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ENEL: AGREEMENT SIGNED TO ACQUIRE THE ROMANIAN COMPANIES ELECTRICA BANAT AND ELECTRICA DOBROGEA

- *With the acquisition of two Romanian electricity distribution companies serving more than 1.4 million customers, Enel has reacquired abroad the customers it had to shed in Italy by transferring operations to the former municipal power companies as part of the liberalization of the market.*
- *The transaction is valued at €112 million for 51% of the two companies.*

Bucharest, 28 April 2005 – Nicolae Coroiu, general manager of Electrica SA, the Romanian state electricity company and Paolo Scaroni, CEO of Enel, today signed the final documents for the sale to Enel of a controlling stake in the distribution companies Electrica Banat and Electrica Dobrogea.

The ceremony was attended by Italy's Minister for Productive Activities, Claudio Scajola, Romania's Minister for the Economy and Trade, Ioan-Codrut Seres, and Enel Chairman Piero Gnudi.

The transaction is valued at €112 million, which involves the transfer of 24.62% of the capital of each of the two companies and a simultaneous subscription of a capital increase bringing Enel's overall holding to 51%.

Electrica Banat operates in the Timisoara region (in the western part of the country), while Electrica Dobrogea is active in the Costanza region (in the east). Together, they account for nearly 20% of the electricity distribution and sales market in Romania. Electrica Banat and Electrica Dobrogea serve more than 1.4 million customers, including 100,000 industrial and commercial firms. The number of customers is similar to those that Enel ceded to the former municipal power companies to foster the liberalisation of the electricity distribution market in Italy.

The distribution network operated by the two companies covers more than 68,000 km. In 2003 they sold 6.8 TWh of electricity, with revenues of about €358 million and EBITDA totalling about €6.4 million. Their total payroll at the end of 2003 was 3,673.

Paolo Scaroni, Enel CEO, remarked that "With this acquisition Enel is actively participating in the liberalization of the energy sector in Romania. We will undertake a major investment programme to modernize the distribution networks of Electrica Dobrogea and Electrica Banat in order to increase efficiency and the quality of service".

Ioan-Codrut Seres, Romania's Minister for the Economy and Trade, stated that: "The privatisation of Electrica Banat and Electrica Dobrogea has been carried out with a strategic investor, one of Europe's largest power generation and distribution companies. After the success of the privatisation of Petrom with OMV, the Ministry for the Economy and Trade, acting through OPSPI, has completed the first privatisation of electricity distribution companies in Romania. We have been looking forward to this day for a long time. It is yet another occasion to demonstrate that the Ministry is not simply selling off assets but rather is privatising - if I may say so - the best long-term businesses. This month we reached four preliminary privatisation agreements in the electricity distribution sector, while next month we will complete the privatisation process in the natural gas sector with Distrigaz Nord and Distrigaz Sud. The positive outcome of the transaction with Enel once again demonstrates the health of the Romanian economy to our colleagues, other public institutions and, above all, the international financial community.

Today's transaction marks the first privatization in Romania since the opening of the electricity market. The process began in 2003 and is expected to continue in the coming years with the privatization of the other six regional distribution companies and generation facilities, bringing the electricity market into compliance with EU directives in the run up to Romania's entry into the European Union, which is scheduled to take place on 1 January 2007.

With the formalisation of the acquisition of the two companies, Enel has further strengthened its position in Central and Eastern Europe: the company has a presence in Slovakia, with the agreement to purchase Slovenske Elektrarne, the largest electricity generator in the country and second-largest in the area, with an installed capacity of about 7,000 MW; in Bulgaria, where Enel has acquired a power station with a capacity of about 900 MW; and in Russia, where Enel operates a combined-cycle power station with a capacity of 450 MW near St. Petersburg.