

ENEL AND UNION FENOSA COMPLETE THE TRANSFER TO UNION FENOSA OF 30% OF ENEL UNION FENOSA RENOVABLES

- UNION FENOSA exercises option to buy 30% of ENEL Unión Fenosa Renovables (EUFER)
- ENEL and UNION FENOSA will each control 50% of EUFER share capital, in line with the agreements signed in 2003; joint management of the company will continue.
- EUFER continues to bet on the growth of power generation from renewables in Spain and Portugal.

Madrid, 30 May 2006 - ENEL and UNION FENOSA today completed the sale of 30% of ENEL Unión Fenosa Renovables (EUFER), as UNION FENOSA exercised a call option to acquire the shares from ENEL. EUFER is now equally owned by the two companies.

As specified in the agreement signed in 2003, UNION FENOSA paid ENEL 66 million euro plus interest of 5.8 million euro, bringing the total value of the transaction to 71.8 million euro. In addition, UNION FENOSA had paid ENEL 10 million for the call option. This consideration has to be added to the total amount of the transaction.

The partners have agreed on the joint management of EUFER, with each company having four representatives on the eight-member Board of Directors. Signing today's agreement were the Chairman of ENEL Viesgo, Miguel Antoñanzas and the director and the general manager of UNION FENOSA, Elias Velasco, who are Chairman and Vice Chairman of EUFER respectively.

Betting on growth

Both companies expressed their satisfaction with the agreement, already planned in 2003, which maintains ENEL's presence in one of the leading players in the renewables

sector on the Iberian peninsula. The operation represents the commitment of ENEL and UNION FENOSA to continuing to expand in this sector in Spain and Portugal. Moreover, ENEL's investment in EUFER helps consolidate its world leadership position in the renewables sector, with hydroelectric, geothermal, wind, solar and biomass plants for more than 17,000 MW of installed capacity in Italy, Slovakia, Spain and the Americas.

In the last few years EUFER has grown to become one of the five leading operators on the Iberian peninsula. The company has reached a total installed capacity of 900 MW and total generation output of 2,600 GWh as of December 2005. Plans call for EUFER's installed capacity to rise to 1,600 MW by the end of 2010.

EUFER has recently obtained green certificates for the wind plants of Os Corvos, Coucepenido, Careón, Castelo, Peña Forcada, Do Vilan, Coriscada y Corzán (A Coruña), Peña Armada (Lugo) and Aldeavieja (Ávila). The certificates are tangible evidence that these sites are operated in full compliance with the international UNE EN ISO 14001 standard and environmental protection management systems.

EUFER is also a finalist in the tender to award a wind power license called by the Portuguese government. The company is a member of the Ventonorte consortium, which also includes WPD (Germany), Suzlon (India) and Enervento (Portugal). The consortium will invest 1,319 million euro in the project and plans to create more than 1,200 jobs (of which 842 direct hires) and build two factories to manufacture wind turbine components.

ENEL

ENEL generates and distributes electricity in Europe, North America and Latin America. It has an installed capacity of 53,000 MW and about 32 million customers. It is also the second largest gas distributor in Italy with more than 2.2 million customers and a market share of 12%.

The company has some 52,000 employees, operates 46 thermal power plants, 500 hydro plants, 32 geothermal plants, 17 wind farms and 4 photovoltaic facilities. It also has a million km of power lines in Italy and abroad. ENEL (a listed company at the Milan Stock Exchange and the New York Stock Exchange) is included in the top ethical indices in the world, including the FT4Good and the Dow Jones Sustainability Index.

In 2005 ENEL posted revenues, on a consolidated basis, of 34,000 million euro, EBITDA of 7,700 million euro and net income of 3,900 million euro.

UNION FENOSA

UNION FENOSA is an integrated energy group that is active in the electricity and gas sectors. As well as in Spain, it operates in another 12 countries, especially in Latin America. It operates in a further 15 countries through its subsidiary Soluziona.

The company serves more than 8.5 million customers and has an installed capacity of 9,936 MW. It has about 17,000 employees.

In recent years, UNION FENOSA has successfully sought to position itself in the gas business, playing a role in every segment of the gas chain, from supply to end-user sales.