

Execution Version

DATED 28th September, 2002

FIAT ENERGIA s.r.l.

and

ELECTRICITÉ de FRANCE

PUT OPTION AGREEMENT

ALLEN & OVERY

London
BK:969228.15

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THIS AGREEMENT is executed as a DEED dated 28th September, 2002 BETWEEN:

- (1) **FIAT ENERGIA s.r.l.**, a *società a responsabilità limitata*, incorporated under the laws of Italy with its registered office at Corso Ferrucci 112A, Turin, Italy and registered with the Enterprises Registry (*Registro delle imprese*) of Turin with no. 08349540016 and REA 965903 (the "**Seller**"); and
- (2) **ELECTRICITÉ de FRANCE**, an *établissement public industriel et commercial*, established under the laws of the Republic of France whose registered office is at Avenue de Wagram 22-30, Paris, France (the "**Purchaser**").

BACKGROUND

- (A) The Seller is the owner of the IE Bis Participation (as defined below).
- (B) The Purchaser has agreed to grant to the Seller the Option (as defined below) on the terms and subject to the conditions of this Agreement.
- (C) It is intended that this Agreement takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

1. INTERPRETATION

1.1 Definitions

In this Agreement:

"Appraisal Process"

means the appraisal of the Updated Fair Value and the Warrant Value by the Experts in accordance with Schedule 2.

"Arbitration Agreement"

means the arbitration agreement entered into between the Seller, the Purchaser and Citicorp Trustee Company Limited dated on or about the date of this Agreement.

"Business Day"

means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Milan and Paris.

"Early Exercise Event"

means any acceleration under clause 18.17 (Acceleration) of the Facility Agreement of the loan made under the Facility Agreement or that loan becoming due and payable in full under Clause 7.1 (Mandatory prepayment - illegality) of the Facility Agreement.

"Early Exercise Notice"

means a notice given by the Seller to the Purchaser substantially in the form of Part II of Schedule 1.

"Edison"

means Edison S.p.A., a joint stock company incorporated in Italy registered with the Enterprises Registry in Milan under number 00168420396, R.E.A n.1170350.

"Escrow Agent"

means Meespierson Trust B.V., established under the laws of the Netherlands, whose principal place of business is at Herengracht 548, 1017 CG, Amsterdam, the Netherlands.

"Escrow Agreement"

means the agreement dated the same date as this Agreement between the Seller, the Purchaser, the Escrow Agent and the Facility Agent.

"€", "euro" or "euros"

means, the single currency of the participating member states of the European Communities that adopt the euro as their currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"EURIBOR"

means, for any period of one month, the percentage rate per annum:

- (a) determined by the Banking Federation of the European Union and displayed on the appropriate page of the Telerate Screen; or
- (b) if no such rate is available, the rate as supplied to the Seller at its request quoted by Citibank International plc as being the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the rates supplied to Citibank International plc by Citibank N.A., Milan, The Royal Bank of Scotland plc and Société Generale (or such other banks agreed between the Seller and the Purchaser),

as of 11:00 a.m. (Brussels time) two Business Days before the first day of that month for the offering of deposits in Euro for a period of one month.

"Exercise Date"

means the date of receipt by the Purchaser of a Put Exercise Notice or (if no Put Exercise Notice is given before an Early Exercise Notice) the date of receipt by the Purchaser of an Early Exercise Notice.

"Expert"

means an expert appointed in accordance with the provisions of Schedule 2.

"Facility Agent"

means Citibank International plc in its capacity as Facility Agent under the Facility Agreement.

"Facility Agreement"

means the €1,147,377,891 credit facility agreement between the Seller, the Facility Agent and certain financial institutions dated the Signing Date.

"Finance Parties"

has the meaning given to that term in the Facility Agreement.

"Floor Price"

means €1,147,377,891.

"IE Bis"

means Italenergia Bis S.p.A., a *società per azioni*, incorporated under the laws of Italy with its registered office at Corso Marconi 10, Turin, Italy and registered with the Enterprises Registry (*Registro delle Imprese*) of Turin with no. 11315120151 and REA 1457311.

"IE Bis Participation"

means:

- (a) the IE Bis Stake; and
- (b) the Warrants.

"IE Bis Stake"

means 223,151,568 ordinary shares of one euro each in IE Bis owned by the Seller with share certificate no.s 26 and 29 (as replaced from time to time) and representing 24.6% of the total outstanding capital stock of IE Bis as at the Signing Date, as adjusted for any stock split, mandatory reduction pursuant to Articles 2446 and 2447 of the Italian Civil Code, or stock dividends occurring after the Signing Date.

"Law 301"

means Law n.301 of 20.7.01 as in force on the Signing Date (including any non-material amendment to such law and any re-enactment thereof in a manner which is not materially different from such law at the Signing Date, but excluding any material amendment to such law and any re-enactment thereof in a manner which is materially different from such law at the Signing Date).

"Option"

means the put option granted by the Purchaser to the Seller to sell the IE Bis Participation to the Purchaser in Clause 2 (Put Option).

"Option Exercise Period"

means the period from and including 1st March, 2005 to and including 30th April, 2005.

"Option Exercise Price"

means the greater of:

- (a) the Floor Price; and
- (b) the Updated Fair Value less an amount equal to the Premium,

plus, in each case, the Warrant Value.

"Party "

means a party to this Agreement.

"Premium"

means:

- (a) if purchase of the IE Bis Participation occurs in accordance with Clause 5.1 (Purchase pursuant to a Put Exercise Notice), €127,486,432.40; or
- (b) if purchase of the IE Bis Participation occurs in accordance with Clause 5.2 (Purchase pursuant to an Early Exercise Notice) €143,422,236.50.

"Put Exercise Notice"

means a notice given by the Seller to the Purchaser substantially in the form set out in Part I of Schedule 1.

"Security Interest"

means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

"Settlement Date"

means:

- (a) following the giving of a Put Exercise Notice (and provided no Early Exercise Notice is subsequently given), 28th September, 2005; or
- (b) following the giving of an Early Exercise Notice, the date determined pursuant to Clause 5.2(a) (Purchase pursuant to an Early Exercise Notice).

"Signing Date"

means the date of this Agreement.

"Taxes"

means all taxes, imposts, duties, levies, charges, deductions and withholdings in the nature or on account of tax, together with all interest thereon and penalties with respect thereto.

"Third Expert"

means the third Expert to be appointed in accordance with the provisions of Schedule 2.

"Transfer Conditions"

means:

- (a) (i) the receipt by the Seller, in relation to any Transferee of a legal opinion provided by the Purchaser addressed to the Seller from a law firm (selected by the Purchaser from a list of firms agreed in a letter between the Parties and the Facility Agent dated the same date as this Agreement) confirming that the transfer of the IE Bis Participation to the Transferee does not require prior approval pursuant to Council Regulation (EEC) No. 4064/89 as amended from time to time (the "**EC Merger Regulation**"); and
- (ii) the receipt by the Seller, in relation to any Transferee of either (A) a legal opinion provided by the Purchaser addressed to the Seller from a law firm (selected by the Purchaser from a list of firms agreed in a letter between the Parties and the Facility Agent dated the same date as this Agreement) confirming that the transfer of the IE Bis Participation to the Transferee does not require notification to Autorità Garante della Concorrenza e del Mercato (the "**Authority**") under Italian merger control; or (B) the Transferee has made a filing with the Authority under Italian merger control; or
- (b) (i) the European Commission having granted to the Transferee a derogation from the obligation to suspend implementation of the transfer of the IE Bis Participation pending approval under the EC Merger Regulation; and
- (ii) in the event of a total or partial referral back of the concentration pursuant to Article 9 of the EC Merger Regulation to the Authority, the Transferee has made a filing with the Authority under Italian merger control; or
- (c) (i) the European Commission has declared that the concentration constituted in whole or in part through the transfer of the IE Bis Participation is compatible with the common market pursuant to Articles 6 or 8 of the EC Merger Regulation; and
- (ii) in the event of a total or partial referral back of the concentration pursuant to Article 9 of the EC Merger Regulation to the Authority, the Transferee has made a filing with the Authority under Italian merger control.

"Transferee"

means the Purchaser or a person designated by the Purchaser in accordance with Clause 5.4 (Purchaser designation) including an independent escrow agent or financial institution but for the avoidance of doubt the Escrow Agent may not be so designated.

"Updated Fair Value"

means the value of the IE Bis Stake determined in accordance with the Appraisal Process.

"Value"

means the Updated Fair Value or the Warrant Value.

"Warrant Value"

means the value of the Warrants determined in accordance with paragraph 4 of Schedule 2.

"Warrants"

means the 83.681,838 warrants issued by IE Bis to the Company on 24th September, 2002 in relation to the IE Bis Stake are a result of the resolutions of the extraordinary shareholders' meeting on 14th June, 2002 pursuant to which the Seller upon the payment of €0.30 per warrant will be entitled to subscribe for ordinary shares in IE Bis during the period 1st October, 2005 to 30th June, 2007 by reference to a ratio of one share for each warrant held, such warrants having an exercise price of €4.30 each.

1.2 Construction

(a) In this Agreement, unless a contrary intention appears, a reference to:

(i) an "**amendment**" includes a supplement, novation or re-enactment and "**amended**" is to be construed accordingly;

a "**person**" includes any person, company, partnership, association, government, state, agency or other entity; and

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(ii) a provision of law is a reference to that provision as amended or re-enacted;

(iii) a Clause or a Schedule is a reference to a clause of or a Schedule to this Agreement;

(iv) a person includes its successors, transferees and assigns;

(v) a time of day is a reference to Paris time; and

(vi) a reference to an agreement is a reference to that agreement as amended from time to time.

(b) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

(c) A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

2. OPTION

The Purchaser unconditionally and irrevocably grants to the Seller an option to sell to the Purchaser the IE Bis Participation, in accordance with the terms of this Agreement.

3. EXERCISE OF THE OPTION

- (a) The Seller may only exercise the Option by giving:
- (i) a Put Exercise Notice to the Purchaser during the Option Exercise Period; or
 - (ii) an Early Exercise Notice to the Purchaser at any time following the occurrence of an Early Exercise Event provided that no Early Exercise Notice may be given later than 30th September, 2005.
- (b) The Option may only be exercised in respect of all (and not some only) of the IE Bis Participation.
- (c) Exercise of the Option shall oblige the Seller to sell and the Purchaser to purchase the IE Bis Participation.
- (d) If an Early Exercise Event occurs after the Seller has given a Put Exercise Notice, the Seller may give an Early Exercise Notice notwithstanding the earlier Put Exercise Notice. In that event, the Early Exercise Notice shall supersede the Put Exercise Notice and purchase of the IE Bis Participation shall take place in accordance with Clause 5.2 (Purchase pursuant to an Early Exercise Notice).
- (e) The Purchaser acknowledges and accepts that any exercise of rights by the pledgees pursuant to the Italian law pledge provided by the Seller in favour of the Finance Parties of, inter alia, the IE Bis Participation dated the date of this Agreement will take precedence over any rights and obligations of the Seller under this Agreement.

4. CONSIDERATION FOR THE PURCHASE

The consideration payable by the Purchaser to the Seller for the purchase of the IE Bis Participation shall be an amount equal to the Option Exercise Price.

5. PURCHASE

5.1 Purchase pursuant to a Put Exercise Notice

- (a) Subject to Clause 5.2, following receipt by the Purchaser of a Put Exercise Notice, at the offices of the Seller in Turin at 12 p.m. (Turin time) on 28th September, 2005:
- (i) (whether or not the Transfer Conditions are then satisfied) the Purchaser shall pay the Option Exercise Price; and
 - (ii) if the Transfer Conditions are then satisfied:
 - (1) the Seller shall deliver or procure the delivery to the Transferee of the share certificates and other instruments (if any) representing the IE Bis Participation duly endorsed in the name of the Transferee;
 - (2) the endorsement referred to in paragraph (1) above shall be annotated in the shareholders' book of IE Bis; and

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- (3) the Seller shall deliver to the Transferee resignation letters from each director of IE Bis appointed pursuant to the voting list presented by the Seller upon the last appointment of the board of directors of IE Bis.
- (b) The Purchaser shall use all reasonable efforts to procure that the Transferee delivers release letters from IE Bis to each of the directors who resign pursuant to Clause 5.1(a)(ii)(3) above as soon as practicable after the actions specified in Clause 5.1(a)(ii) have been taken.
- (c) At any time after the actions specified in Clause 5.1(a)(ii) have been taken the Purchaser shall procure that the Transferee does not vote in favour of any legal action by IE Bis against the directors identified in Clause (b) above.
- (d) If the Transfer Conditions are not satisfied on 28th September, 2005, (subject to the Seller having received the Option Exercise Price under paragraph (a)(i) above), the Seller shall take the actions specified in paragraph (a)(ii) above within three Business Days of the Transfer Conditions being satisfied.
- (e) If, following the giving of a Put Exercise Notice, both Values have not been determined by 28th September, 2005, purchase of the IE Bis Participation shall take place in accordance with Clause 5.2 and for this purpose:
- (i) the Floor Price shall be payable on 28th September, 2005 (which shall be the Settlement Date for these purposes); and
 - (ii) the applicable Premium shall be the amount specified in paragraph (a) of the definition thereof.

5.2 Purchase pursuant to an Early Exercise Notice

- (a) Following receipt by the Purchaser of an Early Exercise Notice, at the offices of the Seller in Turin at 12 p.m. (Turin time) on the later of:
- (i) 5 Business Days after the date of the Early Exercise Notice; and
 - (ii) 10 Business Days after receipt by the Purchaser of: (A) a copy of the notice of acceleration of the loan under the Facility Agreement given by the Facility Agent; or (B) copies of notices from lenders under Clause 7.1 (Mandatory prepayment - illegality) of the Facility Agreement pursuant to which the loan becomes repayable in full prior to its scheduled maturity:
 - (1) whether or not the Transfer Conditions are then satisfied the Purchaser shall pay the Floor Price, if both Values have not then been determined or, if both Values have then been determined, the Purchaser shall pay the Option Exercise Price; and
 - (2) if the Transfer Conditions are then satisfied and both Values have then been determined:
 - (A) the Seller shall deliver or procure the delivery to the Transferee of the share certificates and other instruments (if any) representing the IE Bis Participation duly endorsed in the name of the Transferee;
 - (B) the endorsement referred to in paragraph (A) above shall be annotated in the shareholders' book of IE Bis; and

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- (C) the Seller shall deliver to the Transferee resignation letters from each director of IE Bis appointed pursuant to the voting list presented by the Seller upon the last appointment of the board of directors of IE Bis.
- (3) if the Transfer Conditions are then satisfied, but both Values have not been determined:
- (A) the Seller shall deliver or procure the delivery to the Escrow Agent of the share certificates and other instruments (if any) representing the IE Bis Participation duly endorsed in the name of the Escrow Agent; and
- (B) the endorsement referred to in paragraph (A) above shall be annotated in the Shareholders' book of IE Bis.
- (b) If the Transfer Conditions are not satisfied on the Settlement Date, (subject to the Seller having received payment of the Floor Price under paragraph (a)(ii)(1) above), the Seller shall take the actions specified in paragraph (a)(ii)(2) or, as the case may be, (a)(ii)(3) above within three Business Days of the Transfer Conditions being satisfied.
- (c) If both Values have not been determined on the Settlement Date, the Purchaser shall pay a further sum equal to the amount (if any) by which the Option Exercise Price exceeds the Floor Price (the "**Excess Payment**") no later than 5 Business Days after the first date on which both Values have been communicated by the Third Expert to the Purchaser.
- (d) If, in accordance with paragraph (a) or (b) above, the IE Bis Participation is delivered to the Escrow Agent, during the period (the "**Excess Payment Determination Period**") from that delivery until payment of the Excess Payment in accordance with paragraph (c) above (or if no Excess Payment is payable, the first date on which both Values have been communicated to the Purchaser) the IE Bis Participation will be held by the Escrow Agent in accordance with the Escrow Agreement.
- (e) During the Excess Payment Determination Period:
- (i) the voting and other rights attaching to the IE Bis Participation will be exercised in accordance with the provisions of the Escrow Agreement; and
- (ii) the right to receive dividends or exercise voting or other rights in relation to the IE Bis Participation will be governed by the Escrow Agreement until the IE Bis Participation is released from the Escrow Agreement.
- (f) The Purchaser shall use all reasonable efforts to procure that the Transferee delivers release letters from IE Bis to each of the directors who resign pursuant to Clause 5.2(a)(ii)(2)(C) above as soon as practicable after the actions specified in Clause 5.2(a)(ii)(2) have been taken.
- (g) At any time after the actions specified in Clause 5.2(a)(ii)(2) have been taken the Purchaser shall procure that the Transferee does not vote in favour of any legal action by IE Bis against the directors identified in Clause (f) above.
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5.3 Appraisal Process

- (a) Each Party shall co-operate with the other to ensure the appointment of Experts in a timely manner in accordance with the provisions of Schedule 2.
- (b) The Appraisal Process shall commence on or, as soon as practicable after, the Exercise Date (and either Party shall be entitled to instruct the Experts to commence that process).
- (c) If the Seller gives an Early Exercise Notice after a Put Exercise Notice has been given under Clause 5.1, the Appraisal Process commenced pursuant to the Put Exercise Notice shall continue as if the Early Exercise Notice had been given at the same time as the Put Exercise Notice.

5.4 Purchaser designation

The Purchaser may:

- (a) by notice to the Seller (received not later than 3 Business Days prior to the Settlement Date) designate a third party to whom the IE Bis Participation shall be transferred in accordance with Clause 5.1 or, as the case may be, Clause 5.2 (provided that, unless both Values have been determined on the Settlement Date, that third party must become a party to the Escrow Agreement); and (b) sub-contract its obligations under this Agreement to that third party,

provided that neither any such designation nor any such sub-contracting shall relieve the Purchaser of any of its obligations under this Agreement, for which it shall remain liable at all times.

5.5 Post-Closing Adjustments

No later than 5 Business Days after communication by the Third Expert of any post-closing adjustment to be made to the Updated Fair Value pursuant to paragraph 3(d) of Schedule 2 the Seller or, as the case may be, the Purchaser shall make a payment determined as follows:

- (a) if such adjustment increases the Updated Fair Value, the Purchaser shall pay the Seller the difference, if any, between the original Option Exercise Price and the Option Exercise Price calculated on the basis of the adjusted Updated Fair Value; or
- (b) if such adjustment decreases the Updated Fair Value, the Seller shall pay the Purchaser the difference, if any, between the original Option Exercise Price and the Option Exercise Price calculated on the basis of the adjusted Updated Fair Value, provided that, for the avoidance of doubt, such option exercise price may not be less than the Floor Price plus the Warrant Value.

6. PAYMENTS

6.1 Funds

All payments to the Seller under this Agreement shall be made in immediately available funds for value on the due date of that payment and to the account notified by the Seller to the Purchaser for this purpose.

6.2 Purchase Price Payments

- (a) The Purchaser's obligation to pay amounts hereunder shall be due as a debt and shall be unaffected by any failure to satisfy the Transfer Conditions. If:
- (i) any competent court or authority (including, but without limitation, the European Commission and the Authority) issues an order, judgment, decision or regulation declaring the transfer of the IE Bis Participation or the endorsement of the certificates of title relating thereto to a Transferee, to be invalid, null, void or ineffective; or
 - (ii) the certificates of title relating thereto are confiscated, seized, annulled, cancelled or sequestrated after the Settlement Date or are not eligible for delivery or endorsement to any third party after the Settlement Date,

in each case as a result of any matter specified in paragraph (b) below, the Purchaser's obligation to pay the Option Exercise Price shall be unaffected.

- (b) Any payment by the Purchaser (or its nominee) under this Agreement shall be made notwithstanding:
- (i) any competition law authorisation, approval or clearance being required in order for the purchase or transfer of the IE Bis Participation under this Agreement to take place; or
 - (ii) any provision of Law 301; or
 - (iii) any transformation, dilution or restructuring of the IE Bis Participation resulting from action taken by the Purchaser which would be reasonably likely to result in the IE Bis Participation being unavailable or ineligible for delivery under this Agreement.

6.3 Default interest

The Purchaser will pay interest on each amount due from it under this Agreement from the due date to the date of payment in full, compounded monthly (both before and after judgment) at 1.25 per cent. per annum above EURIBOR. Such interest shall be payable on demand, be paid in the currency of the amount due and accrue from day to day on the basis of the number of days elapsed in a 360 day year.

6.4 Non-Business Day

If the Settlement Date or any date for a payment to be made pursuant to this Agreement would otherwise fall on a non-Business Day, it shall instead fall on the following Business Day.

6.5 Taxes

All payments under this Agreement shall be made free from set-off or counterclaim, and without deduction or withholding for or on account of any Taxes, unless the payer is required by law to make any such deduction or withholding.

6.6 Gross Up

If any deduction or withholding for or on account of Taxes is required by law to be made by the Purchaser from any payment to the Seller under this Agreement, the amount of the

payment due from the Purchaser will be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been made if no deduction or withholding had been required.

6.7 Stamp Tax

The Purchaser shall pay and indemnify the Seller against any stamp duty, registration, transfer or similar Tax (including, but not limited to, the tax provided for by Royal Decree no. 3272 of 30th December, 1923, as subsequently amended, and by Legislative Decree no. 435 of 21st November, 1997, as subsequently amended) payable in connection with this Agreement or the purchase of the IE Bis Participation pursuant to this Agreement.

7. REPRESENTATIONS AND WARRANTIES

7.1 Representations of the Seller

The Seller represents and warrants to the Purchaser that as at the date of this Agreement and as at the Settlement Date with reference to the facts and circumstances then existing:

- (a) it is a *società a responsabilità limitata* duly formed and validly existing under the laws of Italy;
- (b) it has the power to own its assets and carry on its business as it is being conducted;
- (c) it has the corporate power to enter into and perform, and has taken all necessary action (including the obtaining of any necessary consents) in order to authorise the entry into, and performance and delivery of, this Agreement, and the transactions contemplated by this Agreement;
- (d) this Agreement constitutes its legally binding, valid and enforceable obligation;
- (e) the entry into and performance of this Agreement does not and will not conflict with:
 - (i) any applicable law or regulation or any applicable official or judicial order; or
 - (ii) its constitutional documents; or
 - (iii) any agreement or document to which it is a party or which is binding upon it or any of its assets; and
- (f) the IE Bis Participation is free and clear of any Security Interests other than those permitted under the Facility Agreement.

7.2 Representations of the Purchaser

The Purchaser represents and warrants to the Seller that as at the date of this Agreement and as at the Settlement Date with reference to the facts and circumstances then existing:

- (a) it is an entity duly established and validly existing under the laws of the Republic of France;
 - (b) it has the power to own its assets and carry on its business as it is being conducted;
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- (c) it has the corporate power to enter into and perform, and has taken all necessary action including the obtaining of any necessary licences, approvals (including board approval in relation to this Agreement by the board members appointed by the French state) and authorisations in order to authorise the entry into, and performance and delivery of, this Agreement and the transactions contemplated by this Agreement;
- (d) this Agreement constitutes its legally binding, valid and enforceable obligation;
- (e) the entry into and performance of this Agreement does not and will not conflict with:
 - (i) any applicable law or regulation or any applicable official or judicial order;
 - (ii) any provision of its constitutional documents; or
 - (iii) any agreement or document to which it is a party or which is binding upon it or any of its assets.

7.3 Breach of representations and warranties

The Purchaser acknowledges and agrees that the only remedy available to it for misrepresentation or breach of any warranty made under this Clause 7 shall be for damages in breach of contract or damages in tort or under any statute (whether under the Misrepresentation Act 1967 or otherwise) and not rescission of this Agreement nor any other remedy. Nothing in this Clause 7 however shall exclude or limit any liability or remedy arising as a result of fraud.

8. UNDERTAKINGS

8.1 Undertakings of the Seller

The Seller will not take any action which would cause this Agreement or the transactions contemplated hereby to cease to be in full force and effect or to cease to constitute the legal, valid and binding obligation of the parties to it.

8.2 Undertakings of the Purchaser

- (a) The Purchaser shall supply to the Seller:
 - (i) its audited annual financial statements as soon as reasonably practicable after the end of each of its financial years, but in any event within 180 days of such date; and
 - (ii) if published or made publicly available, its unaudited semi-annual financial statements (if any) as soon as reasonably practicable after the end of the first half of each of its financial years but in any event within 90 days of such date; and
 - (iii) as soon as reasonably practicable, such other publicly available information in the possession or control of the Purchaser regarding the business, financial or corporate affairs of the Purchaser, as the Seller may reasonably request; and
 - (iv) as soon as reasonably practicable following any acquisition or disposal (whether direct or indirect) of shares in IE Bis or Edison by the Purchaser or any of its subsidiaries (or any of such person's nominees or trust companies), written information providing reasonable details of such acquisition or disposal.

- (b) The Purchaser shall comply in all respects with all laws and regulations to which it may be subject, if failure so to comply would impair its ability to perform its obligations under this Agreement or any other document connected with this transaction to which it is party.
- (c) The Purchaser will not take any action which would cause this Agreement or the transactions contemplated hereby to cease to be in full force and effect or to cease to constitute the legal, valid and binding obligation of the parties to it.

8.3 Breach of undertakings

The Purchaser acknowledges and agrees that the only remedy available to it for breach of any undertaking made under this Clause 8 shall be for damages in breach of contract or damages in tort or under any statute (whether under the Misrepresentation Act 1967 or otherwise) or equitable remedies and not rescission of this Agreement. Nothing in this Clause 8 however shall exclude or limit any liability or remedy arising as a result of fraud.

9. WAIVERS AND REMEDIES CUMULATIVE

The rights of each Party can be exercised as often as necessary are cumulative and not exclusive of its rights under general law and may be waived only in writing and specifically. Delay in exercising or non-exercise of any right is not a waiver of that right.

10. COSTS

Following any written admission by either Party that it has breached any of its material obligations under this Agreement or any final judgment to such effect, that Party shall pay on demand all costs and expenses (including, without limitation, legal fees and irrecoverable VAT) incurred by the other Party in protecting or enforcing (or attempting to protect or enforce) any of its rights under this Agreement.

11. TRANSFER AND ASSIGNMENT

- (a) The Seller may not at any time assign or transfer all or part of its rights and obligations hereunder provided that the Seller shall be entitled to grant a Security Interest over its rights under this Agreement in favour of the Finance Parties under the Facility Agreement.
- (b) The Purchaser may not at any time transfer all or part of its obligations hereunder. The Purchaser may at any time assign its rights hereunder.

12. NOTICES

12.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless otherwise stated, may be made by letter or facsimile. Any such notice will be deemed served as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile, when received in legible form.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed served on the next working day in that place.

12.2 Addresses

All notices or other communications shall be valid in accordance with this Clause 12 if sent or delivered as follows:

To the Seller:

Address: c/o Fiat S.p.A.,
Via Nizza 250,
10126 Turin,
Italy

Facsimile Number: +39 011 006 2196

Marked for the attention of: General Counsel

To the Purchaser:

Address: 38 Rue Jacques Ibert, 75177 Paris Cedex 17, France

Facsimile Number: +31 1 40 42 75 23

Marked for the attention of: Christophe Barthelemy/Direction Juridique

Copied to: Delfino e associati, Willkie Farr & Gallagher

Address: Via Michele Barozzi, 2
20122 Milano

Facsimile Number: +39 02 76 363 636

Marked for the attention of: Maurizio Delfino

12.3 Change of details

A Party may notify the other Party at any time of a change to its details for the purposes of Clause 12.2 (Addresses) provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date on which the change is to take place;
or
- (b) if no date is specified or the date specified is less than 5 Business Days after the date on which notice is given, the date falling 5 Business Days after notice of any such change has been given.

13. ENTIRE AGREEMENT

The terms and conditions contained in this Agreement constitute the entire agreement between the Parties and supersede all prior and contemporaneous agreements, either oral or written, between the Parties with reference to the subject matter dealt with in this Agreement and no understanding which eventually amends or amplifies it shall be binding on either of

the Parties, unless it is in writing, referring expressly to this Agreement and is signed by the Parties or by their respective representatives who have been duly authorised.

14. COUNTERPARTS

This Agreement may be signed in two or more counterparts which, when taken together, shall constitute one and the same instrument.

15. GOVERNING LAW

This Agreement is governed by and shall be construed in accordance with English law.

16. ARBITRATION

Any dispute or difference of any kind whatsoever arising out of or in connection with this Agreement, including any dispute or difference regarding its existence, construction, interpretation, validity or termination shall be settled in accordance with the provisions of the Arbitration Agreement.

17. WAIVER OF IMMUNITY

The Purchaser irrevocably and unconditionally:

- (a) agrees not to claim any immunity from arbitration proceedings commenced in accordance with this Agreement and shall ensure, in so far as it is legally possible, that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- (c) to the fullest extent permitted by applicable law, waives all rights of immunity in respect of it or its assets.

18. LOI TOUBON

The Purchaser represents that this Agreement is to be and will be entirely performed outside France under the meaning of Law No. 94-665 dated 4th August, 1994.

AS WITNESS WHEREOF this Agreement has been executed and delivered AS A DEED on behalf of the parties the day and year first above written.

SCHEDULE 1

PART I

FORM OF PUT EXERCISE NOTICE

To: ELECTRICITÉ de FRANCE

By Facsimile:

Attention:

Copy: CITIBANK INTERNATIONAL plc

By Facsimile:

Attention:

From: FIAT ENERGIA s.r.l.

**Put Option Agreement dated [], 2002 between
Fiat Energia s.r.l. and Electricité de France
(the "Option Agreement")**

Terms defined in the Option Agreement shall have the same meaning where used in this notice.

1. We give notice of our exercise of the Option pursuant to Clause 3(a)(i) (Exercise of the Option) of the Option Agreement in respect of the IE Bis Participation.
2. Subject to the terms of the Option Agreement, the Settlement Date shall be 28th September, 2005.
3. Please make payment of the Option Exercise Price to the following account: [*specify account of the Security Trustee pursuant to the assignment of the receivable under this Agreement or, if the loan under the Facility Agreement has been repaid, specify account of the Seller*]

We acknowledge that this notice is irrevocable.

This notice is governed by English law.

By:
FIAT ENERGIA s.r.l.

By:

Date: []

SCHEDULE 1

PART II

FORM OF EARLY EXERCISE NOTICE

To: ELECTRICITÉ de FRANCE

By Facsimile:
Attention:

Copy: CITIBANK INTERNATIONAL plc

By Facsimile:
Attention:

From: FIAT ENERGIA s.r.l.

**Put Option Agreement dated [], 2002 between
Fiat Energia s.r.l. and Electricité de France
(the "Option Agreement")**

Terms defined in the Option Agreement shall have the same meaning where used in this notice.

1. We give notice of our exercise of the Option pursuant to Clause 3(a)(ii) (Exercise of the Option) of the Option Agreement in respect of the IE Bis Participation.
2. Subject to the terms of the Option Agreement, the Settlement Date shall be *[insert date falling 5 Business Days after the date of this notice or, if later, the date falling 10 Business Days after receipt by the Purchaser of (a) a copy of the notice of acceleration of the loan under the Facility Agreement given by the Facility Agent or (b) copies of notices from lenders under Clause 7.1 (Mandatory prepayment - illegality) of the Facility Agreement pursuant to which the loan becomes repayable in full prior to its scheduled maturity:]*.
3. Please make payment of the Option Exercise Price to the following account: *[specify account of the Security Trustee pursuant to the put option receivable assignment dated the same date as this Agreement]*.

We acknowledge that this notice is irrevocable.

This notice is governed by English law.

By:
FIAT ENERGIA s.r.l.

By:

Date: []

SCHEDULE 2**UPDATED FAIR VALUE AND WARRANT VALUE****1. Introduction**

The fair value of the IE Bis Stake (the "**Updated Fair Value**") shall be determined through the valuation process described in paragraphs 2 and 3 below. The value of the Warrants (the "**Warrant Value**") shall be determined through the valuation process described in paragraphs 2 and 4 below.

2. Selection of the Experts and the Appraisal Process

The valuation of the IE Bis Stake and the Warrants shall be conducted by Experts operating under the guidelines specified in paragraphs 3 and 4 below.

Each Expert shall be an internationally recognised investment bank acting through a nominated individual with substantial experience in evaluating energy companies and assets. Each Expert shall not act as an arbitrator and the laws of arbitration shall not apply. The determination of an Expert shall be final and binding on the Parties, save for fraud or manifest error.

(a) Selection Process

The Experts shall be selected as follows:

- (i) during the period between 1st November, 2004 and 14th November, 2004, each of the Seller and the Purchaser shall appoint an Expert in their respective sole discretion and communicate to the other Party the identity and contact details of that Expert. If a Party fails to appoint an Expert by 14th November, 2004, the other Party may give notice to it requiring that it appoint an Expert within 10 Business Days of the receipt by the other Party of that notice. If, at the end of that 10 Business Day period, the other Party has failed to appoint an Expert, the first Party may request the *Presidente del Tribunale di Milano* to appoint an Expert within 5 Business Days of receipt of such request (or as soon as possible thereafter) to act as the other Party's Expert;
 - (ii) within 10 Business Days of confirmation of the appointment of the second Expert under paragraph (i) above, the Parties shall meet and nominate a third Expert. If at the end of that 10 Business Day period, the Parties are unable to agree on the nomination of the third Expert, either Party may request the *Presidente del Tribunale di Milano* to nominate the third Expert. The *Presidente del Tribunale di Milano* shall nominate a third Expert within 10 Business Days of receipt of such request (or as soon as possible thereafter). Within 2 Business Days of such nomination, the nominated Expert shall deliver to each Party a list of all engagements in which the nominated Expert has acted for either Party (or any member of either Party's group) at any time within the two years immediately preceding its nomination (including all current engagements) (the "**List of Engagements**");
-

- (iii) the definitive appointment of the third Expert will require the written approval of each Chairman of each Party (the "**Chairmen**"). If either of the Chairmen, acting reasonably, rejects a nominated Expert on the basis of the List of Engagements, the Parties shall repeat the process set forth in (ii) above until a third Expert has been confirmed. A Chairman may not reject more than one nominated Expert. If a Chairman does not give its written approval of the nominated Expert or does not reject on a reasonable basis the nominated Expert within 2 Business Days of receipt of the List of Engagements the appointment of the third Expert shall be deemed to be confirmed.

If an Early Exercise Notice is given prior to each of the Experts being appointed under the procedure set out above, the time periods specified above shall be accelerated as follows:

- (1) in relation to (i) above, each Party shall nominate its Expert within 4 Business Days of the Exercise Date, if a Party fails to appoint an Expert by the end of that 4 Business Day period, the other Party may request the *Presidente del Tribunale di Milano* to appoint an Expert (within 5 Business Days of receipt of such request or as soon as possible thereafter) to act as the first Party's Expert;
- (2) in relation to (ii) above, the Parties shall meet as soon as possible and in any event within 4 Business Days of the appointment of the second Expert to be appointed pursuant to (1) above to nominate a third Expert and if no third Expert is agreed within a further period of 4 Business Days, either Party may request the *Presidente del Tribunale di Milano* to nominate the third Expert within 5 Business Days of receipt of such request (or as soon as possible thereafter); and
- (3) each other time period shall remain unaltered.

(b) **Convergence Process**

Each of the two Experts selected by (or on behalf of) the individual Parties shall:

- (i) determine its appraisal of the IE Bis Stake using the methodology set forth in paragraph 3 below; and
- (ii) notify such valuations in writing to the Parties no later than 30 days following the Exercise Date (or, if an Early Exercise Notice is given prior to each of the Experts being appointed under the procedure in paragraph (a) above, 30 days following appointment of the Third Expert) (such valuations being the "**Initial UFV Valuations**" and the "**Initial Warrant Valuations**" and the "**Related Initial Valuations**" means the Initial UFV Valuations or the Initial Warrant Valuations).

If the higher of the Related Initial Valuations is no more than 15% higher than the lower of the Related Initial Valuations, the Updated Fair Value or, as the case may be, Warrant Value shall be the arithmetic average of the relevant Related Initial Valuations.

If the higher of the Related Initial Valuations is more than 15% higher than the lower of the Related Initial Valuations, the Third Expert shall determine its appraisal of the

IE Bis Stake or, as the case may be, Warrant Value using the methodology set forth herein and notify such valuation in writing to the Parties no later than 30 days following the end of the first valuation period. In performing its valuation, the Third Expert shall not have access to the relevant Related Initial Valuations.

The three valuations shall then be averaged by the Third Expert, the valuation that is at the greatest variance from the arithmetic average of the three valuations shall be discarded, and the Updated Fair Value or, as the case may be, Warrant Value shall be the arithmetic average of the two remaining valuations; provided, however, that if the third valuation is equal to the arithmetic average of the relevant Related Initial Valuations, such third valuation shall be the Updated Fair Value or, as the case may be, Warrant Value.

The Parties shall instruct the Third Expert to notify each Party of its determination of the Updated Fair Value or, as the case may be, Warrant Value as soon as practicable following such determination.

3. **Methodological Guidelines**

Each Expert, using a multi-criteria approach based on the following valuation methodologies, shall determine its appraisal value for Edison and consequently IE Bis as of a valuation date ("**Valuation Date**") which shall be the date of the latest available annual or quarterly financial statements of Edison and IE Bis as at the Exercise Date.

Such valuation shall not take into account any competition law or Law 301 risks specifically faced by the Purchaser.

(a) **Edison Valuation**

The determination of the equity value of Edison (the "**Edison Equity Value**"), shall be conducted based on the appraisal of the enterprise value of Edison (the "**Enterprise Value**") and the adjustments set forth below.

I **Enterprise Value**

The Enterprise Value shall be determined using the following criteria:

- A discounted cash flow analysis (the "**DCF Valuation**"), which shall derive the Enterprise Value from the net present value of the future free cash flow anticipated to be generated by Edison operations, including terminal value. The duration of the financial model used in this analysis shall be no less than the longer of ten years and the residual duration of the last CIP 6 contract due to expire after the Valuation Date. The financial model used for the valuation of Edison's operations shall be based upon the latest business plan officially approved by the Edison board, and the DCF Valuation shall incorporate a discount rate that takes into consideration Edison's cost of capital.
- A trading multiple analysis (the "**Trading Multiple Valuation**"), which shall be applied to Edison's prospective EBITDA for each of 2005 and 2006 (or, in case of an Early Exercise Event, the calendar year during which such Early Exercise Event occurs and the year immediately following), as set forth in the most recent budget and/or business plan approved by the Edison board. Each Expert shall define the relevant comparable companies as including those quoted European utilities having significant liquidity of their stocks, and compute the valuation

multiples to be applied to Edison's prospective EBITDA, making appropriate adjustments, to the extent relevant, for any non-utility and non-energy related activities of any such comparable company. Each Expert shall add a control premium (the "**Control Premium**") to the equity value derived from the application of this method, calculating the Control Premium by reference to comparable transactions between industrial buyers and sellers in blocks of shares of quoted companies the size of which and the degree of control attached thereto are comparable to the IE Bis Stake (without any deduction relating to any limitation on the voting rights of the IE Bis Stake). The total of the valuation derived from the trading multiples and the Control Premium shall constitute the final "Trading Multiples Valuation".

Each of the Experts will assess in their best professional judgment the relative weight to be assigned to the two methodologies when determining the Enterprise Value.

II *Adjustments for Debt and Minority Interest*

After obtaining the Enterprise Value through the method described above, each Expert shall deduct:

- (i) the amount of net financial debt of Edison as of the Valuation Date; and
- (ii) minority interests at their book value in each case, as per the consolidated accounts of Edison as at the Valuation Date,

to determine the Edison Equity Value.

III *Other Adjustments*

In determining each of the DCF and Trading Multiples Valuations, each Expert shall take into account any information likely to impact materially the valuation (except for any competition law or Law 301 risk faced by the Purchaser). The elements to be taken into account include, but are not limited to:

(i) *Material Changes in Market Regulation*

With regard to the Trading Multiples Valuation, expected changes in the market regulatory environment (including tariffs, taxes, network access, special pricing regimes and other factors that affect operations and pricing) shall be taken into account by each Expert to the extent that such changes are likely to impact materially on Edison's EBITDA after the Valuation Date. In such cases (including, for example, the impact of the expiration of CIP 6 contracts that are not renewed or replaced, while adding back the net present value of such contracts or significant changes in regulated electricity prices), each Expert shall, if appropriate, construct a pro forma EBITDA for Edison for use in such valuations.

(ii) *Intercompany Agreements*

With regard to the DCF and Trading Multiples Valuations, each Expert shall reassess the value of any intercompany agreements (including gas supply agreements, tolling agreements, etc.) on an arms' length basis, should any such agreements have a material impact on Edison's cash flows and EBITDA.

For the purpose of applying the above, an intercompany agreement shall include any type of contract between:

- Edison or any of its subsidiaries and a subsidiary of Edison;
- IE Bis or any of its subsidiaries, on the one hand, and any of its shareholders or any entities controlled by, controlling or under common control with one of its shareholders, on the other hand.

(b) IEB Valuation

After having determined the Edison Equity Value according to the above procedure, each Expert shall calculate the value of the IE BIS Stake, such value being based upon the equity value for 100% of IE Bis (the "IEB Equity Value") determined as the sum of:

- (i) the book value of IE Bis's shareholders funds as per the annual or quarterly balance sheet of IE Bis as of the Valuation Date;
- (ii) the gross unrealised capital gain on the Edison shares held by IE Bis as of the Valuation Date, based on the Edison Equity Value determined as per paragraph 3(a) above;
- (iii) any other potential revaluations and depreciations of IE Bis's assets and liabilities and the market value of any off-balance sheet liabilities as of the Valuation Date.

(c) Updated Fair Value

The appraisal value of the IE Bis Stake as determined by each Expert as above will be subject to the convergence process described in paragraph 2(b) above in order to determine the Updated Fair Value of the IE Bis Stake.

(d) Post-Closing Adjustments

The Updated Fair Value shall be subject to post-closing adjustments to the extent necessary to reflect:

- (i) in the event of exercise of the Put Option following a Put Exercise Notice,
 - any difference between the book value of IE Bis's shareholders funds as of September 30, 2005 and such book value as of the Valuation Date as per paragraph 3(b)(i) above; and
 - any difference between the Edison net financial debt and minority interests as of September 30, 2005 and net financial debt and minority interests as of the Valuation Date as per paragraph (a) II above, to the extent such difference is not accounted for as part of the difference in the book value of IE Bis's shareholders funds as per paragraph 3(b)(i).
- (ii) in the event of exercise of the Put Option following an Early Exercise Notice,
 - any difference between the book value of IE Bis's shareholders funds as of the last day of the quarter immediately preceding the Settlement

Date (the "**Reference Date**") and such book value as of the Valuation Date as per paragraph 3(b)(i) above;

- any difference between the Edison net financial debt and minority interests as of the Reference Date and such net financial debt and minority interests as of the Valuation Date as per paragraph 3(a)(II) above, to the extent such difference has not been reflected in the difference in the book value of IE Bis's shareholders funds as per paragraph 3(b)(i) above; and
- any distribution of dividends made between the Reference Date and the reduction in IE's shareholder funds following any Settlement Date.

Such adjustments shall be agreed upon by the Experts acting as a panel, it being understood that the Third Expert's determination shall be, in the event of disagreement among the Experts, final and binding upon the Parties.

The Experts shall make such determination promptly upon availability of the quarterly financial statements of IE Bis and Edison as of the relevant dates, and in any event no later than 90 days following the Settlement Date.

The Parties shall instruct the Third Expert to notify each Party of the panel's determination of the Post Closing Adjustments as soon as practicable following such determination.

4. Value of Warrants

The value of the Warrants will be determined by each Expert in accordance with the convergence procedure set out in paragraph 2(b) above. That value will be determined as the difference, when positive, between the value of a share comprised in the IE Bis Stake, determined based on the underlying market value of Edison's shares (averaged over the six trading months prior to the Exercise Date) and the exercise price of each Warrant, multiplied by the number of Warrants held by the Seller. When such difference is nil or negative, then the Warrants shall be deemed to have zero value.

5. Expert costs

Each Party shall bear the costs of the Expert nominated by it and shall bear half the costs of the Third Expert.

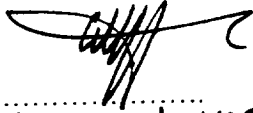
SIGNATORIES

EXECUTED as a DEED on the day and year above first written

By:

Seller

FIAT ENERGIA s.r.l.



By:
~~Director~~

Giovanni Mezzacorona
Attorney in fact

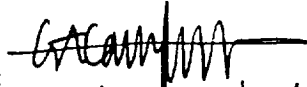
in the presence of:

Signature of witness:

Name of witness:

Occupation:

Address:



G.A. Campbell

Solicitor

55 Basinghall Street
London EC2V 5EH

EXECUTED as a DEED on the day and year above first written

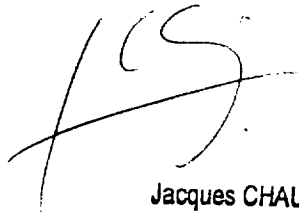
By:

Purchaser

ELECTRICITÉ de FRANCE

By:

Duly authorised signatory



Jacques CHAUVIN