

**SPEECH MR FULVIO CONTI, CEO ENEL SPA, ITALY  
BSECO, Monday April 3rd, 2006**

Ladies and Gentlemen,

- Allow me, first of all, to thank the Romanian Government for the greatly appreciated invitation to this event, which has the big merit to gather and let work together, all those who strongly believe that international cooperation is vital to the development not only of our businesses but – even more important - of our countries.
- I feel particularly proud in telling you so, especially in this international context and especially in this particular country, Romania, who is hosting the conference: I can prove this is really the case, on the basis of the past and present experience of Enel as a qualified partner of Romania, in a sector as crucial for wealth and development of a nation as the energy market. Our presence in Romania is one of the building blocks of the closer and closer political and commercial relationship between Romania and Italy: Italy is the first commercial partner of Romania and Enel in particular is the largest industrial foreign investor in the country.
- Let me now tell you more about our experience in Romania, in our opinion a “success story” of foreign investments in South East Europe.

**ENEL’S EXPERIENCE IN ROMANIA**

- Enel acquired the majority stake in Enel Electrica Banat and Enel Electrica Dobrogea, two distribution companies that account for over 1.4 million customers, or 20% of the Romanian market, at the end of April 2005, less than one year ago.
- To be precise, Enel’s story in Romania began in 2002, when we identified this country as one of the most promising targets for the international expansion of our group and this area, central-eastern Europe, as one of the areas where we wanted to develop our international activities. Having this in mind, in February 2003 we took part to the public tender launched by the Romanian Government with the aim of privatizing the two distribution companies Electrica Banat (Timisoara) and Electrica Dobrogea (Costanza).
- This was the first privatization in the electric sector in Romania and represented the milestone for defining standards and regulations for all the transactions to come.
- Enel’s team has been working hard, during these two years, alongside the Romanian Government, the Romanian Electricity Authority, the World Bank and all the other international financial institutions involved. All these efforts have resulted in a clear definition and shaping of the legal and regulatory framework who benefits now also our competitors and the newcomers to the region: this effort improved the investment climate in the energy business in Romania, and this climate improvement attracted to the country several other international investors (among them the shortlisted Enel, GdF, RWE, CEZ, Iberdrola) for the second round of privatization.
- Soon after the acquisition of the two companies, we faced all typical difficulties coming from the take over of new entities, but we had to cope with some additional challenges deriving from the fact that we had to run the first private companies in the Romanian electric market. Some of our new Romanian colleagues were concerned, legitimately, I think, that moving from a status of “public employee” to that of an employee of a big multi-national private corporate would prove somehow “risky” (you can easily imagine that most of them were expecting large layoffs and a new labour contract with reduced guarantees).
- But the more we advanced in our mutual discover and understanding of the companies and of the people who worked there, the more our new colleagues realized that their professional life was suffering no negative impact whatsoever, and that our presence and engagement in the country was meant to be a long term one.
- Today, through Enel Electrica Banat and Enel Electrica Dobrogea, Enel distributes in Romania about 7 TWh/year of electricity and serves about 1.4 million clients. We are

planning to invest in these two companies a further 400 million € in the next 5 years (1 billion € over the next 15 years), with an aim to modernize and improve the distribution network, in line with the European standards in the sector (65 million € are already scheduled for 2006).

- The two companies are continuing their process of integration within the Enel Group, and the financial results of this first year are more than satisfactory for all our shareholders. We believe the positive results obtained up to now come from a mix of different factors, such as:
  - We have always seen the acquisition of the two companies as an opportunity to develop a long term business, and we have never been focused only on short term purely financial results;
  - We are implementing the integration of the two companies in Enel Group starting from the leverage of all competencies and capabilities already present in the companies themselves, without imposing “Italian” standards and procedures (the only exception is the Code of Ethics and the Procurement Policies, but these are for the benefit of the companies and their clients); we performed an organizational assessment of strengths and weaknesses of our Romanian colleagues, defining also ad-hoc training session and giving appropriate incentives to people ready to take responsibilities and to accept new challenges arising from the liberalization of the electricity market;
  - We have established since the beginning an open and fair dialogue with all stakeholders of the two companies, starting from our partner Electrica up to the local Authorities [our “method” has been acknowledged by many ethical funds (socially responsible investors) from over the world, that have invested in Enel shares].
  - We are paying a lot of attention to the communities and the societies in which we operate, and we demonstrate our commitment also by a number of actions that help to improve the living conditions in the area where we operate (for example via our no-profit organisation Enel Cuore ONLUS).

## **ENEL’S APPROACH TOWARDS ROMANIA AND THE REGION OF SOUTH EAST EUROPE**

- As you have seen Enel is strongly committed to be a reliable and “at 360°” partner to the development of this country, and wants to increase its presence, not only in distribution, but also in generation (building up a mixed portfolio of generation assets, i.e. nuclear, hydro, coal and renewables).
- In more detail, Enel is interested in one of the so called Energy Complexes, which the Romanian Government is going to privatize in next months.
- Second, Enel is evaluating the opportunity to take part to the development of the third unit of Cernavoda nuclear plant.
- Finally, it aims also to invest in renewables, which is an area where Enel is world-class leader and one of the focus points of the European energy strategy: Enel is trying to acquire and upgrade some hydroelectric plants today state owned.
- The constant and dedicate work Enel is making in Romania, should be considered as a qualified contribution (in our sector of excellency, of course) to the efforts the country is making to fulfill all its obligations towards the European Union, to be able to join it and being accepted in this big family already next year (2007).
- As you all know the restructuring and modernization of the energy sector was one of the key priority of the Government, as declared in the National Programme for Accession of Romania to the EU. This considered, among other actions, also the alignment of the Romanian legislation and energy infrastructure to the EU requirements.
- In the framework of the international cooperation, the Romanian experience can prove precious also for the countries that are not yet ready to join the EU. From a business<sup>2/3</sup> point of view the following principles should inspire the energy policies in these countries:
  - Design an overall policy with a precise calendar for restructuring;

- Prepare for appropriate functioning on the internal energy market;
- Improve energy networks, in line with European standards;
- Take care of the proper and safe disposal of nuclear wastes.
- Create the necessary interconnections in the region.

The European power industry is facing nowadays the challenge of developing the electricity market at a pan-European level. In our opinion, Enel's experience in Romania shows how foreign investors can be "360° partners" for all the countries which support this vision of unique, open and integrated Pan-European energy market.

Thank you very much for your attention.