



Moscow, June 28, 2004 RAO “Unified Energy System of Russia” (“RAO UESR”) and Enel-ESN Energo signed today a General Agreement and a Management Contract to operate the North-West Thermal Power Plant (“NWTPP”) near St. Petersburg. The documentation was signed by Anatoly Chubais, CEO of RAO UESR, Paolo Scaroni, CEO of Enel and Grigory Berezkin, CEO of ESN.

The NWTPP management contract places management control of a key Russian power asset in the hands of a consortium led by a major international electricity company for the first time.

The Italian-Russian consortium of Enel (Italy) and ESN (Russia) won the tender to manage the NWTPP in February 2004. Besides Enel-ESN Energo, the tender documentation was purchased by 9 major international power utilities satisfying strict prequalification criteria: installed generating capacity (owned or under management) over 5,000 MW, revenue in 2002 over \$5bn, experience in managing international assets, credit rating – investment grade or above. These companies were given an opportunity to conduct a detailed due diligence of the NWTPP, including site visits. Two of them, Enel-ESN Energo and Fortum, participated in the final binding tender. JPMorgan has been advising RAO UESR on the financial aspects of this transaction and law firm Akin, Gump, Strauss, Hauer & Feld, LLP has been acting as legal advisor to RAO UESR.

According to the key terms of the Management Contract approved by the Board of Directors of RAO UESR, the Management Company will act as a sole executive body of the plant for the next three years, and will also organize about US\$125m of financing to complete the construction of the second generating unit.

RAO UESR are confident that the involvement of Enel-ESN Energo will bring a significant improvement in technological and organisational efficiency of the NWTPP, given Enel’s management and technological expertise in managing CCGT plants of similar design, combined with ESN’s successful experience of managing Russian power assets. Enel-ESN Energo obtains, in turn, a unique opportunity to enter the Russian power market, a market with strong growth potential, in order to gain practical experience and to determine future investment opportunities.



The North-West Thermal Power Plant is located near St. Petersburg in the North-West region of Russia and is the most technologically advanced in Russia, utilising a modern Combined Cycle Gas Turbine technology. The plant's efficiency ratio amounts to 51.5%, compared to less than 40% for common steam units. The first generating unit of the power plant has an installed capacity of 450 MW. Commissioning of the second generating unit will enable a capacity upgrade up to 900MW. RAO UESR possesses a 61.8% stake in the NWTPP.

RAO UESR is the world's largest power holding, providing for reliable operation and development of the Unified Power System of Russia. RAO UESR controls more than 70% of Russia's power capacity and output and about one third of country's heat output. In 2003 the holding's revenues amounted to RUB 724.9bn, RAS. Current market capitalisation exceeds US\$12bn.

Enel is Italy's major electricity company with over 40,000 MW of installed capacity and a market capitalization of approximately €40 billion. It is involved in the generation, transmission and distribution of electricity, and is also the country's second biggest gas distributor. It is also the European leader in the use of CCGT technology with over 5,000 MW of installed CCGT capacity, and a world leader in renewable energy production with approximately 17,000 MW of installed renewable capacity in Italy, Spain and the Americas. Its 2003 revenues amounted to €31.3 billion, EBITDA was €9.8 billion and net income was €1.1 billion.

ESN is a group of companies led by Grigory Berezkin, specializing in strategic and crisis management. Until 1999 ESN was managing oil company "Komi TEK" and until 2003 the regional energy system "Kolenergo". The group is currently one of the largest shareholders of RAO UESR, holding a 5.3% stake.