



Acquisition marks Enel Group's entry into US market

ERGA (ENEL GROUP): ACQUIRES LARGEST INDEPENDENT US PRODUCER OF ENERGY FROM RENEWABLE SOURCES

Company becomes biggest global player in the alternative sources sector

Rome, November 1, 2000 – Erga, the Enel Group company that generates energy from renewable sources, has acquired 100% of CHI Energy for US\$ 170 million (around ITL 400 billion). The acquired company is the largest independent producer of energy from alternative sources in the US.

The combination of the production capacities of Erga and CHI Energy will provide total installed power of almost 2000 MW, making Erga the biggest producer of energy from renewable sources in the world.

The purchase is Enel's first move into the US market and provides the Group with the potential to expand into North and Latin America, in addition to marking its entry into a highly competitive market.

CHI Energy, based in Stamford (Connecticut), owns 79 renewable energy plants in 15 states in the US and in two Canadian provinces. Total generation capacity is 254 MW, with a further 53 MW under construction.

The company boasts a diversified portfolio of renewable sources including biomass, hydroelectric, wind and other clean energy sources, in addition to significant experience in the sale of environmental credits. This is a growing business in North America as a result of the Kyoto agreement and is also expected to expand rapidly throughout Europe.

The operation will involve Erga taking on a total of US\$ 142 million of debt along with CHI Energy, and is subject to approval from the US Justice Department, as required by the Hart-Scott Rodino Antitrust Improvements Act of 1976.

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“This acquisition, which is Enel’s first in the United States”, noted Enel’s Chairman, Chicco Testa, “is part of the Group’s strategy aimed at developing its core businesses internationally and providing significant opportunities for expansion in North and South America”.

“CHI Energy will make an important contribution to Erga’s growth”, commented Paolo Pietrogrande, Erga’s Managing Director. “Growth opportunities in the US in this sector benefit from favorable federal and state legislation, the existence of various forms of tax incentives and the availability of locations for the construction of new plants.”

“CHI Energy was established in 1985, Erga only a year ago,” added Edward Stern, Chairman and Managing Director of CHI Energy. “They are two young companies who have a clear idea of the importance of teams working to achieve success for their respective organizations: we are happy to be part of the Enel family”.

CHI Energy, based in Stamford, Connecticut, manages a portfolio of renewable energy plants providing total power of 254 MW, with a further 54 MW under construction.

In 1999 the company’s sales totaled US\$ 49 million, with a gross margin of around 43%.

CHI Energy operates in the United States and Canada in the various renewable energy sectors (hydroelectric, wind, geothermal and biomass). Prior to Erga’s acquisition of the company, the majority shareholders in CHI Energy were Morgan Stanley Dean Witter and UBS, who held 36% and 33% of the share capital, respectively.

An Enel Group company based in Pisa, Erga specializes in the production of energy from alternative sources. Thanks to its portfolio of plants with installed power of 1,700 MW, Erga produces approximately 7.5 billion kWh per year. The electricity produced by its hydroelectric, geothermal, wind and photovoltaic plants is sufficient to meet the requirements of around 3.5 million households. In addition to its core business based on renewable energy sources, Erga’s 2,300 employees also offer plant design, alteration and maintenance services for Group companies and other businesses operating in the sector.