



Honduras' ENEE in Central America Realizes Reduction in Non-Technical Losses Since Launching Elster's EnergyAxis® System with Remote Service Disconnect

Raleigh, North Carolina, USA, 02 July 2007. Elster Electricity, part of Elster Group, the world's leading manufacturer and supplier of highly accurate, high quality, integrated metering and utilization solutions, announces that Empresa Nacional de Energia Electrica (ENEE) is realizing significant cost savings and revenue recovery since it inaugurated Elster's EnergyAxis System. President Manuel Zelaya of Honduras, participated in an inauguration ceremony to commemorate the implementation of the EnergyAxis System in San Pedro Sula, Honduras on May 11, 2007. The ceremony celebrated the opening of a dedicated facility where ENEE will use the EnergyAxis System to analyze meter data and actively pursue reductions in non-technical losses.

During the ceremony, President Zelaya personally operated the EnergyAxis System to remotely disconnect more than ten customers who were confirmed to be tampering with their electrical service. Since launching the system on May 11th, ENEE has remotely performed 1,500 service disconnections and 1,459 service connections resulting in a savings of USD \$14,000 in personnel and vehicle costs. Revenue losses from tampering have already been reduced by USD \$2,000,000 in San Pedro Sula.

Ronald B. Via, vice president of Elster Electricity, stated, "Elster's vision is to provide global solutions that meet real world challenges. The EnergyAxis System is a standards-based advanced metering infrastructure with the power and flexibility to help address non-technical losses, a problem faced by utilities all over the world. I am delighted that utility companies in the global market can build successful business cases, and enjoy a quick return on investment with Elster's EnergyAxis System."

One of the primary drivers for ENEE's AMI project was to reduce non-technical losses and improve cash flow through early tamper detection and remote disconnection for problem accounts. Prior to the start of the project, ENEE's non-technical losses averaged 25 percent countrywide, with a value of USD \$60 million. ENEE expects the EnergyAxis System to help them lower non-technical revenue losses significantly by the end of 2007 and see the system pay for itself in less than two years.

ENEE began system installation in December 2006 in San Pedro Sula, Honduras' second largest city. ENEE installed 21,000 REX® meters with an optional service control switch that allows the company to remotely disconnect and reconnect a customer's electricity without having to visit the meter. San Pedro Sula accounts for approximately 60 percent of the electricity sold by the utility and 70 percent of its revenue. Additional REX meters were installed in other smaller urban areas in Honduras and there are plans to install meters in some of the other main cities in the country.

ENEE expects to realize the full benefits of their AMI project upon implementing prepayment functionality by the end of 2007. Time-of-use tariffs will be implemented in the near future to encourage energy conservation and provide more services to the citizens of Honduras.

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For further information contact:

Gabrielle Puccio, Elster Electricity, +1-919-250-5413, gabrielle.puccio@us.elster.com

About the EnergyAxis System

The EnergyAxis System uses powerful two-way RF communications to retrieve metering information directly from meters. The communication network uses a spread spectrum, frequency-hopping technology with self-registration to provide secure, reliable communications between meters and data collectors. This technology enables individual meters to act as repeaters, creating a dynamic communication path that optimizes signal strength of the RF and reliability of the communication link. With residential REX meters, A3 ALPHA® meter collectors, and polyphase A3 ALPHA meters, the EnergyAxis System is a complete metering automation solution that enables utilities to deploy a system that provides thorough territorial coverage.

About ENEE

ENEE is a company owned by the Honduras government. It was founded to generate, transmit, distribute and commercialize electric energy in Honduras. Currently its power generation accounts for about 30 percent of the total consumption on the National Electric System, but it is the only transmission, distribution and commercialization company in the country. ENEE seeks to provide its customers with quality energy service by continuing to improve its business processes to protect the environment and contribute to the social and economic development of the country.

About Elster Electricity

Elster Electricity is a provider of AMI solutions to help utilities improve their revenue cycle services, customer service, delivery reliability and workforce utilization. Elster Electricity is located in Raleigh, North Carolina and is part of the world's largest multi-utility metering company for gas, electricity and water metering. For more information, visit www.elsterelectricity.com.

About Elster Group

Elster Group is the world's leading manufacturer and supplier of highly accurate, high quality, integrated metering and utilizations solutions to the gas, electricity and water industries. In addition, through its subsidiary Ipsen International, it is the leading global manufacturer of high level thermo-chemical treatment equipment.

The group has over 9,000 staff, operations in 38 countries and serves over 115 markets around the world. Elster's high quality products and systems reflect the wealth of knowledge and experience gained from over 170 years of dedication to measuring precious resources and energy.