
JOINT PRESS RELEASE

February 14, 2003 - Enel to become BG Group's partner in Brindisi LNG

BG Group plc announces today that it has signed a Memorandum of Understanding (MoU) with Enel S.p.A., in order for Enel to become a 50 per cent shareholder in the Brindisi Liquefied Natural Gas (LNG) project in Italy. In addition, two further MoUs have been signed for BG Group to explore options for LNG and natural gas supply to Enel.

In November 2002, BG Group received approval to construct and operate a €330 million, 6 million tonnes per annum (mtpa) LNG importation terminal in Brindisi Port, on the south-east coast of Italy. Last month, a formal Decree authorising the project was granted and earlier this month an Agreement in Lieu of Concession was signed with the Brindisi Port Authority allowing the use of the Port for the terminal.

A fully-termed Shareholders Agreement, to jointly develop the facility for receipt, storage and regasification of LNG, is expected to be concluded by the end of the first quarter of 2003. Agreements for LNG supply and the sale of natural gas will be progressed. Project sanction is anticipated by the end of 2003.

Bill Friedrich, Deputy Chief Executive, BG Group plc, said: "Enel's local Italian market knowledge will be invaluable to this project and complementary to BG Group's skill and experience in the liquefied natural gas sector. A new source of natural gas supply and imports of competitively priced gas into Italy can be expected when Brindisi LNG is brought into production. We look forward to our partner's participation and developing the project together for operation in 2007."

Paolo Scaroni, Chief Executive, Enel S.p.A., said: "This alliance is consistent with Enel's strategy to focus on energy. Our goal is to reach major competitiveness in the gas sector and in diversification of supply sources."

The terminal is expected to operate from 2007 with BG Group and Enel sharing 80 per cent of the capacity equally. The remaining 20 per cent will be subject to regulated third party access (Resolution 91/02).

Italy is a net importer of natural gas and has one LNG receiving terminal in operation on the north-west coast of the country. It is planned that the Brindisi terminal will be constructed in two phases of 3 mtpa each. Construction is due to begin in early 2004.

Brindisi LNG has been placed on the priority infrastructure list of strategic projects by the Italian Government and European Union authorities.

Further details

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