

ENEL FINALIZES ACQUISITION OF 80% STAKE IN UNION FENOSA RENEWABLE ENERGY COMPANY

Union Fenosa Energia Especiales to become Enel Union Fenosa Renovables and enter a new expansion and investment phase

Rome/Madrid, 18 December, 2003 - Enel SpA and Union Fenosa have today finalized Enel's acquisition of an 80% stake in Union Fenosa's renewable energy unit, Union Fenosa Energia Especiales. The company will be called Enel Union Fenosa Renovables.

On 16 June 2003, Enel and Union Fenosa announced they had reached agreement for Enel to pay 168 million euro for the 80% stake, plus a 10 million euro premium for the construction of 300 MW by 2007. The agreement also stated that Union Fenosa would pay Enel 10 million euros for the option to buy back 30% of Enel Union Fenosa Renovables by the end of 2007, at the current price, plus interest.

The entity being sold, which consists entirely of plants and projects for the production of energy from renewable sources, predominantly wind and hydro, includes 381 MW of installed capacity already in operation, 98 MW under construction, 324 MW planned for the next four years (2004-2007) and 874 MW of long-term projects (2008-2012).

Union Fenosa will retain several special generation assets with a total capacity of 114 MW. These are mainly strategic mini-hydro projects.

Enel Union Fenosa Renovables will benefit from growth in the Spanish renewable energy market, where installed capacity is expected to grow by 10% a year until 2011. Both Enel and Union Fenosa share the strategic objective of becoming a key player in Spain's renewable energy market, with the best technology mix and geographic locations. They have also agreed to accelerate investments in new projects with the target of reaching 803 MW of installed capacity by December 2007.

For Enel, the transaction consolidates the company's world leadership in renewable energy, while strengthening its position in Spain, where it is already present through Viesgo, a significant operator with 2,400 MW of installed capacity and 585,000 customers.

The transaction represents an additional step in Union Fenosa's financial consolidation strategy and will reduce total consolidated debt by approximately 330 million euros by December 31, 2003. This is due to the 168 million euros received (53.4 million euros in August and 114.6 million euros in December) and the deconsolidation effect of approximately 162 million euros of financial debt.

The partners have agreed to jointly control the company, with four representatives each on a new eight-member board, including an Enel representative as chairman.



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News Release

Notes to editors

Enel and Union Fenosa

Enel is one of the world's major electricity companies. It is Italy's main operator with over 40,000 MW of installed capacity and approximately 28 million electricity customers. Enel is also Italy's second largest operator in the distribution and sale of gas with 1.85 million gas customers. In Spain it has a significant presence through Viesgo (2,400MW), while it is the world leader in renewable energy with over 17,000 MW installed in Italy, Spain, North America and Latin America.

Union Fenosa is Spain's third-largest energy company and currently has over 8,000 MW of installed capacity worldwide, supplying electricity to over 8 million customers. Its energy business is integrated due to its presence throughout the gas chain. Union Fenosa is also active in telecommunications, engineering, information systems and consulting.

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