ENEL – Società per Azioni

(incorporated with limited liability in Italy)

as an Issuer and Guarantor

and

ENEL Investment Holding B.V.

(incorporated with limited liability in The Netherlands)

as an Issuer

€10,000,000,000

Global Medium Term Note Programme

*On 7th December, 2000 ENEL – Società per Azioni ("**ENEL**") entered into a Global Medium Term Note Programme (the "**Programme**") and issued an Offering Circular on that date describing the Programme. The Programme was subsequently updated on 10th May, 2001 and was further updated on 28th October, 2002. This Offering Circular supersedes all previous Offering Circulars. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions herein. This does not affect any Notes already issued.*

Under the Programme, each of ENEL and ENEL Investment Holding B.V. ("***ENEL B.V.***", and, each of ENEL and ENEL B.V. an "***Issuer***") may from time to time issue notes (the "***Notes***") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). References in this Offering Circular to the "***relevant Issuer***" shall, in relation to any Tranche of Notes, be construed as references to the Issuer which is, or is intended to be, the Issuer of such Notes as indicated in the applicable Pricing Supplement. The payment of all amounts owing in respect of Notes issued by ENEL B.V. will be unconditionally and irrevocably guaranteed by ENEL in its capacity as guarantor (the "***Guarantor***").

ENEL B.V. has a right of substitution as set out in Condition 16. ENEL B.V. may at any time after 1st January, 2004, without the consent of the Noteholders, Receiptholders or the Couponholders, substitute for itself as principal debtor under the Notes, Receipts and the Coupons ENEL as Issuer. ENEL shall indemnify each Noteholder, Receiptholder and Couponholder against (A) any tax, duty, assessment or governmental charge which is imposed on such Noteholder, Receiptholder or Couponholder by (or by any authority in or of) the Republic of Italy with respect to any Note, Receipt or Coupon and which would not have been so imposed had the substitution not been made and (B) any tax, duty, assessment or governmental charge, and any cost or expense relating to the substitution, except that ENEL shall not be liable under such indemnity to pay any additional amounts either on account of "*imposta sostitutiva*" or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information. For further details regarding ENEL B.V.'s right of substitution see Condition 16.

Notes may be issued in bearer or registered form (respectively "***Bearer Notes***" and "***Registered Notes***"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a "***Dealer***" and together the "***Dealers***"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "***relevant Dealer***" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be listed on the Luxembourg Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the "***Pricing Supplement***") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the Guarantor (where ENEL is not the relevant Issuer) and the relevant Dealer. The relevant Issuer may also issue unlisted Notes. Application may also be made to have certain Series of Notes accepted for trading in the Private Offerings, Resales and Trading through Automated Linkages System ("***PORTAL***") of the National Association of Securities Dealers, Inc.

The Notes issued by ENEL will constitute "*obbligazioni*" pursuant to Article 2410, and the Articles that follow such Article 2410, of the Italian Civil Code, which relate to the issuance of "*obbligazioni*" by corporations in Italy.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, if so specified in the applicable Pricing Supplement, within the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), in transactions exempt from the registration requirements of the Securities Act. The Notes in bearer form are subject to U.S. tax law requirements.

The relevant Issuer and the Guarantor (where ENEL is not the relevant Issuer) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Luxembourg Stock Exchange) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arrangers

Deutsche Bank — **JPMorgan**

Dealers

ABN AMRO — **Banca IMI**
Barclays Capital — **BNP PARIBAS**
Caboto — **Citigroup**
Deutsche Bank — **JPMorgan**
Lehman Brothers — **MEDIOBANCA S.p.A.**
Merrill Lynch International — **UBS Investment Bank**

The date of this Offering Circular is 29th October, 2003

Each of ENEL and ENEL B.V. (each an "Obligor" and together "Obligors"), having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. Each Obligor accepts responsibility accordingly.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by either Obligor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by either Obligor in connection with the Programme.

No person is or has been authorised by either Obligor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Obligor or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by either Obligor or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and ENEL (where the relevant Issuer is not ENEL). Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of either Obligor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning either Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of either Obligor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be

restricted by law in certain jurisdictions. The Obligors and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Obligors or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, Germany, The Netherlands and Italy, see "*Subscription and Sale and Selling and Transfer Restrictions*".

In making an investment decision, investors must rely on their own examination of the relevant Issuer and ENEL (where the relevant Issuer is not ENEL) and the terms of the Notes being offered, including the merits and risks involved. The Notes described herein have not been approved or disapproved by the United States Securities and Exchange Commission or any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is unlawful.

None of the Dealers and the Obligors makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

U.S. INFORMATION

If so specified in the applicable Pricing Supplement, this Offering Circular may be submitted on a confidential basis in the United States to a limited number of QIBs (as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

If so specified in the applicable Pricing Supplement, Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

Each initial and subsequent purchaser of Notes will be deemed, by its acceptance or purchase thereof, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Note, as described in this Offering Circular and the applicable Pricing Supplement, and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Form of the Notes*" and "*Subscription and Sale and Selling and Transfer Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

Notwithstanding any limitation on disclosure provided for in this Offering Circular, its contents, or any associated Pricing Supplement, and effective from the date of commencement of discussions concerning any of the transactions contemplated hereby (the "*Transactions*"), each

recipient of this Offering Circular or any associated Pricing Supplement (a "*Recipient*") (and each employee, representative, or other agent of any such Recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this Programme, or any issue of Notes thereunder not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of the Transactions is the purported or claimed U.S. Federal income tax treatment of the Transactions, and the tax structure of the Transactions is any fact that may be relevant to understanding the purported or claimed U.S. Federal income tax treatment of the Transaction.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each Obligor has undertaken in a deed poll dated 10th May, 2001 (the "*Deed Poll*") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "*Exchange Act*") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Each Obligor is a corporation organised under the laws of that Obligor's jurisdiction of incorporation, as set out on the front cover of this Offering Circular. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of each Obligor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside of any such Obligor's jurisdiction of incorporation upon any such Obligor or such persons, or to enforce judgments against them obtained in courts outside of any such Obligor's jurisdiction of incorporation predicated upon civil liabilities of any such Obligor or such directors and officers under laws other than of any such Obligor's jurisdiction of incorporation law, including any judgment predicated upon United States federal securities laws. Each Obligor acknowledges that there is doubt as to the enforceability in such Obligor's jurisdiction of incorporation in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

ENEL maintains its financial books and records and prepares its financial statements in euro in accordance with generally accepted accounting principles in Italy and ENEL B.V. maintains its financial books and records and prepares its financial statements in euro in accordance with generally accepted accounting principles in The Netherlands, both of which differ in certain important respects from generally accepted accounting principles in the United States.

All references in this document to "*euro*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. In addition, references to "*lire*", refer to Italian lire and to "*U.S.$*" refer to United States dollars and "*Sterling*" and "*£*" refer to pounds sterling.

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In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising may include the purchase of Notes to stabilise their market price, the purchase of Notes to cover some or all of a short position in the Notes maintained by the stabilising manager and the imposition of penalty bids. For a description of these activities, see *"Subscription and Sale and Selling and Transfer Restrictions"***.**

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited non-consolidated annual financial statements of ENEL B.V. and the most recently published audited consolidated and non-consolidated annual financial statements of ENEL and, if published later, the most recently published interim unaudited non-consolidated financial statements (if any) of ENEL B.V. and the most recently published interim unaudited consolidated financial statements (if any) of ENEL, see "*General Information*" for a description of the financial statements currently published by each Obligor; and

(b) all supplements or amendments to this Offering Circular circulated by the Obligors from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Each Obligor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to an Obligor at its office set out at the end of this Offering Circular. In addition, such documents will be available, without charge, from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. (the "***Luxembourg Listing Agent***") for Notes listed on the Luxembourg Stock Exchange.

The Obligors will, in connection with the listing of the Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any material change in the condition of either Obligor which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of the Notes to be listed on the Luxembourg Stock Exchange.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Offering Circular and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;

(b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuers:	ENEL – Società per Azioni ENEL Investment Holding B.V.
Guarantor:	ENEL – Società per Azioni
Description:	Global Medium Term Note Programme
Arrangers:	Deutsche Bank AG London J.P. Morgan Securities Ltd.
Dealers:	ABN AMRO Bank N.V. Banca IMI S.p.A. Barclays Bank PLC BNP Paribas Caboto SIM S.p.A. Citigroup Global Markets Limited Deutsche Bank AG London J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Mediobanca-Banca di Credito Finanziario S.p.A. Merrill Lynch International UBS Limited and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Selling and Transfer Restrictions*") including the following restrictions applicable at the date of this Offering Circular. **Swiss Francs** Issues of Notes denominated in Swiss francs or carrying a Swiss franc-related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "***Swiss Dealer***"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a

	securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.
	Notes having a maturity of less than one year
	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale and Selling and Transfer Restrictions*").
Issuing and Principal Paying Agent:	JPMorgan Chase Bank, London office
Registrar:	JPMorgan Chase Bank, New York office
Programme Size:	Up to €10,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") outstanding at any time. The Obligors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. Special tax rules may apply to Notes which are issued at a discount to par, see "*Taxation*".
Form of Notes:	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

	Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the relevant Issuer or the Guarantor, as the case may be, will, except in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. **In relation to Notes issued by ENEL, Notes with an original maturity of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Italian Presidential Decree No. 600 of 29th September, 1973, as amended. ENEL will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.**
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10.
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 4), unsecured and unsubordinated obligations of the relevant Issuer and will rank *pari passu* without any preference among themselves and at least equally with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future, other than obligations, if any, that are mandatorily preferred by statute or by operation of law.
Guarantee:	Notes issued by ENEL B.V. will be unconditionally and irrevocably guaranteed by ENEL. The obligations of ENEL under such guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of ENEL and will rank at least equally with all other outstanding unsecured and unsubordinated obligations of ENEL, present and future, other than obligations, if any, that are mandatorily preferred by statute or by operation of law.
Listing:	Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each Series. Unlisted Notes may also be issued.

	The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law:	The Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Japan, France, Germany, The Netherlands and Italy and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Selling and Transfer Restrictions*". In connection with the offering and sale of a particular Tranche of Notes, additional restrictions may be imposed which will be set out in the relevant Pricing Supplement. Each Tranche of Notes in bearer form will be issued either in compliance with U.S. Treas. Reg. 1.163-5(c)(2)(i)(D) (the "TEFRA D Rules") or with U.S. Treas. Reg. 1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") unless the Notes are only in registered form and/or the relevant Pricing Supplement specifies that the TEFRA Rules are not applicable.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons ("***Coupons***") attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("***Regulation S***") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of either a temporary bearer global note (a "***Temporary Bearer Global Note***") or a permanent bearer global note (a "***Permanent Bearer Global Note***") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "***Common Depository***") for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("***Euroclear***") and Clearstream Banking, société anonyme ("***Clearstream, Luxembourg***"). Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "***Exchange Date***") which is 40 days after a Temporary Bearer Global Note is issued, beneficial interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership thereof as required by U.S. Treasury Regulations as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused (and such withholding or refusal is continuing at the relevant payment date).

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "***Exchange Event***" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event,

Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes with a maturity of more than 1 year and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The provisions referred to in the legend generally provide that any United States person who holds a Bearer Note with a maturity of more than 1 year, with certain exceptions, will not be allowed to deduct any loss sustained on the sale, exchange or other disposition of such Bearer Note, and will be subject to tax at ordinary income rates (as opposed to capital gain rates) on any gain recognised on such sale, exchange or other disposition.

Notes which are represented by a Temporary Bearer Global Note and/or Permanent Bearer Global Note will only be transferable in accordance with the then current rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without Receipts or Coupons (a "***Regulation S Global Note***"), which will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("***QIBs***"). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without Receipts or Coupons (a "***Rule 144A Global Note***" and, together with a Regulation S Global Note, the "***Registered Global Notes***"), which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d)) as the registered holder of the Registered Global Notes. None of the relevant Issuer, ENEL (where ENEL is not the relevant Issuer), any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the

relevant Record Date (as defined in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "***Exchange Event***" means that (i) an Event of Default has occurred and is continuing, (ii) DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available, (iii) DTC has ceased to constitute a clearing agency registered under the Exchange Act or the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the relevant Issuer has or will become subject to adverse tax consequences which would not be required were the Notes represented by the Registered Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *"Subscription and Sale and Selling and Transfer Restrictions".***

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer and the Guarantor (where ENEL is not the relevant Issuer) and its/their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (where ENEL is not the relevant Issuer) and its/their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "***Noteholder***" and "***holder of Notes***" and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "***Deed of Covenant***") dated 10th May, 2001 and executed by the relevant Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[ENEL B.V. may at any time after 1st January, 2004, without the consent of the Noteholders, Receiptholders or the Couponholders, substitute for itself as principal debtor under the Notes, Receipts and the Coupons ENEL as Issuer. ENEL shall indemnify each Noteholder, Receiptholder and Couponholder against (A) any tax, duty, assessment or governmental charge which is imposed on such Noteholder, Receiptholder or Couponholder by (or by any authority in or of) the Republic of Italy with respect to any Note, Receipt or Coupon and which would not have been so imposed had the substitution not been made and (B) any tax, duty, assessment or governmental charge, and any cost or expense relating to the substitution, except that ENEL shall not be liable under such indemnity to pay any additional amounts either on account of "*imposta sostitutiva*" or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information.][1]

[Notes with an original maturity (for these purposes, "original maturity" shall be the period from, and including, the Issue Date to, but excluding, the Maturity Date, each as specified below) of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Italian Presidential Decree No. 600 of 29th September, 1973, as amended. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.][2]

[Date]

[ENEL – Società per Azioni/ENEL Investment Holding B.V.][3]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
issued under the €10,000,000,000
Global Medium Term Note Programme

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1. Delete where the relevant Issuer is ENEL.
2. Delete where the relevant Issuer is ENEL B.V.
3. Delete as applicable.

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 29th October, 2003. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	[(i)]	Issuer:	[ENEL – Società per Azioni/ENEL Investment Holding B.V.]
	[(ii)	Guarantor:	ENEL – Società per Azioni]
2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3.		Specified Currency or Currencies:	[ ]
4.		Aggregate Nominal Amount:	
		– Tranche:	[ ]
		– Series:	[ ]
5.	(i)	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	(ii)	Net Proceeds:	[ ] *(Required only for listed issues)*
6.		Specified Denominations: *(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*	[ ] [ ]
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[ ]
8.		Maturity Date:	[*Fixed rate – specify date/Floating rate –* Interest Payment Date falling in or nearest to [*specify month*]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon]

		[Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.	Change of Interest Basis or Redemption/ Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	[Date [Board] approval [and shareholder approval] for issuance of Notes obtained:	[ ] [and [ ], respectively]
14.	Listing:	[Luxembourg/*specify other*/None]
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(ii) Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date/[*specify other*] *(NB: This will need to be amended in the case of long or short coupons)*
	(iii) Fixed Coupon Amount(s):	[ ] per [ ] in nominal amount
	(iv) Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*]
	(v) Day Count Fraction:	[30/360 or Actual/Actual (ISMA) *or specify other*]
	(vi) Determination Date(s):	[ ] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)*

		(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
17.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
	(iii) Additional Business Centre(s):	[ ]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(vi) Screen Rate Determination:	
	– Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
	– Interest Determination Date(s):	[ ] *(Second day in London on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	– Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(vii) ISDA Determination:	
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]
	(viii) Margin(s):	[+/-] [ ] per cent. per annum
	(ix) Minimum Rate of Interest:	[ ] per cent. per annum
	(x) Maximum Rate of Interest:	[ ] per cent. per annum

(xi)	Day Count Fraction:	[Actual/365 or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 or 360/360 or Bond Basis 30E/360 or Eurobond Basis *Other*] *(See Condition 5 for alternatives)*
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
18.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Accrual Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Any other formula/basis of determining amount payable:	[ ]
(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7(e)(iii) and 7(j) apply/*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
19.	**Index Linked Interest Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Index/Formula:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the interest due:	[ ]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
(iv)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(vi)	Additional Business Centre(s):	[ ]
(vii)	Minimum Rate of Interest:	[ ] per cent. per annum
(viii)	Maximum Rate of Interest:	[ ] per cent. per annum
(ix)	Day Count Fraction:	[ ]

20.	**Dual Currency Interest Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii) Calculation Agent, if any, responsible for calculating the interest payable:	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] Specified Denomination
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
	(iv) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
22.	Investor Put:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] Specified Denomination
	(iii) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other*

		notice requirements which may apply, for example, as between the Issuer and the Agent)
23.	Final Redemption Amount(s):	[[ ] per Note of [ ] Specified Denomination/*specify other*/see Appendix]
24.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):	[ ]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Registered Notes: Regulation S Global Note (€[ ] nominal amount)/Rule 144A Global Note (€[ ] nominal amount)]
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] *(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iii) and 18(vi) relate)*
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. NB: new forms of Global Notes may be required for Partly Paid issues.*]
29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
30.	Redenomination applicable:	Redenomination [not] applicable *(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Pricing Supplement)*

31.	US Federal Income Tax considerations:	[Not applicable/*give details*]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33.	(i)	If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii)	Stabilising Manager (if any):	[Not Applicable/*give name*]
34.		If non-syndicated, name of relevant Dealer:	[ ]
35.		Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]
36.		Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

37.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
38.	Delivery:	Delivery [against/free of] payment
39.	Additional Paying Agent(s) (if any):	[ ]

ISIN: [ ]
Common Code: [ ]
(insert here any other relevant codes such as CUSIP and CINS codes)

[**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €10,000,000,000 Global Medium Term Note Programme of ENEL Investment Holding B.V. as Issuer and ENEL – Società per Azioni as Issuer and Guarantor.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....
Duly authorised

[Signed on behalf of the Guarantor:

By: .....
Duly authorised]

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7 (except Condition 7(b)), 11, 12, 13, 14 (insofar as such Notes are not listed on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer, the Guarantor (where ENEL is not the relevant Issuer) and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by whichever of ENEL – Società per Azioni ("**ENEL**") or ENEL Investment Holding B.V. ("**ENEL B.V**.") is specified as the "**Issuer**" in the applicable Pricing Supplement (as defined below) and references to the "**Issuer**" shall be construed accordingly. This Note is issued pursuant to the Agency Agreement (as defined below).

References herein to the "***Notes***" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "***Global Note***"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("***Bearer Notes***") issued in exchange for a Global Note in bearer form; and

(iv) any definitive Notes in registered form ("***Registered Notes***") (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (the "***Principal Agency Agreement***") dated 10th May, 2001 as supplemented by a First Supplemental Agency Agreement (the "***First Supplemental Agency Agreement***") dated 28th October, 2002 and as further supplemented by a Second Supplemental Agency Agreement (the "***Second Supplemental Agency Agreement***" and, together with the Principal Agency Agreement and the First Supplemental Agency Agreement the "***Agency Agreement***") dated 29th October, 2003 and each made between ENEL B.V. as an Issuer, ENEL in its capacity as both an Issuer and as Guarantor (as defined below) of Notes issued by ENEL B.V., JPMorgan Chase Bank, London office (formerly The Chase Manhattan Bank, London office) as issuing and principal paying agent and agent bank (the "***Principal Paying Agent***", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "***Paying Agents***", which expression shall include any additional or successor paying agents), JPMorgan Chase Bank, New York office (formerly The Chase Manhattan Bank, New York office) as exchange agent (the "***Exchange Agent***" which expression shall include any successor exchange agent) and as registrar (the "***Registrar***", which expression shall include any successor registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the "***Transfer Agents***", which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("***Coupons***") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("***Talons***") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("***Receipts***") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "***applicable Pricing Supplement***" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Notes issued by ENEL B.V. will be unconditionally and irrevocably guaranteed by ENEL (in such capacity, the "***Guarantor***") pursuant to a deed of guarantee (the "***Guarantee***") dated 10th May, 2001. Under the Guarantee ENEL has guaranteed the due and punctual payment of all amounts due under such Notes and the Deed of Covenant (as defined below) executed by ENEL B.V. as and when the same shall become due and payable.

The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office. References herein to the Guarantor shall only be relevant where the Issuer is ENEL B.V.

Any reference to "***Noteholders***" or "***holders***" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "***Receiptholders***" shall mean the holders of the Receipts and any reference herein to "***Couponholders***" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "***Tranche***" means Notes which are identical in all respects (including as to listing) and "***Series***" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "***Deed of Covenant***") dated 10th May, 2001 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for DTC, Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (the "***Deed Poll***") dated 10th May, 2001 and made by the Issuer and the Guarantor and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the "***Agents***"). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for

Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("***Euroclear***") and/or Clearstream Banking, société anonyme ("***Clearstream, Luxembourg***"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "***Noteholder***" and "***holder of Notes***" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("***DTC***") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to

compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note shall be limited to transfers of such Registered Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Notes in definitive form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address of the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are

available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) Definitions

In this Condition, the following expressions shall have the following meanings:

"***Distribution Compliance Period***" means the period that ends 40 days after the later of the commencement of the offering and the completion of the distribution of each Tranche of Notes, as

certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

"***Legended Note***" means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"***QIB***" means a "***qualified institutional buyer***" within the meaning of Rule 144A;

"***Regulation S***" means Regulation S under the Securities Act;

"***Regulations S Global Note***" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"***Rule 144A***" means Rule 144A under the Securities Act; and

"***Securities Act***" means the United States Securities Act of 1933, as amended.

3. STATUS OF THE NOTES AND THE GUARANTEE

(a) Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, other than obligations, if any, that are mandatorily preferred by statute or by operation of law.

(b) Status of the Guarantee

The obligations of the Guarantor under the Guarantee are direct, unconditional and (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Guarantor and rank at least equally with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, other than obligations, if any, that are mandatorily preferred by statute or by operation of law.

4. NEGATIVE PLEDGE

Neither the Issuer nor the Guarantor will, so long as any of the Notes remains outstanding (as defined in the Agency Agreement), create or have outstanding (other than by operation of law) any mortgage, lien, pledge or other charge upon the whole or any part of its assets or revenues, present or future, to secure any Indebtedness unless:

(a) the same security shall forthwith be extended equally and rateably to the Notes, the Receipts and the Coupons; or

(b) such other security as shall be approved by an Extraordinary Resolution of the Noteholders shall previously have been or shall forthwith be extended equally and rateably to the Notes, the Receipts and the Coupons.

As used herein, "***Indebtedness***" means any present or future indebtedness for borrowed money of the Issuer or the Guarantor which is in the form of, or represented by, bonds, notes, debentures or other securities and which is or are intended to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other established securities market.

5. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date at the rate(s) per

annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"***Day Count Fraction***" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "***Accrual Period***") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

"***Fixed Interest Period***" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

"***Determination Period***" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"***sub-unit***" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "***Interest Payment Date***") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "***Business Day***" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation

to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "***TARGET System***") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "***ISDA Rate***" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes. (the "***ISDA Definitions***") and under which:

(1) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("***LIBOR***") or on the Euro-zone inter-bank offered rate ("***EURIBOR***"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), "***Floating Rate***", "***Calculation Agent***", "***Floating Rate Option***", "***Designated Maturity***" and "***Reset Date***" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "***Interest Amount***") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"***Day Count Fraction***" means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if "Actual/365" or "Actual/Actual (ISDA)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be given in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "***London Business Day***" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such Note have been paid; and

(2) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which

it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "***Long Maturity Note***" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "***Register***") at the close of business on the third business day (being for this purpose a day on which banks are open for general business in the city where the

specified office of the Registrar is located) before the relevant due date (the "***Record Date***"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "***Designated Account***" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "***Designated Bank***" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Global Note in registered form in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be,

for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(f) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "***Payment Day***" means any day which (subject to Condition 9) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation;

(B) London;

(C) any Additional Financial Centre specified in the applicable Pricing Supplement;

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and

(iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing in a Tax Jurisdiction (as defined in Condition 8) to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged, as aforesaid, to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 with a copy to the Guarantor; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("***Redeemed Notes***") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "***Selection Date***"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (with a copy to the Guarantor) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the

Registrar (a "***Put Notice***") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(iii) in the case of a Zero Coupon Note, at an amount (the "***Amortised Face Amount***") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^{y}$

where:

"***RP***" means the Reference Price;

"***AY***" means the Accrual Yield expressed as a decimal; and

"***y***" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) Purchases

The Issuer, the Guarantor or any Subsidiaries (as defined in Condition 10) may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are attached or surrendered therewith) in the open market or by tender or by private agreement at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or, as the case may be, the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that:

(A) Where the Issuer is ENEL:

(a) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment in Italy; or

(ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(iii) presented for payment by, or on behalf of, a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to a declaration of residence or non-residence, but fails to do so; or

(iv) presented for payment by, or on behalf of, a holder who would be able to avoid such withholding or deduction by presenting the relevant Note and/or Coupon to another Paying Agent in a Member State of the European Union, but fails to do so; or

(v) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or

(vi) where such withholding or deduction is imposed on a payment to an individual resident outside the Republic of Italy and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vii) having an original maturity (for these purposes, "original maturity" shall be the period from, and including, the Issue Date to, but excluding, the Maturity Date (each as specified on the applicable Pricing Supplement)) of less than 18 months where such withholding or deduction is required pursuant to Italian Legislative Decree No. 600 of 29th September, 1973 as amended or supplemented from time to time; and

(b) no additional amounts on account of *"imposta sostitutiva*" or on account of any other withholding or deduction shall be payable with respect to any Note, Receipt or Coupon:

(i) in the event of payment to an Italian resident, to the extent that interest or any other amount or, if the Notes are issued at a discount to their principal amount (i.e. the issue price is less than 100 per cent.), such discount ("***other amounts***") is paid to an Italian individual or an Italian legal entity not carrying out commercial activities (particularly (1) informal partnerships, de facto partnerships not carrying out commercial activities and professional associations, (2) public and private resident entities, other than companies, not carrying out commercial activities, (3) subjects exempt from corporate income tax) or to such other Italian resident entities which have been or may be identified by Italian Legislative Decree No. 239 of 1st April, 1996 (as, or as may subsequently be, amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted ("***Legislative Decree No. 239***"); or

(ii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which (1) does not allow for a satisfactory exchange of information or (2) (until 1st January, 2004) is a tax haven country (as defined and listed in Ministerial Decree of 23rd January, 2002, as amended from time to time);

(iii) for or on account of any withholding or deduction payable in the event of Notes having an original maturity of at least eighteen months being and redeemed prior to eighteen months,

and in all circumstances in which the requirements and procedures set forth in Legislative Decree No. 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents.

(B) Where the Issuer is ENEL B.V.:

no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment in The Netherlands; or

(ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(iii) presented for payment by, or on behalf of, a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to a declaration of residence or non-residence, but fails to do so; or

(iv) presented for payment by, or on behalf of, a holder who would be able to avoid such withholding or deduction by presenting the relevant Note and/or Coupon to another Paying Agent in a Member State of the European Union, but fails to do so; or

(v) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or

(vi) where such withholding or deduction is imposed on a payment to an individual resident outside The Netherlands and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used herein:

(i) "***Tax Jurisdiction***" means (i) in the case of ENEL, the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or political subdivision or authority thereof or therein to which ENEL becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons or under the Guarantee; and (ii) in the case of ENEL B.V., The Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or political subdivision or authority thereof or therein to which ENEL B.V. becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons; and

(ii) the "***Relevant Date***" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. EVENTS OF DEFAULT

If any one or more of the following events (each an "***Event of Default***") shall occur and be continuing:

(a) a default is made for a period of 10 days or more in the payment of principal of or any interest in respect of the Notes or any of them after the due date thereof; or

(b) the Issuer or the Guarantor shall be adjudicated or becomes insolvent or shall stop payment or announce that it shall stop payment or shall be found unable to pay its debts, or any order shall be made by any competent court or other competent body for, or any resolution shall be passed by the Issuer or the Guarantor for judicial composition proceedings with its creditors

or for the appointment of a receiver, administrative receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or the Guarantor; or

(c) the Issuer or the Guarantor fails to pay a final judgment of a court of competent jurisdiction within 60 days from the receipt of a notice that a final judgment in excess of an amount equal to the value of a substantial part of the assets or property of the Issuer or the Guarantor has been entered against it or an execution is levied on or enforced upon or sued out in pursuance of any such judgment against any substantial part of the assets or property of the Issuer or the Guarantor; or

(d) the Issuer or the Guarantor shall be wound up or dissolved (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer or the Guarantor, as the case may be, are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer or the Guarantor, as the case may be, in respect of the Notes or the Guarantee, as the case may be, and an opinion of an independent legal adviser of recognised standing in The Netherlands, in the case of ENEL B.V. or in Italy, in the case of ENEL, has been delivered to the Principal Paying Agent confirming the same prior to the effective date of such amalgamation, merger or reconstruction); or

(e) the Issuer or the Guarantor shall cease or announce that it shall cease to carry on its business (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer or the Guarantor, as the case may be, are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer or the Guarantor, as the case may be, in respect of the Notes or the Guarantee, as the case may be, and an opinion of an independent legal adviser of recognised standing in The Netherlands, in the case of ENEL B.V. or in Italy, in the case of ENEL, has been delivered to the Principal Paying Agent confirming the same prior to the effective date of such amalgamation, merger or reconstruction); or

(f) any Indebtedness for Borrowed Money of the Issuer, the Guarantor, or any of the Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer, the Guarantor, or any of the Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or any security given by the Issuer, the Guarantor, or any Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable or if default is made by the Issuer, the Guarantor or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that no such event shall constitute an Event of Default so long as and to the extent that the Issuer, the Guarantor or the relevant Material Subsidiary, as the case may be, is contesting, in good faith, in a competent court in a recognised jurisdiction that the relevant Indebtedness for Borrowed Money or any such security, guarantee and/or indemnity shall be due or enforceable, as appropriate, and provided further that no such event shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall amount to at least U.S.$25,000,000 (or its equivalent in any other currency); or

(g) default is made by the Issuer or the Guarantor in the performance or observance of any obligation, condition or provision binding on the Issuer under the Notes or on the Guarantor under this Guarantee in relation to, or in respect of, the Notes (other than any obligation for payment of any principal or interest in respect of the Notes) and (except in any case where the default is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) such default continues for 30 days after written notice thereof to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or

(h) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition:

"***Indebtedness for Borrowed Money***" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

"***Material Subsidiary***" means any consolidated Subsidiary of ENEL:

(i) whose gross revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated gross revenues, or, as the case may be, consolidated total assets, of ENEL and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of ENEL and its Subsidiaries; or

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of ENEL which immediately before the transfer is a Material Subsidiary of ENEL;

"***Person***" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

"***Subsidiary***" means, in respect of any Person (the "***first Person***") at any particular time, any other Person (the "***second Person***"):

(i) whose majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person; or

(ii) in which the first Person holds a sufficient number of votes giving the first Person a dominant influence in ordinary shareholders' meetings of the second Person; or

(iii) which are under the dominant influence of the first Person by virtue of certain contractual relationships between the first Person and the second Person;

pursuant to the provisions of Article 2359 of the Italian Civil Code.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City;

(d) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law; and

(e) there will at all times be a Paying Agent in a jurisdiction within Continental Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Bearer Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg. It is expected that such publication will be made in the Financial Times in London and the Luxemburger Wort. The Issuer (failing which the Guarantor) shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint

holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to listing by another relevant authority and the rules of that stock exchange (or other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the fourth day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

(a) Where the Issuer is ENEL:

In accordance with the rules of the Italian Civil Code, the Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (a resolution adopted by the favourable vote of one or more persons present holding or representing Notes representing in aggregate more than 50 per cent. of the principal amount of the Notes outstanding at the time such resolution is adopted) of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. The quorum at any such meeting for passing an Extraordinary Resolution is established by Article 2415 of the Italian Civil Code. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders and unless the Principal Paying Agent agrees otherwise, any modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In accordance with the Italian Civil Code, a "*rappresentante comune*", being a joint representative of Noteholders may be appointed in order to represent the Noteholders' interest hereunder and to give execution to the resolutions of the Noteholders' meeting. The "*rappresentante comune*" is appointed by resolution passed at the Noteholders' meeting. In the event the Noteholders' meeting fails to appoint the "*rappresentante comune*", the appointment is made by the President of the Court of First Instance of the venue where the registered office of the Issuer is located at the request of any Noteholder or the board of directors of the Issuer.

(b) Where the Issuer is ENEL B.V.:

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than one-twentieth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than one-half in nominal amount of the Notes for the time being

outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding plus the favourable vote of the Issuer. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

(c) The Principal Paying Agent, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Substitution

In the case of Notes issued by ENEL B.V., ENEL B.V. may at any time after 1st January, 2004, without the consent of the Noteholders, the Receiptholders or the Couponholders, substitute for itself as principal debtor under the Notes, Receipts and the Coupons ENEL as Issuer, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "***Substitution Deed Poll***"), to be substantially in the form set out in the Agency Agreement and may take place only if:

(i) ENEL shall, by means of the Substitution Deed Poll, agree to indemnify each Noteholder, Receiptholder and Couponholder against (A) any tax, duty, assessment or governmental charge which is imposed on such Noteholder, Receiptholder and Couponholder by (or by any authority in or of) the Republic of Italy with respect to any Note, Receipt or Coupon and which would not have been so imposed had the substitution not been made and (B) any tax, duty, assessment or governmental charge, and any cost or expense relating to the substitution, except that ENEL shall not be liable under such indemnity to pay any additional amounts either on account of "*imposta sostitutiva*" or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information;

(ii) all the provisions set forth in Condition 8 with respect to ENEL as Issuer of the Notes shall apply to the Notes following the substitution as if the Notes were originally issued by ENEL;

(iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Deed Poll and the Notes, the Receipts and the Coupons represent valid, legally binding and enforceable obligations of ENEL and in the case of the Substitution Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect;

(iv) the relevant stock exchange (if any) shall have confirmed that, following the proposed substitution of ENEL as Issuer, the Notes will continue to be listed on such stock exchange;

(v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Principal Paying Agent) from a lawyer or firm of lawyers with a leading securities practice in the Republic of Italy and in England as to the fulfilment of the preceding conditions of paragraph (iii) of this Condition 16 and the other matters specified in the Substitution Deed Poll; and

(vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, in accordance with Condition 14 stating that "copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents."

References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Substitution Deed Poll.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Agency Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) Submission to jurisdiction

In relation to any legal action or proceedings arising out of or in connection with the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Deed Poll ("***Proceedings***"), the Issuer irrevocably submits to the jurisdiction of the courts of England and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders, the Receiptholders and the Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by law.

(c) Appointment of Process Agent

The Issuer appoints Fleetside Legal Representative Services Limited of 9 Cheapside, London EC2V 6AD as their agent in England to receive service of process in any Proceedings in England based on any of the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Deed Poll. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute agent for service of process and to give notice to the Noteholders of such appointment in accordance with Condition 14.

(d) Other documents

The Issuer and the Guarantor have in the Agency Agreement, the Deed of Covenant, the Deed Poll and the Guarantee (in the case of the Guarantor) submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes.

CAPITALISATION OF ENEL – Società per Azioni

The following table sets forth the consolidated audited capitalisation of ENEL as at 31st December, 2001 and 2002, and unaudited capitalisation of ENEL as at 30th June, 2002 and 2003.

	As at 30th June, 2003	*As at 31st December, 2002*	*As at 30th June, 2002*	*As at 31st December, 2001*
		in euro million		
FINANCIAL DEBT				
Short-Term Debt (including current portion of long term debt)	4,529	7,281	6,610	5,858
Long-Term Debt (excluding current portion of long term debt)	20,055	17,186	17,322	16,072
Total Financial Debt	24,584	24,467	23,932	21,930
SHAREHOLDERS' EQUITY				
Capital stock	6,063	6,063	6,063	6,063
Legal reserve	1,453	1,453	1,453	1,453
Other reserves	2,244	2,244	2,244	2,244
Retained earnings	8,823	9,004	9,004	6,980
Net income	1,200	2,008	1,375	4,226
Total Shareholders' Equity	19,783	20,772	20,139	20,966
Minority interests	149	70	135	143
Total Shareholders' Equity and Minority Interests	19,932	20,842	20,274	21,109
Total Capitalisation	44,516	45,309	44,206	43,039

1 As at 29th October, 2003, the issued share capital of Enel is equal to euro 6,063,075,189 divided into 6,063,075,189 ordinary shares, each with a par value of euro 1. Enel's shareholders by resolution of 18th December, 1999 delegated the authority of the Board of Directors of Enel, such an authority remaining valid for a period of 5 years, to increase the share capital in one or more instalments up to the maximum aggregate amount of 121,261,500,000 lire, through the issue of up to a maximum of 121,261,500 new ordinary shares with a par value of 1,000 lire each. Such new shares were to be destined to the subscription of Enel's executives.

The Board of Directors has partially exercised on 9th April, 2001 such delegation of authority and has resolved – taking into consideration the conversion of the share capital into euro and the reverse stock split, as afterwards resolved by shareholders' meeting of 25th May, 2001 – to proceed with the following share capital increases to be destined to the 2000 and 2001 Stock Option Plans:

(a) for the 2000 Plan an increase of the share capital up to a maximum amount of euro 5,513,200 through the issue of up to a maximum of 5,513,200 new ordinary shares with a par value of euro 1 each to be subscribed within 31st December, 2004;

(b) for the 2001 Plan an increase of the share capital up to a maximum amount of euro 34,274,050 through the issue of up to a maximum of 34,274,050 new ordinary shares with a par value of euro 1 each to be subscribed within 31st December, 2005.

Subsequently, Enel's shareholders – by resolution of 25th May, 2001 – (i) revoked the authorization granted to Enel's Board of Directors on 18th December, 1999 with regard to capital increases not yet approved under such authorization, and (ii) delegated the authority to the Board of Directors of Enel, such an authority remaining valid for a period of 5 years, to increase the share capital in one or more instalments up to the maximum aggregate amount of euro 60,630,750 through the issue of up to a maximum of 60,630,750 new ordinary shares with a par value of euro 1 each. Such new shares were to be destined to the subscription of Enel's executives.

The Board of directors has partially exercised – on 10th April, 2003 – such delegation of authority and has resolved to proceed with a capital increase – to be destined to the 2002 Stock Option Plan – up to a maximum amount of euro 41,748,500 through the issue of up to a maximum of 41,748,500 new ordinary shares with a par value of euro 1 each to be subscribed within 31st December, 2007.

Subsequently, Enel's shareholders – by resolution of 23rd May, 2003 – (i) revoked the authorization granted to Enel's Board of Directors on 25th May, 2001 with regard to capital increases not yet approved under such authorization, and (ii) delegated the authority to the Board of Directors of Enel, such an authority remaining valid for a period of 5 years, to increase the share capital in one or more instalments up to the maximum aggregate amount of euro 47,624,005 through the issue of up to a maximum of 47,624,005 new ordinary shares with a par value of euro 1 each, to be destined to the subscription of Enel's executives under the terms of the 2003 Stock Option Plan.

2. Except for the purchase of the 26.575 per cent. of WIND's share capital held by Orange (France Telecom Group), there has been no material change in the capitalisation of ENEL since 30th June, 2003.

CAPITALISATION OF ENEL Investment Holding B.V.

The following table sets forth the non-consolidated audited capitalisation of ENEL B.V., as at 31st December, 2001 and 2002 and the non-consolidated unaudited capitalisation of ENEL B.V. as at 30th June, 2002 and 30th June, 2003.

	As at 30th June, 2003	*As at 31st December, 2002*	*As at 30th June, 2002*	*As at 31st December, 2001*
		in euro million		
FINANCIAL DEBT				
Short-Term Debt (including current portion of long term debt) ..	1,086.2	1,535.3	3,375.6	3,180.6
Long-Term Debt (excluding current portion of long term debt) ..	2,000.0	2,000.0	2,000.0	2,000.0
Total Financial Debt	3,086.2	3,535.3	5,375.6	5,180.6
Provision for losses on Investments	31.5	50.0		
SHAREHOLDERS' EQUITY				
Capital stock[1]	1,593.0	1,593.0	1,593.0	1,593.0
Share premium	4,187.2	4,187.5	1,271.6	1,271.6
Revaluation reserve	0.2	0.2	0.2	0.2
Retained Earnings (Deficit)	-5,563.6	-862.3	-862.3	
Net income (loss)	-306.8	-4,701.5	-4,220.7	-862.3
Total Shareholders' Equity[2]	-90.0	216.9	-2,218.2	2,002.5
Total Capitalisation	3,027.7	3,802.2	3,157.4	7,183.1

1 As at 29th October, 2003, the authorised share capital of ENEL Investment Holding B.V. is euro 7,500,000,000 divided into 750,000,000 common shares with a par value of euro 10 each. At 30th June, 2003, 159,305,000 shares were issued and fully paid up.

2 Except for the purchase of the 26.575 per cent. of WIND's share capital held by Orange (France Telecom Group), there has been no material change in the capitalisation of ENEL Investment Holding B.V. since 30th June, 2003.

SUMMARY FINANCIAL STATEMENTS OF ENEL – Società per Azioni

Consolidated Income Statement

	As at 30th June, 2003	*As at 31st December, 2002*	*As at 30th June, 2002*	*As at 31st December, 2001*
		in euro million		
REVENUES				
Sales and services	14,538	28,415	13,633	27,725
Change in contract work in progress	531	921	395	515
Capitalised expenses	427	1,173	491	934
Other revenues and incomes	386	710	398	622
Total revenues	15,882	31,219	14,917	29,796
OPERATING COSTS				
Raw materials and fuels	6,389	13,518	6,214	10,989
Services received	2,230	5,110	2,436	5,112
Leases and rentals	357	721	371	615
Personnel	1,744	3,589	1,784	3,722
Depreciation, amortisation & Write-downs	2,348	4,645	2,263	4,694
Change in inventories	40	-299	-85	258
Accruals to provisions for risks & charges	59	234	102	230
Other accruals	47	100	37	120
Other operating costs	437	721	347	578
Total operating costs	13,651	28,339	13,469	26,318
Operating Income	2,231	2,880	1,448	3,478
FINANCIAL INCOME AND EXPENSE				
Investment income	12	15	0	0
Other financial income	209	286	157	207
Interest and other financial charges	777	1,464	751	1,317
Total financial income (expenses)	-556	-1,163	-594	-1,110
EQUITY INVESTMENTS	-16	-74	-33	-85
EXTRAORDINARY ITEMS				
Extraordinary income	506	3,004	2,459	3,444
Extraordinary expense	252	2,268	1,915	1,126
Total extraordinary items	254	736	544	2,318
Income before taxes	1,913	2,379	1,365	4,601
Income taxes	794	608	74	649
Income before minority interests	1,119	1,771	1,291	3,952
Minority interests	81	237	84	274
Net Income	1,200	2,008	1,375	4,226

Consolidated Balance Sheet

	At 30th June, 2003	*At 31st December, 2002*	*At 30th June, 2002*	*At 31st December, 2001*
			in euro million	
ASSETS				
SHARE CAPITAL NOT PAID-IN				
FIXED ASSETS				
Intangible assets	12,579	13,029	13,738	13,913
Tangible assets	36,853	37,533	35,889	35,004
Financial assets	628	600	719	1,399
Total fixed assets	**50,060**	**51,162**	**50,346**	**50,316**
CURRENT ASSETS				
Inventories	3,627	3,266	2,404	1,932
Receivables	11,002	11,491	11,676	9,835
Short-term investments	1,103	1,259	1,264	1,248
Cash and cash equivalents	1,475	364	648	547
Total current assets	**17,207**	**16,380**	**15,992**	**13,562**
ACCRUED INCOME AND PREPAID EXPENSES	488	395	389	227
TOTAL ASSETS	**67,755**	**67,937**	**66,727**	**64,105**
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Capital stock	6,063	6,063	6,063	6,063
Legal reserve	1,453	1,453	1,453	1,453
Other reserves	2,244	2,244	2,244	2,244
Retained earnings	8,823	9,004	9,004	6,980
Net income	1,200	2,008	1,375	4,226
Total Shareholders' Equity	**19,783**	**20,772**	**20,139**	**20,966**
Minority interests	149	70	135	143
Total	**19,932**	**20,842**	**20,274**	**21,109**
PROVISIONS FOR RISKS AND CHARGES	5,718	4,867	4,871	4,095
EMPLOYEE TERMINATION INDEMNITY	1,357	1,415	1,428	1,418
ACCOUNTS PAYABLE				
Bonds	9,596	8,076	8,124	7,962
Bank debt	16,150	16,208	15,902	14,601
Commercial Paper	1,075	1,444	1,498	604
Other loans	355	348	340	568
Other payables	12,309	13,641	13,176	12,966
Total payables	**39,485**	**39,717**	**39,040**	**36,701**
ACCRUED LIABILITIES AND DEFERRED INCOME	1,263	1,096	1,114	782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**67,755**	**67,937**	**66,727**	**64,105**
Guarantees given	14	14	14	20
Other	46,212	48,510	45,646	48,194
Total commitments	**46,226**	**48,524**	**45,660**	**48,214**

SUMMARY FINANCIAL STATEMENTS OF ENEL INVESTMENT HOLDING B.V.

Non-consolidated Income Statement

	As at 30th June, 2003	*As at 31st December, 2002*	*As at 30th June, 2002*	*As at 31st December, 2001*
		in euro million		
REVENUES				
Total revenues	–	–	–	–
OPERATING COSTS				
Depreciation and amortisation	110	4,088	245	374
Other operating costs	–	11		16
Total operating costs	110	4,099	245	390
Operating Income	–110	–4,099	–245	–390
Financial income and expenses	–67	–232	–115	–231
RESULTS FROM PARTICIPATIONS				
Equity income / (losses)	–129	–369	–127	–240
General & Administrative expenses	1	1	1	1
PRE TAX PROFIT /(LOSS)	–307	–4,701	–488	–862
Extraordinary Items	–	–	–3,733	–
Income taxes	–	–	–	–
Net Income	–307	–4,701	–4,221	–862

Non-consolidated Balance Sheet

	At 30th June, 2003	*At 31st December, 2002*	*At 30th June, 2002*	*At 31st December, 2001*
			in euro million	
ASSETS				
SHARE CAPITAL NOT PAID-IN				
FIXED ASSETS				
Intangible assets	2,797.5	2,907.5	3,017.3	6,995.7
Financial assets	31.2	43.0	133.0	182.8
Total fixed assets	**2,828.7**	**2,950.5**	**3,150.3**	**7,178.5**
CURRENT ASSETS				
Interests receivable	0.1	0.0	0.0	0.9
Prepaid interest & deferred expenses (ECP)	4.5	5.9	7.0	3.6
Cash and equivalents	190.0	845.8	0.1	0.1
Other current assets	4.4	0.0	0.0	0.0
Total current assets	**199.0**	**851.7**	**7.1**	**4.6**
TOTAL ASSETS	**3,027.7**	**3,802.2**	**3,157.4**	**7,183.1**
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Capital stock	1,593.0	1,593.0	1,593.0	1,593.0
Share premium	4,187.5	4,187.5	1,271.6	1,271.6
Revaluation reserve	0.2	0.2	0.2	0.2
Retained Earnings (Deficit)	–5,563.6	–862.3	–862.3	–862.3
Net income (loss)	–306.8	–4,701.5	–4,220.7	0.0
Total Shareholders' Equity	**–89.7**	**216.9**	**–2,218.2**	**2,002.5**
Provision for losses on Investments	31.5	50.0	0.0	0.0
LONG TERM LIABILITIES				
Bonds	**2,000.0**	**2,000.0**	**2,000.0**	**2,000.0**
SHORT TERM LIABILITIES				
Short term Loan, Banks (ECP)	1,075.3	1,443.6	1,497.8	604.0
Shareholders' Loan	0.0	0.0	1,500.0	1,500.0
Current account	0.0	0.0	359.9	996.6
Interest payable	3.0	70.2	0.0	66.6
Other payables	4.0	10.6	0.0	6.9
Total payables	**1,082.3**	**1,524.4**	**3,357.7**	**3,174.1**
ACCRUED LIABILITIES AND DEFERRED INCOME	3.6	10.9	17.9	6.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,027.7**	**3,802.2**	**3,157.4**	**7,183.1**

DESCRIPTION OF ENEL

ENEL Società per Azioni (the "Company") and its consolidated subsidiaries (together, "Enel" or "Group") is the principal electricity company in Italy, with the leading position in the generation, transmission, distribution and supply of electricity. Excluding electricity produced by Eurogen and Interpower, Enel estimates that it generated approximately 48.6 per cent. of the 270.4 Terawatt hours ("TWh") of electricity produced in Italy in 2002. In 2001, Enel's distribution network sold 194.3 TWh of electricity in Italy to final customers.

Enel was established in December 1962 through the nationalisation of approximately 1,250 private power companies in Italy. The Company was incorporated as a joint stock company on 11th July, 1992. During 1998, Enel organised its operations to establish strategic divisions, with separate management structures, for each of Enel's main businesses. Beginning in October 1999, as required by the Bersani Decree, Enel formed separate companies to which it assigned the responsibility (and related assets, liabilities and personnel) of each of its significant businesses.

In November 1999, Enel completed an initial public offering of 3,848,802,000 shares, representing a sale of 31.74 per cent. of the Company.

In accordance with the resolution of the Shareholders' Meeting held on 25th May, 2001, the capital stock of Enel was restated in euro (bringing the nominal value of the shares from lire 1,000 to euro 0.50 each). At the same time the shares were subject to a reverse split in a ratio of one share with nominal value euro 1 for every two shares of nominal value euro 0.50, effective 9th July, 2001. Following such operations, the capital stock is now composed of 6,063,075,189 ordinary shares of nominal value euro 1 each. As a result of rounding, the capital stock was decreased from euro 6,263 million to euro 6,063 million, with the balance transferred to legal reserve (euro 200 million).

At 31st December, 2002, on the basis of the Shareholders' Register and information available, there are no shareholders with an ownership interest in the Company greater than 2 per cent. of the capital stock of the Company other than the Italian Treasury (which holds 67.576 per cent. of the capital stock).

The Italian electricity market is subject to extensive governmental regulation. In 1999, the Italian government adopted a decree, known as the Bersani Decree, that is significantly changing the regulation of the electricity market. For a more complete discussion of the Bersani Decree, see "Regulatory Matters" below. The following table shows selected operating data for Enel's electricity operations for each of the past five years. Net production equals gross production of electricity less consumption by units generating electricity and mechanical and electrical losses in production.

	1998	*1999*	*2000*	*2001*	*2002*
Gross installed capacity at period end (GW)	58.9	59.4	58.9	52.0	45.3[2]
Net production (TWh)	179.5	178.8	182.5	169.1[1]	145.1[3]
Electricity sold to final customers and to municipal distributors (TWh)	226.2	230.5	222.9	206.0	194.3
Electricity customers at year end (millions)	29.3	29.7	29.8	29.8	28.8

(1) Including 12.2 TWh generated by Elettrogen and Valgen before they were divested.

(2) Including 3.0 GW of capacity at Interpower.

(3) Including 8.0 TWh generated by Eurogen before it was divested and 5.7 TWh generated by Interpower.

Enel's most significant business outside of its core electricity operations is WIND. As of 30th June, 2003, WIND provided integrated fixed-line, mobile telephony and Internet services to a customer base in Italy comprising approximately 30.6 million lines, including approximately 13.9 million registered users for its Internet access services. On 29th March, 2001, Enel acquired Infostrada which, at the time, was one of Italy's leading alternative providers of fixed-line telecommunications services and one of Italy's leading Internet service providers. In January 2002, Enel merged Infostrada into WIND.

Restructuring of Enel

On 5th July, 2002 Enel reorganised its operations into five business divisions in order to increase the focus of the activities on the market and to better control costs and enhance synergies among various subsidiaries. In addition Enel S.p.A., as the parent company, represents the Corporate Division of the Group that defines the strategic objectives for the Group and co-ordinates the activities of all of these divisions. In addition, Enel manages finance operations and insurance risk coverage for all Group companies and provides assistance and guidelines on organisational, industrial relations, accounting, administrative, tax and legal issues.

The following are the five divisions on which the new structure is based:

- *Generation and Energy Management Division*, is responsible for Enel operations related to the production of electricity and the procurement of fuel for electricity generated. The principal subsidiaries in this division include Enel Produzione S.p.A., the division's lead company, in energy generation; Enel Green Power S.p.A. (previously called E.R.G.A. S.p.A.), for generation of energy from renewable resources; Viesgo Generaciòn S.L. a Spanish power generation company; Enel North America, Inc. (previously known as CHI Energy, Inc.) and Energia Global International LLC, which generate power from renewable resources in the Americas; and Enel Trade S.p.A. (previously called Enel F.T.L. S.p.A.), which purchases fuel for all of Enel generating operations and is active in the fuel trading and logistics sector.

- *Sales, Infrastructure and Networks Division*, comprises two business units, which operate as independent units under the umbrella of Enel Distribuzione, S.p.A., the division's lead company. The Infrastructure and Networks business unit operates mainly through Enel Distribuzione, S.p.A., which distributes electricity in Italy; Electra de Viesgo Distribuciòn S.L., a Spanish company which primarily distributes and sells electricity on the regulated market in Spain; and three gas distribution companies in Italy, which Enel plans to merge into a single entity by the end of 2003. The Sales business unit sells electricity and gas and provides electricity-related services. The principal subsidiaries in this area include Enel Distribuzione S.p.A., which sells electricity on the regulated market in Italy; Enel Energia S.p.A. (previously called Enel Trade S.p.A.), which sells electricity on the free market in Italy; Enel Gas S.p.A., which resells natural gas to end users in Italy; So.l.e. S.p.A., which offers public lighting services; and Enel.si S.p.A. which offers electricity systems-related services and "beyond the meter" products and services, such as consulting and sale of electricity equipment.

- *Transmission Division* is represented by Terna S.p.A., a wholly owned subsidiary of Enel, and owns approximately 94 per cent. of Italy's national electricity grid.

- *The Telecommunications Division's* operations are carried out by WIND.

- *Services and Other Activities Division* includes other non-core business operations of Enel, such as, among others, Enel Real Estate S.p.A. (previously called SEI S.p.A.), which provides commercial real estate management services; Enelpower S.p.A., which provides power-related engineering and construction services; and Enel.it S.p.A., the group-wide information technology unit.

The following chart sets forth principal business units and the main companies through which Enel conducts these businesses.

Name	*Principal Business*	*Country of Incorporation*	*Group Percentage Ownership*
Enel S.p.A.	Holding Company	Italy	
Generation and Energy Management			
Enel Produzione S.p.A.	Power generation	Italy	100%
Enel Trade S.p.A. (formerly ENEL F.T.L. S.p.A.)	Fuel trading and logistics	Italy	100%
Enel Green Power S.p.A	Power generation from renewable geothermal and alternative resources	Italy	100%
Enel North America Inc.	Power generation from renewable resources	U.S.A	100%
Energia Global International LLC	Power generation from renewable resources	U.S.A	100%
Enel Logistica Combustibili S.p.A.	Fuel Logistics	Italy	100%
Conphoebus S.p.A.	Renewable energy related services	Italy	100%
Elettroambiente S.p.A.[1]	Power generation from waste products	Italy	70.48%
Viesgo Generaciòn SL	Power generation	Spain	100%
Sales, Infrastructure and Networks			
Enel Distribuzione S.p.A.	Electricity distribution, and electricity sales to Non–Eligible Customers	Italy	100%
Enel Energia S.p.A (formerly Enel Trade S.p.A.)	Sales of electricity to Eligible Customers	Italy	100%
So.l.e. S.p.A.	Public and art lighting	Italy	100%
Enel.si S.p.A.	Electricity systems-related services	Italy	100%
Enel Distribuzione Gas S.p.A.	Natural gas distribution	Italy	100%
Deval S.p.A.	Electricity distribution and sales to Non–Eligible Customers	Italy	51%
Camuzzi Gazometri S.p.A.	Natural gas distribution, waste management	Italy	99.29%
Enel Gas S.p.A.	Sales of natural gas	Italy	100%
GE.AD S.p.A.	Natural gas distribution	Italy	100%
Transmission			
Terna S.p.A.	Transmission of electric power	Italy	100%
Telecommunications			
WIND Telecomunicazioni S.p.A.[2]	Telecommunications and Internet services	Italy	73.4%
Services and Other activities			
Enel.Hydro S.p.A.	Design, construction and management of water distribution networks	Italy	100%
Enel Real Estate S.p.A.	Commercial real estate management and general services	Italy	100%
Dalmazia Trieste S.p.A.	Residential real estate management	Italy	100%
Enelpower S.p.A.	Engineering and development of generation and transmission systems	Italy	100%
Enel.it S.p.A.	Information technology and infrastructure related to transmission services	Italy	100%
Enel.factor S.p.A.	Factoring	Italy	80%
Enel.Re. Ltd	Reinsurance	Ireland	99.99%
APE Gruppo Enel S.p.A.	Personnel administration and related services	Italy	100%
Sfera S.p.A.	Professional training services	Italy	100%

1 On 30th July, 2003, ENEL sold 70.48 per cent. of the share capital of Elettroambiente S.p.A. to ITALGEST ENERGIA.

2 Since 1st July, 2003 WIND has been a fully-owned subsidiary of ENEL.

BUSINESS

Enel is the principal electricity company in Italy, with the leading position in the generation, distribution, sale and transmission of electricity. Enel net production decreased by 14 per cent., or by 24 TWh, in 2002 as compared to 2001, primarily as a result of the sale of Elettrogen and Eurogen, which took place in September 2001 and May 2002, respectively. Based on data provided by the Gestore della Rete, a company now wholly owned by the Treasury Ministry responsible for the management and control of the national transmission grid and for electricity dispatching, Enel estimates that its production represented 54 per cent. of Italian net production during 2002. Based on revenues, Enel was one of the largest industrial companies in Italy, with operating revenues of euro 29,977 million, or approximately $31,431 million, in 2002. Enel earned net income of euro 2,008 million, or $2,105 million, in 2002.

In line with the reorganisation of Enel, the five main business areas within the Group are as described below:

1. Generation and Energy Management

Enel is the largest producer of electricity in Italy through Enel Produzione S.p.A., the primary generating company, and Enel Green Power S.p.A., which specialises in producing electricity from renewable resources. As of 31st December, 2002, Enel had 586 generating plants (excluding plants owned by Interpower, which Enel sold in January 2003), consisting of thermal, hydroelectric, geothermal and other renewable resources facilities, which, based on data provided by the *Gestore della Rete*, Enel estimates represented approximately 53 per cent. of the total gross installed capacity in Italy as of 31st December, 2002. In 2002, 75.5 per cent. of net production was from thermal plants, 21.1 per cent. was from hydroelectric plants and the remaining 3.4 per cent. was from geothermal and other renewable resources plants. Enel no longer owns or operates any nuclear plants. In 2002, this division also included the distribution activities of Electra de Viesgo Distribuciòn SL. Starting from 1st January, 2003, such activities are included in the Sales, Infrastructures and Networks Division.

At the same time, Enel has been expanding its Generation and Energy Management operations outside of Italy. International operations are currently represented by the Viesgo Group, operating in Spain, in addition to American subsidiaries Enel North America Inc. and Energia Global International LLC. The largest operation abroad is through Viesgo Generaciòn S.L. (which until 2002 was a subsidiary of Electra de Viesgo Distribucion S.L.), an electricity generation company in Spain, with a gross installed capacity of 2,365 MW, which Enel acquired on 8th January, 2002. On 5th March, 2003, Enel executed an agreement with Entergy Power Development Corporation for the purchase of 60 per cent. of the share capital of Entergy Power Holding Maritza BV, a Dutch company, with the option to acquire the remaining 40 per cent. if certain conditions are met. Entergy Power Holding Maritza BV holds 73 per cent. of Maritza East III Power Company AD, a Bulgarian company with a generating plant with a capacity of 840 MW.

On 16th June, 2003 ENEL agreed to purchase an 80 per cent. interest in Union Fenosa Energia Especiales ("UFEE"), the renewable energy operations of Spain's third largest utility company, Union Fenosa, for Euro 168 million.

Breakdown of Italian Generating Capacity

As at 31st December, 2002, Enel Produzione S.p.A. and Enel Green Power S.p.A. together operated a total of 586 generating plants. Enel's generating facilities include thermal plants, which burn fossil fuels, hydroelectric plants, geothermal plants and other facilities that generate electricity from renewable resources. At 31st December, 2002, these plants had a total gross installed capacity of 42.3 GW, representing approximately 53 per cent. of the total gross installed capacity in Italy. Excluding electricity produced by Elettrogen, Eurogen and Interpower, which Enel sold in September 2001, May 2002 and January 2003, respectively, the net electricity production generated by Enel in 2002 increased 1.8 per cent. from 2001 to a total of 131.4 TWh. When these assets are included, net electricity production in 2002 decreased to 145.1 TWh, or by 14 per cent. from 2001, of which 8.0 TWh were generated by Eurogen before it was divested in May. In 2002, Interpower, the generating company Enel sold in January 2003, generated 5.7 TWh, or approximately 4 per cent. of its net electricity production for the year.

The following table shows the gross installed capacity at 31st December, 2002, and the net production in 2002 for the Italian electricity sector as a whole. Independent power producers include industrial companies that produce electricity for their own use and for sale to third parties. Imports include electricity purchased from foreign producers on the spot market or under annual or long-term contracts. Pumped storage consumption refers to the use of electricity by pumped storage hydroelectric plants to pump water to elevated areas for use at a later time to generate electricity.

	As at 31st December, 2002	*2002*	
	Gross Installed Capacity	*Net Production*	*Percentage of Italian Production*
	(GW)	*(TWh)*	
Enel	42.3[1]	131.4[2]	48.6
Independent power producers	34.4	126.0	46.5
Municipal utilities	2.9	13.0	4.9
Total gross installed capacity and net production in Italy	79.6	270.4	100.0%
Total net imports into Italy	–	50.6	–
Total pumped storage consumption in Italy	–	10.6	–
Total demand in Italy	–	310.4	–

Source: ENEL's estimates, based on data provided by Gestore della Rete.

(1) Excluding 3 GW operated by Interpower.

(2) Excluding 8.0 TWh generated by Eurogen and 5.7 TWh generated by Interpower.

Enel Generating Capacity

As at 31st December, 2002, Enel's generating plants had a total net efficient generation capacity of 43,752 MW. as shown in the table that follows:

Net efficient domestic generation capacity

MW	*Enel Produzione S.p.A.*	*Interpower*	*Enel Green Power S.p.A.*	*At 31st Dec. 2002*	*At 31st Dec. 2001*	*2002-2001*
Thermal	26,131	2,548	–	28,679	34,327	–5,648
Hydroelectric	12,899	63	1,382	14,344	15,061	–717
Geothermal	–	–	666	666	540	126
Wind and photovoltaic	–	–	63	63	43	20
Total	39,030	2,611	2,111	43,752	49,971	–6,219

The reduction in domestic net efficient generation capacity of the Group resulting from the sale of Eurogen was equal to 7,008 MW, of which 6,242 MW is thermal electricity and 766 MW is hydroelectric power, while a new plant coming into operation during the year resulted in a 789 MW increase in generation capacity.

The following table shows certain statistics about Enel's domestic generating facilities, broken down by type of plant at 31st December, 2002 and for the year 2002. The table does not take into account data relating to Eurogen and Interpower, the generating companies Enel divested in May 2002 and January 2003, respectively. The weighted average age of the plants does not take into account refurbishment or upgrades after initial construction. The forced outage factor represents the amount of electricity that was not produced during the period because of unplanned outages, expressed as a percentage of the maximum theoretical amount of electricity that could have been produced during the period.

	As at 31st December, 2002		2002		
	Gross Installed Capacity	Weighted Average Age of Plant	Net Production	Percentage of Net Production	Forced Outage Factor
	(GW)	(years)	(GWh)		(%)
Thermal	27.2	19	99,265	75.5%	4.3%
Hydroelectric	14.3	36	27,745	21.1%	0.5%
Geothermal and other renewable	0.8	8	4,435	3.4%	5.2%
Total	42.3			100.0%	

Fuel Consumption

Enel uses fuel oil, natural gas, coal, orimulsion and other fuels in operating its thermal generation plants. Enel does not use significant amounts of fuel in operating its hydroelectric, geothermal or other renewable resource plants. Italy has small reserves of fossil fuels. As a consequence, Enel depends on imported oil, natural gas and coal for a large proportion of its energy needs. In 2002, Enel's fuel costs for thermal production, including fuel transport and excluding the Gencos, were 3,651 million and constituted approximately 69 per cent. of its total operating expenses.

The table below shows gross thermal generation by type of fuel employed:

	2002		2001 restated		2002-2001	
			In millions of kWh			
High sulphur content fuel oil (S>0.5%)	26,710	22.4%	29,205	25.2%	–2,495	–8.5%
Low sulphur content fuel oil (S<0.5%)	15,216	12.7%	12,850	11.1%	2,366	18.4%
Total fuel oil	41,926	35.1%	42,055	36.3%	–129	–0.3%
Natural gas	41,175	34.4%	41,302	35.6%	–127	–0.3%
Coal	31,286	26.2%	27,730	23.9%	3,556	12.8%
Orimulsion and other fuels	5,084	4.3%	4,874	4.2%	210	4.3%
Total	**119,471**	**100%**	**115,961**	**100%**	**3,510**	**3.0%**

The following table provides a breakdown of Enel's net electricity production for the periods indicated, by primary energy source utilised. "Other" thermal energy sources include lignite, light distillate and derived gases. Data for 2002 represent production by Enel Produzione S.p.A. and Enel Green Power S.p.A. and excludes production by Eurogen and Interpower.

	Year ended 31st December					
	2000		*2001*		*2002*	
	Net electricity produced	*Percentage of total*	*Net electricity produced*	*Percentage of total*	*Net electricity produced*	*Percentage of total*
	(GWh)		(GWh)		(GWh)	
Oil	58,960	32.3%	49,261	29.1%	33,949	26%
Natural gas	52,148	28.6	46,481	27.5	36,082	22
Coal and orimulsion	29,919	16.4	32,381	19.1	29,234	28
Other	364	0.2	197	0.1	0	0
Total thermal	141,391	77.5	128,320	75.9	99,265	76
Hydroelectric	36,692	20.1	36,516	21.6	27,745	21
Geothermal	4,415	2.4	4,239	2.5	4,382	3
Wind and photovoltaic	29	0.0	31	0.02	53	0
Total	182,527	100.0%	169,106	100.0%	131,445	100.0%

Source: Enel.

In 2002, the approximate percentages of Enel's net electricity produced by the thermal generation represented by each of the following fuels was approximately:

- 37 per cent. natural gas;
- 34 per cent. fuel oil; and
- 29 per cent. coal, orimulsion and other fuels.

Enel estimates that by 2007, once it has completed its plant conversion programs, these percentages will be approximately:

- 47 per cent. natural gas;
- 6 per cent. fuel oil; and
- 47 per cent. coal, orimulsion and other fuels

Enel's policy is to diversify its sources of fuel supplies and to increase its use of less expensive fuels, such as orimulsion and coal, as well as fuels that have less impact on the environment when consumed, such as natural gas. However, generation using coal and orimulsion generally results in higher emissions levels compared to those other fuels. Enel's ability to increase use of these fuels is dependent on its ability to comply with restrictions on emissions established by national and European Union authorities.

Disposal of generating capacity

In order to increase competition in the Italian electricity generation market, the Bersani Decree provided that after 1st January, 2003 no single company or group may generate or import in aggregate more than 50 per cent. of the total amount of electricity generated and imported in Italy. Accordingly, Enel disposed of no less than 15,000 MW of its net generating capacity by that date in order to reduce its market share to a permitted level.

In October 1999 Enel transferred to the Gencos generating plants, representing approximately 27 per cent. of its generating capacity at that date (15,057 MW of Enel's net installed capacity, which is equivalent to 16,067 MW of gross installed capacity), together with the management teams and

employees needed to operate these plants. Enel subsequently divested each of the Gencos through a separate auction process in transactions with an aggregate value of approximately euros 8,200 million, as follows:

- On 20th September, 2001, Enel sold 100 per cent. of the share capital of Elettrogen (now called Endesa Italia S.r.l.) to a consortium formed by Endesa S.A., ASM Brescia S.p.A. and Banco Santander Central Hispano S.A. for total final consideration of euro 3,585 million, including euro 2,687 million in cash and the assumption of euro 898 million in debt;

- on 31st May, 2002, Enel sold 100 per cent. of the share capital of Eurogen (now part of Edipower S.p.A.) to Edipower S.p.A., a consortium formed by Edison S.p.A., AEM S.p.A., AEM Torino S.p.A., Aar e Ticino SA di Elettricità (Atel), Unicredito Italiano S.p.A., Interbanca S.p.A. and Albojo Limited for total final consideration of euro 3,731 million, including euro 2,980 million in cash and the assumption of euro 751 million in debt; and

- on 29th January, 2003, Enel sold 100 per cent. of the share capital of Interpower (now called Tirreno Power S.p.A.) to a consortium of bidders including Italian consortium Energia Italiana, Electrabel S.A. and ACEA S.p.A. for euro 853 million, including euro 535 million in cash (which may increase or decrease as a result of the application of the price adjustment mechanism provided by the agreement) and the assumption of euro 318 million in debt. With the sale of Interpower, Enel completed the disposals mandated by the Bersani Decree.

With the completion of all disposal of the Gencos, Enel's gross installed capacity has decreased to approximately 53 per cent. of total Italian gross installed capacity from approximately 66 per cent. in 2001 and 57 per cent. in 2002, and Enel expects to generate approximately 49 per cent. of the total amount of electricity generated and imported in Italy in 2003.

International Generation Operations

On 8th January, 2002, Enel acquired 100 per cent. of the outstanding shares of Electra de Viesgo Distribucion S.L., a Spanish electricity company with generation and distribution company subsidiaries, from Endesa S.A. for total consideration of euro 2,070 million, including euro 1,920 million in cash and the assumption of euro 150 million in debt. Viesgo Generaciòn S.L., the generation company, operates 7 thermal plants and 6 hydroelectric plants in Spain with an aggregate gross installed capacity of approximately 2,365 MW.

In 2003, Enel entered the Bulgarian market with the acquisition of a controlling stake in Entergy Power Holding Maritza B.V., which through a subsidiary owns a power generation plant in Bulgaria.

In addition, on 16th June, 2003, Enel agreed to purchase an 80 per cent. interest in Union Fenosa Energias Especiales ("UFEE"), the renewable energy operations of Spain's third-largest utility, Union Fenosa, for euro 168 million. UFEE, which produces predominantly wind and hydro power, has 281 MW of installed capacity already in operation, 157 MW currently under construction and an additional 324 MW planned for the 2004-2007 period, as well as an additional 874 MW of capacity scheduled to be built after 2007.

Enel also has generation operations in the United States through Enel North America Inc., a North American independent power producer specialising in renewable resources and in Central and South America through Energia Global International, LLC, another power producer also specialising in renewable resources. Both of these companies are owned by Enel Green Power S.p.A.. At 31st December, 2002, Enel North America Inc. operated 85 power plants in the United States and three in Canada with an aggregate gross installed capacity of 335 MW and a net production in 2002 of approximately 893 GWh. In 2002, Enel North America Inc. increased its gross installed capacity by 80 MW, primarily reflecting an increase in its generating capacity from wind. At 31st December, 2002, Energia Global International LLC operated two hydroelectric plants and a wind plant in Costa Rica, as well as two hydroelectric plants in Chile, with an aggregate gross installed capacity of 160 MW and net production in 2002 of approximately 771 GWh.

Operating Performance

The following table provides certain selected operating and financial data for Interpower at 31st December, 2002 for the year then ended and for Eurogen at 31st May, 2002 (the last date on which Enel owned it) and for the period between 1st January, 2002, and 31st May, 2002. The financial data included in the table has been prepared on the basis of Italian GAAP. Financial data related to Eurogen has not been audited.

Operating data

	Interpower 31st Dec. 2002	*Eurogen 31st May, 2002*
Gross installed capacity of all plants (MW)	2,961	7,346
Gross installed capacity of thermal plants (MW)	2,898	6,580
Gross installed capacity of hydroelectric plants (MW)	63	766
Net production 2002 (TWh)	5.7	8.0
Number of employees	880	1,738
Total number of plants	20	52
Number of thermal plants	3	6
Number of hydroelectric plants	17	46

Financial Data

	Year ended 31st Dec. 2002	*January 1–31st May, 2002*
	(millions of euro)	
Operating revenues	332	507
Operating income	–6	79
Net income	–51	26
Total net assets	356	1,031

The generation assets Enel transferred to the Gencos broadly reflect the technological features, mix of fuels consumed and geographical distribution of the generation assets that Enel has retained. Enel transferred plants representing 9,460 MW of the 14,200 MW of thermal production capacity covered by its approved plan to convert fuel burning plants to combined cycle technology.

Fuel

Enel Trade S.p.A. (formerly Enel F.T.L.) was incorporated on 30th December, 1999 with the aim of concentrating the management of all the Group fuel purchases and exploiting the resulting economies of scale. The company is active in the trading of energy products on the domestic and international market, offering shipping and logistic services. The company also manages risks deriving from fluctuations in energy products to which the Group is exposed, operating actively in the derivatives market. Since June 2000, Enel Trade S.p.A. has been responsible for the purchase and sale of fuel for all of Enel's domestic generating operations, for its gas operations in the Italian market and for a portion of the requirements of the Spanish subsidiary Electra de Viesgo Distribucion SL. Enel Trade S.p.A. also engages in fuel trading, as well as the supply and development of related shipping, logistical and risk management services. In 2002, Enel Trade S.p.A. purchased an aggregate volume of 39.7 million tons of oil and oil equivalents, including crude oil and petroleum products, coal and natural gas, of which 11.4 million where for trading purposes only, compared to 34.6 million tons in 2001.

2. Sales, Infrastructure and Networks

Enel is the largest supplier of electricity in Italy through Enel Distribuzione S.p.A. and Enel Energia S.p.A. In 2002, Enel sold electricity to approximately 23 million households, or approximately 90 per cent. of all households in Italy. Enel distributed and sold approximately 163.9 TWh of electricity on the

regulated market in 2002, of which approximately 23 per cent. went to industrial customers, 32 per cent. went to customers in the commercial and other services sector, 34 per cent. went to residential customers, 8 per cent. went to other distributors or was exported and 3 per cent. went to the agricultural sector. Enel also distributed a total of 94.0 TWh of electricity and sold approximately 30.3 TWh of electricity to consumers who meet consumption thresholds that permit them to participate in the free market, or "Eligible Customers". Consumers not meeting these thresholds are called "Non-Eligible Customers". Enel Gas S.p.A. (formerly Enel Vendita Gas S.p.A.), also in this area, resells natural gas to end users.

Through Enel Distribuzione S.p.A. a part of the Infrastructure and Networks business unit, Enel is the largest electricity distributor in Italy. At 31st December, 2002, Enel distribution network consisted of a total of 1,063,010 km of lines, mostly medium and low voltage, and 407,751 primary and secondary transformer substations, with a total transformer capacity of 151,336 MVA. The Infrastructure and Networks area also includes gas distribution operations, which in 2002 were carried out through Enel Distribuzione Gas S.p.A., GE.AD S.p.A. and Camuzzi Gazometri, which Enel acquired in May 2002. These companies, which Enel intends to merge into one unit by the end of 2003, provided it with access to an aggregate of approximately 1.7 million natural gas customers as of 31st December, 2002. With effect from 1st January, 2003, this division also includes the distribution activities of Electra de Viesgo Distribuciòn S.L., which were part of the international operations of Enel Generation and Energy Management division in 2002. Through Electra de Viesgo Distribuciòn S.L., Enel operates a 24,500 kilometer distribution network and sells electricity to approximately 510,000 end users in Spain.

Enel operates in the electricity market through the following companies:

- Enel Distribuzione S.p.A., which owns the electricity distribution network serving the free and regulated markets and sells electricity on the regulated market;
- Deval, a subsidiary in which Enel owns a 51 per cent. interest, which engages in similar activities in the Valle d'Aosta Region;
- Enel Energia, which sells electricity on the free market;
- Electra de Viesgo Distribuciòn S.L., which operates Enel's distribution activities in Spain (such activities were part of the international operations of the Generation and Energy Management Division in 2002);
- So.l.e. S.p.A., which provides public and art lighting services; and
- Enel.si, which provides electricity-related services.

On 1st January, 2003, Enel Energia transferred to Enel Trade S.p.A. its business unit conducting electricity sales to "large electricity users" and "electricity wholesalers", in order to focus Enel Energia's own activities on the segment of the free market comprising customers with an annual electricity consumption of less than 100 GWh.

Distribution and sales of electricity on the regulated market

Enel owns and operates the principal electricity distribution network in Italy. Enel uses the term "distribution" to refer to the transport of electricity from the transmission network to end users. Enel Distribuzione S.p.A., wholly owned subsidiary, holds all of Enel's distribution assets and operations. Its main responsibilities consist in operating and maintaining the distribution network, distributing electricity to end users and selling electricity on the regulated market.

The following table sets forth the volumes of electricity transported to the free market, and transported to (and sold on) the regulated market by Enel Distribuzione S.p.A. and Deval.

	Year ended 31st December		
	2000	*2001*	*2002*
Transported to free market	45,200	76,845	94,043
Transported to regulated market	201,067	179,048	163,950
Total	246,267	255,893	257,993

Growth in distribution of electricity to end users is closely related to economic growth in Italy. In 2000, the Italian economy experienced moderate growth, particularly in the industrial and service sectors. In 2001 and 2002, however, the growth of Italian economy was limited due to the general slowing of the world economy.

Enel has focused on reducing operating costs in its distribution and sales operations. In particular, Enel has reduced the number of employees involved in these operations by approximately 18 per cent. over the past three years, and by 30 per cent. from 31st December, 1998 to 31st December, 2002. The following table shows the number of this division's employees at the dates indicated:

	Year ended 31st December		
	2000	*2001*	*2002*
Distribution employees	44,072	38,296	36,103

ECONOMIC DATA

Due to the current transitional stage and in view of the introduction of definitive rules for the unbundling of the above activities, in the analysis that follows they are considered jointly, separating the electricity and gas sector.

Sales, Infrastructure and Networks

	2002	2001	2002-2001	
		In millions of euro		
Electricity				
Revenues	19,517	21,768	–2,251	–10.3%
Gross operating margin	*3,328*	*3,158*	*170*	*5.4%*
Operating income	2,062	1,521	541	35.6%
Gas				
Revenues	1,069	438	631	
Gross operating margin	133	48	85	
Operating income before amortization of goodwill	65	11	54	
Operating income	38	5	33	
Total				
Revenues	20,586	22,206	–1,620	–7.3%
Gross operating margin	*3,461*	*3,206*	*255*	*8.0%*
Operating income before amortization of goodwill	2,127	1,532	595	38.8%
Operating income	2,100	1,526	574	37.6%
Net capital employed	11,612	9,942	1,670	16.8%
Employees	39,489	39,629	–140	–0.4%
Capital expenditure	1,967	1,566	401	25.6%

Total revenues from the *sale and transport of electricity* for 2002 amounted to euro 16,368 million, declining by euro 2,481 million from the same period in 2001. Sales on the regulated market decreased by 15,098 million kWh (down 8.4 per cent.), while the volume of electricity transported for the free market increased by 17,198 million kWh (up 22.4 per cent.). Total electricity distributed increased slightly (up 0.8 per cent.) on 2001.

Sale and transport of electricity (Enel Distribuzione S.p.A. and Deval)

	In millions of kWh					*In millions of kWh*				
	Transported for the free market	*Sold on regulated market*	*Total 2002*	*In millions of euro*	*€¢/kWh*	*Transported for the free market*	*Sold on regulated market*	*Total 2001*	*In millions of euro*	*€¢/kWh*
High-voltage	46,090	18,042	64,132	1,278	1.99	37,145	20,229	57,374	1,315	2.29
Medium-voltage	47,150	40,383	87,533	3,747	4.28	39,679	53,989	93,668	5,011	5.35
Low-voltage	803	105,525	106,328	11,343	10.67	21	104,830	104,851	12,523	11.94
Total	94,043	163,950	257,993	16,368	6.34	76,845	179,048	255,893	18,849	7.37

Electricity sales – free market

	In millions of euro	*In millions of kWh*	*€¢/kWh*	*In millions of euro*	*In millions of euro*	*€¢/kWh*	*In millions of kWh*	*€¢/kWh*
	2002			*2001*			*2002-2001*	
High voltage	889	15,323	5.80	1,071	16,692	6.42	-8.2%	-9.6%
Medium voltage	1,008	15,005	6.72	869	10,141	8.57	48.0%	-21.6%
Low voltage	2	24	7.08	7	76	9.21	-68.4%	-23.1%
Total	1,899	30,352	6.26	1,947	26,909	7.24	12.8%	-13.5%

Distribution network

Electricity distribution network

The table below sets forth certain information about Enel's primary and secondary distribution networks at 31st December, 2002.

Type	*Underground lines*	*Insulated aerial lines*	*Bare aerial lines*	*Total lines*	*Number of substations*	*Transformer capacity*
	(km)	*(km)*	*(km)*	*(km)*		*(MVA)*
Primary:						
High voltage lines (40-150 kV)	366		19,950	20,316		
Primary substations					1,976	87,026
Secondary:						
Medium voltage lines (1-30 kV)	117,022	6,230	208,803	332,055		
Low voltage lines	210,580	370,327	129,731	710,639		
Secondary substations					405,775	64,310

Replacement and construction of distribution lines and substations are subject to Italian regulatory limitations on environmental and aesthetic grounds, including recently enacted legislation on electromagnetic fields that may make it more difficult to build new transmission and distribution lines and substations in the future and may require removing existing transmission and distribution lines and substations.

In some cases, a single municipality is served both by Enel's distribution network and the distribution network of a municipal utility. The Bersani Decree provided that a single distribution license would be issued for each municipality in Italy, thereby creating an incentive for the consolidation of such multiple distribution networks. Specifically, the Bersani Decree provided that any distribution company that is owned or partly owned by a municipality and serves at least 20 per cent. of the customers in that municipality may have requested that Enel sell its distribution network in that municipality to it by 31st March, 2001. As a consequence, Enel has been forced to sell a significant number of these networks in the past few years.

The distribution networks that Enel has sold are more profitable than its average distribution network, mainly because distribution in metropolitan areas has lower costs because of the high customer concentration. The Energy Authority has indicated that it intends to put in place an equalisation system that may compensate for some or all of the comparative disadvantages of distributors serving non-urban areas.

The Bersani Decree also contemplated the consolidation of Enel's distribution networks with those of distribution companies (owned or partly owned by a municipality) that serve at least 100,000 customers in municipalities adjoining those where its networks are located.

Accordingly, Enel has sold, so far, the following networks:

- In March 2000, Enel sold its own distribution network in Trieste to A.C.E.GA.S. S.p.A., the municipal utility of Trieste, for euro 11.4 million, and, in December 2000, Enel finalised the disposal of its own distribution network in Parma to A.M.P.S. S.p.A., the municipal utility of Parma, for euro 56.8 million. The network sold to A.C.E.GA.S. S.p.A. supplied electricity to 819 customers in the city's port and industrial district and had annual sales volume of 77 GWh. The network sold to A.M.P.S. S.p.A. served approximately 40,000 clients and had an annual sales volume of 465 GWh.

- In July 2001, Enel sold its own network in Rome and Formello to ACEA S.p.A., the municipal utility of Rome, for euro 568 million, and, in December 2001, Enel sold network in Turin to AEM Torino S.p.A., the municipal utility of Turin, for euro 248 million. The network sold to ACEA S.p.A. served approximately 710,000 clients and had an annual sales volume of 4,300 GWh. The network sold to AEM Torino S.p.A. served approximately 293,000 clients and had an annual sales volume of 1,700 GWh.

- Enel has also sold the distribution networks of another 26 small municipalities, mainly in 2001 and 2002, which served an aggregate of 23,395 customers, for aggregate consideration of approximately euro 58 million, while at the same time acquiring the distribution networks of 48 other small municipalities, serving an aggregate of approximately 14,300 clients, for aggregate consideration of euro 13 million.

- In April 2002, Enel sold its own network in Cremona to Azienda Energetica Municipale di Cremona, the municipal utility of Cremona, for euro 9.4 million. The network serves approximately 2,200 clients and has an annual sale volume of 236 GWh.

- In October 2002, Enel sold its own network in Milan and Rozzano, which served about 385,000 customers and sold approximately 3.1 TWh of electricity per year, to AEM Milano for euro 424 million.

- As of 1st December, 2002, Enel sold its local distribution networks for the Verona and Grezzana municipalities, which served about 90,000 customers and sold approximately 476 GWh of electricity per year, to AGSM Verona for euro 108 million.

Negotiations are currently pending regarding Enel's sale of the distribution networks of 41 small municipalities and the acquisition of the distribution networks of another 85 small municipalities. The Bersani Decree also provided that if Enel had not agreed by 30th September, 2000, on a sale price with any municipality that had by that date requested to purchase a distribution network from it, the price would be decided by an arbitration panel. Eight such municipalities still have requests for price arbitration pending; 67 such requests have already been dismissed. Enel does not believe these pending transactions will involve material amounts of consideration, or that they will have a material effect on its revenues or the number of customers Enel serves.

Electricity distribution networks

	km	*no.*	*km*	*no.*	*km*	*no.*
	At 31st Dec. 2002		*At 31st Dec. 2001*		*2002-2001*	
High-voltage lines	20,316	–	20,154	–	162	–
Primary cabins	–	1,976	–	1,919	–	57
Medium-voltage lines ..	332,055	–	331,181	–	874	–
Secondary cabins	–	405,775	–	405,372	–	403
Low-voltage lines	710,639	–	708,905	–	1,734	–

Other acquisitions and divestitures

In June 2001, Enel sold to the Regional Authority of Valle d'Aosta a 49 per cent. interest in Deval S.p.A., a distribution company which owns and operates approximately 4,100 km of electricity distribution lines and serves approximately 118,800 customers in that region.

In January 2002, Enel acquired Electra de Viesgo Distribucion S.L. (Viesgo), a Spanish company with electricity generation and distribution subsidiaries. Electra de Viesgo Distribuciòn S.L., the Viesgo subsidiary which distributes and sells electricity on the regulated market in Spain, has a 24,500 km distribution network and serves approximately 510,000 clients mainly in Northern Spain, and had an annual sales volume in 2002 of approximately 4.4 TWh.

Sales to regulated market

The regulated market for electricity sales consists of:

- All Non-Eligible Customers, or customers who do not meet the consumption threshold for participation in the free market; and

- those Eligible Customers, or customers who meet the consumption threshold for participation in the free market, that choose not to participate in it. Eligible Customers may choose to remain within

the regulated market for a period of four years from the date on which they qualify as Eligible Customers.

The consumption threshold for qualification as an Eligible Customer, which is set by regulation, is decreasing over time, reducing the number of customers who must buy electricity on the regulated market. The consumption threshold decreased significantly on 1st January, 2002, so that individual end users and consortia of companies with annual consumption of 9 GWh or more of electricity became eligible to participate in the free market. On 29th April, 2003, the consumption threshold took another significant drop, to 0.1 GWh per year, which has resulted in approximately 60 per cent. of Enel's electricity customers becoming eligible to participate in the free market.

Enel supplies electricity to four main classes of regulated market end users: industrial, commercial, household and agricultural users. As at 31st December, 2002, Enel served approximately 23 million households, or approximately 90 per cent. of all households in Italy.

The following table sets forth the amount of electricity that Enel sold by class of customer in each of the periods indicated.

	2000	*2001*	*2002*
		(TWh)	
Industrial	77.0	52.2	37.3
Commercial and other services	55.5	56.6	52.5
Household	55.2	54.8	56.4
Agricultural	4.7	4.6	4.7
Total	192.4	168.2	150.9
Other distributors and exports	8.7	10.8	13.0
Total	201.1	179.0	163.9

In 2000 and 2001, Enel's sales to industrial users and to households decreased mainly due to the liberalization of the electricity market and its sale of certain municipal distribution networks as required by the Bersani Decree. In 2002, as a result of the drop in the consumption threshold described above, the decrease in sales involved not only industrial users but also commercial customers. The consumption of electricity by agricultural users has been generally stable during the periods shown, with only minor fluctuations due to weather conditions. The migration of customers from the regulated to the free market has not had a significant negative effect on its margins on the transport and sale of electricity as Enel distributes to both the regulated and the free markets, and the sales component of electricity tariffs has relatively less weight than the distribution component in the calculation of its overall margins.

In 2002, Enel estimates that it sold approximately 67 per cent. of the electricity consumed in Italy in 2002, including electricity sold by Enel Energia on the free market.

Sales to Open Market

The Bersani Decree established targets for 2000 and 2002 for the percentage of electricity Eligible Customers would be able to purchase on the free market of 35 per cent. and 40 per cent. of total Italian electricity consumption, respectively. These targets were achieved, both in 2000 and by 2002, since if Eligible Customers had made all of their electricity purchases on the free market in 2002, the level of free market purchases would have equalled 56 per cent. of total Italian electricity consumption. However, actual free market purchases in 2001 and 2002 were lower than these targets, primarily as a result of limitations on the volume of electricity available on the free market. According to Enel internal estimates, total Italian electricity consumption on the free market in 2002 was 93.5 TWh, or only 32 per cent. of total Italian electricity consumption for the year. The list of Eligible Customers is publicly available and included 13,714 Eligible Customers (including qualifying consortia) as of 31st March, 2003.

Enel Energia sold 30.3 TWh of electricity to 4,308 Eligible Customers during 2002, an increase of approximately 13 per cent. from the 26.9 TWh sold in 2001. In particular, Enel experienced significant growth (+48 per cent.) in medium voltage consumption, due to an increase in the number of customers associated in co-operatives, while Enel experienced a reduction of 8 per cent. of sales in high voltage consumption since these high-consumption consumers are able to purchase electricity from other suppliers.

As required by the Bersani Decree, Enel formed Enel Energia in 1999 to focus on marketing and supplying electricity to Eligible Customers. The progressive liberalisation of the Italian electricity market requires that Enel Energia provide its larger customers with increasingly flexible and competitive services that go beyond providing a reliable supply of electricity.

As part of its marketing efforts, Enel has implemented a series of customer initiatives including:

- specially tailored contract terms for different types of customers;
- special pricing policies for customers depending on consumer profile and hours of use; and
- value-added services such as energy monitoring and management.

Under the new organisational structure put in place in 2002, Enel Energia's operations in the free electricity market currently focus only on sales to low-consumption customers. The number of these potential customers increased significantly on 1st May, 2003, when the consumption threshold determining eligibility to participate in the free market dropped to 0.1 GWh per year from 9 GWh previously.

Public and art lighting

So.l.e. S.p.A. operates public lighting services in Italy and abroad. So.l.e. S.p.A. targets the general market for public lighting, as well as the market for customised lighting systems for monuments, public squares, churches and other landmarks and public spaces. So.l.e. S.p.A. offers both indoor and outdoor lighting systems, and provides maintenance services for the systems and the related electricity plants.

In 2002, So.l.e. S.p.A. built lighting systems for third parties with an aggregate value of approximately euro 39 million, an increase of approximately 26 per cent. from euro 31 million in 2001. In addition, So.l.e. S.p.A. in 2002 signed contracts for approximately 164,000 public lighting points throughout Italy. As of 31st December, 2002, So.l.e. S.p.A. managed approximately 1.8 million public lighting sites in 5,690 client municipalities. In the first half of 2003, So.l.e. S.p.A. entered into contracts with a total value of approximately euro 27 million to build lighting systems for third parties.

Electricity systems-related services

Enel formed Enel.si S.p.A. in March 1999 to offer its clients construction and maintenance services for their electricity systems and operation and maintenance services for small co-generation power plants and photovoltaic plants through franchise stores established in local areas. Enel.si franchises draw on the technical capabilities of the Enel Group to assist clients in optimising their use of electricity, as well as to offer them consulting and personnel training services.

In 2002, 250 new Enel.si local sales and service franchises were opened, bringing the total number at 31st December, 2002, to 610. Enel plans to increase its franchising network to approximately 2,500 stores over the next few years. Enel.si also developed the product range available in its stores in 2002, focusing on three main lines of products aimed at providing comfort, safety and energy savings.

Capital Investment Programme

Summarised in the table below is Enel's capital expenditure relating to tangible assets by division during each of 2000, 2001 and 2002. During such period, Enel has not incurred capital expenditures with respect to activities of Corporate division. The table includes expenditures made on the Gencos during these years.

	2000	2001	2002
		(millions of euro)	
Generation and Energy Management	571	828	1,032
Sales, Infrastructure and Networks	1,358	1,366	1,855
Telecommunications	936	1,185	1,550
Transmission	190	173	178
Others	299	531	494
Total	3,354	4,083	5,109

Enel incurred total capital expenditures in its core electricity and gas distribution businesses, including expenditures related to the Gencos, of approximately euro 2,887 million in 2002, and Enel expect to incur capital expenditures of approximately euro 3,000 million in 2003 and approximately euro 3,600 million in 2004. Enel expects to reduce the amount of investment on tangible assets in the Telecommunications Division to euro 660 million in 2003, and euro 380 million in 2004.

GAS

Enel operates in the gas market through the following companies:

- Enel Distribuzione Gas S.p.A., GE.AD. and Camuzzi Gazometri, which each distribute gas. Enel plans to merge these three into one company by the end of 2003; and
- Enel Gas, which sells natural gas to end users.

As of January 2003, as a result of Enel's internal reorganisation, Enel Energia no longer provides natural gas to end users, and the major clients it served during 2002 are currently served by Enel Gas.

The Italian natural gas market is also undergoing a process of liberalisation. Under current legislation, the natural gas market was supposed to have been completely liberalised as of 1st January, 2003, with sellers able to freely set prices to all customers. However, the Energy Authority retains the right to control prices for those customers that qualified as Gas Non-Eligible Customers until 1st January, 2003, and imposed a price freeze with respect to such customers at the levels that were in place on 31st December, 2002.

Until the conditions are in place for the development of full market liberalisation, Enel believes that the most effective way for it to build Enel's gas business is through acquisitions of other distributors or client bases. Enel believes that building gas distribution activities offer it opportunities for potential synergies, including, for example, the ability to schedule and perform gas and electric network maintenance and upgrades in the same area at the same time and the ability to use call centres for both gas and electricity customers, as well as certain competitive advantages, including potential cost savings from economies of scale.

Enel has acquired several gas distribution companies with operations in various Italian regions over the past three years. These acquisitions include those of the Colombo Gas Group in 2000, So.ge.gas S.p.A. and Agas S.p.A. in 2001, and Camuzzi Gazometri in 2002. Together, the acquisitions of gas companies have provided Enel with access to an aggregate of approximately 1.7 million natural gas customers as of June 2003.

In November 2001, Enel merged twenty previously acquired gas companies into Enel Distribuzione Gas S.p.A. In January 2002, the sales activities of Enel Distribuzione Gas S.p.A. were spun off into Enel Gas S.p.A. (formerly Enel Vendita Gas S.p.A.), a newly incorporated company. In December 2002, Plenia S.p.A., a former sales company of Camuzzi Gazometri, was merged into Enel Gas S.p.A. In January 2003, the sales activities of GE.AD and Enel Energia, (with the exception of the customers that are still served by Enel Trade S.p.A.) were contributed to Enel Gas S.p.A.

In May 2002, Enel acquired 98.58 per cent. of the outstanding shares of Camuzzi Gazometri from Mill Hill Investments for a consideration of euro 1,043 million, consolidating position as the second-largest operator in Italian gas distribution market, second only to the incumbent provider, according to a study

of the Italian gas industry by Mediocredito Centrale S.p.A. in March 2002. In acquiring Camuzzi Gazometri, Enel acquired both significant gas distribution assets and Camuzzi Gazometri's waste management operations. Enel intends to dispose of Camuzzi Gazometri's waste management operations.

In 2002, Enel distributed more than 3 billion cubic meters of gas to approximately 1.7 million customers, representing approximately 11 per cent. of the Italian market. Of this, Camuzzi Gazometri distributed 1.6 billion cubic meters of gas to more than 937,000 customers (representing approximately 6 per cent. of the Italian market), with the rest distributed by its smaller distribution subsidiaries. Camuzzi Gazometri operates through approximately 11,000 km of network, principally located in Northern Italy and in the region of Puglia. In addition, Enel Energia sold 1.8 billion cubic meters of natural gas in 2002, a significant increase from the 336,000 cubic meters sold in 2001.

Enel will continue actively to consider the acquisition of other companies involved in gas distribution. Furthermore, Enel is the second-largest importer of natural gas in Italy and may in the future consider alternative uses for the gas that currently serves as an energy source for Enel's electricity generating plants.

Competition in the Gas Market

In the gas business, Enel competes mainly with Eni, the incumbent operator that historically held a monopoly for gas distribution activities in Italy and continues to hold a significant majority of the overall market for such activities. According to a study of the Italian gas industry published by Mediocredito Centrale S.p.A. in March of 2002, Enel is the second-largest operator in the Italian gas distribution market, following the acquisition of Camuzzi Gazometri.

The Italian gas market is currently going through a process of liberalisation. Until 2002, Italian regulation distinguished between customers with gas consumption of more than 200,000 cubic meters per year, which were free to choose their supplier of natural gas, or Gas Eligible Customers, and customers that were below these consumption levels, or Gas Non-Eligible Customers. From 1st January, 2003, both Gas Eligible and Gas Non-Eligible customers were to be permitted to purchase gas on the free market. However, the Energy Authority has imposed a freeze on prices to Gas Non-Eligible customers at the levels in place on 31st December, 2002. The Energy Authority is also currently soliciting public comment on proposed regulations to govern free market activities (such as sales regulations, network codes and provider-switching procedures). Enel expects that once these policies are finalised and adopted by the Energy Authority, which Enel believes will be in the second half of 2003 or in early 2004, the conditions will be in place for free competition to develop in the gas market.

Seasonality of electricity and gas consumption

Electricity and gas consumption in Italy is somewhat seasonal. Since use of artificial light is highest in the winter, electricity and gas consumption peaks during the winter months. Nevertheless, increased use of air conditioning has rendered less significant the difference in electricity demand during winter versus summer months, and increased use of gas for industrial production has rendered less significant the difference in gas demand during winter versus summer months. Electricity and gas consumption is particularly low in August, the traditional vacation period in Italy.

3. Transmission

Enel uses the term «transmission» to refer to the transportation of electricity on high and very high voltage interconnected networks from the plants where it is generated (or, in the case of imported energy, from the points of acquisition) to distribution systems.

TERNA

Terna S.p.A., a part of Enel's Transmission Division, continues to own approximately 94 per cent. of the transmission assets of Italy's national electricity grid and Enel is the sole owner of Italy's network of high voltage 380 kV lines. However, as a part of the liberalisation of the Italian electricity sector, it was required to transfer responsibility for the management and control of the national transmission grid and

responsibility for electricity dispatching to the *Gestore della Rete*, a company now wholly owned by the Treasury Ministry. The transmission system that Enel owns and *Gestore della Rete* operates, carries almost all the electricity transmitted to distribution networks for sale in Italy. As at 31st December, 2002, that transmission system consisted of a total of approximately 37,583 km of lines and 275 primary transformer stations.

Terna is responsible within the Group for the management, maintenance and development of the national transmission grid, based on guidelines provided by the *Gestore della Rete.*

The transmission system in Italy is undergoing significant changes as a result of the Bersani Decree. As contemplated by the Bersani Decree:

- In June 1999, the Industry Ministry issued a decree formally defining the Italian national transmission grid. The decree determined all of Enel's 380 kV and 220 kV transmission lines and approximately 50 per cent. of its 150 kV and 132 kV transmission lines to be part of the national transmission grid.
- In August 1999, Enel transferred dispatching and national grid management and related assets and liabilities to a wholly owned subsidiary called the *Gestore della Rete*.
- In April 2000, Enel transferred the shares of the *Gestore della Rete* to the Treasury free of charge.
- December 2002, the Industry Ministry issued a decree that enlarges the Italian national transmission grid and provided for Terna's annexation of about 950 km of lines and 18 transformer stations formerly owned by Enel Distribuzione S.p.A. and other companies belonging to Generation and Energy Management Division.

Under the Bersani Decree, owners of the various assets that comprise the national transmission grid, including Terna, operate and maintain those assets pursuant to guidelines issued by the *Gestore della Rete*. In accordance with this decree, in December 2002, Terna S.p.A. and the *Gestore della Rete* signed a service contract relating to the operation of the transmission grid. The general framework of the contract had been established by governmental decree on 22nd December, 2000, and provides for the following arrangements:

Gestore della Rete

- Is responsible for safety, reliability and efficiency of transmission network
- Manages power flows
- Approves network maintenance
- Determines network upgrades
- Evaluates third-party connection requirements

Terna

- Owns and operates the transmission network
- under the terms of the service contract
- Operates through a remotely controlled system
- Executes maintenance instructions
- Executes network upgrades

Terna S.p.A. earns revenue from a fee per kWh transported that distributors and suppliers pay to Enel through the Gestore della Rete. The Energy Authority determines that fee, which is designed to cover the operating expenses, depreciation and a specified rate of return on its assets.

The following table provides certain data about Enel's transmission network as at 31st December, 2002.

Type of facility	*Number*	*Length (km)*[1]
Primary transformer stations	275	–
Transformers	554	–
Busbar connections	3,678	–
380kV lines	–	10,062
220kV lines	–	10,115
150kV and 132kV lines	–	17,406
Total lines	–	37,583

(1) Length in kilometers refers to circuit line length.

In 2002, Enel put 7 new transformer stations into service and repowered 12 other stations. As a result, the aggregate transformer capacity increased by 1,987 MVA up to 101,493 MVA.

Enel's transmission network is connected to the distribution network through 275 primary transformer stations, typically transforming electricity from 380/220 kV to 150/132 kV.

Enel's transmission network also connects the Italian electricity grid to the grids of neighbouring countries through six 380 kV international lines and nine 220 kV international lines.

On 9th July, 2002, Enel completed construction and put in service a 400 kV direct current transmission line to Greece with 500 MW capacity. This line is 207 km long, with 163 km of submarine cable. The aggregate capital expenditure for the project was approximately euro 340 million, of which the share was euro 263 million; Athens Public Power Corporation, the Greek state-owned electricity utility, provided the balance. The European Union has committed structural adjustment funds to reimburse the parties for 40 per cent. of the aggregate capital expenditures relating to the project.

In addition to the maintenance contracts Enel is directly assigned to manage, in January 2003, Terna won in competitive bidding contracts from the Gestore della Rete with an aggregate value of euro 4 million to construct three new transformer stations in Sardinia by the end of 2004.

The regulated distribution fees that Terna S.p.A. earns are also based on the «availability» of its transmission network. The following table shows the "availability" reported for each of the periods indicated.

	Year ended 31st December			
	1999	*2000*	*2001*	*2002*
Network availability	98.0%	97.8%	98.0%	98.3%

Source: Enel.

To diversify the revenue base of the transmission segment, Enel has begun to sell maintenance, long-distance metering and monitoring and related engineering and operating services to third parties which own or utilise high voltage power systems, including other electric companies, municipal utilities and large industrial plants. In 2002, Enel sold such services with an aggregate value of euro 12 million. Enel also intends to offer these services to customers outside of Italy.

As of June 2001, Terna S.p.A. agreed to assume responsibility for the operation and maintenance of approximately 21,000 km of high voltage lines that are part of Enel Distribuzione S.p.A.'s network. Under this agreement, 455 employees were transferred to Terna S.p.A. from Enel Distribuzione S.p.A..

4. Telecommunications

Enel conducts its telecommunications and Internet service activities through WIND S.p.A..

Since launching its services in 1999, WIND S.p.A. has become one of the leading providers of mobile and fixed-line telephony, Internet and data transmission services in Italy. WIND operates throughout

Italy with its own network infrastructure and has rapidly developed its transmission backbone by leasing fiber optic cables from Enel.

Enel formed WIND as a joint venture in 1997 along with its initial partners, France Télécom and Deutsche Telekom. Enel's stake in WIND initially was 51 per cent., with France Télécom and Deutsche Telekom holding a 24.5 per cent. stake each. Following Deutsche Telekom's exit at the end of July 2000, Enel's stake rose to 56.63 per cent. and France Télécom's share grew to 43.37 per cent.. As a result of the contribution of Infostrada (the fixed line telecommunications and Internet company Enel acquired in 2001) to WIND, effective 30th July, 2001, Enel's stake in WIND rose to 73.425 per cent., with France Télécom holding the remaining 26.575 per cent. Infostrada was merged into WIND on 1st January, 2002.

In March 2003, Enel agreed to acquire France Télécom's remaining 26.6 per cent. stake in WIND and having received approval from the Antitrust Authority, in July 2003, Enel completed the purchase of the 26.575 per cent. of WIND's share capital formerly held by Orange (France Telecom Group) with the result that WIND's entire share capital is now owned by Enel. The transaction was conducted in accordance with the conditions communicated on 21st March, 2003.

Italy is one of the largest telecommunications markets in Europe, with a population of approximately 57 million people, utilizing an aggregate of approximately 54 million mobile telephone lines and approximately 27 million fixed lines, as at 31st December, 2002. WIND uses the number of lines as the primary measure of its customer base and growth, as some of its customers have more than one line for mobile, fixed or Internet services.

For mobile services, the number of lines represents the number of Subscriber Identity Module, or SIM, cards sold. For Internet services, the number of lines is equal to the number of registered users.

As at 31st December, 2002, WIND had an aggregate of approximately 16.1 million fixed and mobile telephone lines and approximately 12.4 million Internet registered users.

As of 31st March, 2003, WIND provided integrated fixed-line, mobile telephony and Internet services to a customer base in Italy comprising approximately 16.4 million fixed and mobile customer lines, and approximately 13.3 million registered users for its Internet access services. WIND's revenues in 2002 were euro 3,921 million, compared to euro 3,176 million in 2001.

As of 30th June, 2003, WIND further increased its customer base to an aggregate of 16.7 million fixed and mobile telephone lines and approximately 13.9 million Internet registered users.

With respect to WIND, in 2001 two Non Recourse Facility Agreements totalling euro 7,000 million were concluded. One of these relates to WIND and amounts to euro 5,500 million, and the other was in the name of Infostrada amounting to euro 1,500 million. Such loan agreements, partly drawn at the end of 2001, were concluded to finance capital expenditure on the network, in addition to the repayment of the two previous Facility Agreements signed in 2000.

On 4th October, 2002 WIND acquired certain assets from Blu S.p.A., one of the four Italian mobile operators active at the time. The acquisition took place in the context of the winding-up of Blu S.p.A., for a purchase price totalling euro 140 million.

The assets purchased from Blu S.p.A. included Blu S.p.A.'s entire customer base (1.9 million mobile lines, approximately 700,000 of which were active at the time of the acquisition), the Blu S.p.A. trademark and logo, certain network and information technology assets, radio sites, sales points, a call centre and a number of part time and full time employees (in the aggregate, equivalent to 540 full time employees). Effective from 1st April, 2003, WIND sold to Telecom Italian Mobile S.p.A., the network and information technology assets acquired from Blu S.p.A. in October 2002. The total consideration for this sale was euro 20 million.

In addition, in the context of the winding-up of Blu S.p.A., each of WIND, Telecom Italian Mobile S.p.A. and Vodafone Omnitel S.p.A. were assigned, at no charge, 5 MHZ of the 15 MHZ of GSM/GPRS transmission frequencies originally assigned to Blu S.p.A..

5. Services and Other activities

Services to the corporate sector and diversified activities has as its mission the supply of competitive services to Enel Group companies and the optimisation of activities aimed at the relevant market.

This area includes real estate and other services, engineering and construction, information technology, water sector, research and development, services of training and administrative management of the employees, factoring and insurance.

The companies are:

- Enel Real Estate S.p.A.;
- Enel.it S.p.A.;
- Enel.Hydro S.p.A.;
- Enel Power S.p.A.;
- Ape Gruppo Enel S.p.A.;
- Sfera S.p.A.;
- Enel Capital S.p.A.

Real estate and other services

Enel conducts its commercial real estate management activities through Enel Real Estate S.p.A. (previously called SEI, now "Enel Real Estate"). Enel Real Estate is responsible for managing Enel's commercial real estate assets, renovating, restructuring and maintaining buildings for commercial use and providing building cleaning, maintenance, security, canteen, automobile fleet and other services to both Group companies and third parties. Enel Real Estate is also focusing on reducing the costs of Enel's real estate portfolio and on leasing property and providing engineering, construction and facility management services to third parties.

In the second half of 2002, Enel retained Lazard Real Estate and Schroeder Salomon Smith Barney as financial advisors to aid it in soliciting offers from potential investors for the acquisition of Enel Real Estate.

Material logistics for the infrastructure and networks division were transferred in January 2003 to Enel Distribuzione through a spin-off operation in the framework of the reorganisation of the ENEL Group, leading to the disposal of real estate properties. In the first six months of 2003 the assets object of the sale were identified. The facility management area and the investments in Leasys are excluded from the disposals currently under way. The 49 per cent. stake held by Enel Real Estate in Immobiliare Foro Bonaparte is the object of a separate disposal, in relation to which negotiations are currently underway.

At the end of 1999, Enel Real Estate's residential real estate properties were transferred to Dalmazia-Trieste S.p.A. In addition, Enel Real Estate is developing partnerships to rent or sell vacant properties and otherwise develop its real estate assets. Enel currently expects Dalmazia-Trieste to dispose of residential assets with a net book value of euro 289 million as at 31st December, 2002 over the next several years. At 31st December, 2002, Enel owned real estate (net of the assets transferred to Dalmazia-Trieste) with an approximate net book value of euro 1,780 million as of 31st December, 2002, consisting mainly of office buildings and other commercial properties.

In December 2000, Enel Real Estate sold to American Continental Properties Institutional Investors, for approximately euro 140 million, its 51 per cent. interest in Immobiliare Foro Bonaparte, to which it had previously contributed euro 520 million of real estate assets and a mortgage loan secured by the assets equal to approximately 50 per cent. of their value, as well as related personnel.

In May 2001, Enel Real Estate sold to Deutsche Bank Real Estate, for approximately euro 41 million, its 51 per cent. interest in Immobiliare Rio Nuovo, to it had previously had contributed approximately euro 436 million of real estate assets, a mortgage loan secured by the assets, equal to approximately two thirds of their value, a subordinated debt of approximately euro 67 million and related personnel. In March 2002, Enel sold the remaining 49 per cent. interest in Immobiliare Rio Nuovo to Deutsche Bank Group for euro 44 million.

In September 2001, Enel Real Estate established Leasys S.p.A., a joint venture with Fidis S.p.A. (a company of the Fiat Group), to which it transferred its car rental activities. Enel Real Estate owns 49 per cent. of the new company.

In July 2002, Enel Real Estate acquired from Mitsubishi Electric Europe, for euro 200,000, its 50 per cent. interest in Conphoebus Technology Services, the parties' former joint venture. Conphoebus Technology Services was then merged into Enel Real Estate.

Engineering and construction

Enel conducts engineering, procurement and construction ("EPC"), operations through Enelpower S.p.A. Enel formed Enelpower in 1999 by transferring to it the resources, capabilities and expertise of its thermal power plant and transmission line engineering and contracting division. Enelpower S.p.A. operates – directly or through its subsidiaries – as an engineering and contracting company and supplier of integrated power systems on a turnkey basis. During the last 34 years, Enel's engineering and construction operations designed and built power plants with a total of 52,000 MW of gross generating capacity, and installed or constructed almost all of the electricity transmission and distribution facilities built in Italy.

In January 2001, Enel.Hydro contributed all of its EPC activities related to hydroelectric power plants to Enelpower, thereby concentrating all power generation EPC expertise in a single entity. In addition to serving as the primary EPC contractor for Generation and Energy Management Division, Enelpower provides EPC services to third parties.

During 2002, as part of the re-organisation of the Enel Group's activities, Enelpower has redefined its corporate mission. In particular, while Enelpower will complete international projects in which it is already involved; it will no longer pursue opportunities outside of Italy, in order to focus on serving the Italian market.

In 2002 and the first part of 2003, Enelpower's major achievements included:

- In May 2002, Enelpower was awarded an EPC contract for the construction of a 1,140 MW power plant at Torrevaldaliga Sud by Interpower, one of the former Gencos;
- In May 2002, Enelpower was awarded a contract by Enel Produzione S.p.A. for the repowering of a 375 MW power plant at Termini Imerese;
- In June 2002, Enelpower was awarded an EPC contract for the repowering of a 380 MW power plant at Cassano d'Adda by AEM Milan;
- In June 2002, a 760 MW combined cycle power plant located in La Spezia was completed;
- In July 2002, Enelpower was awarded an EPC contract for the conversion to combined cycle technology of two sections of the Tavazzano and Montanaso 1,140 MW power plant by Endesa Italia (formerly Elettrogen); and
- In the first quarter of 2003, Enelpower S.p.A. was awarded two contracts for the modernization of two hydroelectric power plants at Zevio and Gallicano by Enel Produzione S.p.A..

In 2002, Enelpower earned approximately 60 per cent. of its revenues from projects granted by parties not belonging to the Enel Group. Enel expects this percentage to reach approximately 72 per cent. in 2003 in part as a consequence of the de-consolidation of all of the former Gencos.

On 6th June, 2003, the Tribunal in Milan, upon request of the public prosecutor, ordered the arrest of the former chief executive officer and a former senior executive of Enelpower S.p.A. for alleged crimes, including embezzlement, fraud, corruption and false statements to shareholders, in connection with certain transactions carried out by Enelpower S.p.A. in the Middle East and Italy. None of the individuals charged to date are currently employed by Enel.

Enel and Enelpower intend to seek any damages caused to them by any violations committed by former officers of Enelpower, should such violations be proved as a result of the pending investigation.

Information technology

Enel.it S.p.A., which Enel formed in October 1999, is responsible for providing information technology services to all of its businesses. Enel.it designs new tools and services to support development of new products and markets by Enel's businesses and to enhance the efficiency and effectiveness of Enel's information technology systems.

During 2001 and 2002, Enel.it implemented an integrated SAP information management system in many of the Group's companies, which by the end of 2003 is expected to be implemented in all the companies belonging to the Group. In 2002, Enel.it completed the implementation of Enel's new customer service system, which integrates Enel's 25 nationwide call centres, making them reachable from a single call-in number and permitting them to manage more than 40 million calls per year. In addition, Enel Distribuzione S.p.A. in 2002 continued implementing the roll-out of the Telemanagement system for remote metering. This project, which started in the second half of 2001, involves the system-wide replacement of approximately 30 million traditional mechanical electricity meters with digital meters, or Telemeters, incorporating sophisticated technology.

Enel.it has three central data processing centres with five mainframes with a total data processing capacity of 5.0 billion instructions per second, as well as approximately 56,000 workstations, 1,600 local area networks, 5,600 servers and one wide area network.

Together with WIND and Enel Distribuzione S.p.A., Enel.it is also developing the Power Line communication project for the transmission of data signals through the electricity distribution system, so as to offer Internet-based and other on-line services, as well as indoor communications technology services, to Enel's customers. Enel.it is also advising other companies of the Group on possible uses and enhancements of their websites, including the implementation of e-commerce portals.

According to the new core-business oriented strategy of the Group, Enel.it is now focusing its activities providing services to other Group companies.

Support Services

Research and development

Enel conducts its research and development activities mainly through Enel Produzione S.p.A., Enel.Hydro, Enel Green Power S.p.A. as well as through CESI S.p.A., which was one of Enel's consolidated subsidiaries until 2002 and in which Enel currently holds a 40.92 per cent. participation. CESI S.p.A. is dedicated mainly to the testing of electrical and electronic equipment and to research on new electrical systems, plants, components and applications thereof.

Enel's research and development programme involves approximately 1,000 employees. Enel's expenditures on research and development were approximately euro 100 million for 2002, euro 100 million for 2001 and euro 124 million for 2000.

Water

Enel operates in the water business mainly through its wholly owned subsidiary Enel.Hydro S.p.A.. Enel.Hydro participates in several consortia that hold minority interests in entities that have been awarded contracts for the supply of water in certain geographical areas. Each of these projects is still in a start-up phase and not yet operational. Of these projects, the most significant are the following:

- A consortium, in which Enel holds a 60 per cent. participation, which holds a minority interest in an entity that was awarded a 40-year contract to provide water to an area in Sicily with approximately 1.5 million residents.
- A consortium, in which Enel holds a 45 per cent. participation, which holds a minority interest in an entity that was awarded a 30-year concession to provide water to an area in Calabria with approximately 2 million residents.

- A consortium, in which Enel holds a 45 per cent. participation, which holds a minority interest in an entity that was awarded a 30-year contract to provide water to an area in Campania with approximately 1.5 million residents.
- A consortium, in which Enel holds a 23 per cent. participation, which holds a minority interest in an entity, that was awarded a 30-year contract to provide water to an area in Lazio with approximately 1.1 million residents.

Factoring

In May 2000, Enel established Enel.Factor S.p.A. ("Enel.Factor"), a captive factoring company 80 per cent. owned by Enel and 20 per cent. owned by Meliorbanca, an Italian bank. Enel.Factor began operations in October 2000 and engages in the factoring of receivables owned by third parties against companies of the Enel Group. In 2002, Enel.factor registered a turnover of euro 2,197 million, the number of customers at the end of the year amounted to 311.

Insurance

In May 2000, Enel established Enel.Re Ltd. ("Enel.Re"), a wholly owned captive re-insurance company based in Dublin, dedicated to the management of risk coverage for Enel companies. Enel.Re operates in connection with insurance companies that write policies in favour of Enel Companies, manage accidents and transfer into re-insurance risks and related premiums to Enel.Re, which transfers some of the risks on the domestic and international insurance markets.

SIGNIFICANT CHANGES

In January 2003, Enel sold 100 per cent. of the share capital of Interpower to a consortium of bidders including Italian consortium Energia Italiana, Electrabel S.A. and ACEA S.p.A. for a total consideration of euro 853 million, including euro 535 million in cash (the cash component and therefore the total considered may increase or decrease as a result of the application of the price adjustment mechanism provided by the sale and purchase agreement) and the assumption of euro 318 million in debt.

In March 2003, in order to become WIND's sole shareholder, Enel agreed with Wireless Services Belgium SA, a subsidiary of France Télécom, to acquire its 26.575 per cent. stake in WIND for euro 1,330 million and the assumption of euro 173 million in debt. In addition, Wireless Services Belgium S.A., agreed to waive its right to increase its participation in WIND up to 44 per cent.. Having received approval from the Antitrust Authority, in July 2003 Enel completed the purchase of the 26.575 per cent. of WIND's share capital formerly held by Orange (France Telecom Group) and WIND's entire share capital is owned by Enel.

In March 2003, Enel entered into an agreement with Entergy Power Development Corporation to acquire a 60 per cent. stake in Entergy Power Holding Maritza BV, a Dutch company with power generation operations in Bulgaria.

In June 2003, Enel and Union Fenosa reached an agreement for the acquisition on the part of Enel of 80 per cent. of Union Fenosa Energias Especiales ("UFEE"), a company that groups the activities of the Spanish operator in the field of renewable energy. The price agreed for the purchase of UFEE is equal to euro 168 million, while Union Fenosa holds a call option on 30 per cent. of the shares expiring at the end of 2007. The transaction was concluded on 8th August, 2003 and the authorisation of the Spanish Competition Authorities is pending. The agreement is also subject to notification to the EU's Merger Task Force.

In July 2003, Enel has approved a plan to employ 1,500 young people to balance the company's age profile and enrich the quality of the service. The plan calls for new hires, based on a work-training contract for workers and technicians, within the next 18 months. In particular, the new resources will strengthen the distribution network. This signals a reversal of the trend towards staff reductions at Enel over the last few years and was welcomed by unions.

In July 2003, the Board of Directors of Enel, given the situation of Italy's electricity sector, examined and approved initiatives aimed at creating reserve capacity to be activated in emergencies (about 100 hours per year). The plan will be valid from both the operational and economic points of view.

The initiative consists of:

- The re-activation of a number of idle plants, with a total capacity of 1,200MW, within the next 12 months and for an investment of about euro 25 million; and
- the bringing forward of the conversion to combined cycled natural gas of the Santa Barbara plant. The conversion, with a capacity of about 400MW, will be completed in 24 months with a total investment of euro 170 million.

CONSOLIDATED FINANCIAL HIGHLIGHTS

In the first half of 2003, the demand for electricity in Italy increased by 2.8 per cent. compared with the same period of 2002 climbing form 155.1 TWh to 159.4 TWh.

- **Net production** was 66.1 billion kilowatt hours, an increase of 1.3 per cent. compared with the first six months of 2002 on a like-for-like basis, excluding net production from Eurogen and Interpower. In the first half of 2003, there were efficiency gains and higher margins compared with the year earlier.

- **Energy transported** on Enel's distribution network amounted to 121.8 billion kilowatt hours (+1.7 per cent.).

- **Enel sales**, wholesale, on the regulated and free markets were 86 billion kilowatt hours (–11.8 per cent.). The decline was primarily the result of greater competition and reduced acquisitions of power from abroad, plus CIP6 on the free market. On the regulated market, the obligatory disposal of metropolitan networks has been completed.

- **Revenues** in the first half of 2003 totalled euro 15,421 million, an increase of 4.3 per cent., compared with euro 14,789 million in the first half of 2002.

- **Ebitda** (gross operating margin) rose 26.1 per cent. to euro 4,685 million (euro 3,715 million in the first half of 2002). Ebit (operating income) came to euro 2,231 million, an increase of 62.3 per cent. compared with the first half of 2002.

- **Net extraordinary income** totalled euro 254 million and includes the euro 359 million capital gain from the disposal of Interpower. In the first half of 2002, these items totalled euro 608 million and included the euro 2,340 million capital gain on the sale of Eurogen and the euro 1,511 million write-down of Wind.

- **Net income** in the first half of 2003 was euro 1,200 million, compared with euro 1,386 million in the corresponding period in 2002. The euro 186 million reduction was influenced by a higher fiscal burden (euro 66 million in the first half of 2002 against euro 794 million in the first half of 2003). Taxation in 2002 benefited from higher capital gains which are taxed at a reduced level, as well as incentives on capital expenditure made before 31st December, 2002, under the Tremonti-bis law.

- **The balance sheet** registers total shareholders' equity of euro 19,932 million (euro 20,842 million on 31st December, 2002), net of euro 2,183 million in dividends which were distributed in June. Net financial debt was euro 24,584 million, in line with the euro 24,467 million at the end of 2002. The debt to equity ratio on 30th June, 2003, was 1.23 (1.17 on 31st December, 2002).

- **Operating cash flow** increased by euro 923 million, from euro 2,093 million in the first half of 2002 to euro 3,016 million.

- **Capital expenditure** in the first half totalled euro 1,684 million, a decrease of euro 549 million compared with the first half of 2002. This was due to the progressive completion of the telecommunications network, investment cuts in non-core areas and the ongoing conversion of power plants to combined cycle gas turbine technology.

- **Headcount** at the end of June, 2003, totalled 67,628, a decrease of 3,576 from the end of 2002. The disposal of Interpower and de-consolidation of Cesi resulted in a reduction of 1,894 employees, while other headcount reductions, net of new hires, came to 1,682.

In the first half of 2003 Enel issued fixed rate bonds amounting to euro 1.5 billion. The issue is divided into two parts of the same amount, expiring in 10 and 15 years respectively. The ten-year bonds were issued at 99.90 per cent. and bear a coupon of 4.25 per cent. The fifteen-year bonds were issued at 99.369 per cent. and bear a coupon of 4.75 per cent. Moreover, Enel was also granted euro 1,105 million of 36-month revolving credit lines (of which euro 955 million had already been drawn down at 30th June, 2003) used to refinance a portion of expiring short-term credit lines and loan.

REGULATORY MATTERS

The Industry Ministry and the Energy Authority share responsibility for overall supervision and regulation of the Italian energy sector, comprising both electricity and gas.

The Industry Ministry is responsible for establishing the strategic guidelines for the energy sector and for ensuring the safety and economic soundness of the electricity and gas sectors.

The Energy Authority is responsible for:

- Setting and adjusting electricity tariffs on the basis of general criteria established by law;
- advising the Industry Ministry on the structuring and administration of licensing and authorisation regimes for the energy sector;
- issuing guidelines with respect to the production and supply of electricity to ensure the quality of services provided to customers;
- overseeing the separation of utility companies into separate units for accounting and management purposes; and
- otherwise protecting the interests of consumers. For this purpose, the Energy Authority has the authority to mediate disputes and preside over arbitration proceedings between utilities and consumers and to impose fines and other sanctions for violations of regulations

Electricity Regulation

On 1st April, 1999, the Bersani Decree, which implemented the principles contained in the Electricity Directive, became effective in Italy. It began the transformation of the electricity sector from a highly regulated industry to one in which energy prices charged by generators will eventually be determined by competitive bidding. The Bersani Decree requires that distribution companies servicing the same municipality consolidate their networks. It also provides for a gradual liberalisation of the electricity market so that customers whose annual consumption of electricity exceeds specified amounts will be able to contract freely with power generation companies, wholesalers or distributors to buy electric power.

The Energy Authority has also replaced the "cost-plus" system for tariffs with a new "price-cap" tariff methodology. Under the price-cap methodology, tariffs will be reduced by a fixed percentage each year. This system creates incentives for operators to improve efficiency and gradually passes savings onto final customers.

The EU Commission and Council have agreed to amend the Electricity Directive to further liberalise the electricity market at the EU level. When enacted, the amended Directive will, among other things, enable all non-household consumers to freely choose their supplier by 2004, irrespective of consumption levels, introduce new definitions of public service obligations and security of supply and facilitate cross-border transactions in electricity.

The new regulatory framework, when finally implemented, will replace most laws and regulations applicable to the Italian electricity industry.

Regulatory framework

The implementation of the Bersani Decree which established a general regulatory framework for the Italian electricity industry has had the effect of gradually introducing free competition in power generation and sales to consumers in order to meet certain consumption thresholds while maintaining a regulated monopoly structure for power transmission, distribution and sales to other consumers. In particular, the Bersani Decree and the subsequent implementing regulations have:

- liberalised, as of 1st April, 1999, the generation, import and export of electricity;

- liberalised the sale of electricity to consumers in order to meet certain consumption thresholds, or "Eligible Customers", who may negotiate supply agreements directly with any domestic or foreign producer, wholesaler or distributor of electricity and provided that other consumers, or "Non-Eligible Customers", would have to purchase electricity from the distributor serving the area in which they are located and pay tariffs determined by the Energy Authority;
- provided that after 1st January, 2003 no electricity company would be allowed to produce or import more than 50 per cent. of the total of imported and domestically produced electricity in Italy in order to increase competition in power generation;
- as a result of this limit, required that Enel sold less than 15,000 MW of its generating capacity by 1st January, 2003; provided for the establishment of the Single Buyer, a central purchaser of electricity from producers on behalf of all Non-Eligible Customers;
- provided for the creation of the *Borsa dell'Energia Elettrica*, or pool market for electricity, in which producers, importers, wholesalers, distributors, the Gestore della Rete, other Eligible Customers and the Single Buyer participate, with prices being determined through a competitive bidding process;
- provided for the creation of the *Gestore del Mercato*, or Market Operator, charged with managing the pool market;
- provided that the transmission and distribution of electricity are reserved to the Italian government and performed by licensed operators;
- provided that management and operation of the national transmission network is licensed to an independent system operator, the *Gestore della Rete*, with owners of the transmission network such as ourselves retaining ownership of the network assets; and
- established a new licensing regime for electricity distribution and provided incentives for the consolidation of electricity distribution networks within each municipality.

Generation

The Bersani Decree liberalised the regime for the generation of electric power. In order to increase the level of competition in the market, the Bersani Decree provides that, from 1st January, 2003:

- Enel (and all other generation companies), is not allowed to produce or import more than 50 per cent. of the total amount of electricity produced or imported in Italy.
- Enel is required to sell not less than 15,000 MW of its gross installed generating capacity, so as to reduce its market share.

In 2002, the Italian Parliament approved a temporary measure streamlining the authorization procedures relating to the construction of new power generation plants and the renovation and expansion of existing plants, while a permanent procedure is considered by Parliament along with other energy sector reforms. This temporary measure expires on 31st December, 2003.

Promotion of renewable resources

In order to promote the generation of electricity from renewable resources, the Bersani Decree required that, starting in 2001, all companies introducing more than 100 GWh of electricity generated from conventional sources into the national transmission network in any year must, in the following year, introduce into the national transmission network an amount of electricity produced from newly qualified renewable resources equal to at least 2 per cent. of the amount of such excess over 100 GWh, net of co-generation, self-consumption and exports. This electricity may be produced directly, purchased from other producers or purchased from the *Gestore della Rete*.

Enel plans to meet the specified thresholds for producing renewable resource electricity through the establishment of new plants and through the purchase of green certificates or any additional electricity from other plants using renewable resources.

An EU Directive issued in September 2001 requires member states to comply with specified targets of production from renewable energy resources. In particular, the Directive requires that by 2010, a share equal to 22 per cent of total electricity consumed in the EU must be from renewable energy resources, with member states being obliged to set national targets accordingly. The target for Italy has been set at 25 per cent . Member states must adopt legislation to implement this Directive by October 2003.

Hydroelectric power

Under the Bersani Decree, all of Enel's licenses for the generation of electricity from large bodies of water, which had originally been granted to Enel for an indeterminate period of time, will now expire in April 2029. In addition, the Bersani Decree automatically extended to 31st December, 2010 the term of all hydroelectric licenses for the generation of electricity from large bodies of water that were granted to other electricity producers and were scheduled to expire before such date. All hydroelectric licenses expiring after 31st December, 2010 retain their original expiration date. After the expiration of any licenses it holds, Enel may bid for new licenses, which will have a duration of 30 years. A law issued in August 2000 states that hydroelectric licenses for the generation of electricity from small bodies of water, which had also previously been granted for an indefinite term, will also expire in 2029.

The Bersani Decree also provides that the Provincial Authorities of Trento and Bolzano and the Regional Authority of Valle d'Aosta, which enjoy special autonomous status under Italian law, may reduce the duration of hydroelectric licenses in their jurisdiction to less than thirty years. Pursuant to a governmental decree of 1999, all of Enel's hydroelectric licenses for the provinces of Trento and Bolzano, as well as all licenses held by other electricity producers in the same provinces which expire before 31st December, 2010, will now expire on 31st December, 2010, and, from that date, will be granted for 30-year periods. Finally, certain of Enel's hydroelectric licenses were transferred to the Gencos pursuant to a law enacted in November 2000.

Imports

The volume of electricity that can be imported into Italy is limited by the capacity of transmission lines that connect the Italian network with those of other countries, currently a maximum of approximately 6,150 MW per year. A bill currently being considered in the Italian Parliament would provide incentives to the development of new transmission infrastructures.

In 2002, Enel controlled approximately 2,600 MW of this total import capacity pursuant to long-term contracts between Enel and foreign producers and wholesalers. In order to address the allocation of the remaining capacity, the Bersani Decree authorizes the Energy Authority to set terms and conditions on import capacity taking into account a fair allocation between Eligible and Non-Eligible Customers, if import demand exceeds total interconnection capacity. In November 2002, the Energy Authority established the criteria for the allocation of import quotas for the year 2003. This allocation mechanism considers the total interconnection capacity available at the borders with France and Switzerland (the north-west pool) and Austria and Slovenia (the north-east pool) separately. Interconnection capacity is allocated on a pro-rata basis. In addition, in no case may a single importer hold more than 10 per cent. of the interconnection capacity available in any given pool. The Energy Authority and the French energy authority have agreed that they will jointly decide how to allocate the interconnection capacity in the north-west pool.

The new tariff structure

A new tariff regime set by the Energy Authority that came into effect on 1st January, 2000, regulates the price paid by Non-Eligible Customers for electricity, while Eligible Customers pay electricity at market price. Both Eligible and Non-Eligible Customers pay transmission, distribution and system charges as set by the Energy Authority. Prior to 1st January, 2002, the Energy Authority set different prices to cover transmission and distribution costs for Eligible and Non-Eligible Customers. As a result of its decision of

October 2001, and effective as of 1st January, 2002, the Energy Authority established so-called transport charges which are equal for both Eligible and Non-Eligible Customers and are meant to cover transmission and distribution costs.

The Energy Authority has also established a mechanism that will allow Enel to recover a significant portion of its stranded costs through the transport charges paid by all customers. The new tariff structure resulted in significant reductions in Enel's tariff revenues for the year 2000, that were primarily attributable to lower generation, transmission and distribution fees. The implementation of the price cap mechanism and a 20 per cent. reduction in the fixed-cost component recognized by the Energy Authority to cover production costs had a negative impact on its tariff revenues in 2001.

STRATEGY

Enel is preparing to face the challenges posed by market deregulation by capitalizing on its expertise in the electricity and gas sectors and by seeking new opportunities for growth in Italy and abroad. With this intent, Enel has identified three strategic objectives:

- focusing on its core energy business;
- achieving cost leadership in the generation, distribution and sale of electricity and gas; and
- making customer care a high priority.

Enel's priority now is to refocus the Group's activities, moving from the diversification strategy Enel had been pursuing in recent years, in order to concentrate the resources in those businesses in which Enel possess the experience, technology and know-how to create value. As part of this refocusing, in July 2002 Enel adopted a new organizational structure in order to streamline and manage more effectively its operations. Each of new divisions has its own strategy to help Enel achieve its objectives. In addition, Enel will continue to evaluate strategically relevant international opportunities, both in new markets and in the existing markets, such as Spain and, in the area of renewable energy, in North and Central America.

Enel now views telecommunications activities solely as a financial investment.

Generation and Energy Management

The strategic objectives of this division are:

- In generation, to have the lowest generation costs in Italy. Enel aims to achieve this goal by reducing its fuel costs through the conversion of generating capacity to combined cycle gas turbine technology and by improving the fuel mix Enel uses to generate electricity by increasing the use of low-cost fuels such as orimulsion and coal, while continuing to comply with applicable environmental requirements. This improvement should also reduce fluctuations in the overall fuel costs. Enel also aims to reduce its operating costs to achieve international best practice levels by 2005 by adopting tailored maintenance programs to reduce maintenance costs.
- In fuel procurement, keeping natural gas procurement costs low through supply diversification by tapping the Liquefied Natural Gas (LNG) market.
- Continuing to seek opportunities for growth, particularly by developing renewable energy operations and by evaluating acquisitions in power generation and distribution in Europe. The strategic criteria Enel uses in evaluating such opportunities are:
- geography and macroeconomic climate. Enel looks at countries or regions where it already operates, like the Iberian peninsula, as well as at countries where Enel sees synergies with its current operations. In line with this strategy:
    - on 5th March, 2003 Enel entered into an agreement with Entergy Power Development Corporation to acquire a 60 per cent. stake in Entergy Power Holding Maritza BV, a Dutch company with power generation operations in Bulgaria; and

- on 16th June, 2003 Enel agreed to acquire an 80 per cent. interest in the renewable energy operations of Spain's Union Fenosa.

Enel also looks for countries with attractive and sustainable economic fundamentals and a stable regulatory environment.

Sales, Infrastructure and Networks

Italy has made significant progress in its transition toward fully liberalised markets for the sale of electricity and gas. By the end of 2003, based on current and pending legislation, Enel expects that approximately 64 per cent. of electricity customers will be eligible to purchase electricity on the free market. Enel also expects that by the end of 2003 or early 2004, the regulatory framework will be in place for the full liberalisation of sales of natural gas.

In its electricity distribution business, Enel plans to respond to the challenges of deregulation by pursuing operating efficiency while providing high quality customer service. To achieve this goal:

- Enel has implemented a cost-cutting programme supported by an intensive benchmarking analysis, which has identified a number of opportunities for cost reductions. Between 1st January, 2003, and the end of 2005, excluding expenditures on Enel's Telemanagement remote metering system, Enel plans to reduce its "cash cost" (defined as operating costs (excluding amortisation and depreciation) plus capital expenditures) per customer by approximately 15 per cent..
- Enel is reducing investment and maintenance costs associated with network management, principally by centralising procurement processes and improving these processes through extensive use of e-business platforms, and by optimising its investment program.
- Enel seeks to continue meeting performance quality targets set by the Energy Authority. Enel has consistently outperformed these targets and has been granted euro 36 million in bonus payments for its performances in 2000 and 2001 in connection with the Energy Authority's continuity-of-service performance targets.
- Enel is implementing the roll-out of its Telemanagement system for remote metering. This project, which started in the second half of 2001, involves the system-wide replacement of approximately 30 million traditional mechanical electricity meters with digital meters, or Telemeters, incorporating sophisticated technology.

In gas distribution, the focus is on integrating the several gas companies Enel has acquired in the past three years into a single entity that will operate more efficiently, reducing overheads, optimising capital investment and strengthening their position in the market. Enel began this consolidation in 2002 and expects to complete the restructuring in 2003 through the merger into a single entity of Enel Distribuzione Gas S.p.A., Camuzzi Gazometri S.p.A and GE.AD S.p.A. As in electricity distribution, the target here is to reduce its cash cost per customer by approximately 15 per cent. by 2005. Enel hopes to realize additional operational savings from synergies between its electricity and gas distribution businesses.

Transmission

In its transmission division, Enel intends to continue implementing the restructuring program to reduce costs and capital expenditures and increase efficiency, with the goal of reducing operating expenses. However, Enel may be required to reduce its interest in Terna if a bill currently being considered in Parliament is enacted.

Telecommunications

Enel no longer views telecommunications activities, held through WIND, as potentially synergistic with energy activities, but rather as a financial investment. To this end, Enel acquired in July 2003 the 26.6 per cent. stake in WIND controlled by Wireless Services Belgium SA, a subsidiary of France Telecom, since as sole shareholder Enel expects to increase its flexibility in maximising the value of this

investment. Enel expects to continue to support WIND until it achieves financial independence, which Enel expects to be by the end of 2004. Enel hopes that this commitment will require to invest up to euro 1,000 million in new equity during this period.

Services and Other Activities

In line with the strategic objective of focusing on core energy business, Enel's board has authorised the disposal of certain non-core subsidiaries, including Enel Real Estate S.p.A., of which Enel is currently negotiating the sale.

ENVIRONMENTAL MATTERS

Enel's electricity operations are subject to extensive environmental regulation, including laws adopted by the Italian Parliament or government to implement regulations and directives adopted by the European Union and international agreements on the environment. The principal objective of its environmental policy is to comply with all relevant legislation and to seek to reduce adverse effects that its activities may have on the environment. Since 1996, Enel has issued a public environmental report on a yearly basis. Enel intends to publish in the future a sustainability report, with an environmental section. Enel believes that environmental performance will represent an increasingly important competition factor in a liberalised market. Environmental regulations affecting its business primarily relate to air emissions, water pollution, waste disposal, noise and the clean-up of contaminated sites. The principal air emissions of fossil-fuelled electricity generation are sulphur dioxide (SO_2), nitrogen oxides (NO_x) and particle matter such as dust and ash. A primary focus of environmental regulation applicable to its business is an effort to reduce these emissions. Furthermore, particular attention has been given to electromagnetic fields and carbon dioxide (CO_2).

SUBSIDIARIES

The following table gives details of Enel's subsidiaries and significant equity interest as of 30th June, 2003.

Companies included in the consolidation area using the line-by-line method at 30th June, 2003

Company name	*Registered office*	*Activity*	*Capital stock*	*Currency*	*% ownership*	*Held by*	*%*
			At 30th June, 2003				
Parent Company:							
Enel SpA	Rome	Holding	6,063,075,189	euro	–		
Subsidiaries:							
Aburra BV	Amsterdam (Holland)	Holding Company	18,000	euro	100.00	Pragma Energy SA	
Aimeri SpA	Milan	Collection, transport and disposal of waste	23,400,000	euro	100.00	Camuzzi Gazometri SpA	100.00 100.00
Ape Gruppo Enel	Rome	Personnel administration activities	500,000	euro	100.00	Enel SpA CISE SpA	99.00 1.00
Avisio Energia SpA	Trento	Gas distribution	6,500,000	euro	100.00	Enel Distribuzione SpA	100.00
Barras Electricas Galaico Asturianas SpA	Lugo (Spain)	Electricity distribution	15,689,797	euro	54.94	Electra de Viesgo Distribution SL	54.94
Barras Electricas Generation SL	Lugo (Spain)	Electricity generation	1,374,136	euro	100.00	Barras Electricas Galaico Asturianas SA	100.00
Camuzzi Finance SA	Luxembourg	Finance	30,986,69	euro	99.99	Camuzzi Gazometri SpA	99.99
Camuzzi Gazometri SpA	Milan	Engineering, construction and management of public service plants	54,139,160	euro	99.29	Enel Distribuzione SpA	99.29
Carbones Colombianos del Cerrejon SA	Bogotà (Colombia)	Exploitation of coal mines	513,412,998	COP	99.99	Pragma Energy SA Aburra BV	75.97 24.02
C.A.R.T. Abruzzi Srl	Orio al Serio	Equity investments in the water sector	18,000	euro	100.00	Camuzzi Gazometri SpA	100.00
Cise SpA (*Formerly CISE Tecnologie Innovative Srl*	Rome	R&D	318,291,049	euro	100.00	Enel SpA	100.00
Co. Im Gas SpA	S. Maria a Colle	Management of gas distribution and sale plants	1,479,000	euro	80.00	Camuzzi Gazometri SpA	80.00
Conhoebus SpA	Catania	Research in the renewable sources sector	4,221,176	euro	100.00	Enel SpA	100.00
Ctida Srl	Milan	Engineering, water systems	500,000	euro	75.00	Enel.Hydro SpA	75.00
Dalmazia Trieste SpA	Rome	Real estate management	3,904,760	euro	100.00	CISE Spa	100.00
Deval SpA	Aosta	Electricity distribution and	37,500,000	euro	51.00	Enel SpA	51.00
EGI LLC	Wilmington (Delaware - USA)	Electricity generation from renewable sources	–	–	100.00	Enel Green Power International SA	100.00
Electra de Viesgo Distribuciòn SL	Santander (Spain)	Electricity distribution and sale	77,792,000	euro	100.00	Enel Distribuzione SpA	100.00
Elettroambiente SpA	Rome	Electricity generation from waste	245,350	euro	70.48	Enel SpA (an additional 29.52 is held by Enel SpA as a pledge)	70.48
Enel Capital SpA	Milan	Venture capital	8,500,000	euro	100.00	Enel SpA CISE SpA	99.00 1.00
Enel Distribuzione SpA	Rome	Electricity distribution	6,119,200,000	euro	100.00	Enel SpA	100.00
Enel Distribuzione Gas SpA	Milan	Gas distribution	100,000,000	euro	100.00	Enel SpA	100.00
Enel Energia SpA	Milan	Sale of electricity	1,414,000	euro	100.00	Enel SpA	100.00
Enel. Factor SpA	Rome	Factoring	12,500,000	euro	80.00	Enel SpA	80.00
Enel Finance International SA	Luxembourg	Finance	1,391,900,230	euro	100.00	Enel Produzione SpA Enel Distribuzione SpA	75.00 25.00
Enel Gas SpA	Milan	Gas sale	302,039	euro	100.00	Enel SpA Enel Distribuzione Gas SpA	99.96 0.34
Enel Generation Holding BV	Amsterdam (Holland)	Holding Company	13,500,000	euro	100.00	Enel Produzione SpA	100.00
Enel Green Power SpA	Pisa	Electricity generation from renewable sources	716,607,150	euro	100.00	Enel SpA	100.00
Enel Green Power International SA	Luxembourg	Holding of foreign companies operating in the electricity generation from renewable sources	126,650,000	euro	100.00	Enel Green Power SpA Enel Investment Holding BV	67.11 32.89
Enel Holding Luxembourg SA	Luxembourg	Finance	6,237,390	euro	99.99	Enel Investment Holding BV	99.99
Enel. Hydro SpA	Seriate	Engineering, water systems	9,390,000	euro	100.00	Enel SpA	100.00
Enel Investment Holding BV	Amsterdam (Holland)	Holding Company	1,593,050,000	euro	100.00	Enel SpA	100.00
Enel Ireland Finance Ltd	Dublin (Ireland)	Finance	1,000,000	euro	100.00	Enel Finance International SA	100.00
Enel.It SpA	Rome	Information Technology	70,200,000	euro	100.00	Enel SpA	99.99

						CISE SpA	0.01
Company name	*Registered office*	*Activity*	*Capital stock*	*Currency*	*% ownership*	*Held by*	*%*
			At 30th June, 2003				
Enel Logistica Combustibili SpA	Rome	Fuel logistics	100.00	euro	100.00	Enel Trade SpA	100.00
Enel M@p SpA	Roma	Measurement services telemanagement and connectivity by electricity transmission network	5,000,000	euro	100.00	Enel Distribuzione Cise SpA	99.00 1.00
Enel. Net SpA	Roma	Telecommunication network	500,000	euro	100.000	Enel SpA Cise SpA	99.00 1.00
Enel North America Inc. (formerly CHI Energy Inc.)	Stamford (Connecticut-USA)	Produzione di energia elettrica da fonti rinnovabili	14.25	USD	100.00	Enel Green Power International SA	100.00
Enelpower SpA	Milan	Engineering and contracting	10,000,000	euro	100.00	Enel SpA CISE SpA	99.92 0.08
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh (Saudi Arabia)	Power plant construction, management and maintenance	5,000,000	SR	51.00	Enelpower SpA	51.00
Enelpower do Brazil Ltda	Rio De Janeiro (Brasil)	Engineering and contracting	1,242,000	R$	99.99	Enelpower SpA	99.99
Enelpower UK Ltd	London (United Kingdom)	Engineering and contracting	1,000	GBP	100.00	Enelpower SpA	100.00
Enel Produzione SpA	Rome	Electricity generation	6,352,138,606	euro	100.00	Enel SpA	100.00
Enel.Re Ltd	Dublin (Ireland)	Reinsurance	3,000,000	euro	99.99	Enel Holding Lux. SA	99.99
Enel Real Estate SpA	Rome	Real estate and facility management	907,187,841	euro	100.00	Enel SpA	100.00
Enel Service UK Ltd	London (United Kingdom)	Services	100	GBP	100.00	Enel Trade SpA	100.00
Enel.si - Servizi integrati SpA	Rome	Engineering and energy related services	5,000,000	euro	100.00	Enel SpA CISE SpA	99.00 1.00
Enel So.l.e. SpA (*formerly Società luce elettrica SpA Gruppo Enel*)	Rome	Public lighting systems	4,600,000	euro	100.00	Enel SpA CISE SpA	99.98 0.02
Enel Trade SpA	Rome	Fuel trading and logistics	100,885,000	euro	100.00	Enel SpA Enel Produzione SpA CISE SpA	99.20 0.79 0.01
Enel Viesgo Servicios SL	Santander (Spain)	Services to companies	3,010	euro	100.00	Enel SpA Enel Produzione S.p.A. Enel Distribuzione SpA	60.00 20.00 20.00
GE.AD. SpA	Milan	Gas distribution	598,143.52	euro	100.00	Enel Distribuzione Gas SpA	100.00
Iridea Srl	Milan	Advisory and consulting services	1,250,000	euro	100.00	Enel Gas Spa	100.00
Italia On Line SpA	Milan	Internet services	1,400,000	euro	100.00	WIND SpA	100.00
IT-net SpA	Rome	Network information systems	694,000	euro	100.00	WIND SpA Mondo WIND srl	99.28 0.72
La Riccia Srl	Taranto	Real estate	10,400	euro	100.00	Camuzzi Gazometri SpA	100
Maritza East III Power Company AD	Sofia (Bulgaria)	Electricity generation	265,943,600	leva	73.00	Maritza East III Power Holding BV	73.00
Maritza East III Power Holding BV	Amsterdam (Holland)	Holding Company	80,000	euro	60.00	Enel Generation Holding BV	60.00
Mobilmat SpA	Milan	Finance	10,000,000	euro	85.00	WIND SpA	85.00
Mondo WIND Srl	Rome	Sale of Telecommunication products and services	95,000	euro	100.00	WIND SpA IT-net SpA	99.00 1.00
Novatrans Energia SA	Rio De Janeiro (Brasil)	Construction, operation and maintenance of electricity transmission networks	1,959,000	R$	99.99	Enelpower SpA	99.99
Pragma enegy Sa	Lugano (Switzerland)	Coal trading	100,000	CHF	51.00	Enel Tade SpA (formerly *(formerly Enel.FTL SpA)*	51.00
Pragma Energy Services Ltd	London (United Kingdom)	Administrative services	2	GBP	100.00	Pragma Energy SA	100.00
S.A.M.I.G. Srl	L'Aquila	Services	45,000	euro	100.00	Enel distribuzione Gas SpA	100.00
Sfera – Società per la formazione e le risorse aziendali SpA	Rome	Human resouces	12,360,096	euro	100.00	Enel SpA Enel Produzione SpA Enel Distribuzione SpA T.E.R.N.A. SpA Enelpower SpA Enel Green Power SpA Enel Real Estate SpA Enel Hydro SpA	74.08 4.71 4.71 4.71 4.71 2.36 2.36 2.36
Smarin SpA	Taranto	Collection, transport and disposal of waste	250,000	euro	80.00	Camuzzi Gazometri SpA Tekna Srl	50.00 30.00
So.l.e. Milano h Scrl	Rome	Construction of public lighting systems	10,000	euro	70.00	Enel Sole SpA (*formerly So.l.e. – Societåa luce electtrica SpA Gruppo Enel*)	70.00
Tekna Srl	Milan	Investments in waste management sector	10,400	euro	85.00	Camuzzi Gazometri Spa	85.00
Tellas TelecommunicationsSA	Athens (Greece)	Telecommunications	13,000,000	euro	100.00	WIND-PPC holding NV	100.00

Company name	*Registered office*	*Activity*	*Capital stock*	*Currency*	*% ownership*	*Held by*	*%*
			At 30th June, 2003				
T.E.R.NA. – Trasmissione Elettricità Rete Nazionale SpA	Rome	Ownership and Maintenance of the electricity national transmission network	2,036,050,000	euro	100.00	Enel SpA	100.00
T.S.N. – Transmissora Sudeste Nordeste Sa	Rio De Janeiro (Brasil)	Construction, ownership and mantenance of transmission networks	520,000,000	R$	99.74	Enelpower SpA	99.74
Viesgo Generaciòn SL	Santander (Spain)	Electricity generation and sale	389,708,000	euro	100.00	Enel Produzione SpA	100.00
WEBiz Holding BV	Amsterdam (Holland)	Venture capital	20,000	euro	100.00	Enel Investment Holding BV	100.00
WIND-PPC Holding NV	Amsterdam (Holland)	Holding telecommunication companies	2,000,000	euro	50.01	WINDSpA	50.01
WIND Telecomunicazioni SpA	Rome	Telecommunications	140,400,000	euro	73.42	Enel SpA Elel Investment Holding BV	34.70 38.72

Eurogen SpA was sold on 31st May, 2002. only income statement figures were consolidated in the period 1st January, 2002 – 30th May, 2002.

Since 1st July, 2003 WIND has been fully-owned by Enel (Enel Investment Holding B.V. owns 65.3 per cent., while Enel owns 34.70 per cent.)

On 30th July, Enel sold 70.48 per cent. of the share capital of Elettroambiente to Italgest Energia.

LITIGATION

Enel is defendant in a number of legal proceedings incidental to the generation, transmission and distribution of electricity. Because of the nature of these proceedings, it is not possible to predict the ultimate outcomes of certain of those matters, some of which may be unfavourable to Enel. However, provisions are made for all significant liabilities where it has been determined by legal advisers that an unfavourable outcome is likely. A number of disputes are pending in relation to urban planning, landscape and environmental matters (mainly related to exposure to electromagnetic fields) linked to the construction and operation of several of Enel's generating plants and power lines. The examination of such disputes, also on the basis of legal advice, leads Enel to believe that unfavourable outcomes would be a remote possibility. While the possibility is remote, the risk that a limited number of cases might have unfavourable outcomes cannot be ruled out, whose consequences could entail, in addition, the payment of damages. At the present time, such charges are not predictable and therefore, Enel has not accrued any liabilities for these disputes.

MANAGEMENT

Enel's board of directors is responsible for the management of the Company's business. It has the power to take all actions consistent with the corporate purpose described in its by-laws, except for actions that by law or under its by-laws may only be taken by its shareholders. Enel's board is elected for a term of up to three years. Members are eligible for re-election. The board must consist of not less than three and not more than nine members. The board was appointed on 24th May, 2002 and currently consists of seven members whose three-year terms are scheduled to expire in 2005. The chairman and chief executive officer are Enel's legal representatives. The chief executive officer generally has the power to represent Enel within the scope of the functions delegated to him. For specific actions or categories of actions, the power to represent the Company can be delegated by the holder of such power to one of Enel's employees or to third parties. On December 2002, Enel's chairman was entrusted with the duties of overseeing the Company's audit system and participating in the preparation of the Company's strategy, in both cases in accordance with the chief executive officer.

On 24th May, 2002, at Enel's annual shareholders' meeting, shareholders appointed members of the new board of directors whose term of office will expire in 2005. On 26th June, 2002, the new board of directors established a new compensation committee and a new internal audit committee. The names of the seven members of Enel's new board of directors, their current positions and the year when each was initially appointed as director are set forth in the following table.

Name	*Position*	*Year initially appointed*
Piero Gnudi	Chairman	2002
Paolo Scaroni	Director and Chief Executive Officer	2002
Mauro Miccio	Director	2002
Franco Morganti	Director	1999
Fernando Napolitano	Director	2002
Francesco Taranto	Director	2000
Gianfranco Tosi	Director	2002

The current members of the compensation committee are Francesco Taranto, Mauro Miccio and Fernando Napolitano The current members of the internal audit committee are Piero Gnudi, Franco Morganti and Gianfranco Tosi. The compensation committee submits to the board of directors proposals for resolutions concerning the compensation of the chief executive officer, the directors to which certain powers have been delegated, and senior executives. The internal audit committee has the authority to evaluate the activity and periodic reports of both internal and external auditors, and is primarily concerned with verifying the adequacy of Enel's internal controls system and in turn reporting to the full board of directors.

The Treasury Ministry has confirmed that as long as it remains Enel's majority shareholder, it intends to continue to participate in the nomination and election of the board of directors in order to protect its investment as a shareholder.

The table below sets forth Enel's executive officers, who are not also directors, their positions, the year they were appointed to such positions and their ages as of 29th October, 2003:

Name	*Age*	*Management position*	*Year joined the Group*	*Year appointed to current position*
Alessandro Bufacchi	57	E-Business Development	2000	2000
Vincenzo Cannatelli	51	Head of Sales, Infrastructure and Networks Division	1999	2002
Antonio Cardani	53	Audit	2000	2000
Salvatore Cardillo	54	Legal Affairs	2000	2000
Gianluca Comin	40	Press and Communications	2002	2002
Fulvio Conti	56	Chief Financial Officer	1999	1999
Paolo Scaroni	56	Head of Generation and Energy Management Division	2002	2003
Paolo Ruzzini	51	Human Resources	2003	2003
Alfredo Macchiati	51	Regulatory Relations	2000	2002
Sergio Mobili	62	Head of Transmission Division	1967	2002
Tommaso Pompei	61	Head of Telecommunications Division	1996	2002
Massimo Romano	44	Public and International Affairs	1997	1999
Claudio Sartorelli	58	Corporate Affairs	1970	1996
Luciana Tarozzi	59	Accounting	1965	1997
Salvatore Sardo	50	Purchasing	2003	2003

Since 11th July, 2003, Paolo Scaroni has been the interim head of the of Generation and Energy Management Division, following the resignation of Antonio Caprarotta, who held the position from July 2002 to July 2003.

Since 1st October, 2003, Paolo Ruzzini has been the head of the Human Resources Department, following the resignation of Angelo Delfino, who held the position from 1999.

Board of Statutory Auditors

Pursuant to the Italian Civil Code, in addition to electing the board, Enel's shareholders also elect a board of statutory auditors.

Statutory auditors remain in office for a three-year term and may be re-elected for consecutive terms or substituted automatically by an alternate auditor if they resign or are unable to complete their term. Statutory auditors may be removed only for cause and with the approval of an Italian court.

The board of statutory auditors is responsible for reviewing Enel's management and financial reporting and financial condition. In conducting this review the board of statutory auditors has a duty to the shareholders, to whom it reports, and to Enel. The role of the board of statutory auditors includes reviewing the Company's management and, in particular, ensuring compliance with applicable law and the Company's by-laws. Furthermore, the statutory auditors must ensure that Enel maintains adequate organisational structure, internal controls and administrative and accounting systems.

Enel's current board of statutory auditors was appointed in May 2001. The term of its members will expire in 2004. At that time, new members will be appointed by the shareholders. The names of the current members, their positions and the year during which each was initially appointed are set forth in the following table.

Name	*Position*	*Year initially appointed*
Bruno De Leo	Chairman	1992
Gustavo Minervini	Auditor	1992
Franco Fontana	Auditor	2001
Roberto Ulissi	Alternate Auditor	2001
Francesco Bilotti	Alternate Auditor	1995

In addition, under Italian securities regulations, the Company's accounts must be audited by external auditors appointed by the shareholders. The appointment is communicated to the *Commissione Nazionale per le Società e la Borsa*, or CONSOB. As of the fiscal year 2002, the Company's external auditors for both consolidated and non-consolidated accounts are KPMG S.p.A. Under Italian securities laws, listed companies may not appoint the same auditors for more than three consecutive three-year terms. The external auditors issue an opinion that the Company's financial statements are presented fairly in all material respects. Their opinion is made available to the Company's shareholders prior to the annual shareholders meeting.

ENEL INVESTMENT HOLDING B.V.

ENEL Investment Holding B.V. ("**ENEL B.V.**"), a wholly owned subsidiary of Enel S.p.A, was incorporated under Dutch law on 15th December, 2000, as a private limited liability company under the laws of the Netherlands ("*besloten vennootschap met beperkte aansprakelijkheid*"), by notarial deed executed before Rudolf van Bork, civil law notary, officiating in Rotterdam. The Ministerial Statement of No Objections on the draft of the deed of incorporation was granted on 15th December, 2000, under Decree number B.V. 1.143.135.

ENEL B.V. has its corporate seat in Amsterdam, the Netherlands, with its principal offices at (1017 SG) Amsterdam, Weteringschans 28, and is registered in the Amsterdam Commercial Register 34149162.

Corporate Purpose

The purpose of Enel investment Holding B.V. is to carry on activities and to invest directly or indirectly in companies or ventures that conduct their business:

- in the electricity industry, including all activities of generation, distribution and sale, as well as transmission;
- in the energy industry in generation, including fuels, and in the field of environmental protection, as well as in the water sector;
- in the communications, telematics, information-technology industries and those of multimedia and interactive services; and

- in network-based sectors (electricity, water, gas, district heating, telecommunications) in the sectors mentioned above.

Subsidiaries, Investments and other assets

During the year the principal activities of the ENEL B.V. have been focused on managing the investments made in 2001 within the telecommunication sector. In the light of recent developments in this sector, following which growth expectations have been revised downwards, it has been deemed appropriate to reassess the value of WIND participation. To such end, an evaluation of the business was carried out on the basis of a prudent estimate of future cash flows. From such assessment there emerged the need to write-down the value of the investment held by the ENEL B.V. in WIND (representing a 38.725 per cent. share in its capital stock in 2002) by euro 3,732.4 million, reducing its book value at 31st December, 2002 to euro 2,857.5 million.

In such context, it is noted that the interest of ENEL B.V. in WIND represents the compensation received in August 2001 against the conferral to WIND of 100 per cent of Infostrada, acquired on 31st March, 2001. The book value is therefore represented almost entirely by the goodwill paid on the acquisition. As a result of such write-down, the financial statements as of 31st December, 2002 of ENEL B.V. report a loss of euro 4,701.5 million and Shareholders' Equity of euro 216,9 million.

On 1st July, 2003, following the issue of a favourable opinion by the Antitrust Authority, the agreement for the sale to Enel Investment Holding B.V. of a 26.575 per cent. share in WIND's capital stock held by the France Télécom Group on the conditions agreed in March, 2003 became effective. The shares were acquired for euro 1.33 billion paid on 1st July, 2003. The amount included the cancellation of the call option held by France Télécom giving the latter the right to increase its share in WIND to 44 per cent. The agreement provides for a partial reimbursement mechanism in favour of France Télécom in the event Enel sells its WIND shares before December 2004 and receives a cash price per share higher than that received by France Télécom pursuant to the agreement. The transaction also provides for the transfer to Enel of the euro 175 million subordinated loan extended by France Télécom to WIND.

Completing the reorganisation of Enel foreign subsidiaries started last year, Enel Investment Holding BV during the month of December has received, as capital contribution in kind, 80 per cent of WeBiz Holding BV, a sub-holding company operating in the Corporate Venture Capital sector, and has bought the residual (20 per cent) of the company from WeBiz2 BV, an Enel subsidiary.

On 30th June, 2003, ENEL B.V.'s investments in subsidiaries are as follows:

- WIND with a book value of euro 2,798 million. Since 1st July, 2003 Enel Investment Holding B.V. has owned 65.3 per cent. of WIND;
- Enel Green Power International S.A. with a book value of euro 1 million and a 32.89 per cent. ownership (the remaining 67.11 per cent. is held by Enel through Enel Green Power SpA);
- Enel Holding Luxembourg S.A. with a book value of euro 22 million and a 99.99 per cent. ownership. The Company owns 100 per cent. of Enel Re Ltd., the captive reinsurance company of Enel; and
- WeBiz Holding B.V., with a book value of euro 6 million is fully owned by Enel Investment Holding B.V. The subsidiary operates in the Corporate Venture Capital sector and owns minority stakes in 17 companies operating in the telecommunication and high technology sectors.

Share Capital

As at 31st December, 2002 the Shareholder's Equity comprised issued and paid up share capital of euro 1,593.1 million, share premium reserve of euro 4,187.5 million, other reserves of euro 0.2 million, retained losses of euro 862.3 million and loss of the period of euro 4,701.5 million.

As at 30th June, 2003 the Shareholder's Equity comprised issued and paid up share capital of euro 1,593.1 million, while share premium reserve of euro 4,187.2 million, other reserves of euro 0.2 million, retained losses of euro 5,563.6 million and loss of the period of euro 306.5 million.

Financing

ENEL B.V. has established a Global Medium Term Note and Euro Commercial Paper Programme of euro 1,500 million.

In the context of this Programme, on 4th September, 2003 the Board of Directors of Enel Investment Holding B.V. authorized the issue of Private Placement Bonds up to an amount of euro 1,000 million.

As at 30th September, 2003, Enel Investment Holding B.V. had issued 3 Private Placement Bonds for a total amount of euro 440 million.

Other securities

As at the date hereof, no convertible debt securities, exchangeable debt securities, debt securities with warrants attached or any other securities, apart from the shares, have been issued by ENEL B.V.

Managing Board ("*Directie*")

The management of ENEL B.V. is entrusted to its Managing Board. The general authority to represent ENEL B.V. is vested in the Managing Board. In addition, two members of the Managing Board acting jointly are authorised to represent ENEL B.V., Members of the Managing Board may be suspended or dismissed by a general meeting of shareholders at any time.

As at the date hereof, the members of the Managing Board are:

(i) Mr. Biagio Cinelli, residing at 86 Sidney Street, London SW3 6NJ; Born in Tripoli (Libya) on 22nd October, 1946;

(ii) Mr. Antonius Johannes Maria Nieuwenhuizen, residing at 144 Oosterblokker, Oosterblokker (1696 BL); born in Amsterdam on 28th November, 1944;

(iii) Mr. Frank Mauritz, residing at 149 Keizersgracht, Amsterdam (1015 CL); born in Haarlem on 23rd April, 1942;

(iv) Mr. Fulvio Conti, domiciled at Viale Regina Margherita 137, Rome; born in Rome on 28th October, 1947; and

(v) Mr. Hans Marseille, residing at 22 Lonbar Petrilaan, Overveen (2051 EJ), born in Amboina (Dutch East Indies) on 1st March, 1941.

Employees

As at the date hereof, there are no persons employed by ENEL B.V.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Obligors believe to be reliable, but none of the Obligors and any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Obligors and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Obligors that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("***Participants***") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("***Indirect Participants***").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "***Rules***"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("***DTC Notes***") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("***Owners***") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct

Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Selling and Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participant's account.

The relevant Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The relevant Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Selling and Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("***Custodian***") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Obligors, the Agents and any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Taxation

The following is a general guide only, based upon the tax laws of Italy and The Netherlands as in effect on the date of this Offering Circular, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect and should be treated with appropriate caution. The information below is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of Notes.

Prospective purchasers of Notes who are in doubt as to their tax position on purchase, ownership or transfer of any Notes are strongly advised to consult their own tax advisers.

Republic of Italy

1. Tax treatment of Notes – General

Legislative Decree No. 239 of 1st April, 1996 as amended and supplemented, ("***Legislative Decree No. 239***"), regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "***Interest***") from Notes issued, *inter alia* by Italian publicly listed companies and non-Italian resident issuers. The provisions of Legislative Decree 239 only apply to those Notes issued by ENEL with a maturity of eighteen months or more and to the Notes issued by ENEL B.V. which qualify as obbligazioni or titoli similari alle obbligazioni pursuant to Article 41 of Presidential Decree No. 917 of 22nd December, 1986, as amended and supplemented ("***Presidential Decree No. 917***").

2. Italian resident Holders of the Notes

Where the Italian resident Holder of the Notes who is the beneficial owner of the Notes is (i) an individual not engaged in entrepreneurial activity, (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21st November, 1997 as amended ("***Legislative Decree No. 461***") – the "***Asset Management Option***"); (ii) a partnership; other than a *società in nome collettivo* or *società in accomandita semplice* or similar non-commercial partnership, (iii) a private or public institution not carrying out commercial activities; and (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. In case the Holders of the Notes described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional tax.

Payments of Interest in respect of the Notes are not subject to 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds and SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21st April, 1993 ("***Legislative Decree No. 124***") and certain Italian resident real estate investment funds which benefit from the new regime provided for by Law Decree no. 351 of 25th September, 2001 ("***Decree No. 351***"); (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option. To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva* investors indicated above must (i) be the beneficial owners of payments of Interest on the Notes; and (ii) timely deposit the Notes together with the coupons relating to such Notes with an Italian authorised financial intermediary.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Holders of the Notes, also in the net value of production) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. annual substitute tax (the "Collective Investment Fund Tax") on the increase in value of the managed assets accrued at the end of each tax year.

Italian resident pension funds subject to the regime provided by Art. 14, 14-ter and 14-quater, paragraph 1, of Italian Legislative Decree No. 124 are subject to a 11 per cent. annual substitute tax (the "Pension Fund Tax") on the increase in value of the managed assets accrued at the end of each tax year.

Pursuant to Article 6 of Law Decree No. 351 of 25th September, 2001, converted with amendments into Law No. 410 of 23rd November, 2001, Italian real estate investment funds established on or after 26th September, 2001, are subject to a substitute tax at the rate of 1 per cent. levied on the net value of the fund. Interest, premium and other income from the Notes, as well as the value of such Notes, will contribute to determine such net value. The tax is paid by the company managing the fund (SGR). The new regime also applies to those Italian real estate investment funds established before 26th September, 2001 whose managing company has so requested within 25th November, 2001.

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Pursuant to Legislative Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("***SIMs***"), fiduciary companies, SGRs, stock brokers and other entities identified by a Decree of Ministry of Economy and Finance (each an "Intermediary"). An Intermediary must be (i) resident in Italy or (ii) a permanent establishment in Italy of an intermediary resident outside Italy and in any case intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purposes of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applicable and withheld by any intermediary paying Interest to a Holder of Notes.

3. Non-Italian resident Holders of the Notes

According to Legislative Decree No. 239 payments of interest in respect of the Notes issued by ENEL will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. if made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:

- such beneficial owners (i) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information or, (ii) until 1st January, 2004 pursuant to Law Decree 30th September, 2003, No. 269, are not resident, for tax purposes, in the tax haven countries included in the black list referred to in Article 76, paragraph 7-bis, of Presidential Decree No. 917 and identified by Ministerial Decree of 23rd January, 2002 (as amended from time to time); and

- all the requirements and procedures set forth in Legislative Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

Legislative Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional investors not subject to income tax or to other similar taxes, which are resident in countries which (a) allow for an adequate exchange of information or (b) until 1st January, 2004, are not tax haven countries included in the black list identified by Ministerial Decree of 23rd January, 2002 (as amended from time to time); and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, non-Italian resident investors must (i) be the beneficial owners of payments of Interest on

the Notes; (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian bank or SIM on the permanent establishment in Italy of a non-Italian bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and (iii) file with the relevant depositary of self-declaration stating, *inter alia*, (x) that they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information or (y) until 1st January, 2004, that they are not resident, for tax purposes, in tax haven countries included in the black list referred to in Article 76, paragraph 7-bis, of Presidential Decree No. 917 and identified by Ministerial Decree of 23rd January, 2002 (as amended from time to time). Such self-declaration which must comply with the requirements net forth by Ministerial Decree 12th December, 2001, is valid until withdrawn or revoked and must not be submitted in case that a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self-declaration is not requested for the non-Italian resident investors which are international bodies and organisations established in accordance with international agreements notified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Interest payments relating to Notes issued by ENEL B.V. and received by non-Italian resident Holders are not subject to Italian taxation provided that the non-Italian resident holder declares to be a non-Italian resident when required in case the Notes issued by ENEL B.V. are held in Italy.

4. Payments made by the Guarantor

With respect to payments made by the Guarantor under the guarantee in respect of the Notes, in accordance with one interpretation of Italian fiscal law, any payment of interest from the Notes, may be subject to a withholding tax at the rate of 12.5 per cent. levied as a final tax or a provisional tax (*a titolo d'imposta or a titolo di acconto*) depending on the residential "status" of the Holder, pursuant to Presidential Decree No. 600 of 29th September, 1973, as subsequently amended ("**Decree 600**"). In the case of payments to non-Italian residents, the withholding tax may be applied at the rate of 27 per cent. if, in certain circumstances, payments are made to non-Italian residents who are resident in tax haven countries as defined in article 76 of Presidential Decree No. 917 and identified by the Ministerial Decree of 23rd January, 2002, both as amended from time to time. Double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) rate applicable to the withholding tax. In accordance with another interpretation, any such payment made by the Guarantor will be treated, in certain circumstances, as a payment by the guaranteed Issuer and made subject to the tax treatment described above.

5. Early Redemption

Without prejudice to the above provisions, Notes issued by ENEL with an original maturity of eighteen months or more which are made subject to an early redemption within eighteen months from the date of issue are subject to an additional tax due by ENEL as Issuer on such redemption dates, at the rate of 20 per cent. in respect of Interest accrued on the Notes up to the date of the early redemption, pursuant to Article 26, 1st paragraph, of Decree 600. If Notes issued by Enel B.V. with an original maturity of eighteen months or more are redeemed within eighteen months from the date of issue, the additional 20 per cent. tax is not due by Enel B.V. but is withheld by the intermediary intervening in the payment of the Interest on the redemption of the Notes. This provision does not apply to one Italian resident holder which is (i) a corporation or similar commercial entity (including the Italian permanent establishment of foreign entities); (ii) a commercial partnership; or (iii) a commercial public or private institution. This provision does not apply if the Holder of the Notes issued by Enel B.V. subject to this early redemption is a non-Italian resident.

6. Notes with a maturity of less than eighteen months

Notes issued by ENEL with an original maturity of less than eighteen months do not fall within the provisions of Legislative Decree No. 239. Such Notes are subject to a withholding tax at the rate of 27 per cent. in respect of Interest, pursuant to Article 26, 1st paragraph, of Decree 600 on a definitive or provisional basis depending on the category of the Holders of the Notes or such lower rate pursuant to

any applicable double taxation treaty. Notes with an original maturity of less than eighteen months issued by Enel B.V., are subject to an *imposta sostitutiva* at the current rate of 27 per cent., according to Article 2 of Legislative Decree No. 239, in respect of interest received by an Italian resident Holder of the Notes which falls within one of the categories of Italian resident Holders listed in points (i) to (v) of the first paragraph of section 2 (Italian resident Holders of the Notes) above. If the payment is not made through an Intermediary, such Italian resident Holder of the Notes must assess its own taxable income and include any interest received on the Notes in the relevant annual income tax return. In case of Notes with an original maturity of less than eighteen months, the 27 per cent. *imposta sostitutiva* also applies to payments of Interest made to Italian resident collective investment funds and SICAVs and Italian resident pension funds subject to the regime provided by Article 14, 14-ter and 14-quarter, paragraph 1, of Legislative Decree No. 124. Interest on Notes issued by Enel B.V. with an original maturity of less than eighteen months received by Italian resident Holders falling within one of the categories listed under point (i) of the second paragraph of Section 2 (Italian resident Holders of the Notes) above are not subject to the *imposta sostitutiva,* provided that the requirements set forth in points (i) and (ii) in the second part of that paragraph are complied with.

7. Capital Gains

Pursuant to Legislative Decree No. 461, a 12.50 per cent. capital gains tax (referred to as *imposta sostitutiva*) will be applicable to capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected on any sale or transfer of the Notes for consideration or redemption thereof.

Under the tax declaration regime (the "*Regime della dichiarazione*"), which is the standard for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, the 12.5 per cent. *imposta sostitutiva* on the capital gains will be chargeable, on a cumulative basis, on all capital gains net of any incurred capital losses realised by Holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected on all disposals if Notes carried out during any given fiscal year. The capital gains realised in a year net of any incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected together with any income tax due for the relevant tax year. Where capital losses exceed gains, they can be carried forward against capital gains for up to the four subsequent fiscal years.

Alternatively to the tax declaration regime, Holders of the Notes, who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes ("***Risparmio Amministrato***" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and the other Intermediaries identified by Ministerial Decree and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Holder of the Notes. The separate taxation election lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the Holder of the Notes deducting a corresponding amount from proceeds to be credited to the Holder of the Notes or using funds provided by the Holder of the Notes for this purpose. Where a particular sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held with the same intermediary in the same tax year and, in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime the Holder of the Notes remains anonymous and is not required to report capital gains realised in its annual tax return.

Special rules apply if the Notes are part of (i) a portfolio managed in a regime of Asset Management Option ("*Risparmio Gestito*") by an Italian asset management company or certain authorised intermediaries or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comurme di Investimento*, or SICAV). In both cases, the capital gains realised upon sale, transfer

or redemption of the Notes will not be subject to 12.5 per cent. *imposta sostitutiva* but will contribute to determine the taxable base of the Asset Management Tax and of the Collective Investment Fund Tax.

Any capital gains realised by Holders of the Notes who are Italian resident pension funds subject to the regime provided by Art. 14, 14-bis, 14-ter and 14 quater, paragraph 1, of Legislative Decree No. 124 will be included in the computation of the taxable basis of the Pension Fund Tax.

The 12.5 per cent. *imposta sostitutiva* tax may be payable on any capital gains realised upon sale, transfer or redemption of the Notes issued by ENEL to non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected.

In case the Notes are not listed on a regulated market in Italy or abroad, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they (i) are resident, for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange information and (ii) until 1st January, 2004 pursuant to Law Decree 30th September, 2003, No. 269, are not resident, for tax purposes, in the tax haven countries included in the black list referred to in Article 76, paragraph 7-bis, of Presidential Decree No. 917 and identified by Ministerial Decree of 23rd January, 2002, as amended from time to time; or (ii) international entities or bodies set up in accordance with international agreements which have entered into force in Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; or (iv) institutional investors not subject to income tax in their country of residence which are resident in a country which allows for an adequate exchange of information and until 1st January, 2004 which are not tax haven countries included in the black list identified by Ministerial Decree of 23rd January, 2002, as amended from time to time, or (v) resident in a country which has entered into a double taxation treaty with the Republic of Italy which provides that capital gains realised upon the sale or redemption of the Notes shall be taxed only in the country of residence of the recipient.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from the *imposta sostitutiva* will apply upon condition that they file in time with the authorised financial intermediary the appropriate documentation.

Any capital gains realised by non-Italian residents without a permanent establishment in Italy, to which the Notes are effectively connected, through the sale, transfer or redemption of the Notes issued by ENEL is exempt from taxation in Italy to the extent that the Notes are listed on a regulated market, in Italy or abroad, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double taxation treaty.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected from any disposal of the Notes shall be treated as part of their business income and, depending on the "status" of the Holders of the Notes also in their net value of production subject to tax in Italy according to the relevant tax provisions.

Any capital gains realised by a non-Italian resident Holder from any disposal of the Notes issued by Enel B.V. are not subject to Italian taxation.

8. Transfer tax

Pursuant to Legislative Decree No. 435 of 21st November, 1997, in general, no Italian transfer tax is payable on:

(a) transfer of Notes entered into on a regulated market;

(b) transfer of Notes listed on a regulated market entered into outside regulated markets,

provided that they are entered into between:

(i) banks or SIMs or other professional intermediaries regulated by Legislative Decree No. 415 of 23rd July, 1996, as superseded by Legislative Decree No. 58 or stockbrokers among themselves;

(ii) the intermediaries of paragraph (i) above, on the one hand, and a non-Italian residents, on the other hand;

(iii) the intermediaries of paragraph (i) above, even if not resident in Italy, on the one hand and undertakings for collective investments of savings income, on the other hand;

(c) transfer of Notes not listed on regulated markets if entered into between the banks or other financial intermediaries referred to in paragraph (b) (i) above, on the one hand, and non-Italian residents on the other hand;

(d) contracts for a consideration of less than euro 206.58.

If applicable, transfer tax is payable as follows:

(a) Euro 0.00465 per euro 51.65 or fraction thereof, of the price at which the Notes are transferred if the transaction is entered into (i) between banks, SIMs or other professional intermediaries as defined under b(i) above or stockbrokers among themselves or with private parties or (ii) between private parties through banks, SIMs or other professional intermediaries or stockbrokers.

(b) Euro 0.0083 per euro 51.65, or fraction thereof, of the price at which the Notes are transferred if the transaction is entered into (i) between private parties directly or (ii) between private parties through intermediaries other than those of paragraph (a) above. When applied at the rate mentioned under (a) above, the amount of transfer tax cannot exceed euro 929.62 for each transaction.

9. Italian inheritance and gift tax

According to Law No. 383 of 18th October, 2001 ("Law No. 383"), starting from 25th October, 2001 Italian inheritance and gift tax, previously payable on the transfer of the Notes as a result of death or donation, has been abolished.

However, for donees other than spouses, direct descendants or ascendants and other relatives within the fourth degree, if and to the extent that the value of the gift attributable to each such donee exceeds EUR 180,759.91, the gift of Notes may be subject to the ordinary transfer taxes provided for transfers for consideration. Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree No. 461. In particular, if the donee sells the Notes for consideration within 5 years from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

The Netherlands Taxation

1. Withholding Tax

All payments under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact have the function of equity of the Issuer within the meaning of Article 10(i)d of the Corporate Income Tax Act 1969.

2. Taxes on Income and Capital Gains

General

A holder of Notes will not be subject to income taxation in the Netherlands by reason only of the performance by the Issuer of its obligations under the Notes.

Individuals

A holder of Notes who is an individual will not be subject to any Dutch taxes in respect of any benefit derived or deemed to be derived from Notes, including any payment under the Notes and any gain realised on the disposal of Notes, provided that all of the following conditions are satisfied.

1. Such holder is neither resident nor deemed to be resident in the Netherlands for Dutch tax purposes and has not elected to be treated as a resident of the Netherlands for Dutch tax purposes.

2. Such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined terms) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable.

3. Such holder does not carry out any other activities in the Netherlands that go beyond ordinary asset management.

4. Neither such holder nor individuals related to such holder (statutorily defined term; generally an interest of at least 5%) and certain of their relatives by blood or marriage in the direct line (including foster children) have (1) a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer.

5. In the event such holder is an individual, the Issuer does not make (part of) the proceeds of the Notes, de iure or de facto, directly or indirectly, available to an entity or enterprise in which such holder or any other individual mentioned under condition 4 above has an interest.

Entities

A holder of Notes who is (a) a legal person, or (b) a partnership or other form of association without legal personality that has a capital that is wholly or partly divided into shares, or (c) a trust or a form of co-investment (*doelvermogen*) or a similar legal form that is for Dutch purposes taxable as a corporation will not be subject to any Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal of the Notes, provided that the following conditions are satisfied.

1. Such holder is neither resident nor deemed to be resident in the Netherlands for Dutch tax purposes.

2. Such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined terms) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable.

3. Such holder does not have (1) a substantial interest or deemed substantial interest (statutorily defined terms; generally an interest of at least 5%) in the Issuer.

3. Gift and Inheritance Taxes

No gift tax or inheritance tax will arise in the Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

(i) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are or were attributable; or

(ii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while (at the time of his death) being resident or deemed to be resident in the Netherlands.

For the purposes of Dutch gift, estate and inheritance taxes, an individual who holds Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. Additionally, for the purposes of Dutch gift tax, a person not holding Dutch nationality will be deemed to be resident in the Netherlands if that person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Finally, in certain specific circumstances, the donor or the deceased will be deemed to be resident in the Netherlands for the purposes of Dutch gift and estate taxes if the beneficiary of the gift or the beneficiaries under the estate jointly, as the case may be, make an election to that effect. Applicable tax treaties may override deemed residency.

4. Turnover Tax

No Dutch turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal or interest on the Notes.

5. Capital Tax

No Dutch capital tax will be payable in respect of or in connection with the performance by the Issuer of its obligations under the Notes, with the exception of capital tax that may be due by the Issuer on capital contributions made or deemed to be made to the Issuer under the Guarantee.

6. Other Taxes and Duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the performance by the Issuer of its obligations under the Notes.

U.S. Taxation

The applicable Pricing Supplement relating to any Tranche of Notes, all or a portion of which are to be offered or sold to, or for the account or benefit of, a U.S. person will set forth information regarding the United States Federal income tax treatment of any such Notes. U.S. persons considering the purchase of Notes should consult their own tax advisers concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other taxing jurisdictions.

Proposed EU Savings Directive

On 3rd June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which the Member States will be required to provide to the tax authority of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1st January, 2005.

SUBSCRIPTION AND SALE AND SELLING AND TRANSFER RESTRICTIONS

The Dealers have in an amended and restated programme agreement (as amended or supplemented from time to time, the "***Principal Programme Agreement***") dated 10th May, 2001 as supplemented by a First Supplemental Programme Agreement dated 28th October, 2002 (the "***First Supplemental Programme Agreement***") as further supplemented by a Second Supplemental Programme Agreement dated 29th October, 2003 (the "***Second Supplemental Programme Agreement***" and, together with the Principal Programme Agreement and the First Supplemental Programme Agreement the "***Programme Agreement***") agreed with the Obligors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Obligors have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions with a view to supporting the market price of the relevant Notes during and after the offering of the Tranche at a level higher than that which might otherwise prevail for a limited period after the Issue Date. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may support the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to support the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Pricing Supplement or any person acting for him and only for a limited period following the Issue Date of the relevant Tranche of Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("***Regulation S Notes***"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or

other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the later of the commencement of the offering and the completion of the distribution of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

If so specified in the applicable Pricing Supplement, Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer or the Guarantor (where ENEL is not the relevant Issuer) is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer or the Guarantor (where ENEL is not the relevant Issuer) has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each Dealer has agreed that it will have in effect, in connection with the offer and sale of the Notes in bearer form during any restricted period under the United States Internal Revenue Code of 1986, as amended relating thereto, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Notes are aware that the Notes cannot be offered or sold during such restricted periods to a U.S. person or a person within the United States.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(ii) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

(iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "***Securities and Exchange Law***") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Each of the Dealers and the Obligors have represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Offering Circular or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Article L.411-1 and L.411-2 of the *Code Monétaire et Financier* and *décret* no. 98-880 dated 1st October, 1998.

Germany

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapierverkaufsprospektgesetz*) of 13th December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

The Netherlands

Each Dealer has represented and agreed (and each further Dealer under the Programme will be required to represent and agree) that any Notes including rights representing an interest in a Note in global form issued under the Programme and offered as part of their initial distribution or by way of re-offering by ENEL in the Netherlands or offered by ENEL B.V. anywhere in the world may, in order to comply with the 1995 Act on the Supervision of the Securities Trade (*Wet toezicht effectenverkeer 1995, "**the 1995 Act**"*) and its implementing regulations, only be offered in accordance with any one of the following restrictions as specified in the applicable Pricing Supplement:

(a) if such Notes have been, or are about to be, admitted to listing on the Official Segment of the stock market of Euronext Amsterdam N.V. ("***Euronext***"), provided that contractually binding offers (or any solicitation of such offers) are only made in respect of the Notes after Euronext has published the advertisement mentioned in article 47.7 of its listing rules or, if earlier, after Euronext has confirmed in writing that a listing of the Notes on Euronext is likely; or

(b) subject to the proviso stated below, in the event that (i) such Notes have been admitted to the official listing on a stock exchange or have otherwise been publicly offered in another state which is a party to the European Treaty on an Economic Area ("***EEA***") and (ii) this Offering Circular has been approved by, and the applicable Pricing Supplement has been submitted to or approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC (hereinafter the "***Competent Authority***") and (iii) the AFM has confirmed, where necessary, the availability of recognition in respect of such documents; or

(c) to persons or legal entities who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), pension funds, insurance companies, collective investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties (including treasury departments of commercial enterprises) which as an ancillary activity regularly invest in securities), (the "***Professional Investors***"), provided that (i) the offer, the applicable Pricing Supplement and any advertisements and documents publicly announcing the offer (whether electronically or otherwise) state that the offer is exclusively made to such Professional Investors; or

(d) in the case of Notes issued by ENEL B.V. to individuals or legal entities who or which are established, domiciled or have their usual residence (collectively, "***are resident***") outside The Netherlands, provided that (i) in the offer, the applicable Pricing Supplement and in any advertisements or documents in which a forthcoming offer of the Notes is announced (whether electronically or otherwise; collectively "***announcements***") it is stated that the offer is not and will not be made to individuals or legal entities who or which are resident in The Netherlands, (ii) the offer, the applicable Pricing Supplement and any announcements comply with the laws and regulations of any State where individuals or legal entities to whom or which the offer is or will be made are resident, and (iii) a statement by ENEL B.V. that those laws and regulations are complied with is submitted to the Authority for the Financial Markets (*Stichting Autoriteit Financiele Markten*, the "***AFM***") before the offer or any such announcement is made and is included in the applicable Pricing Supplement and each such announcement; or

(e) if such Notes are part of an issue comprising only Notes in denominations of at least euro 50,000 (or its foreign currency equivalent) in the case of Notes issued by ENEL B.V. or if such Notes have a denomination of at least euro 50,000 (or its foreign currency equivalent) in the case of Notes issued by ENEL; or

(f) if the following criteria are met:

  (i) the Notes are subscribed for and placed by a syndicate of which at least two members have their statutory seat in different states that are a party to the EEA;

  (ii) 60 per cent. (60%) or more of the relevant issue amount of Notes is offered in one or more countries other than the Netherlands in the case of Notes issued by ENEL B.V. or Italy in the case of Notes issued by ENEL;

  (iii) the Notes may only be subscribed for or initially be purchased through the intermediation of a credit institution (registered with the Dutch Central Bank) or another financial institution which in the conduct of a business or profession provides one or more of the services described in paragraphs 7 and 8 of the Annex to the Banking Coordination Directive (2000/12/EC); and

  (iv) no general advertising or cold-calling campaign is conducted in respect of the Notes anywhere in the world (in the case of Notes issued by ENEL B.V.) or in the Netherlands (in the case of Notes issued by ENEL); or

(g) if any other exemption from the prohibition contained in article 3, paragraph 1 of the 1995 Act and its implementing regulations applies and the requirements of such exemption are fully complied with; or

(h) if the AFM has, upon request, granted an (individual) dispensation from the prohibition contained in article 3, paragraph i of the 1995 Act and the conditions attached to such dispensation are fully complied with; or

(i) In the case of Notes issued by ENEL B.V., to persons and entities as referred to in (d) above and to Professional Investors situated in The Netherlands, provided that all the conditions referred to in (c) and (d) above are complied with.

Provided that if the selling restriction referred to under (b) above is relied upon for any issue of Notes, the offer is made within one year after the date of this Offering Circular, or if later the date of its approval by the Competent Authority, and:

(i) each advertisement or document in which a forthcoming offering of Notes is publicly announced (whether electronically or otherwise) will be submitted to the AFM prior to publication thereof and will mention where and when the Offering Circular and the applicable Pricing Supplement will be or have been made generally available; and

(ii) prior to the submission of this Offering Circular (together with the written approval thereof by the Competent Authority) and the applicable Pricing Supplement to the AFM and the publication thereof in accordance with (i) above:

(A) each relevant Dealer shall not offer, transfer or sell any Notes except to Professional Investors; and

(B) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes (whether electronically or otherwise) or it has complied and will comply with the conditions under (d) above,

and each invitation telex and Pricing Supplement in respect of such Notes will set forth the restrictions under (A) and (B) above; and

(iii) if after the date of this Offering Circular new relevant facts occur or become known, Section 6 of the Decree on the Securities Market Supervision Act 1995 (*Besluit toezicht effectenverkeer 1995*) is complied with.

In addition, if the relevant Issuer issues Notes in (i) definitive bearer form (ii) constituting a claim for a fixed amount on the Issuer on which no interest becomes due during their term ("***Zero Coupon Notes***") and (iii) these Notes are offered in the Netherlands as part of their initial distribution or immediately thereafter, then:

(a) transfer and acceptance of such Notes may only take place by and between individuals not acting in the course of their profession or business or through the mediation of either an Admitted Institution of Euronext or the relevant Issuer itself in accordance with the Savings Certificates Act of 21st May, 1985 (*Wet inzake spaarbewijzen*);

(b) certain identification requirements in relation to the issue and transfer of, and payments on the Notes have to be complied with pursuant to section 3A of the Savings Certificates Act; and, unless such Notes constitute Commercial Paper or Certificates of Deposit and the transaction is carried out between professional lenders and borrowers;

(c) each transaction concerning such Notes must be recorded in a transaction note, stating the name and address of the other party to the transaction, the nature of the transaction and details, including the number and serial numbers, of the Notes concerned;

(d) the obligation referred to in (c) above must be indicated in a legend printed on such Notes provided that such Notes are not listed on Euronext; and

(e) no reference is to be made in publications concerning such Notes to the words "to bearer".

Republic of Italy

The offering of Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to any Notes be distributed in the Republic of Italy, except:

(i) to professional investors ("*operatori qualificati*"), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998 as amended; or

(ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the "***Financial Services Act***") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the "***Banking Act***"), as amended; and

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and

(c) in accordance with any other applicable laws and regulations.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Obligors and any of the other Dealers shall have any responsibility therefor.

None of the Obligors and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of an interest in Registered Notes or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, if it holds an interest in a Rule 144A Global Note, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only (a) to the

relevant Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(iv) it will, and will require each subsequent holder to, notify each person to whom it transfers the Notes of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the completion of the distribution of each Tranche

of Notes as certified by the relevant Dealer, in the case of a non-syndicated issue, or the relevant lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act, it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

(viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) of Registered Notes.

GENERAL INFORMATION

Authorisation

ENEL has obtained all necessary consents, approval and authorisations in Italy in connection with the Programme. The establishment and update of the Programme by ENEL have been duly authorised by resolutions of the Board of Directors of ENEL dated 23rd June, 2000, 26th January, 2001 and the increase of the size of the Programme was authorised by a resolution of the Board of Directors of ENEL dated 1st October, 2003. The Officer in charge of the Administration, Financing and Control Department of ENEL is authorised on the basis of the delegation of powers given to him on 22nd October, 2003 to update the Programme. The giving of the Guarantee has been duly authorised by resolution of the Board of Directors of ENEL dated 26th January, 2001 and 23rd June, 2003. The issue of Notes by ENEL under the Programme will be authorised prior to each issue of Notes, by resolutions of the shareholders and Board of Directors of ENEL.

ENEL B.V. has obtained all necessary consents, approval and authorisations in The Netherlands in connection with the Programme. The establishment and update of the Programme has been duly authorised by resolutions of the Managing Board of ENEL B.V. dated 10th May, 2001, 11th October, 2002 and the increase of the size of the Programme was authorised by a written resolution of the Board of Directors of ENEL B.V. dated 24th October, 2003.

The issue of Notes by ENEL B.V. under the Programme will be authorised prior to each issue of Notes, by resolutions of ENEL B.V.

Listing of Notes on the Luxembourg Stock Exchange

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. A legal notice relating to the Programme and the constitutional documents of each Obligor are being lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated the number 12480 to the Programme for listing purposes.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available, without charge in the case of (iii) to (vi) below, from the registered office of the relevant Obligor and from the specified office of the Paying Agent for the time being in Luxembourg:

(i) the by-laws (with an English translation thereof) of each Obligor;

(ii) the Programme Agreement, the Agency Agreement, the Guarantee, the Deeds of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(iii) the most recently published audited non-consolidated annual financial statements of ENEL B.V. and the most recently published audited consolidated and non-consolidated annual financial statements of ENEL and the most recently published unaudited non-consolidated interim financial statements (if any) of ENEL B.V. and the most recently published interim unaudited consolidated financial statements (if any) of ENEL (with an English translation thereof) (ENEL currently prepares unaudited consolidated interim accounts on a semi-annual basis and ENEL B.V. currently prepares unaudited non-consolidated interim accounts on a semi-annual basis);

(iv) the consolidated and non-consolidated audited financial statements of ENEL in respect of the financial years ended 2001 and 2002 (with an English translation thereof) (ENEL currently prepares audited consolidated and non-consolidated accounts on an annual basis) and the non-consolidated audited financial statements of ENEL B.V. in respect of the period from its incorporation on 15th December, 2000 to the financial year ended 31st December, 2002 (with an English translation thereof);

(v) a copy of this Offering Circular;

(vi) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Obligor and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

(vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes in bearer form have been, and the Notes in registered form will be (if they are to be listed on the Luxembourg Stock Exchange), accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

Material Change

There has been no material adverse change in the financial position or prospects of ENEL or ENEL and its subsidiaries taken as a whole since 31st December, 2002 or ENEL B.V. since 31st December, 2002.

Litigation

None of the Obligors and any subsidiary of ENEL is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the Programme nor, so far as the Obligors are aware, is any such litigation or arbitration pending or threatened.

Auditors

Arthur Andersen S.p.A., independent auditors of ENEL, audited ENEL's accounts, without qualification, in accordance with generally accepted auditing standards in Italy for each of the two financial years ended on 31st December, 2001 and KPMG S.p.A. were appointed as independent auditors of ENEL commencing with the financial year ended on 31st December, 2002 and they have audited ENEL's accounts, without qualification, in accordance with generally accepted auditing standards in Italy for the financial year ended 31st December, 2002.

Deloitte & Touche Accountants (formerly Arthur Andersen), independent auditors were the previous auditors of ENEL B.V. and KPMG Assurance were appointed as independent auditors of ENEL B.V. KPMG Assurance have audited ENEL B.V.'s accounts, without qualification, in accordance with generally accepted auditing standards in The Netherlands for the two years ended 31st December, 2002.

THE OBLIGORS

ENEL – Società per Azioni
Viale Regina Margherita 137
00198 Rome
Italy

ENEL Investment Holding B.V.
Weteringschans, 28S
1017 SG Amsterdam
The Netherlands

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

JPMorgan Chase Bank, London office
Trinity Tower
9 Thomas More Street
London E1W 1YT
United Kingdom

REGISTRAR

JPMorgan Chase Bank, New York office
450 West 33rd Street
New York, NY 10001
United States of America

PAYING AGENT AND TRANSFER AGENT

J.P. Morgan Bank Luxembourg S.A.
5 Rue Plaetis
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