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Enel: the Board approves 2005 results

- Revenues 34,059 million euro (31,011 million euro in 2004, +9.8%)
- EBITDA 7,745 million euro (7,003 million euro net of stranded costs in 2004, +10.6%; 8,071 million euro including stranded costs, -4.0%)
- EBIT 5,538 million euro (4,802 million euro net of stranded costs in 2004, +15.3%; 5,870 million euro including stranded costs, -5.7%)
- Group net income 3,895 million euro (2,631 million euro in 2004, +48.0%)
- Net debt 12,312 million euro (24,514 million euro in 2004, -49.8%)
- Proposed dividend of 0.44 euro per share (to be added to 0.19 euro per share already paid out as interim dividend in November 2005)

The balance sheet data as of 31 December 2005 excludes the value of assets sold during the year (Terna and Wind). The income statement figures mentioned below (excluding Group Net Income) do not take into account – in either 2004 or 2005 - any profits or losses generated by these companies prior to their date of sale (recognized as discontinued operations) as well as any capital gains for Enel related to their sale and posted in 2004 and 2005.

Rome, 23 March 2006 – The Board of Directors of Enel SpA, chaired by Piero Gnudi, yesterday evening approved the Group's results for 2005.

Consolidated financial highlights (millions of euro):

| | 2005 | 2004 | Change |
|-----------------------------------|---------------|--------|--------|
| Revenues ⁽¹⁾ | 34,059 | 31,011 | +9.8% |
| EBITDA | 7,745 | 8,071 | -4.0% |
| EBITDA net of past stranded costs | 7,745 | 7,003 | +10.6% |
| EBIT | 5,538 | 5,870 | -5.7% |
| EBIT net of past stranded costs | 5,538 | 4,802 | +15.3% |
| Group net income | 3,895 | 2,631 | +48.0% |
| Net financial debt at 31 December | 12,312 | 24,514 | -49.8% |

(1) Including effects of the Single Buyer's activities following the launch of the Pool on April 1, 2004

Commenting on the figures, Enel's CEO, **Fulvio Conti**, said: **"I am highly satisfied with our excellent 2005 results, which recorded a significant growth in profitability compared with 2004. Cost-cutting measures, the ongoing reconversion program of generation plants and the contribution from international activities allow to forecast an increase of the Group's average EBITDA of at least 3% a year until 2007. Further growth could be generated through new acquisitions abroad."**

RECENT KEY EVENTS

- **October 2005:** Enel acquired Metanodotti Padani, Metanodotti Trentini, and Easygas, active in the distribution and supply of gas in the provinces of Rovigo, Padova, Trento, Mantova, Ferrara and Modena, for a total consideration of 23 million euro.
- **November 2005:** Enel renewed its Medium Term Notes and Commercial Paper programs. The size of the MTN program stood at 10 billion euro, while the size of the Commercial Paper program was increased from 2.5 to 4 billion euro.
- **December 2005:** Enel reached an agreement for the acquisition of Simeo from the German group Thüga and business segment E.ON Vendita in Sicily (Italy) from E.ON for a total consideration of 37 million euro. Simeo operates in the distribution of gas and E.ON Vendita is active in the supply of gas to 24,000 customers in the provinces of Agrigento, Catania, Enna and Palermo, all served by Simeo.
- **February 2006:** Enel sold to a Weather subsidiary a 6.28% stake in Wind Telecomunicazioni SpA for a consideration of 328 million euro and increased its stake in Weather to 26.1% following the contribution to the latter of its remaining 30.97% shareholding in Wind.
- **March 2006:** Enel signed a Memorandum of Understanding to set up a joint venture with Russian power supplier and trader RusEnergobyty, for a total investment of 105 million US dollar. This agreement strengthens Enel's position in Russia thus allowing the company to seize opportunities arising from the deregulation of the Russian energy market.

DIVIDENDS

- Proposed final dividend for 2005 of 0.44 euro per share (in addition to the 0.19 euro per share paid out as interim dividend in November 2005).
- In accordance with the company's current dividend policy, Enel shareholders will receive an interim dividend on 2006 results in November of this year.

OUTLOOK

Efficiency programmes, cost-cutting measures undertaken in all business segments and international expansion will continue to produce positive effects in 2006. Therefore 2006 results are expected improve on 2005 levels.

GROUP FINANCIAL TARGETS

- OPEX reduction expected at more than 200 million euro per year from 2007 compared to 2005
- EBITDA CAGR for the 2005 – 2007 period to be at least 3%
- 2007 International EBITDA as a percentage on the total expected to be higher than 10% in 2007
- ROACE stable at 17%, even with increased investments in Italy and abroad

2005 CONSOLIDATED RESULTS

Revenues amounted to 34,059 million euro in 2005, an increase of 9.8% on 2004 (31,011 million euro). This increase is mainly attributable to: (i) the launch of the Pool on 1 April 2004 and the full operational effectiveness of the Single Buyer resulting in sales of electricity occurring externally to the Single Buyer rather than internally to Group distribution companies, with a related increase in costs and revenues and (ii) a 1,427 million euro increase in international revenues from energy trading, and to generation and distribution activities attributable to international subsidiaries.

EBITDA came to 7,745 million euro, posting a 326 million euro decline (-4.0%) compared to 2004 (8,071 million euro). Net of 2004 stranded costs, 2005 EBITDA posted a 10.6% year-on-year growth, from 7,003 million euro in 2004. The Generation and Energy Management division registered a growth of 438 million euro (+13.4%). The Networks and Sales divisions posted an increase of 207 million euro (+5.9%). Corporate, Services and Other Activities recorded an increase of 98 million euro.

EBIT totalled 5,538 million euro, representing a decrease of 332 million euro compared to 2004 (-5.7% year-on-year). Compared to the 2004 figure net of stranded costs (4,802 million euro), 2005 EBIT grew by 15.3% year-on-year with an increase of 736 million euro.

Group net income totalled 3,895 million euro, an increase of 1,264 million euro or 48.0% on 2004. Group net income excluding extraordinary items related to discontinued operations increased to 2,742 million euro, compared to 1,862 million euro a year earlier.

The consolidated balance sheet as of 31 December 2005 recorded a total shareholders' equity of 19,416 million euro (19,066 million euro at end-2004) and net financial debt of 12,312 million euro (24,514 million euro a year earlier), posting a decrease of 12,202 million euro. The decrease was mainly attributable to the sale of controlling stakes in Terna e Wind and the resulting deconsolidation of debt. The **debt-equity** ratio at the end of 2005 was 0.63, compared to 1.29 at end-2004.

Capital expenditure on tangible and intangible assets came to 3,257 million euro in 2005, compared to 3,834 million euro in 2004, down by 15.0% mainly due to the deconsolidation of Terna and Wind.

Group employees: as of 31 December 2005 Enel employed 51,778 people, compared to 61,898 in 2004. This reduction is mainly attributable to the deconsolidation of Wind and Terna, which was partially offset by the acquisition of the Romanian power companies Electrica Banat and Electrica Dobrogea, the net effect of which resulted in a reduction of 7,591 employees. The difference in new hires and employees leaving the business was negative for 2,529 units.

Attached the analysis of results and targets by Division.

ENEL SPA'S 2005 RESULTS

The 2005 financial statements for Enel SpA have been prepared according to Italian GAAP (Generally Accepted Accounting Principles). Enel SpA will report according to International Financial Standards (IFRS/IAS), which have already been adopted for the reporting of the consolidated financial statements, from 1 January 2006. Enel SpA is the holding company for the Enel Group, setting strategic objectives for Group companies and coordinating their activities.

Financial highlights (million euro):

| | 2005 | 2004 | Change |
|-----------------------------|--------------|---------|--------|
| Revenues | 1,088 | 1,614 | -32.6% |
| EBIT | 25 | 651 | -96.2% |
| Net result from investments | 1,374 | (1,063) | - |
| Net extraordinary income | 1,470 | 7,696 | -80.9% |
| Net income | 2,715 | 7,272 | -62.7% |

In 2005 Enel SpA posted **revenues** of 1,088 million euro, (1,614 million euro in 2004). The company's electricity sales under long-term import contracts came to 814 million euro, representing an increase of 47 million euro on 2004 (+6.1%), mainly due to an increase in the unit sale price, in a context of substantially stable imported volumes. The 526 million euro decrease in **revenues** in 2005 is largely attributable to the reimbursement in 2004 of stranded costs associated with the import of liquefied natural gas from Nigeria between 2000 and 2003 (555 million euro).

EBIT has declined to 25 million euro in 2005, compared to 651 million euro in 2004, reflecting the decrease in revenues and increased operating costs.

Net result from investments in 2005 included dividends distributed by subsidiaries on 2004 income amounting to 1,542 million euro, and the write-down of investments of 168 million euro. Charges incurred in 2004 (1,063 million euro) were mostly referred to the write-down to market value of the investment in Wind, net of dividends distributed by subsidiaries.

Net extraordinary income amounted to 1,470 million euro in 2005, which can be accounted for in large part by the capital gains realised through the sale of 43.85% of Terna. In 2004 net extraordinary income included the net positive impact related to the effects of the reversal of the write-down of investments effected in prior years for fiscal reasons only, the capital gains achieved through the sale of 50% stake in Terna and the capital gains on disposals – carried out as part of the reorganisation of the Group structure - of the holdings in Enel Green Power to Enel Produzione and in Enel Distribuzione Gas to Enel Distribuzione.

Net income was 2,715 million euro compared with 7,272 million euro in 2004.

Net financial debt as of 31 December 2005 amounted to 2,854 million euro, compared to 1,282 million euro at the end of 2004. The 1,572 million euro increase was mainly accounted for by the acquisition of the holding in Enel Finance International S.A., previously held by Enel Produzione and Enel Distribuzione, carried out as part of the reorganisation of the Group structure,.

Shareholders' equity as of 31 December 2005 amounted to 14,972 million euro compared to 15,301 million euro at the end of 2004. The 329 million euro decrease can be explained as the difference among distributed dividends (2,214 million euro as final dividend on 2004 results and 1,169 million euro as interim dividend for 2005); the 2005 net profit (2,715 million euro); and a 339 million euro capital increase deriving from options exercised under the 2001-2004 Stock Option plans.

SHAREHOLDERS MEETING AND DIVIDENDS

The Board of Directors will recommend that the Shareholders' Meeting convened for 25 May 2006 at first call and 26 May 2006 at second call approve the payment of a final dividend for 2005 of 0.44 euro per share, an amount which exceeds the minimum dividend payment of 0.42 euro per share announced to the market on 8 September 2005. The Board, as already disclosed to the market, has proposed 19 June 2006 as the ex-dividend date and 22 June 2006 as the final dividend payment date. The dividend will be paid out of Enel SpA's net income, which amounts to 2,715 million euro (of which 1,169 million euro have already been paid out as interim dividend, as outlined below) and out of a portion of retained earnings.

It should be reminded that the Board of Directors on 8 September 2005 and 29 September 2005, approved the distribution to shareholders of an interim dividend for 2005 of 0.19 euro per share paid on 24 November 2005, with 21 November 2005 as the ex-dividend date.

The Board may add items to the Shareholders' Meeting agenda following the discussion at its next meeting.

BOND ISSUES AND MATURING BONDS

During the course of 2005 Enel SpA carried out two bond issues, targeted to Italian retail investors, for a total amount of 1 billion euro, and made a private placement of two new tranches of a bond contracted with an insurer for a total amount of 87 million euro.

In particular:

- On 10 March 2005 Enel issued a fixed-rate public bond, maturing on 14 March 2012 and targeted to Italian retail investors, for a total amount of 600 million euro.
- On 10 March 2005 Enel issued a floating-rate public bond, maturing on 14 March 2012 and targeted to Italian retail investors, for a total amount of 400 million euro.

Between 1 January 2006 and 30 June 2007 bonds totalling around 529 million euro, all issued by Enel SpA, are scheduled to mature. In particular:

- On 28 November 2006 a fixed-rate bond of 150 million euro, privately placed with institutional investors, will mature.

The 2005 results will be presented to financial analysts and institutional investors at 9.30 a.m. at Vinopolis, Stoney Street entrance, in London. This will be followed by a press conference. The event will be transmitted in real time on Enel's website www.enel.it.

Once the presentation has begun, support materials will be available on the same website in the Investor Relations section. The Consolidated Income Statement, the Statement of financial data and the Statement of Cash Flows and the reclassified statements for the Parent company, Enel SpA., follow. These tables and related notes (relative to 2005 results) have been delivered to the Board of Statutory Auditors and the External Auditors for their evaluation.

OPERATING REVIEW AND TARGETS BY DIVISION

In November 2005 Enel announced a new organisational structure, with the creation of an International division encompassing all the Group's resources devoted to generation and distribution activities outside of Italy, the responsibility for which had previously been shared among other divisions. The 2005 results, however, are reported according to the old group structure, in order to maintain consistency and continuity with the results reported throughout the year.

Generation & Energy Management Division

Results (million euro):

| | 2005 | 2004 | Change |
|---------------------|--------|--------|--------|
| Revenues | 14,215 | 13,028 | +9.1% |
| EBITDA | 3,704 | 3,780 | -2.0% |
| EBIT | 2,565 | 2,531 | +1.3% |
| Capital Expenditure | 1,027 | 857 | +19.8% |

Domestic operations

The Generation and Energy Management division posted **revenues** of 13,376 million euro, up by 930 million euro (+7.5%) compared to the same period in 2004.

EBITDA was 3,415 million euro, representing an increase of 363 million euro (+11.9%) from the EBITDA posted in 2004 (net of stranded costs).

EBIT was 2,403 million euro, representing an increase of 481 million euro from the EBIT in 2004 (net of stranded costs).

Net power generation in 2005 came to 112.1 billion kWh, a decrease of 10.9% on output in 2004 (125 billion kWh). Thermal generation decreased by 10.9%, and hydro by 13.2%, due to better water supply in 2004. The decline in geothermal production (-108 million kWh) was offset by a 134 million kWh increase of production from renewable sources, due to the contribution of new wind plants.

Enel reduced production from fuel oil by 25.8%, and that from coal by 2.5%. Natural gas generation from simple-cycle plants also decreased by 7.0%.

Targets

By 2010, Enel expects to generate 50% of its electricity from coal, 30% from renewables and 20% from gas CCGT. The efficiency program aims at an O&M thermal generation target of 10,200 euro per MW by 2007. Enel is one of the leading generators of renewable energy in the world and it is the company's intention to continue to invest heavily in this area. The company has therefore invested 800 million euro over the last three years in maintenance and development projects in wind, geothermal and hydro and has identified other investments of 1.3 billion to be completed by 2010.

International operations

In 2005 the international operations of the Generation and Energy Management division generated **revenues** of 914 million euro, a 292 million euro increase on 2004 (+46.9%). In 2005 the overall net power generation produced abroad amounted to 13,625 million kWh compared to 12,321 million kWh a year earlier.

EBITDA from international operations reached 290 million euro, from 215 million euro in 2004, representing an increase of 34.9%.

EBIT stood at 162 million euro, up by 96 million euro from 2004, reflecting EBITDA growth.

Networks and Sales Divisions

Results (million euro):

| | 2005 | 2004 | Change |
|---------------------|--------|--------|--------|
| Revenues | 20,422 | 19,254 | +6.1% |
| EBITDA | 3,737 | 3,530 | +5.9% |
| EBIT | 2,778 | 2,693 | +3.2% |
| Capital expenditure | 1,692 | 1,711 | -1.1% |

Operating Results

Electricity - domestic operations

Revenues in the Networks and Sales divisions deriving from the electricity business totalled 17,905 million euro, an increase of 431 million euro (+2.5%) compared to 2004.

EBITDA stood at 3,303 million euro, up by 75 million euro (+2.3%) compared to 2004.

EBIT reached 2,487 million euro, down by 18 million euro from 2004.

Electricity - international operations

Enel operates in electricity distribution and supply in Spain through Electra de Viesgo Distribucion, Barras Electricas Galaico Asturias and Viesgo Energia, and in Romania through Electrica Banat and Electrica Dobrogea. Electricity supplied through these subsidiaries in 2005 totalled 8,093 million kWh, up by 3,635 million kWh from the previous year (+81.5%).

Revenues from electricity distribution activities in 2005 totalled 913 million euro, up 522 million euro from 2004.

EBITDA was 192 million euro, posting a 115 million euro increase from 2004.

EBIT reached 143 million euro, compared to 46 million euro in 2004.

Gas

In 2005 **revenues** in the gas sector amounted to 1,602 million euro compared to 1,396 million euro posted in 2004 (+14.8%). Revenues related to the supply of gas to final customers were 1,556 million euro, representing a 166 million euro increase from 2004 (+11.9%). Volumes supplied were down by 98 million cubic metres (-1.9%) to 5,088 million cubic metres. As of 31 December 2005 the Gas division reached 2,143,000 clients (up from 1,966,000 in 2004). Including the activities of Enel Trade (Generation and Energy Management Division), gas volumes reached 6,705 million cubic metres for total revenues of 1,920 million euro.

In 2005 **EBITDA** stood at 242 million euro compared to 225 million euro of 2004 (+7.6%).

EBIT was 148 million euro, up by 6 million euro compared to the previous year.

Targets

Sales Division

Enel is targeting to increase its share of Free market sales from 18 TWh in 2005 to 81 TWh in 2010, thus serving 12 million customers. In Gas, Enel plans to keep growing its volumes sold as far as its gas supply contracts allow that and is targeting 7.5 billion cubic metres of gas sales by 2010.

Networks Division

Enel aims to continue to surpass Italian Regulatory Authority quality targets and gain additional quality bonuses estimated at 90 million euro per year in 2006 and 2007. In 2005, Enel started a process re-engineering project aimed at improving efficiency in the Group's infrastructure and network. Total savings of 150 million euro are expected by 2007. In 2005, Enel achieved its cash-cost per customer target of 119 euro one year ahead of time. Enel is targeting 107 euro cash cost per customer by 2010.

Services and Other Activities

Results (million euro):

| | 2005 | 2004 | Change |
|---------------------|--------------|-------------|---------------|
| Revenues | 1,660 | 1,794 | -7.5% |
| EBITDA | 249 | 214 | +16.4% |
| EBIT | 154 | 106 | +45.3% |
| Capital expenditure | 99 | 112 | -11.6% |

The Services and Other Activities area provides competitive services to Enel's other divisions while optimising its own activities on the external market. In May 2005 Enel sold 100% of the capital of Enel.Hydro to the Compagnie Générale des Eaux SA, a company of the Veolia Environnement group.

Revenues in 2005 were 1,660 million euro, compared to 1,794 million euro in 2004 (-7.5%).

EBITDA was 249 million euro, posting a 35 million euro increase from 2004 (+16.4%).

EBIT was 154 million euro, up from 106 million euro in 2004 (+45.3%).

Enel Group Income Statement

In millions of euro

| | 2005 | 2004 |
|---|--------------|--------------|
| A Revenues | | |
| Revenues from sales and services | 32,272 | 28,658 |
| Other revenues | 1,787 | 2,353 |
| <i>[SubTotal]</i> | 34,059 | 31,011 |
| B Costs | | |
| Raw materials and consumables | 20,633 | 16,800 |
| Services | 3,057 | 3,106 |
| Personnel | 2,762 | 3,224 |
| Depreciation, amortization and write-downs | 2,207 | 2,201 |
| Other operating expenses | 911 | 783 |
| Capitalized costs | (1,049) | (973) |
| <i>[SubTotal]</i> | 28,521 | 25,141 |
| C Operating income | 5,538 | 5,870 |
| D Financial income (expenses) and income (expenses) from investments | (714) | (827) |
| E Income (expenses) from equity investments | (30) | (25) |
| F Income before taxes | 4,794 | 5,018 |
| G Income taxes | 1,934 | 2,116 |
| H Result from continuing operations | 2,860 | 2,902 |
| I Result from discontinued operations | 1,272 | (155) |
| L Net income (Group and Minority interest) | 4,132 | 2,747 |
| <i>of which:</i> | | |
| M Minority interests | 237 | 116 |
| N Group | 3,895 | 2,631 |
| <i>Earning per share (euro)</i> | 0.67 | 0.45 |
| <i>Diluted earning per share (euro) ⁽¹⁾</i> | 0.67 | 0.45 |
| <i>Result from continuing operations per share</i> | 0.46 | 0.48 |
| <i>Diluted result from continuing operations per share ⁽¹⁾</i> | 0.46 | 0.48 |
| <i>Result from discontinued operations per share</i> | 0.21 | (0.03) |
| <i>Diluted result from discontinued operations per share ⁽¹⁾</i> | 0.21 | (0.03) |

(1) Calculated by the average amount of ordinary shares (n. 6,171,352,406) adjusted with the diluted effect of the stock options of the period (29 millions of euro).

Enel Group Statement of Cash flows

In millions of euro

| | 2005 | 2004 |
|--|----------------|----------------|
| Net income (including minority interests) | 4,132 | 2,747 |
| <i>Adjustments for:</i> | | |
| Amortization of intangible assets | 308 | 491 |
| Depreciation of property, plant and equipment | 2,561 | 2,994 |
| Effects of exchange rate changes (including cash and cash equivalents) | 22 | (1) |
| Accruals | 781 | 1,042 |
| Financial expense (income) | 808 | 1,001 |
| Income tax provision | 2,147 | 1,498 |
| Capital gains/losses and other non-cash items | (1,295) | 1,081 |
| <i>Cash generated by operations before change in net working capital</i> | <i>9,464</i> | <i>10,853</i> |
| Net change in provisions (including termination indemnities) | (814) | (1,078) |
| (Increase)/Decrease in inventories | 125 | (39) |
| (Increase)/Decrease in accounts receivable trade | (1,919) | (768) |
| (Increase)/Decrease in financial and non-financial assets/liabilities | 250 | (1,546) |
| Increase/(Decrease) in account payables | 1,265 | 819 |
| Interest and other financial income received | 202 | 341 |
| Interest and other financial expense paid | (1,065) | (1,473) |
| Taxes paid | (1,815) | (2,274) |
| Cash flows from operating activities (a) | 5,693 | 4,835 |
| Capital expenditure on property, plant and equipment | (3,037) | (3,538) |
| Capital expenditure on intangible assets | (220) | (296) |
| Acquisition of subsidiaries, net of cash acquired | (524) | (126) |
| Disposal of subsidiaries, net of cash disposed | 4,652 | 1,941 |
| Other change in fixed assets | 221 | 66 |
| Cash flows from investing activities (b) | 1,092 | (1,953) |
| Change in net financial debt | (3,524) | 1,039 |
| Dividends paid | (3,472) | (4,256) |
| Exercise of stock options | 339 | 241 |
| Minority capital contributions | 3 | 10 |
| Cash flows from financing activities (c) | (6,654) | (2,966) |
| Effects of exchange rate changes on cash and cash equivalents (d) | 14 | (5) |
| Cash flow generated (employed) in the year (a+b+c+d) | 145 | (89) |
| Cash and cash equivalents at beginning of the year | 363 | 452 |
| Cash and cash equivalents at end of the year | 508 | 363 |

Enel Group Statement of financial data

In millions of euro

| | at December 31, 2005 | at December 31,2004 |
|--|-------------------------|------------------------|
| Net fixed assets: | | |
| - Tangible and intangible assets | 30,795 | 40,064 |
| - Goodwill | 1,575 | 6,709 |
| - Equity method investments | 1,797 | 190 |
| - Other non-current assets net | 1,469 | (266) |
| Total | 35,636 | 46,697 |
| Net working capital: | | |
| - Accounts receivable trade | 8,316 | 8,027 |
| - Inventories | 884 | 1,345 |
| - Other current assets (liabilities) and Cassa Conguaglio, net | (1,882) | (1,798) |
| - Account payables | (6,610) | (6,818) |
| Total | 708 | 756 |
| Gross capital employed | 36,344 | 47,453 |
| Provisions: | | |
| - Employee termination indemnity and similar obligations | (2,662) | (2,910) |
| - Provisions for risk and charges and net deferred taxes | (1,954) | (963) |
| Total | (4,616) | (3,873) |
| Net capital employed | 31,728 | 43,580 |
| Total Shareholders' Equity | 19,416 | 19,066 |
| Net financial debt | 12,312 | 24,514 |

Enel Spa Income Statement

Millions of euro

| | 2005 | 2004 | 2005-2004 |
|---|--------------|-----------------------------|----------------|
| Revenues: | | | |
| - Sales of Electricity | 814 | 767 | 47 |
| - Other revenues from Group companies | 237 | 253 | (16) |
| - Other revenues | 37 | 594 | (557) |
| Total revenues | 1,088 | 1,614 | (526) |
| Operating costs: | | | |
| - Personnel | 83 | 86 | (3) |
| - Electricity purchased | 604 | 577 | 27 |
| - Services, leases and rentals | 211 | 179 | 32 |
| - Other costs | 85 | 45 | 40 |
| Total operating costs | 983 | 887 | 96 |
| GROSS OPERATING MARGIN | 105 | 727 | (622) |
| Depreciation, amortization and accruals | 80 | 76 | 4 |
| OPERATING INCOME | 25 | 651 | (626) |
| - Net result from investments | 1,374 | (1,063) | 2,437 |
| - Net financial expense | (170) | (262) | 92 |
| - Extraordinary items | 1,470 | 7,696 ⁽¹⁾ | (6,226) |
| INCOME BEFORE TAXES | 2,699 | 7,022 | (4,323) |
| Income taxes | (16) | (250) | 234 |
| NET INCOME | 2,715 | 7,272 ⁽¹⁾ | (4,557) |

⁽¹⁾ Extraordinary items and Net income include euro 2,241 million related to the effects of the reversal of tax-related entries connected primarily to the write-down of investments, in application of new regulations,

Enel Spa Statement of Cash Flows

Millions of euro

| | 2005 | 2004 | 2005-2004 |
|---|----------------|----------------|----------------|
| Net income | 2,715 | 7,272 | (4,557) |
| Depreciation and amortization | 13 | 5 | 8 |
| Write-down of investments | 168 | 2,946 | (2,778) |
| Net capital gains on the sale of investments | (1,481) | (5,494) | 4,013 |
| Net change in provisions (including employee termination indemnity) | 31 | (294) | 325 |
| Effects of reversal of tax-related entries | - | (2,241) | 2,241 |
| Cash generated by operations before changes in net working capital | 1,446 | 2,194 | (748) |
| (Increase)/Decrease: | | | |
| Net receivables from subsidiaries | 1 | 508 | (507) |
| Net tax receivables | (165) | (79) | (86) |
| Other assets and liabilities | 341 | (413) | 754 |
| Cash flows from operating activities | 1,623 | 2,210 | (587) |
| (Investments) / Disposal of equity investments | 36 | 7,430 | (7,394) |
| Change of other assets | (187) | (8) | (179) |
| Cash generated by (employed in) investing activities | (151) | 7,422 | (7,573) |
| Change in net financial debt with third parties: | | | |
| - medium and long-term | 157 | (210) | 367 |
| - short-term | (1,550) | (433) | (1,117) |
| Change in net financial debt with Group companies | 2,991 | (5,134) | 8,125 |
| Dividend paid and interim dividend paid | (3,383) | (4,209) | 826 |
| Exercise of stock options | 339 | 241 | 98 |
| Cash employed in financing activities | (1,446) | (9,745) | 8,299 |
| CASH FLOW GENERATED (EMPLOYED) IN THE YEAR | 26 | (113) | 139 |
| BEGINNING CASH BALANCE | 20 | 133 | (113) |
| ENDING CASH BALANCE | 46 | 20 | 26 |

Enel Spa Balance Sheet

Millions of euro

| | at Dec 31,2005 | at Dec, 31,2004 | 2005-2004 |
|--|----------------|-----------------|--------------|
| Net fixed assets: | | | |
| - Tangible and intangible assets | 31 | 33 | (2) |
| - Investment and other financial | 17,698 | 16,074 | 1,624 |
| Total | 17,729 | 16,107 | 1,622 |
| Net current assets: | | | |
| - Trade receivables | 189 | 158 | 31 |
| - Other assets and net receivables from Cassa Conguaglio | 1,050 | 1,435 | (385) |
| - Net receivables from subsidiaries and associates | (92) | (91) | (1) |
| - Net tax receivables | 572 | 407 | 165 |
| - Trade payables | (308) | (327) | 19 |
| - Other liabilities | (333) | (327) | (6) |
| Total | 1,078 | 1,255 | (177) |
| Gross capital employed | 18,807 | 17,362 | 1,445 |
| Provisions | (981) | (779) | (202) |
| Net capital employed | 17,826 | 16,583 | 1,243 |
| Shareholders' Equity | 14,972 | 15,301 | (329) |
| Net financial debt | 2,854 | 1,282 | 1,572 |
| Total | 17,826 | 16,583 | 1,243 |