Edison Spa

Press Office
Foro Buonaparte, 31
20121 Milan - MI

Tel. +39 02 6222.7331
Fax. +39 02 6222.7379
ufficiostampa@edison.it

Press Release

EGPC AND EDISON ENTER INTO AN AGREEMENT TO PARTNER ON THE ABU QIR CONCESSION IN EGYPT

Milan, 2nd December 2008 – Edison International Spa ("Edison") has signed a binding agreement with the Egyptian General Petroleum Corporation ("EGPC") for the exploration, development and production rights of the Abu Qir Concession, offshore Egypt, to the north of Alexandria. The agreement comes after an international tender in which 13 companies submitted offers.

In accordance with the customary authorization process, the concession will be subject to governmental approvals and entry into law. The concession has a 20 year duration and can be extended for a further 10 years.

The fields that make up the Abu Qir concession have been operating since the 1970s and 1980s and currently produce approximately 1.5 billion cubic meters of gas per year and 1.5 million barrels of oil through three platforms. The concession has reserves estimated at approximately 70 billion cubic meters of gas equivalent, of which about 40% is Edison's entitlement. EGPC and Edison plan to increase production from existing reserves and exploit the concession's high exploration potential. The transaction represents a significant investment by Edison in the Egyptian oil and gas sector.

The amount agreed to be paid on completion of the transaction is USD 1,405 million to be funded through existing credit lines. The investment needed to increase the reserves and the area's production will amount to USD 1,700 million; the main part of this investment will be financed over a five to seven year period. The cash flows generated by the concession will cover the investments starting from 2012, while those to be made in the earlier period, estimated at approximately USD 750 million, will be financed half through cash flows generated by the concession and half through dedicated financings, which will also cover a portion of the amount agreed for the transaction The development plan, presented by Edison in the tender process, will include the drilling of new wells, the construction of new platforms and the enlargement of the onshore facilities in order to double the production in a few years through the foreseen improvements.

In addition, the concession has significant exploration potential, which Edison intends to develop through drilling in the deep horizon, where there is a high probability of finding hydrocarbons.

The agreement provides for Edison to market gas and liquids, jointly with EGPC, giving priority to domestic requirements.

Mr. Umberto Quadrino, Edison's Chief Executive Officer, commented: "With this important contract, Edison will reach the medium term target of covering 15% of the Edison Group's gas needs through its own production. This concession enables Edison to consolidate its presence in Egypt, where it has been operating since 1995 through numerous projects in exploration activities and hydrocarbon production in the offshore Rosetta concession. Abu Qir enables Edison to increase significantly its own hydrocarbons reserves by adding 27 billion cubic meters of gas equivalent of reserves (proven and probable) to the current 33 billion, and will enable the Group to increase by 2013 its annual gas production to 2.6 billion cubic meters from the current 1.1 billion cubic meters."

Mr. Pietro Cavanna, Senior Vice President of Edison's Oil and Gas Business Unit, commented further: "We are pleased to have achieved this important result. We passed a strict technical screening in the tender where major international energy companies participated. In the Abu Qir fields, hydrocarbon recovery will be maximized by adopting the most advanced technologies in the reservoir exploration and engineering sector, and with full respect to safety and the environment."

EGPC were advised by Morgan Stanley; Skadden, Arps, Slate, Meagher & Flom; and Baker & McKenzie on the transaction. Edison was advised by LXL.

EGPC is the national oil corporation of Egypt with responsibility for the development and exploitation of Egypt's petroleum resources, and for ensuring the supply of the petroleum products within Egypt.

Founded in 1883, Edison is Europe's oldest energy company. At the end of 2007, having completed one of Europe's most ambitious capital investment plans during the past five years, it had an installed capacity of about 12,000 MW. In the natural gas area, Edison is Italy's second largest operator with activities in every aspect of the business: from exploration to production, importation, distribution and sales. In 2007, Edison had revenues of 8.3 billion euros and earned a net profit of 497 million euros.

Edison's Press Office: Tel. +39 02 62227331, ufficiostampa@edison.it