

**MEDIA RELATIONS**

Ph. +39 06 83055699 - Fax +39 06 83053771  
e-mail: ufficiostampa@enel.it

**INVESTOR RELATIONS**

Ph. +39 06 83057008 - Fax +39 06 83053771  
e-mail: investor.relations@enel.it

Dolomiti Energia  
Press Office  
Tel. 0464 456280  
Cell. 340 7994966

[www.enel.it](http://www.enel.it)

## ENEL PRODUZIONE AND DOLOMITI ENERGIA SIGN AGREEMENT TO DEVELOP HYDROELECTRIC POWER IN THE PROVINCE OF TRENTO

- *Enel Produzione will sell Dolomiti Energia 51% of a NewCo for about 563 million euros, subject to adjustment, to which it will contribute the hydroelectric operations of the Province of Trento, and to which Enel Rete Gas will transfer 100% of Avisio Energia.*
- *The agreement is conditional upon the extension of the associated hydroelectric concessions for at least 10 years and the approval of antitrust authority.*

**Rome, 24 April 2008** – In implementation of the Memorandum of Understanding (“MoU”) signed on 13 November 2007, Enel Produzione SpA (“Enel Produzione”) and Dolomiti Energia SpA – a company owned by Tecnofin Trentina SpA (28.07%), Trentino Servizi SpA (24.16%), FT Energia SpA (22%), Fondazione Cassa di Risparmio di Trento e Rovereto (10%) and a number of local Trento utilities and private industrial partners named hereunder as “Dolomiti Energia” (together with Enel Produzione, the “Parties”) – today signed an investment agreement (the “Agreement”) to jointly develop the hydroelectric power sector in the Autonomous Province of Trento.

Under the Agreement Enel Produzione will sell to Dolomiti Energia 51% of a newly incorporated company which will be named Hydro Dolomiti Enel Srl (“NewCo”). Before the sale, Enel Produzione will contribute its hydroelectric generation operations in the Province of Trento to the NewCo and Enel Rete Gas SpA will transfer 100% of Avisio Energia SpA, which distributes natural gas in 32 municipalities in the Province of Trento.

The operations being contributed to the NewCo include 14 concessions for major hydroelectric derivations and 22 power plants with a total efficient capacity of 1.4 GW and an annual output of 3.6 TWh, as well as 7 mini-hydro plants (small derivations) with a total efficient capacity of 14 MW with an annual output of about 46 GWh.

The price for the 51% stake in the NewCo being sold to Dolomiti Energia was provisionally set at 562.7 million euros and will be paid in full at the time of the sale, net of the corresponding share of the net financial position of the operations contributed to the NewCo, as well as the cash flows estimated for the unit between 1 January 2008 (the reference date for valuing the NewCo) and the effective date of the contribution of the unit to the NewCo. This amount will later be adjusted, mainly based on the difference between the estimated value of production and the actual production of the unit in the

2008-2010 period.

The Agreement also establishes that if authorisation for the transfer of the concession for the San Floriano plant to the NewCo is not received at the same time as the authorisation of the transfer of the other concessions, the provisional price for the 51% of the NewCo to be sold to Dolomiti Energia – subject to the subsequent adjustments as indicated above – will be reduced proportionally. In such case, when the authorization is issued, the concession for the San Floriano plant will be subsequently contributed to the NewCo by Enel Produzione, and Dolomiti Energia will be obliged to purchase a stake in the NewCo from Enel Produzione that will restore its total stake to 51%.

Completion of the transaction is subject to the extension of the concessions for major hydroelectric derivations that will be contributed to the NewCo, which are scheduled to expire on 31 December 2010, by at least 10 years. This extension, provided for by final regulations following an application by Enel Produzione, will enable the Parties to implement fully the business plan they have developed. The sale of the 51% interest in the NewCo to Dolomiti Energia is also subject to receipt of approval of the transaction from the Italian antitrust authority.

The Agreement also gives Dolomiti Energia a call option to acquire an additional interest in the NewCo from Enel Produzione. The option can be exercised by 31 December 2020 subject to the condition that the duration of the concessions for the major hydroelectric derivations held by the unit being contributed to the NewCo is extended.

Exercise of the call option will entitle Dolomiti Energia to acquire 9% of the NewCo if, at the time the option is exercised, its holding in the NewCo is still 51%; otherwise, the stake underlying the call option will be recalculated on a proportionate basis. The strike price of the call option will be based on the value of 100% of the NewCo, subject to adjustment for any extraordinary capital operations or dividend distributions by the NewCo.

The Parties also signed a shareholders' agreement providing for the governance of the NewCo, as well as the text of the bylaws of the NewCo (which will give the two shareholders a reciprocal right of pre-emption). The shareholders' agreement prohibits the Parties from transferring their stakes in the NewCo for a period of 36 months and will remain in effect until the end of 2020. The agreement will be tacitly renewed provided that each Party maintains an interest in the NewCo of at least 35%.

Specifically, the shareholders' agreement establishes that, until the date of the shareholders' meeting called to approve the financial statements for 2010, the NewCo will be governed by a board of directors made up of five members, of which two nominated by Dolomiti Energia (one of whom will be elected chairman) and three by Enel Produzione (one of whom will be elected chief executive officer).



## Press Release

Subsequently, Dolomiti Energia will nominate three directors (one of whom will be elected chief executive officer), while Enel Produzione will nominate the remaining two directors (including the chairman).

The NewCo's shareholders' meeting will approve resolutions by statutory majorities, except for decisions on certain matters requiring the approval of 75% of share capital.

In view of these governance arrangements, Enel Produzione will exercise a dominant influence over the NewCo and, in compliance with the provisions of law and international accounting standards, will therefore consolidate the NewCo on a full line-by-line basis until 31 December 2010.