsightedness. On the one hand, it shows that Edison understands the needs of the local communities with regard to energy policy and, on the

other, creates optimum conditions for further constructive cooperation in the future. Such cooperation will be mutually advantageous, but will be particularly beneficial for the local population,” added Klaus Stocker, SEL’ Chairman.

“Thanks to this agreement, Edison strengthens its bonds with the local community, in an area where the Group has a historical presence, by sharing ownership of hydroelectric power plants with SEL, a company with a strong local presence in the Alto Adige region,” stated Umberto Quadrino, Edison’s Chief Executive Officer. *“We are particularly pleased that SEL and the Province of Bolzano chose Edison to develop further the area of energy production, which is of strategic importance for the local communities.”*

Provided the authorities authorize the transfer of the concessions and renewal applications to the new company, this transaction is expected to close by September 30, 2008.

The new company will be managed by a Board of Directors comprised of five members, 60% of whom, including the Chairman, will be designated by SEL. Edison will designate the remaining Directors. Key decisions by the Board of Directors that concern the company’s operations will require a qualified majority of four Directors. Transactions that must be approved by the Shareholders’ Meeting will require a quorum of 75%. The agreement will be in force for five years.

SEL has an indirect interest in Edison’s share capital because it owns a 10% interest in Delmi, which, in turn, owns 50% of Transalpina di Energia, a company that has a direct controlling interest in Edison.

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