

Thursday 29 December 2011

*As per Consob's request, EDF has filed the following letter, which clarifies the press release sent on 27 December with regards to Edison and Edipower reorganization.*

The preliminary agreement announced by EDF, A2A, Delmi and Iren on 27 December 2011 - following a negotiation which evolved very rapidly - reflects exclusively the general principles of Edison's reorganization and is still conditional on the approval by the competent corporate bodies (as to EDF, consultations will need to be held with the workers' unions). Furthermore, the understanding reached is a preliminary agreement and reflects the general principles of a transaction which differs from the one negotiated over the previous months and that was described in the related query submitted to Consob by EDF and Delmi on 21 November 2011. Such query will be thus formally withdrawn in the next few days. EDF intends to submit a new query to Consob in January.

With regard to the valuation of Edison shares at Eur 0.84 in the context of EDF's acquisition of 50% of TdE, Delmi and EDF confirm that such valuation was the result of negotiation between the parties. It is also to be noted that this valuation is in line with the average stock market price over the past twelve months. Given the structure of TdE's assets and liabilities, the purchase price of 50% of TdE's share capital will be based upon the above-mentioned valuation of the Edison shares (equal to approximately Eur 1,33 billion for the 50% of TdE's stake in Edison), less the *pro rata* portion of TdE's net financial indebtedness at the time of the closing of the transaction. Assuming an overall net financial indebtedness of TdE of Eur 1.26 billion, the price would be approximately Eur 700 million.

With reference to the determination of the price for the transfer of 70% of Edipower's share capital, it should be noted that such price has been determined on the basis of negotiations which took into account the highest value in the valuation range for 20% of Edipower's share capital set forth in the preliminary purchase contract agreed between EDF and Alpiq and already disclosed to the market (*i.e.* Eur 150–200 million to purchase 20% of Edipower's share capital). With reference to the 50% of Edipower, in the negotiations the purchaser accepted to pay an additional consideration of Eur 100 million, and therefore the price to be paid to Edison by Delmi will amount to approximately Eur 600 million.

With respect to the transfer of 20% of Edipower's share capital currently held by Alpiq, EDF confirms that the exclusivity between EDF and Alpiq under their previously announced preliminary agreement has been extended until 31 January 2012 and that EDF is in the process of determining the modalities by which the above-mentioned Alpiq's stake in Edipower will be sold to Delmi for Eur 200 million.

With reference to the gas supply agreements between Edipower and Edison, it is specified that the understanding reached is preliminary, is in the interests of both companies and does not yet provide for specific terms other than those disclosed to the market, *i.e.* a term of 6 years, volumes equal to 50% of Edipower's needs and prices at market terms and conditions for the thermoelectric market; provisions for delivery flexibility will be negotiated by the parties at market conditions. Following agreement on further terms of the contracts, the contracts are expected to be executed on or before the transaction closing date.

With reference to the application of the procedure on related party transaction and the applicable Consob Regulation, considering that the preliminary agreement announced on 27 December 2011 is

conditional on the approval of the competent corporate bodies, Edison announces that such procedure has been initiated with regard to the independent directors' appointment of Goldman Sachs and Rothschild as advisors, to provide their assistance on matters concerning the valuations in the context of this approval by the board of directors.