



Proposed dividend of ITL 232 per share.

ENEL: NET INCOME UP TO 4,541 BN (+6.0%)

Operating income up to ITL 10,426 billion (+8.6 %)

Comunicato Stampa

Rome, April 12, 2000 – A meeting of Enel's Board of Directors, chaired by Chicco Testa, today examined and approved the 1999 financial statements.

The Enel Group's consolidated financial statements report net income of ITL 4,541 billion, representing an all-time high for the Group. The result reflects the benefits deriving from increased productivity, improvements in operating efficiency and the rationalization of costs.

Revenues totaled ITL 40,584 billion (+2.0%), whilst gross operating income amounted to ITL 17,379 billion, representing 42.8 % of revenues and an increase of 5.6% with respect to 1998.

Operating income rose 8.6% to ITL 10,426 billion and represents 25.6% of revenues.

Net extraordinary expense totaled ITL 497 billion (ITL 321 billion in 1998). This reflects the following non-recurring charges: write-downs of equity investments (SO.G.I.N. and Gestore della Rete di Trasmissione Nazionale) to be transferred to the Treasury free of charge, totaling ITL 80 billion and representing the book value of the two companies; and other provisions totaling ITL 972 billion (including provisions of ITL 762 billion for the early retirement scheme). Such charges were partly compensated for by the recovery of deferred tax assets of ITL 562 billion.

The Enel Group closed the year with net income of ITL 4,541 billion, +6.0% ahead of the previous year, after tax expense of ITL 3,820 billion.

Cash flows from current activities totaled ITL 13,512 billion (ITL 15,248 billion in 1998, reflecting the receipt of ITL 3,433 billion from the Electricity Industry Equalization Fund in relation to amounts due for previous years). Net cash flows for the period reflect the effects of the following items: the payment of dividends of ITL 6,386 billion to the Treasury, including an extraordinary pay-out of ITL 4,422 billion; the ITL 1,445 billion reduction in employee severance indemnities to cover loans to employees in order to finance the purchase of shares as part of the IPO; and the reduction in long-term debt of ITL 5,961 billion.

Net invested capital totals ITL 57,467 billion, compared to the ITL 60,440 billion of 1998. Net debt amounts to ITL 23,418 billion, representing a reduction of ITL 1,129 billion with respect to the end of 1998, whilst net interest expense of ITL 1,131 billion was 23.6 % down on the previous year. Group shareholders' equity amounts to ITL 34,034 billion (ITL 35,880 billion as of 12.31.1998).

As of December 31, 1999, the Group's headcount, excluding SO.G.I.N. Spa and the Gestore della Rete di Trasmissione Nazionale Spa (the National Grid operator) stood at 78,511 compared to the 83,492 of the end of 1998. This represents a reduction of 7.5% on an equal basis.

In application of the Bersani Decree, Enel S.p.A. proceeded with the spin-off of its generation, transmission and distribution businesses to its subsidiaries, with effect from



10.1.1999. The 1999 financial year therefore reports revenues from operations over a period of only nine months, compared to the 12 months of 1998.

For this reason, revenues totaled ITL 31,643 billion (ITL 39,737 billion in 1998), whilst gross operating income amounted to ITL 12,831 billion (ITL 16,586 billion in 1998), representing 40.5% of revenues. Operating income reached ITL 7,517 billion (ITL 9,629 billion in 1998), representing 23.7% of revenues.

Extraordinary items contributed income of ITL 847 billion. This result reflects deferred tax assets of ITL 1,392 billion relating to previous years in accordance with the new accounting standard; gains on spin-offs; the recovery of taxes from previous years; and sundry contingent assets of ITL 728 billion. Such income was partially compensated for by extraordinary expense, primarily including the above-mentioned provisions for the early retirement scheme, other provisions for risks and financial charges, and the previously referred to write-down of the equity investments in SO.G.I.N and the Gestore della Rete di Trasmissione Nazionale.

Net income for the period amounted to ITL 3,052 billion (ITL 2,072 billion in 1998), after tax expense of ITL 1,971 billion.

The Board of Directors has called the Ordinary General Meeting of Shareholders for May 26, in first call, and May 27, in second call. The Board has proposed to pay a dividend of ITL 232 (0.12 Euro) per share, with a proposed ex-dividend date of June 19 and payment due on June 22. The Meeting will also asked to adopt resolutions regarding amendments to the bylaws in relation to methods of co-opting of Directors.

The Enel Group's reclassified consolidated income statement and balance sheet, and the reclassified statutory financial statements of Enel S.p.A. are attached to this press release. The 1999 accounts have been submitted to the Board of Statutory Auditors for their approval in accordance with the law, and to the external auditors, Arthur Andersen, who have issued a comfort letter prior to completing their audit of the accounts.