

## ENEL ACQUIRES CONTROL OF A 900 MW LIGNITE POWER STATION IN BULGARIA

*The first step in Enel's new, international expansion strategy.*

*The plant burns low cost lignite from a nearby mine, has competitive production costs and is strategically located with good interconnection to Italy*

**Rome, March 5, 2003** – Enel today signed an agreement with U.S. group Entergy to progressively take over Entergy's stake in a joint venture (Maritza East III Power Company) with Bulgaria's state electricity group NEK. The joint venture will own the Maritza East III thermoelectric power plant, located in Stara Zagora in Bulgaria's southeast, and will be responsible for its management, modernization and improvement in environmental terms.

Enel's financial commitment, which includes 60% of Entergy's stake in the joint venture bought today and an option on Entergy's remaining stake (40%), will be between 110 million euro and 140 million euro. The price depends on the conditions under which the option is exercised, which are linked to the project's financial performance. At the conclusion of the operation, Enel will have full control of the company with more than a 70% stake.

Enel chief executive Paolo Scaroni said: *"The acquisition falls into Enel's strategic plan for growth in Europe. The Balkan area is of great interest because of the liberalization and privatisation taking place in the electricity sector; and Enel's specific experience could prove a determining factor in the project's success. Bulgaria, itself, is particularly interesting. It offers the prospect of electricity sector liberalization, the availability of very competitive fuels, like lignite, and the capacity for energy export towards Turkey, Greece and Italy."*

The plant was built between the 1970s and the 1980s. It has an installed capacity of 840 MW, consisting of four units of 210 MW each, and is fuelled with lignite from a nearby mine. It also has an energy sale contract with NEK for 15 years plus the period of modernization and environmental improvement.

Modernization will lengthen the power plant's life, while the addition of a desulphurization plant will bring its emissions into line with international standards. Once restructured, the plant will be able to generate about 900 MW of power, and will become the point of reference for Bulgaria's entire electricity system, as well as one of the region's most competitive in terms of production cost.



The total investment, about 600 million euro, will be structured as project financing with the involvement of the European Bank for Reconstruction and Development, Banca Mediocredito (gruppo Unicredito), Crédit Agricole and Société Générale.

News Release

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