

## Press Release

### **EDISON AND SEL: GREEN LIGHT FOR HYDROS, A NEW JOINT VENTURE IN THE PROVINCE OF BOLZANO**

Milan, October 24, 2008 – Today, after receiving clearance from the relevant authorities, Edison transferred to SEL (Società Elettrica Altoatesina) ownership of a 60% interest in Hydros Srl, a newly established company, as required by an agreement that Edison and SEL executed in April 2008.

As announced to the market and pursuant to the abovementioned agreement, in August 2008 Edison conveyed to Hydros Srl 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 and have a combined installed capacity of about 245 MW and an average annual potential output of about 1,000 gigawatt hours), while SEL conveyed today to the joint venture a 30% interest in Prati di Vizze, a company that is the holder of an application for a concession to divert water flows for hydroelectric production and an application for the award of the Lasa concession. Shortly, SEL will transfer to Hydros a 30% interest in each of two companies that hold concessions to operate hydroelectric power plants: Goege Energia Srl and Centrale Elettrica Winnebach Società Consortile Arl (owners of the concessions to operate the power plants currently under construction on the Rio Malga Ghega and Rio Vena).

The sales price for the 60% interest in the new company, amounting to about 130 million euros, was arrived at based on an aggregate value of 100% of the conveyed business operations totaling about 295 million euros. As stipulated with the buyer, the abovementioned price takes into account the transfer to Hydros of indebtedness amounting to about 80 million euros. Edison retained ownership of the remaining 40% interest in Hydros Srl's capital.

Consistent with the governance agreements stipulated by the partners, Edison will continue to consolidated this equity investment.

Pursuant to the existing agreements, Edison, acting through its wholly owned subsidiary Edison Trading, will manage the dispatching for 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 was computed to cover the costs incurred by the joint venture and provide an agreed upon return on 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.

The terms of the agreement, which were incorporated into the Bylaws, call for a lockup period of 36 months. Subsequently, each partner will have a preemptive right in the event of a sale by the other partner, except for intra-Group transfers and, after June 2009 and within a ceiling of 9%, transfers by SEL to the provincial administration of Bolzano, local public entities and the companies they control.

In the event of a sale, SEL and Edison have agreed to grant each other the right to co-sell.

SEL and Edison will also consider the possibility of collaborating in the trading of electric capacity and energy through the “Wiltener-Leitung” and “Resia” cross-border merchant lines that SEL is building between Italy and Austria.

*“With SEL’s purchase of a majority interest in seven Edison hydroelectric power plants, energy policy in the province of Bolzano has taken a new and highly significant direction: local energy resources are being returned to the control of the local community. The achievement of this objective, which has been pursued for decades, was also made possible by the support of a partner of national standing,”* said Klaus Stocker, SEL’s 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 further develop the area of energy production, which is of strategic importance for the local communities.”*

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.

*For additional information:*

Edison  
Press Office  
Tel. + 39 02 62227331,  
ufficiostampa@edison.it  
Investor Relations:  
Tel. 02 62228415  
investor.relations@edison.it  
www.edison.it

SEL  
Press Office  
Tel. + 39 0471 060 700  
info@sel.bz.it  
www.sel.bz.it