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APPROVAL OF MEMORANDUM OF UNDERSTANDING FOR THE SALE OF UP TO 30% OF TERNA BY ENEL TO CASSA DEPOSITI E PRESTITI

- *The price for 30% of Terna – subject to adjustments – has been set at €1,362.6 million.*
- *The transfer of the stake in Terna from Enel to Cassa Depositi e Prestiti will take effect once unification of ownership and operation of the national transmission grid becomes effective.*

Rome, 23 March 2005 - Cassa Depositi e Prestiti Spa (CDP) and Enel Spa (Enel) have approved a memorandum of understanding (MOU) for Enel to sell up to 30% of Terna Spa (Terna) to the CDP.

On the basis of the consolidated figures approved by its Board on 15 February 2005, in 2004 Terna posted revenues of €1,023 million, EBITDA of €683 million, EBIT of €512 million and net income of €236 million. The Board of Terna proposed a final dividend for 2004 equal to € 0,07 per share (in addition to € 0,045 per share paid as interim dividend) to be paid starting from 26 May, 2005

The memorandum of understanding and the price setting mechanism

Under the provisions of the MOU, which establishes the key content of the sale contract to be agreed between the parties, Enel will transfer a significant interest of up to 600 million Terna shares (30% of share capital) to the CDP. Enel currently owns 1 billion Terna shares, or 50% of the company.

The price will be set on the basis of a mechanism agreed between the parties in the MOU. The main elements of the mechanism are as follows:

- the per-share reference price is the weighted average official price of Terna shares in the 30 trading days prior to 16 February 2005 (the reference date of the MOU);
- the final price will be determined on the basis of an adjustment mechanism that takes account of the weighted average official price of Terna shares prior to the transfer of the shareholding from Enel to the CDP. The final price will include a premium of 3%;
- any adjustment shall not in any event give rise to a change in the reference value above a cap or below a floor as agreed by the parties; furthermore the parties agreed to set a minimum change in the sale price below which the reference price shall remain unchanged;
- if the transfer occurs after the ex-dividend date of the final dividend for 2004, which is scheduled to be paid on 26 May 2005, the adjustment

mechanism envisages that the per share reference prices of Terna stock will be decreased by the amount of the dividend.

Should the CDP acquire 30% of Terna, the total price, including the premium, calculated on the basis of the above mentioned reference price would be €1,362.6 million, giving Enel a consolidated capital gain of about €813 million.

The effectiveness of the sale contract to be agreed between the parties is contingent on satisfaction of a number of suspensory conditions, including the following:

- the satisfaction of the suspensory conditions of the contract for the transfer to Terna of the operations of Gestore della Rete di Trasmissione Nazionale Spa (GRTN) regarding the dispatching of electricity and planning and development activities for the national transmission grid;
- approval by the Terna Shareholders' Meeting of the financial statements for 2004;
- calling of a Terna Shareholders' Meeting to elect the company's Board of Directors following the transfer of the GRTN operations to Terna, in conformity with the provisions of the Prime Minister's Decree of 11 May 2004;
- authorisation of transfer of the significant interest in Terna by the Antitrust Authority.

In negotiating the agreement, CDP has retained UBM – UniCredit Banca Mobiliare and UBS Corporate Finance Italia S.p.A. as financial advisors and Studio Gianni, Orioni, Grippo & Partners as legal advisors.

Mediobanca and Goldman Sachs (global coordinators for Terna's IPO in June 2004) are assisting Enel as independent experts in the evaluation of the fairness for the agreed price related to the sale of the Terna shareholding