

ENEL: QUARTERLY OPERATING INCOME RIDES THE EFFECTS OF TARIFF CUTS

Group operating income amounts to 1,421 million Euro (ITL 2,751 billion)

Rome, May 11, 2000 – A meeting of Enel's Board of Directors, chaired by Chicco Testa, today examined and approved the consolidated accounts for the first quarter of 2000.

Demand for electricity in Italy during the period rose 6.5%, providing proof of the upturn in the country's economy and in manufacturing output in particular. Thanks to the growth in demand Enel's sales rose 1.6% (57.2 TWh) with respect to 1999. There was a 6% reduction in sales to the tied market (52.9 TWh), following liberalization of the sector, which was partially compensated for by free market sales of 4.3 TWh, representing around 50% of the total free market.

The growth in demand and further improvement of the mix towards MV and LV made up for the reduction in tariffs introduced by the Electricity and Gas Authority, limiting the decline in revenues from sales of electricity to 2.5%. The above factors, combined with a rise in fuel prices, caused revenues for the period to rise to 5,758 million Euro (ITL 11,150 billion), up more than 12% on the same period of 1999.

Despite the reduction in tariffs, gross operating income amounted to 2,304 million Euro (ITL 4,461 billion), substantially in line with the 2,312 million Euro (ITL 4,477 billion) of the first quarter of 1999, thanks to improved efficiency and further cost cutting.

The Group's total employees declined from 78,511 at the end of 1999 to 76,806 as of March 31, 2000 (down 2.2%).

Operating income totaled 1,421 million Euro (ITL 2,751 billion) compared with the 1,449 million Euro for the first three months of 1999 (ITL 2,805 billion). ROI, calculated on a quarterly basis, rose to 3.9% from 3.8% for the first quarter of 1999.

The balance sheet reveals a further reduction in net invested capital, which declined from 29,679 million Euro at the end of 1999 to 29,607 million as of March 31, 2000, whilst debt again fell during the first three months of 2000, decreasing from 12,094 million Euro at the end of 1999 (ITL 23,418 billion) to 11,414 million Euro (ITL 22,100 billion).