Lessons learned from completion of nuclear power plant EMO 3,4

Case Study

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Slovenské Elektrárne, member of Enel group, is the leading generation company in Slovakia

Production portfolio composition

Plant	Installed capacity (MW)	N° of Units	Mix %
EBO 3&4	1 000	2	17
EMO 1&2	940	2	17
EVO	880	8	15
ENO	518	5	9
Hydro (1)	2 399	34	42
Total	5 737		

1) Including the Gabcikovo hydro plant which is operated by SE

Case study – EMO 3,4 completion
Project background and history

Restart of the project in the nuclear renaissance era

- Construction of units 3 and 4 of VVER-440 nuclear power plant in Mochovce ("EMO 3,4") were started in 1986 and suspended in 1992
- Approximately 30% of technology had been supplied and 70% of civil works had been done
- Slovenske elektrárne, a.s. ("SE") acquired by Enel in 2006 (66%), started project of EMO 3,4 completion in 2009
- SE possesses wide experience basis regarding VVER nuclear technology gained with development, construction and operation of EMO 1,2 and EBO 1,2,3,4 power plants
- EMO 3,4 will be ready for the power up-rate after the phase-in scheduled to 2012 and 2013
- EMO 3,4 represents the biggest private sector investment in Slovakia ever.

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Main project data

Investment cost	2 775 M€
Construction period Unit 3 Unit 4	 50 months 58 months
1st synchronization Unit 3	 30.12.2012

Contractual strategy Architect Engineer	Multi-contract (more than 100 contracts) Slovenske elektrarne-Enel
Main Contractors Nuclear Island: Conventional Island: Main Instrumentation and Control:	 Skoda JS, ASE, VUJE, Enseco, ISKE, PPA, Rolls Royce Enel (EPCM Contractor), Skoda Power, Brush, ZIPP Areva-Siemens

Project Management Team Peak number of resources	approx. 420 (SE + Enel EPCM, outsourcing excluded)
Site construction Site man-hours Peak number of workers	 More than 15 million More than 3500

Case study – EMO 3,4 completion
Legal and regulatory framework

Slovakia – nuclear country

- Slovakia is nuclear country with well developed regulatory framework, established and working regulatory and nuclear oversight authorities and positive perception of citizens
- EMO 3,4 is in compliance with the IAEA standards and undergone all required international and local permitting and licensing procedures including EU commission inquiry
- SE with existing nuclear production has been in positive working relationship with all nuclear authorities and regulatory bodies.
- Nuclear project development in well experienced country represents considerable simplification and strongly supported project feasibility
- Some legislation change required, however was well defined in the privatization documents.

Case study – EMO 3,4 completion
Financing

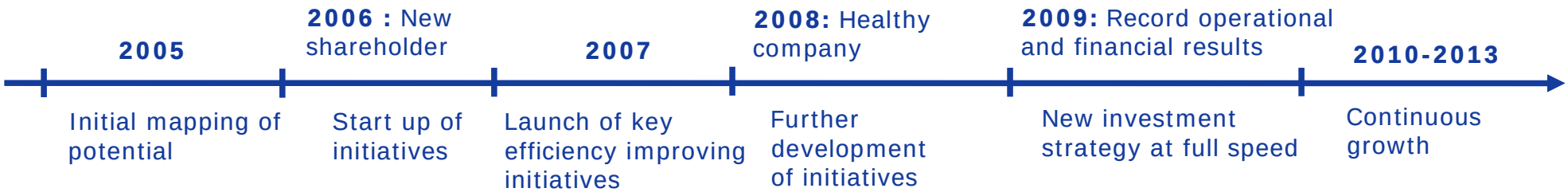
Positive financial performance of SE made the financing easier

- SE successfully passed through the restructuring and cost reduction process after acquisition by Enel that enabled flexible financing structure
- Operating cash flow is the key source of EMO 3,4 financing
- Multi-purpose loan facility, secured by corporate cash flow, supplemented required funds
- No state or mother company guarantees has been required
- Project financing, typically used for financing of energy projects based on conventional or renewable fuels in the region, was not necessary.

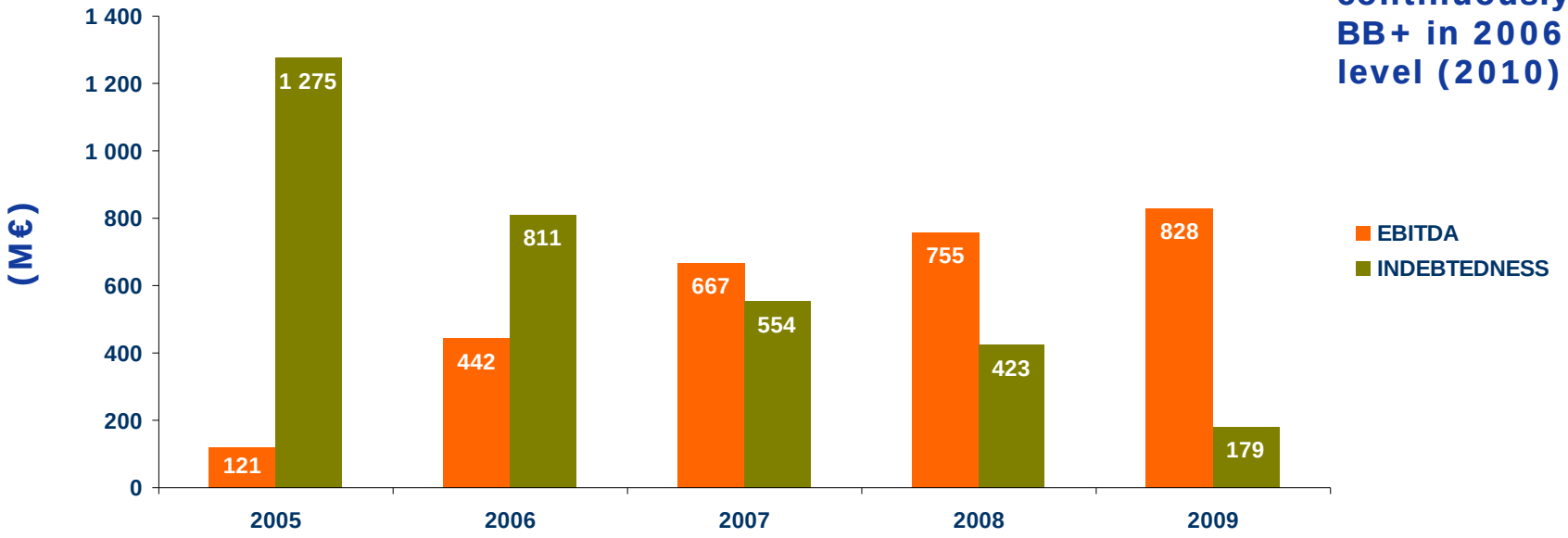
Case study – EMO 3,4 completion

SE has become a healthy company and it made financing easier

SE's changeover - a gradual process of continuous improvement



EBITDA and Net debt development

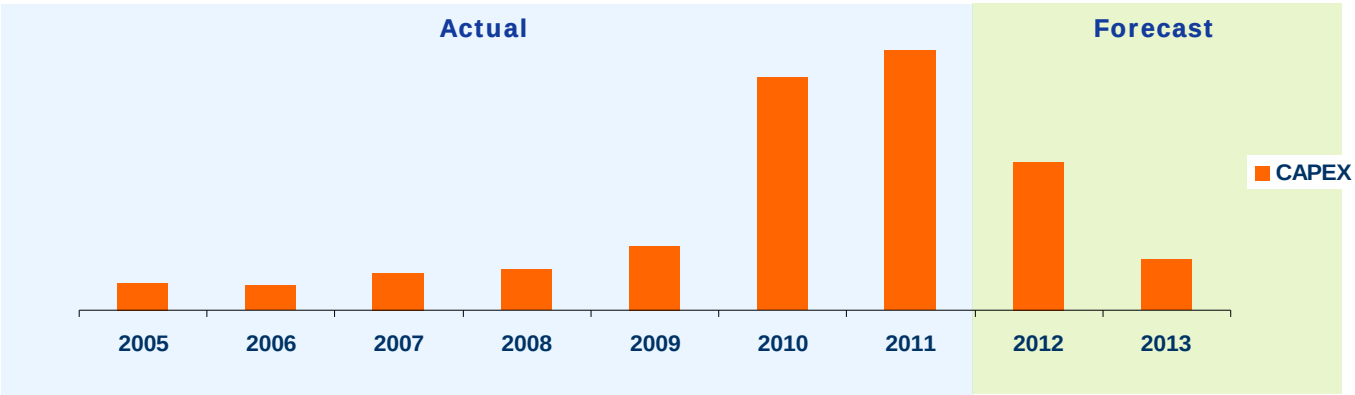


Fitch rating was continuously improved from BB+ in 2006 to the current level (2010) of BBB

Case study – EMO 3,4 completion

Positive results support new investment strategy

SE investment plan



Over 3 bln EUR investments in SK

- Up-rate of EMO 1&2 and EBO 3&4
- Completion of EMO 3&4
- Refurbishment of thermal plants
- Biomass and small hydro projects

Further growth

- Hub for commercial activities in the region
- Hub for expansion in region
- Leverage sustainable energy competences
- R&D activities

Case study – EMO 3,4 completion
Energy policy and market conditions

Supportive energy policy and liberalized market

- Energy policy of Slovakia strongly supported EMO 3,4 completion to assure energy independence and fuel diversification
- Decommissioning of two units of EBO V1 as a result of EU accession treaty resulted in lack of generating capacity in Slovakia
- Slovak energy market has undergone robust liberalization process (including privatization of SE and distribution companies)
- Slovakia, member of ENTSO-E, is well covered with the high-voltage grid with considerable interconnections to surrounding countries
- EU energy market integration supports export potential of SE.

Case study – EMO 3,4 completion
Investment environment

Favorable investment conditions

- Political stability, Slovakia is a member of EU, NATO and number of world trade, economic and security organizations
- Economic stability, country rating: A+ (S&P|
- Flat tax regime of 19% with 0% withholding taxes on dividends
- Currency stability - Euro has been adopted in 2009
- Highly skilled and experienced workforce
- Steady developing road and railway infrastructure in the very center of the Europe
- Law enforcement improving continuously.

Case study – EMO 3,4 completion
Liabilities and risks mitigation

Tailored multi-contract vendor solution

- EMO 3,4, representing completion of the power plant, was a specific case where multi-contract vendors structure were adopted rather than turn-key solution
- SE employs well experienced professionals participating on similar nuclear development projects in the past
- Costs overrun and delay risks covered in vendor contracts.

Completion of EMO 3,4 provides positive effects

- Energy security
- 45% of Slovak electricity consumption will be covered by completed Mochovce NPP
- Total investment of 2.775 bln. EUR
- Up to 4 500 jobs
- Neither state aid nor state guarantees

EMO 3,4 Completion

- Rebuilding of technical competencies (78% of supplies delivered by SK and CZ companies)
- Center of excellence in VVER technology
- Slovak nuclear R&D activities (jointly with Slovak Academy of Science, VUJE, Technical University)

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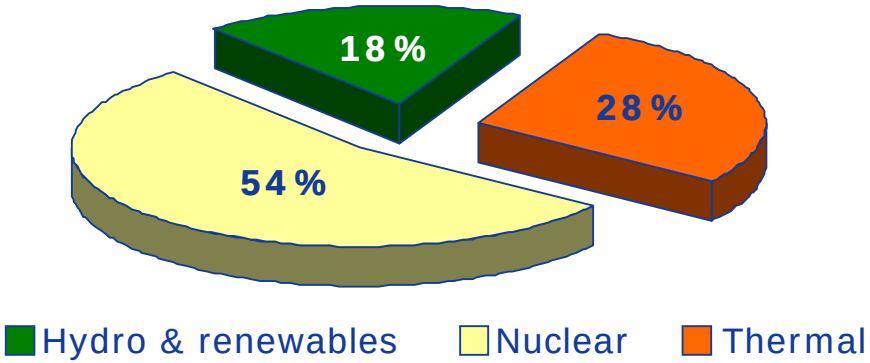
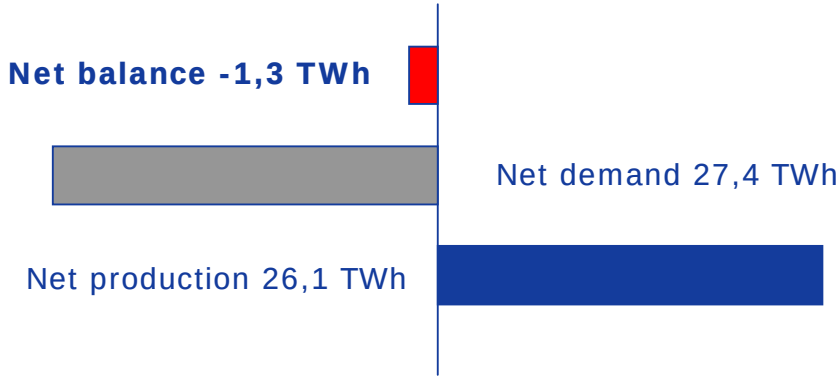
SK Electricity Balance 2009-2030

Long term support to energy security

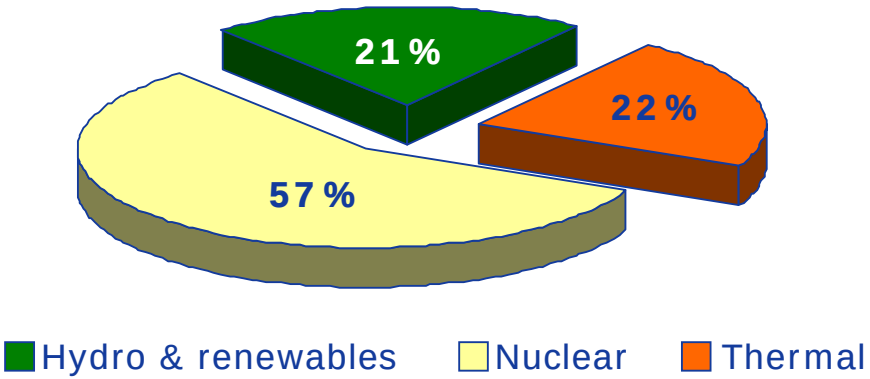
SLOVAK PRODUCTION MIX 2009



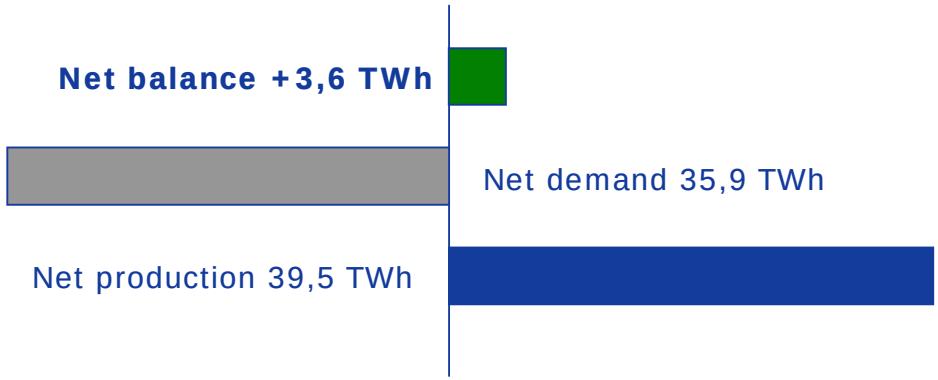
SLOVAK ENERGY BALANCE 2009



SLOVAK PRODUCTION MIX 2030



SLOVAK ENERGY BALANCE 2030



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Enel

Case study – EMO 3,4 completion
Executive summary

	Lessons learned summary
Regulatory framework	• Experience counts: Slovakia has been a nuclear country with well developed regulatory framework, established and working regulatory and oversight authorities and positive perception of citizens
Financing	• Healthy and well performing company: Project financing, typically used for financing of energy projects based on conventional or renewable fuels in the region, was not used. • Combination of operating cash flow and uncollateralized multi-purpose loan facility was chosen to improve project flexibility and costs
Energy policy and market	• Energy policy of Slovakia strongly supported EMO 3,4 completion to support energy independence and fuel diversification • Slovak energy market have undergone robust liberalization process • Slovakia, member of ENTSO-E, is well covered with the high-voltage grid with considerable interconnections to surrounding countries
Investment environment	• Slovakia represents a stable country with favorable tax regime, experienced workforce, steady developing infrastructure and law enforcement
Liabilities and risks mitigation	• EMO 3,4 is being completed using multi-contract strategy with the key technology providers as supplier of both nuclear and conventional island.

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