

ENEL GREEN POWER AND TERRAE JOIN FORCES FOR BIOMASS DEVELOPMENT

- *Agreement signed giving EGP 15% of the agro-industrial company Terrae.*
- *Partners to promote the development of projects for generating electricity from locally- supplied biomass.*

Rome, February 10th, 2011 - Terrae, the company that aims to redevelop and enhance the beet and sugar sector, the National Association of Beet-growers (ANB), and Enel Green Power signed an agreement under which EGP, a world leader in renewable energy, will acquire a 15% stake in Terrae.

The agreement follows the previous Memorandum of Understanding between the three partners, aimed at promoting joint projects for generating electricity from biomass. Its goal is to unite three essential components: agriculture, with its chains for biomass production; industry, to manage the power generation; and finance, to ensure that there is financial support for carrying out investment projects.

By becoming a shareholder of Terrae as the industrial partner in this arrangement, Enel Green Power will obtain direct access to the agro-industrial supply chain, with significant synergies for biomass supply, and to the know-how of agricultural associations and consortia, as applied to biomass crops.

The agreement also provides that Enel Green Power will receive a controlling stake in a special-purpose company to be formed specifically to pursue individual industrial initiatives, with capacity exceeding 1 MW.

Terrae and Enel Green Power are preparing a Business Plan that will serve as the basis for jointly-developed guidelines. The action will be mainly focused on the creation and operation of projects for generating electricity from biomass based on industry agreements, with the possibility of developing other projects in the fields of beets and sugar, agro-industry, the agro-food business and agro-energy.

The agreement also provides for the sale of the remaining shares of Terrae to institutional investors, including financial partners.

*"We at Enel Green Power strongly believe in the value and potential of Italy's agricultural biomass sector", said **Francesco Starace**, CEO and General Manager of EGP. He added "By focusing on locally-source biomass, we can leverage the territory around the plant, encouraging the necessary diversification of crops towards those of greatest value as a source of energy, and develop collateral sectors. Local biomass is therefore not only a more environmentally sustainable source of energy, it can also make a greater contribution to national energy security, thus creating a common ground between agriculture and the power industry."*

*"The agreement is of great strategic importance", remarked **Federico Vecchioni**, Chairman of Terrae, "because it enables farmers and agribusinesses already active in the sugar beet industry to reconvert their operations into the agro-energy and agro-industry sectors with the support of one of the largest international players in the production of energy from renewable resources. Terrae thus becomes a fully-fledged agro-industrial company that can drive the repositioning of Italian agriculture towards the centre of the real economy".*