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ENEL ENTERS HYDROELECTRIC MARKET IN PANAMA

- **Acquisition of a joint controlling stake in Fortuna SA for a consideration of 150 million US\$ (about 118 million euro)**
- **Fortuna has 300 MW of hydro capacity and generates approximately 30% of the country's electricity**
- **Enel continues its expansion in renewables in Central and South America**

Rome, August 3, 2006 – Enel has acquired 100% of Hydro Quebec International Latin America Ltd. (HQILA), through its Dutch subsidiary Enel Investment Holding, from Hydro Quebec International Inc. and Fonds de Solidarité des Travailleurs du Québec. The transaction allows Enel to own, indirectly, a 24.55% stake in EGE Fortuna S.A. (Fortuna), a Panamanian hydro generation company. This stake enables Enel to carry, jointly with its partner Globeleq (a private equity fund), the substantial control of Fortuna. In particular, Enel is in charge of the operational management of the power generation plant named Fortuna.

Enel Investment Holding paid a consideration of 150 million US dollars (equal to about 118 million euro at current exchange rates) for the shareholding in HQILA.

Fortuna is one of the leading Panamanian electricity companies, operating in the province of Chiriquì with a 300 MW power plant. It generates a total of about 1,600 GWh a year, giving Fortuna an approximately 30% share of national power output.

In 2005 Fortuna posted revenues of 128.7 million US\$, an EBITDA of 97.8 million US\$ and an EBIT of 66.6 million US\$.

Since 1997 the Panamanian electricity market has been liberalised, being currently characterized by the presence of major international operators and fast growing electricity demand.

The Panamanian market is part of the larger Central American power market, which is experiencing extensive development characterised by economic and regulatory integration. Enel already operates in this area through its subsidiary Enel Latin America.

In addition this acquisition represents for Enel Latin America an excellent platform for developing further its hydro portfolio.

Enel continues to pursue its global strategy of developing renewable energy sources, also with a view to seizing new opportunities aimed at containing greenhouse gas emissions - especially in emerging countries - that the Kyoto protocol offers to integrated operators such as Enel. As part of this strategy, last June Enel Latin America signed a contract for the acquisition of 11 Brazilian companies from the Rede Group that hold concessions for 22 mini-hydro plants with a total installed capacity of 97.68 MW.

The Enel Group already operates in Central and South America in the generation of electricity from renewables in the following countries:

- In **Costa Rica** Enel Latin America operates two hydro plants (30 MW) and one wind facility (24 MW).
- In **Nicaragua** and **El Salvador** Enel Latin America is working in partnership with La Geo (which has about 100 MW of installed capacity) to develop geothermal resources, a field in which Enel is the world leader.
- In **Guatemala** Enel Latin America operates two hydro plants (63 MW), with a further two under construction (110 MW).
- In **Chile** Enel Latin America operates two hydro plants (87 MW) and is conducting explorations for the development of that country's promising geothermal resources in partnership with Enap (Chile's hydrocarbon agency).