



Press Release

Milan, July 31, 2008 – A press release issued today by Galsi S.p.A. is reproduced below.

Galsi begins the Paperwork for Regulatory Approval of the Galsi Project

An application was filed today seeking a permit to build and operate the Italian segment of the natural gas pipeline and a ruling as to the project's environmental compatibility

Galsi, a company established to develop, build and operate a new natural gas pipeline that will link Algeria with Tuscany by way of Sardinia, filed today an application with the Ministry of Economic Development seeking a permit to build and operate the segment of the pipeline that will be located in Italy, thereby officially beginning the process of securing the project's regulatory approval. As part of its application, Galsi also asked for the start of the procedure required to assess the project's environmental impact and its effect on the surrounding habitat and enable the Ministry of the Environment and the Ministry of Cultural Assets to issue their rulings.

The process of securing the construction permit involves a review of the documents (project construction plans and the pipeline's environmental impact study) that Galsi filed with the relevant Ministries together with its application, for the purpose of determining whether the project complies with environmental protection requirements. Once the regulatory approval process is completed, a Comprehensive Permit will be issued and the construction phase will begin. Insofar as construction is concerned, Galsi already signed an agreement with Snam Rete Gas in November 2007.

The start of the regulatory approval process is one more important step forward in the realization of the Galsi project. It follows the identification of the pipeline's final route, the completion of the infrastructure's basic engineering, the definition of the compressor stations and the completion of the environmental impact study that the D'Appolonia engineering consultancy began in July. The identification of the optimal route, particularly for the submarine segments, required a considerable effort, in terms of the technologies deployed and the use of highly skilled professionals, to tackle the challenges posed by the geomorphological characteristics of the seabed, particularly in the portion of the sea route between Olbia and Piombino.

The Italian section of the Galsi pipeline will have a total length of 596 km. A first submarine segment of 45 km making landfall at Porto Botte will be followed by an overland segment of 272 km crossing Sardinia and a second submarine segment reaching the coast of Tuscany near Piombino, where the new pipeline will link up with the national transmission network. Along its route, which crosses 40 municipalities in Sardinia and Piombino, in Tuscany, the pipeline will be equipped with 38 branching connections to local networks to supply local towns and industrial parks.

A complete set of documents concerning the Galsi project, including the environmental impact study, is now available at the Ministry of the Environment's website, at the offices of the Regional Administrations of Sardinia and Tuscany and at the Livorno URTAT office.

Established in 2003 for study purposes, Galsi is now a company that is developing and will build and operate a new natural gas pipeline linking Algeria with Sardinia and Tuscany. The pipeline will have a total length of over 900 km, about 600 km of which will be offshore, and an initial transmission capacity of 8 billion cubic meters a year, part of which will be used to meet Sardinia's natural gas needs. The promoting partners are Sonatrach (an Algerian company that now holds a 41.6% interest in Galsi) and, on the Italian side, Edison (with a 20.8% interest). Other important Italian and foreign investors in Galsi include Enel (15.6%), Hera Trading (10.4%) and the Regional Administration of Sardinia through its Sfirs subsidiary (11.6%).

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

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