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## ENEL AND ELECTRICA SIGN PRIVATIZATION AGREEMENT FOR ELECTRICA MUNTENIA SUD

**Bucharest, June 11th, 2007** – Enel and Electrica SA, a company entirely owned by AVAS, signed the contract for the privatisation of the majority stake in the distribution company Electrica Muntenia Sud (EMS), which owns and operates the electricity distribution grid of Bucharest.

The event was attended by the President of AVAS Teodor Atanasiu, the Minister of Economy and Finance Varujan Vosganian, and the CEO and Country Manager of Enel Romania, Mr. Matteo Codazzi.

Through this transaction, valued at 820 million euros, Enel will acquire directly from Electrica, against the amount of 395 million euros, 50% of the shares, after which it will acquire 67.5%<sup>1</sup> of the company further to subscription of new titles via a capital increase in amount of 425 million euros, which will be used to finance the company's investment plan (1 billion euros in the next 15 years).

The Privatisation Agreement as proposed by the Romanian Government and accepted by Enel will be made public after the signing.

Teodor Atanasiu, AVAS president stated, "*the privatization of Electrica Muntenia Sud is a good deal for the Romanian State at least from two perspectives: on the one hand, AVAS has obtained a good price for the transaction: 820 million euros, and on the other hand AVAS has found a strategic investor in Enel, who proved its capability and seriousness further to the acquisition of Electrica Banat and Electrica Dobrogea. The great win is yet in the long run and the beneficiaries will be the end consumers, the Bucharest citizens. We have ensured the energy future of the capital, as regards power distribution and supply, by finding an investor able to carry out a performance management but also the necessary investments, which will lead towards a competitive ratio between price and the quality of the services offered.*"

Starting with June 7, 2007 and until the actual date of shares transfer to Enel, Electrica SA will still control and manage Electrica Muntenia Sud, while Enel will participate to the management of the company as observer, in line with the provisions of the Privatisation Agreement (the so-called Interim Management period). Only after the transfer of shares Enel will run and manage the Company operations.

Matteo Codazzi, Enel Romania CEO and Country Manager, commented that "*The signing of EMS privatization contract is a definite step forward as regards the development and*

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<sup>1</sup> Should the Property Fund not exercise its preemption rights over the shares related to the capital increase. Should the PF exercise this option, the capital stock will be 63.3%.

*liberalization of the Romanian electricity sector, in line with EU policies. Thanks to the acquisition of Electrica Muntenia Sud, Enel is doubling its size in the Romanian market. Muntenia plays a key role in our growth strategy for Romania. By running the electricity network in Banat, Dobrogea and now in Muntenia we intend to use our financial capability, know how and technology in order to contribute to the overall economic development of the country. Enel has a solid industrial plan for Electrica Muntenia Sud to increase the quality of services and upgrade its network, planning investments in amount of 1 billion euros for the next 15 years. Such massive investment plan will lead, in the mid-term, to a significant increase in the reliability of the network, improving the quality of service and reducing power interruptions. We are also planning to become an integrated energy player by further participating into generation sector privatizations."*

The Minister of Economy and Finance, Varujan Vosganian stated that "Investments in the Romanian energy sector will amount to approximately 30 billion euros up to 2020. Out of this amount, the state contribution, through the state owned companies or from the budget, will be of 20-30%. The modernization of the energy sector depends on private investments. If Romania will succeed in having, by 2015, 4 nuclear units operational, the energy complexes and also to increase the hidro capacity, our country will be able to produce 70%-80% more electicity that at present and to make a triple volume of exports."

## **Background information**

### **About Electrica Muntenia Sud**

Electrica Muntenia Sud is the sole electricity distributor for consumers in Bucharest, the residential and industrial areas on the outskirts of Bucharest, Ilfov county, and in the county of Giurgiu. EMS distributes electricity in Bucharest, the most urban concentrated area.

Electrica Muntenia Sud the 5th distribution company privatised by the Romanian State, being one of the eight regional electricity distribution companies.

The company employs, as of the end of 2006, a total number of about 2,000 people, covering a geographical area of 5,350 sq km.

The total number of EMS customers amounts to about 1.1 million with a network spanning over more than 45.000 km.

In 2006 EMS has distributed about 4.5 TWh of electricity and registered sales in excess of 450 mln Euros.

### **About Enel**

Enel is Italy's largest power company, and Europe's third-largest listed utility by market capitalization. Listed on the Milan and New York stock exchanges since 1999, Enel is one of the European companies with the largest number of shareholders, at some 2.3 million. It has a market capitalisation of about EUR 52,5 billion at current prices.

Enel produces, distributes and sells electricity mostly in Europe, North and Latin America. In the power business, Enel has 50,776 Megawatt of generating capacity, 1.179.000 km of distribution lines and 32 million electricity customers.

The company has 58,548 employees and operates a wide range of hydroelectric, thermoelectric, nuclear, geothermal, wind-power, and photovoltaic power stations. In 2006, Enel posted revenues of 38.5 billion euros, EBITDA of 8 billion euros and net income of 3 billion euros.

With 19,000 MW in plants using renewable energy resources (hydro, geothermal, wind, solar and biomass) across the world, Enel is a world leader in the sector.