

ENEL ANNOUNCES PURCHASE OF FRANCE TELECOM STAKE IN WIND FOR €1.3BN

POSITIVE 2002 RESULTS FOR WIND

Rome, 21 March 2003 – Enel S.p.A. (“Enel”) today announced the financial results for its subsidiary Wind S.p.A. (“Wind”) for the year ended 31 December 2002. Enel is also pleased to announce that it has purchased from Orange (a subsidiary of France Telecom) its 26.6% stake in Wind for a value of €1.33bn. The purchase of this stake brings Enel’s ownership of Wind to 100%.

TRANSACTION HIGHLIGHTS

- Enel will purchase France Telecom’s 26.6% of Wind for €1.33bn in cash, bringing Enel’s ownership of Wind to 100%.
- Price implies over 30% discount to Enel’s DCF valuation.
- Transaction strengthens Enel’s financial investor approach to Wind – 100% ownership gives Enel greater control of the business and the strategic flexibility to maximise future value.

WIND 2002 FINANCIAL HIGHLIGHTS

- Revenues: €3.921bn (2001: €3.457 bn); EBITDA: €614m (2001: €18m).
- Strong 2002 results driven by volume growth, average revenue per user (“ARPU”) increase and the rollout of value added services (“VAS”).
- 28.5m customers accounts at at end of 2002: 8.7m mobile, 7.4m fixed and 12.4m Internet
- Positive outlook for 2003; Wind expected to be financially independent by the end of 2004.

Paolo Scaroni, Chief Executive, commented:

“Wind has continued to grow strongly in 2002. The agreement with France Telecom represents a further step in our stated strategy of developing Wind as a financial investment. By achieving 100% ownership, we will have full control over the industrial plan and we will increase our options to capitalise on our investment as soon as Wind becomes financially independent.”

There will be a conference call for analysts and investors on Wind’s 2002 results and on the France Telecom transaction at 10.30 CET this morning.

There will be a press conference at Enel’s Auditorium at viale Regina Margherita 125 at 12.30 CET, with Paolo Scaroni, CEO, Fulvio Conti, CFO, and Tommaso Pompei, CEO of Wind.

Media Relations

Tel.: +39-06-8509.5699
Fax: +39-06-8509.3771
e-mail: ufficiostampa@enel.it
<http://www.enel.it>

Investor Relations

Tel.: +39-06-8509.7008
Fax: +39-06-8509.3771
e-mail: investor.relations@enel.it

FURTHER FINANCIAL DETAILS OF THE TRANSACTION

The price includes the cancellation of France Telecom's call option to raise its stake in Wind to 44%.

The agreement also includes a partial reimbursement mechanism to protect France Telecom in the event of a cash sale of Wind shares at a higher valuation before December 2004.

The transaction also provides for the transfer to Enel of France Telecom's €173m loan to Wind.

The transaction will be effective upon the approval of the relevant regulatory authorities.

WIND 2002 FINANCIAL RESULTS

The financial statements for 2002 were approved at the Annual General Meeting of shareholders held on March 20, 2003.

Consolidated results for the year to December 31, 2002:

Wind's total consolidated revenues for 2002 amounted to 3,921 million Euro. This represents growth of around 13% on a like-for-like basis of consolidation (based on the consolidation of Infostrada in Wind's accounts throughout 2001), and approximately three times the growth achieved by the market as a whole.

Net revenues from telecommunications services rose to 3,644 million Euro, up by more than 14% on 2001 on a like-for-like basis of consolidation.

Consolidated EBITDA for 2002 reached 614 million Euro, compared with the €18 million of the previous year proforma, and representing an EBITDA margin of 16.8% based on revenues from services.

Wind's Capex amounted to 2,068 million Euro in 2002 (compared with €2,054 million in 2001 proforma), with investment focusing on further extension of the fixed-line and mobile networks and the introduction of new services and content for the various platforms.

Wind reported positive operating cash flow, before investment but including interest expense, of 300 million Euro, compared with a negative amount of around €200 million in 2001.

At the end of 2002, Wind's consolidated net debt stood at 6,910 million Euro (€5,642 million in 2001), including €5,975 million represented by net debt due to third parties, €289 million primarily relating to the deferred portion of the cost of the UMTS licence and €646 million represented by subordinated shareholder loans.

Net debt at year end was positively influenced by the securitization of accounts receivable (either already billed or accrued but still to be billed) deriving from post-paid fixed-line and mobile services.

The accounts report a consolidated net loss of 900 million Euro, in line with expectations at the start of the year.

Market performance

The number of customers totalled 28.5 million at the end of 2002, with 8.7 million mobile subscribers, 7.4 million fixed-line users and 12.4 million registered Internet users.

Total telephone traffic carried by Wind amounted to 56 billion minutes, including voice and data, during 2002, representing growth of 10% versus 2001.

In the mobile segment Wind had issued 8.7 million SIM cards by the end of 2002, representing a market share of 16%.

In this market Wind was the first in Italy to introduce Mobile Number Portability (MNP) in May 2002. With a 46% share of the 300,000 Italian customers who had opted to change operator by the end of the year, Wind claimed the role of market leader in this segment, thereby showing that there is real growth potential in what is considered a mature market.

Revenues from mobile services rose 30%. Revenues from data transmission, up 70% on 2001, made a particularly important contribution. Such revenues represented 12% of total mobile revenues (9% in 2001).

Great importance was placed on the diffusion of Value Added Services (VAS) and the introduction of new multimedia services such as MMS and video clips. Wind again beat the market to the starting line by launching GPRS video messages in December 2002. Wind's Christmas campaign – which was in keeping with the Company's strategy of introducing innovative services and selling content - proved an enormous success with 800,000 WindCards sold and the transmission of hundreds of thousands of MMS over the Wind network over the Christmas-New Year 2002 period.

With 7.4 million subscribers at the end of 2002 and a market share of 66% among alternative operators, Wind is Italy's principal alternative to the incumbent fixed-line operator.

During the final quarter of 2002, Wind gave a decisive boost to its LLU customer acquisition programme via a national campaign. As a result the Company is now the European leader in terms of the speed and size of growth achieved. Wind now acquires an average of over 1,500 LLU customers a day and covers 26% of the available market.

Wind also continued to attract broadband (ADSL) customers, again positioning itself as a valid alternative to the incumbent with approximately 40,000 customers in 2002.

In the Internet segment, Wind is the outright leader with 12.4 million subscribers, up 38% on 2001.

With 7.7 billion pageviews in 2002, up 27% on 2001, the Libero portal represents Italy's largest Internet operation and one of the leading players in Europe. In June 2002, Wind became the first operator in Italy to launch subscriber-only "Premium" services to add to the free content already offered by the portal. Our customers now have access to exclusive added-value services and content.

In 2002, revenues from the services supplied to the Enel Group amounted to €28 million, representing 5.8% of total revenues, compared with the 9% of 2001. Such a decrease is due to both revenue growth and the reduction in the prices applied to the Enel Group, which from January 1, 2002 are based on best market benchmarks.

Infrastructure development

Wind has achieved outstanding results in developing its technological infrastructure enabling it to offer advanced, integrated services throughout the country.

At the end of 2002, the GSM mobile network covered 98% of the population, with the new GPRS services available to all customers. Deployment of the UMTS access network also began in a number of Italian cities.

Integration of the GPRS system with the fixed-line data network (providing coverage of the entire country with 167 installations) allows Wind's customers to use the principal data services even when on the move.

The main elements of the fixed-line network may be summarised as follows:

- coverage of the entire population for both carrier selection and pre-selection;
- 434 LLU sites installed at the same number of telephone exchanges, enabling the Group to offer direct narrowband and broadband (ADSL) access for fixed-line customers representing over 26% of the available market;
- over 18,000 kilometres of transmission backbone linking all provincial capitals and other major cities. The network is also hooked up to the European backbone connecting a total of 250 European cities in 16 countries;
- over 2,200 kilometres of optical fibre Metropolitan Area Networks (cable pipes and optical fibre) guaranteeing local access to high capacity and high-speed voice, data and internet connections, thus also optimising interconnection costs.

Integration of the call centres operated by Wind, Infostrada and, at the end of year, Blu was also completed in 2002. The 6 call centres now work as a single virtual call centre, with a total of around 30 million calls dealt with in 2002.

Wind people

At the end of December 2002, the Wind Group had over 8,600 employees with an average age of just over 30. Approximately 30% are graduates (excluding call centre personnel) and higher proportion than ever before are women at 47% of the total.

A total of just under 24,000 man-days of both technical/specialist and management training was provided in 2002.

Wind is today present throughout Italy with technical or commercial centres in over 45 cities.

Other events during 2002

- The assets acquired by Wind as a result of the break-up of Blu were of great significance. Between November and December 2002, around 450,000 Blu customers migrated to Wind, beating all previous expectations.
- In November 2002, Wind was awarded a contract by CONSIP (the Concessionaire for Public Information Services) to provide mobile services to government agencies, thereby renewing and extending the contract awarded in November 2000. The award is proof of Wind's reputation as a reliable and competitive operator in the corporate market.
- In July 2002, the Telecommunications Authority recognised that Wind has "*significant market strength*" with regard to Internet access, in particular in the intermediate market for the termination of calls to Internet.
- The Corporate website, www.wind.it, was relaunched after a substantial restyling and has proved one of the most popular sites among those run by Italian operators with over 14.7 million pageviews and 664,000 unique visitors (source: Nielsen NetRatings, December 2002).