

## Press Release

### **EDISON: INTERGOVERNMENTAL AGREEMENT FOR GALSI PIPELINE FROM ALGERIA TO ITALY**

*An important step forward for the development of this project that will increase the safety of supplies in Italy*

Alghero, November 14, 2007 – Meeting today in Alghero, Pierluigi Bersani, Italy's Minister of Economic Development, and Chakib Khelil, Algeria's Minister of Energy, at the presence of Abdelaziz Bouteflika, President of Algeria and Romano Prodi, Italian Premier, signed an intergovernmental agreement between Italy and Algeria for the development of Galsi Pipeline, that will connect Algeria to Italy passing through Sardinia, contributing in a significant way to the increase of safety of supplies into our country.

This official action, by which the two governments validated the strategic significance of Galsi project, of which Edison is the major Italian member, will assure the support to the activities of all industrial subjects involved into the infrastructures' realization, with the goal of shortening construction time and achieve operations within 2012. In particular , the Agreement defines a normative framework , addressed to industrial subjects, and establishes an intergovernmental coordination committee with the specific duty of monitoring and making easier the realization of various pipeline's distances.

The project provides for an international section by sea, from the Algerian coast to south Sardinia, nearby Cagliari, going on then with the Italian section, which includes a tract of land, crossing Sardinia till Olbia area, and a tract by sea ,that will reach Tuscany, nearby Piombino area, where the new project will be interconnected with the national transport network.

The pipeline will have a length of 900 kilometers, 600 kilometers of which offshore, reaching a maximum depth of 2800 meters between Algeria and Sardinia. The transmission capacity will be of about 8 billion cubic meters of natural gas a year and the startup is planned within 2012. In relation with the agreement signed with Sonatrach on November 15 2006, at the presence of the Algerian President Abdelaziz Bouteflika and the Italian Premier Romano Prodi, Edison, principal Italian member of the project, and Enel, have already assured to themselves the supply of 2 billion cubic meters of natural gas a

year from the startup of the pipeline. Hera, in its turn, has signed an agreement for 1 billion cubic meters. The remaining 3 billion of natural gas will be commercialized by Sonatrach, also through purchases to other operators.

The intergovernmental agreement is a fundamental and strategic step into the relations between the two countries , strengthening a thirty-year collaboration and creating the best conditions for the developing of a project that will permit the import and commercialization of natural gas along a new directory with the possibility for new operators to be present into Italian market.

*“This intergovernmental agreement, signed today, represents a step of fundamental importance for the realization of the project”, commented Umberto Quadrino, CEO of Edison. “Galsi, of which Edison and Sonatrach has been historical supporters, is a project of particular relevance, identified as strategic from the European Union, that will allow Italy and Europe to import natural gas from a country with long collaboration tradition with Italy, that in this way is further strengthened. Galsi consolidates the relations between Edison and Sonatrach: the two groups have been collaborating in fact from a long time into upstream sector and into natural gas supply through TTPC pipeline.”*

Galsi is actually carrying out a detailed engineering of the project and, in particular, of the see floor’s recognition of the two offshore tracts in order to confirm the definitive route’s configuration.

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