

ENEL GAS, THE CHALLENGE OF THE OPEN MARKET

Milan, February 10, 2003 – “The gas sector is of strategic importance for Enel as it provides an excellent fit with the electricity sector, where the regulator has imposed strict limits on our development, and because it is enjoying substantial rates of growth,” stated Enel’s CEO Paolo Scaroni whilst presenting the new company, Enel Gas, in Milan today and emphasising the value of the market for the entire business. “Moreover, it will provide excellent training in readiness for full liberalisation of the energy market and for the development of a new customer-centred culture throughout the company”.

With 1,700,000 customers, some 4 billion cubic metres of gas sold per year, an extensive presence in 16 regions, 62 provinces and more than 1,000 cities and towns, Enel Gas - created out of the merger of some 30 local distributors and Camuzzi - controls about 11% of the national market, which has been completely liberalised since 1 January this year.

Enel Chairman Piero Gnudi underscored the giant steps that Italy has made in liberalising the energy market compared with other European countries and the need to ensure competition in the gas market.

Scaroni emphasised Enel's strengths in meeting this new challenge:

- experience and volume in obtaining gas supplies;
- the strength of its brand, which is seen by consumers as a synonym for reliability and competence;
- the extent of its local coverage and the traditionally strong customer relationships of the companies that have joined forces to form Enel Gas;
- the development of a modern customer relationship management system;
- the potential of the company's ability to offer combined electricity and gas services, which will be available to electricity customers with annual consumption of at least 100,000 kWh in a few months and to all customers in a few years.

Vincenzo Cannatelli, head of Enel's Networks and Sales Divisions, summarised the key features of the gas and electricity markets in Europe and Italy, emphasising that in Italy both markets are forecast to grow by an annual average of 3% between 2002 and 2010.

In the gas sector, the growth in demand and the constraints imposed on the incumbent by the Letta Decree will foster the creation of a market for other operators of about 33-34 billion cubic metres by 2010. Over the next five years, Enel Gas's objective is to double the number of its customers and volumes sold.

Enel's presence in both sectors creates synergies in supply as well as distribution and sales. Customers will benefit from having a single supplier of gas and electricity, enjoying a single contact point for assistance, simplified invoicing and savings on their bill. In Great Britain,

37% of domestic customers changed their supplier in the four years after liberalisation. Of these, 80% gave their business to companies that could also provide electricity. The medium-term outlook for Italy does not point to such a large shift, which means that the company's focus will be on small and medium-sized firms in the run-up to full liberalisation of the electricity market.

Valerio Camerano, general manager of Enel Gas, described the formation of the new company, its current structure and the commercial strategy that it intends to pursue. He also presented the broad range of innovative products and services offered by Enel Gas to meet the varied needs of its customers and the media campaign to launch the company, which was to begin today in the print media and at the end of the month on TV.

The services offered include separate toll-free numbers for households (800.998.998) and businesses (800.99.77.33) to open, transfer and close accounts, modify plant and request estimates and information.

The new company also has an Internet site (www.enelgas.it) that already offers complete information on its services and corporate structure as well as interactive online customer services.

The company offers a range of customised services, such as the possibility of spreading payments across the year in order to avoid winter peaks.

Enel Gas's commercial strategy, concluded Camerano, is to focus first and foremost on ensuring the loyalty of its existing customer base thanks to the quality of services and special programmes. As market conditions permit, Enel Gas will gradually pursue strong selective growth on the back of innovative products distributed through a range of channels and group synergies.

Media Relations

Tel.: +39-06-8509.5699

Fax: +39-06-8509.3771

e-mail: ufficiostampa@enel.it