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PRELIMINARY AGREEMENT BETWEEN ENEL PRODUZIONE AND SEL TO DEVELOP HYDROELECTRIC POWER IN THE PROVINCE OF BOLZANO

- *The agreement calls for Enel Produzione and SEL (through a NewCo 40% owned by Enel Produzione and 60% by SEL) to undertake, starting from 2011, joint operation of the major hydroelectric concessions renewed or issued to them by the Province of Bolzano upon the conclusion of the administrative procedures currently in progress.*
- *The agreement also calls for Enel Distribuzione to sell its electrical power distribution network in the Province of Bolzano to SEL for a consideration of 79 million euros.*

Rome, 23 October 2008 - Enel Produzione SpA ("Enel Produzione") and Società Elettrica Altotesina SpA ("SEL") — which is approximately 94% owned by the Autonomous Province of Bolzano ("Province") and for the remainder by the municipalities and the district communities of the Alto Adige Region through Selfin Srl — signed a preliminary agreement ("*Agreement*") today for the development of the hydroelectric power sector in the Province of Bolzano.

Considering that both parties have participated, and will continue to participate, in a fully autonomous manner in the administrative procedures currently in progress with the Province for the thirty-year issue or renewal of the concessions for major hydroelectric derivations expiring on 31 December 2010, Enel Produzione and SEL have agreed to form a joint venture for the joint operation of the concessions that have been renewed or issued to them upon the conclusion of said proceedings (as specified below), with the aim of developing industrial synergies by optimizing their respective competencies.

Enel Produzione currently holds 12 concessions for major hydroelectric derivations in the area in question with a total capacity of 616 MW, in addition to eight concessions for minor hydroelectric derivations with a total capacity of 17 MW.

In further detail, the Agreement calls for Enel Produzione, effective 1 January 2011, and, in any case, upon the conclusion of the aforementioned administrative procedures, to contribute to a newly incorporated company ("NewCo") the business unit comprising the personnel, assets and legal relations pertaining to the concessions for major hydroelectric derivations it currently holds in the area in question, along with those of such concessions that are renewed by the Province, if any. For its part, SEL will contribute to

NewCo the concessions for major hydroelectric derivations currently held by Enel Produzione in the area in question that are issued by the Province to SEL, if any, upon the conclusion of the administrative procedures currently in progress.

The parties have set the value of the business unit (comprising the aforementioned personnel, assets and legal relations) that is to be contributed by Enel Produzione to NewCo at 340 million euros and agreed upon the value of the individual concessions for major hydroelectric derivations that are to be contributed by Enel Produzione or SEL, as indicated above, to NewCo as of 1 January 2011.

Considering the aforementioned contents of the Agreement, the parties also undertook to make any adjusting payments in cash required for Enel Produzione to hold a 40% stake, and SEL a 60% stake, in NewCo's share capital.

The Agreement also calls for Enel Produzione to sell to NewCo — upon the completion of the contributions and any balancing payments in cash as described above — the business unit that operates the concessions for minor hydroelectric derivations (set to expire on 31 December 2029) that it currently holds in the area in question for a consideration of 20 million euros.

The parties also agreed that Enel Produzione will manage to the benefit of the NewCo the planning of the latter facilities and the associated dispatch activities.

The closing of the deal is contingent upon the obtainment of the clearance from the Antitrust Authority and the issue of authorization from the Province and other local entities involved to the transfer to NewCo of the concessions for major hydroelectric derivations that are renewed for Enel Produzione or issued to SEL.

Contingent upon the satisfaction of these conditions precedent, the parties have agreed that Enel Produzione may incorporate the NewCo and then sell a 60% interest therein to SEL even prior to 1 January 2011, for a consideration to be agreed for the period preceding said date.

In the Agreement, the parties undertake to enter into a final agreement during the following 60 days and then to reach an agreement concerning NewCo's bylaws (which are to include, inter alia, a right of first refusal for each shareholder with respect to the other's investment) and a shareholders' agreement that envisages an obligation for the parties not to transfer the equity investments held in the NewCo for a period still to be defined.

Under the Agreement, until the approval of the financial statements for the year ending 31 December 2013, NewCo will be managed by a Board of Directors of five members, two of whom will be nominated by SEL (and from whom the chairman will be elected) and three by Enel Produzione (and from whom the chief executive officer will be elected).

Thereafter, and for the entire period in which the shareholders' agreement is in force, SEL will nominate three directors and Enel Produzione two. For the first three-year period beginning in 2014, the chief executive officer will be nominated by SEL and the chairman by Enel Produzione. Thereafter, the parties will alternate in nominating the two officers for every subsequent three-year period.

Considering the governance structure outlined above, in accordance with the law and international accounting standards, may therefore consolidate NewCo's results line-by-line through 31 December 2013.

Lastly, in implementation of Presidential Decree No. 235 of 26 March 1977 containing "Provisions in implementation of the Special Laws of the Region of Trentino Alto Adige concerning energy", Enel Distribuzione SpA will sell the electrical power distribution business unit for the Province of Bolzano, including personnel — which operates 5,000 kilometres of medium and low-tension power lines — to SEL for a consideration of 79 million euros.