



Press Release

EDISON: INTERGOVERNMENTAL AGREEMENT TO DEVELOP A TURKEY-GREECE-ITALY NATURAL GAS TRANSIT CORRIDOR

**The signing of this agreement speeds up construction of the IGI pipeline
promoted by Edison and Depa**

**The IGI pipeline, recognized as a project of strategic interest by the European
Union, will be ready within 2012: it will help increase the reliability and
diversification of the supply sources of natural gas and increase competition.**

Rome, July 26, 2007 – Meeting today in Rome, Pier Luigi Bersani, Italy's Minister of Economic Development, Dimitris Sioufas, Greece's Minister of Development, and Hilmi Güler, Turkey's Minister of Energy and Natural resources, signed an Intergovernmental Agreement for the development of a system of pipelines to import natural gas from the Caspian Basin and the Middle East, where over 20% of the world's reserves are located (30,000 billion cubic meters of natural gas), passing through Turkey and Greece.

By this official document, **the three governments recognize the strategic importance of this natural gas transit corridor and undertake to support the efforts of the industrial enterprises involved in the construction of the required infrastructure** — Edison in Italy, Depa and Desfa in Greece and Botas in Turkey — **with the goal of shortening construction time and achieve operations within 2012.**

Today's agreement broadens the institutional framework that supports the development of the transit corridor established by an earlier agreement between Italy and Greece. Specifically, **the new agreement defines the tasks and responsibilities of the industrial enterprises involved, identifies the manner in which the agreements for transit of natural gas through Turkey will be finalized and establishes an intergovernmental coordination committee**



specifically to monitor and facilitate construction of the different parts of the Turkey-Greece-Italy corridor.

The Turkey-Greece-Italy corridor consists of **three sections**: the Turkish network of natural gas pipelines, which will be enlarged to allow the transmission of natural gas destined for the Greek and Italian markets; the project to connect the Turkish and Greek networks (ITG), which will go on stream in 2007 with a maximum transmission capacity of about 11.5 billion cubic meters of natural gas a year; and the project to connect the Greek and Italian networks (IGI), which will have a transmission capacity of about 8 billion cubic meters of natural gas a year when up and running within 2012.

The IGI pipeline will have a length of about 800 kilometers, 600 kilometers of which will be built by Desfa in Greece. The remaining section of about 200 kilometers, which will run under the sea between Greece and Italy, will be handled by Poseidon, a 50-50 project joint venture of Edison and Depa.

“This intergovernmental agreement is a step of fundamental importance for the construction of a project that is highly significant for Italy and Europe as a whole. Three major countries recognize the strategic value of this new natural gas route: the IGI gas pipeline constitutes a key component for the development of an interconnection system that crosses all of Southern Europe,” said Umberto Quadrino, Edison Chief Executive Officer. *“This new infrastructure, coming on the heels of two other Edison projects (the Rovigo regasification terminal and the Galsi pipeline with Algeria), increases the reliability of the European system and effectively promotes the diversification of supply sources. For Italy, this natural gas pipeline will be the first importation infrastructure developed independently of the traditional operator and, consequently, will significantly increase competition for the benefit of consumers.”*

In consideration of the fact that Poseidon has been recognized as a project of European Interest by the European Union, the Italian government, acting on the strength of a positive ruling issued by European Union on May 22, 2007, granted Edison and Depa the right to use the pipeline’s entire transmission capacity, exempting them for 25 years from the obligation to provide access to the pipeline to third-party operators.

Under an agreement executed by the two companies, **80% of the transmission capacity will be reserved for Edison, with Depa taking up the remaining 20%.**

In addition, Edison and Depa agreed to expand the pipeline’s transmission capacity, which they will make available to third parties through an “open season” procedure,



and to increase swaps of natural gas at the Virtual Italian Swap Point, thereby contributing to the establishment of a Natural Gas Exchange.

In order to ensure a supply of natural gas for the new pipeline, Edison and Depa have already started negotiations with some producing countries in the Caspian Sea basin and with those that will be crossed by the pipeline.

Applications for permits to build and operate the IGI gas pipeline have been filed in Italy and Greece. In Italy, local and regional administrations have expressed significant interest in this project and Edison has been working actively with them to define the best conditions for its development. The pipeline is expected to make landfall near the city of Otranto, in an area identified as best suited for this purpose from multiple standpoints.

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