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## ENEL STEPS INTO ELECTRICITY SUPPLY IN RUSSIA

- *The company signs the MoU to set up a joint-venture with the Russian power supplier RusEnergoSbyt for \$105 million.*
- *This agreement further strengthens Enel's position in Russia and paves the way for the company in having a main role in the deregulation process of the Russian market.*

**Roma, March 2nd, 2006** - Enel has today announced the signing of a Memorandum of Understanding to set up a joint-venture with power supplier RusEnergoSbyt (RES), a company associated with Grigory Berezkin, Chairman of the ESN Group. Thanks to this agreement Enel can access the supply market of the Russian Federation through the co-operation with the biggest independent supplier of the Russian power sector, operating in the wholesale and retail of electricity since 2003.

Enel will pay \$105 million for this transaction.

RES supplies with electricity major industrial customers nation-wide, further enhancing its offer package with value-added services among which there is remote metering and consulting system thus allowing better electricity consumption management. High profile customers such as Gazprom, Rosneft and the Russian Railways, as well as many households are part of the company's wide portfolio.

Thanks to this transaction Enel will establish a strong position in the supply market thus building a long-term relationship with main players of the energy sector in Russia. Enel can join a business with a huge growth potential, since RES is set to double its sales from 11 TWh in 2005 to 22 TWh in 2006. In 2005 RES posted revenues of 285 million euro and an EBITDA of 11 million euro.

This transaction further strengthens Enel position in the Russian market where the company has operated since 2004 through the management of North West Thermal Power Plant in St. Petersburg under mandate from RAO UES.

RES will benefit from Enel experience in the electricity supply business and Russian customers will enjoy the most advanced services while taking advantage of lower purchasing costs over time. Enel can therefore position itself in the electricity supply sector of a rapidly growing market thus acquiring a natural hedge into a country of a strategic importance for the company's foreign expansion plans.