Half Year Report
June 30, 2001

Enel

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Enel

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Report of the Indipendent Auditors

Highlights

	1st half 2001	Restated [1] 1st half 2000
Income data (in millions of euro)		
Revenues	14,291	11,942
Gross operating margin	4,616	3,943
Operating income	2,350	1,790
Net income	1,529	861
Financial data (in millions of euro)		
Gross capital employed	49,393	48,971 [2]
Net capital employed	43,674	42,925 [2]
Total financial debt	25,129	24,426 [2]
Shareholders'Equity including minority interests	18,545	18,499 [2]
Capital expenditure	1,576	1,546 [6]
Other information		
Electricity sales (TWh)	103.6	113.0
Net electricity generated (TWh)	86.1	91.7
Employees at period end (no.)	78,747	81,168 [3]
Main ratios		
ROS (%) [4]	16.4	15.0
Debt to equity ratio	1.3	1.3
Operating income/net financial expense	4.5	4.8
Share data (euro) [5]		
Net income per share	0.25	0.14
Gross operating margin per share	0.76	0.65
Operating income per share	0.39	0.30
Net equity per share	3.01	3.02

[1] Restated income data for the first half of 2000 include income data of WIND for the whole six-month period and that of Infostrada for the second quarter. Restated balance sheet data at December 31, 2000 shown, include the line-by-line consolidation of WIND and Infostrada, in addition to the impact of the acquisition of the latter.
[2] Referred to the restated data at December 31, 2000.
[3] Including 8,521 employees of WIND and Infostrada at December 31, 2000.
[4] Operating income on revenues.
[5] Calculated on the number of shares after the reverse stock split (6,063,075,189).
[6] Investments for restated data include those of WIND for the whole six-month period and those of Infostrada for the second quarter.

The Enel Group

Enel SpA

Electricity generation	Electricity distribution	Electricity transmission	Engineering and Contracting	Telecommunications
Enel Produzione SpA	Enel Distribuzione SpA	Terna SpA	Enelpower SpA	WIND Telecomunicazioni Group
Erga SpA	Deval SpA		Enelpower uk	Infostrada Group
Elettrogen SpA	Enel Trade SpA		Elettroambiente SpA	
Eurogen SpA	So.l.e. SpA			
Interpower SpA	Enel.si SpA			
CHI Energy Inc.				
EGI Ltd				

Fuel	Gas	Water	Real estate and services	Research
Enel.FTL SpA	Enel Distribuzione Gas Group	Enel.Hydro SpA	Sei SpA	CESI SpA
Masefield Coal AG			Dalmazia Trieste SpA	Conphoebus SpA
			Conphoebus Technology Service SpA	

Financial Services	Venture Capital	Training	Information technology
Enel.Factor SpA	Enel Capital SpA	Sfera ScpA	Enel.it SpA
Enel.Re Ltd	WEBiz Holding BV		
	WEBiz2 BV		
	WEBiz3 NV		

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors

chairman
Chicco Testa

managing director
and general manager
Francesco Tatò

directors
Carlo Angelici
Giuseppe Morchio
Franco Morganti
Carlo Tamburi
Francesco Taranto

Board of Statutory Auditors

chairman
Bruno De Leo

auditors
Gustavo Minervini
Franco Fontana

substitute auditors
Roberto Ulissi
Francesco Bilotti

secretary
Claudio Sartorelli

Independent Auditors

Arthur Andersen SpA

Enel and the financial markets

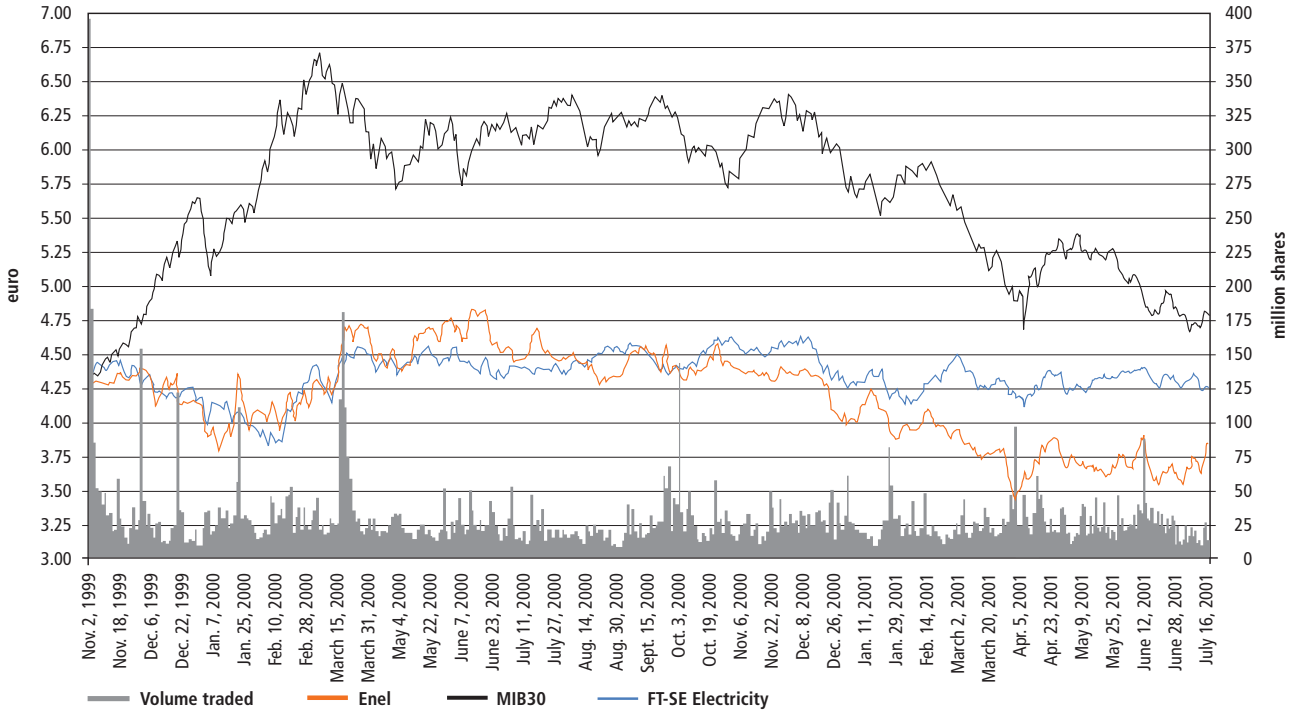
In the first six months of 2001, all financial markets, both within and outside Europe, registered a strong decline that was particularly marked for technology, media and telecommunications stocks. In such context, operators retrenched into defensive stocks such as utilities.

The price of the Enel stock in the first half of 2001 registered a decline of about 4%, while the market dropped almost 15% (MIB30 index performance).
In the second quarter of the year, the Enel stock regained 7%, registering a considerably stronger performance than that of the average of other European electricity company stocks (the FT-SE Electricity was up by only 0.2%), and of other Italian blue chips (MIB30 was down 8.41%).
In the first half of the year, Enel has therefore proved to be not only a defensive stock, but one with a much stronger performance than that of comparable stocks. In appraising the total yield of the stock, it must also be considered that on June 18, 2001 a dividend of euro 0.13 was distributed to shareholders, representing a yield of about 3.5%, second in Europe in the utilities sector only to the dividend distributed by Portuguese EDP power company.

The Shareholders' Meeting held on May 25, 2001, resolved the restatement of the capital stock in euro, bringing the nominal value of the shares from lire 1,000 to euro 0.50 each, effective July 9, 2001. At the same time, shares were grouped in a ratio of one share of nominal value 1 euro for every two shares of nominal value 0.5 euro. As a result, the theoretical value of the share before the grouping has doubled, against the halving of the number of shares that make up the capital stock of Enel SpA. As of July 9, 2001 Enel shares are quoted "ex-grouping".

An average of over 13 million "ex-grouping" Enel shares have been traded daily since the beginning of the year, for a daily amount equal to about euro 100 million.

Enel stock performance (official listed quotes/daily traded volume) - MIB30 and FT-SE Electricity Indexes



Report on operations

Overview and summary of results

The first six months of 2001 were characterized by the relatively stable performance of the Italian economy in relation to the marked slowdown in the world economy. Domestic industrial production increased by 0.7% between January and June.

Following the recent upward pressure on the price of oil and raw materials and the strengthening of the US$ against the euro, inflation in Italy reached a level that had not been seen since the Fall of 1996, peaking at 2.9% in June – lower in any case than the average growth in consumer prices registered for the European Union as a whole (3%). In such context in the first part of 2001, the European Central Bank changed its monetary policy, cutting the discount rate from 5.0% to 4.50%.

The average exchange rate between the US$ and the euro for the first six months of 2001 was equal to 0.898, as compared to an average of 0.96 in the same period in 2000, representing a decline of about 7% of the euro against the US$.

In the first six months of 2001, the average spot price of Brent oil, equal to $26.6 per barrel, remained in line with the same period in 2000 ($26.8 dollars per barrel), floating in a range included between 25 and 28 dollars per barrel. Prices registered in the first half of 2001 were higher than that recorded at the end of the previous year, equal at the end of December to $23 per barrel.

In the first six months of 2001, the price of fuel oils used by the Enel Group registered stronger declines as compared with crude oils.

The average price of oil (Oil Platt's Mediterranean index) in the first half of 2001 was equal respectively to 120 $/t for HighSulfur fuel oil and 142 $/t for LowSulfur fuel oil, as compared with 137 $/t and 154 $/t respectively for HighSulfur and LowSulfur fuel oil in the first half of 2000, declining respectively by about 12% and 8%.

In the first half of 2001 the price of natural gas was lower than at the end of 2000, though remaining higher than in the first half of 2000 due to the appreciation of the dollar over the euro and the time lag between such fluctuations and changes in the price of crude.

The international market price of coal (Coal Week International index for the Authority for Electricity and Gas mix) registered significant changes over the first half of 2000. The average price of coal increased from 32.63 $/t to 41.81$/t, pushed by strong demand induced by the substitution effect caused by high oil and gas prices, and a limited supply. In the last part of the semester, upward pressures weakened due to lower demand, particularly in Europe. In the Far East the market remained stable, while in America markets continued to be nervous.

In such context, demand for electricity in Italy grew by 2.2% over the first six months of 2000, increasing from 148.1 billion kWh to 151.3 billion kWh, as shown in the table that follows:

Millions of kWh

	1st half 2001	1st half 2000	Change	
Gross electricity generation:				
Thermal	105,704	111,036	(5,332)	-4.8%
Hydroelectric	29,702	23,673	6,029	25.5%
Geothermal and other sources	2,303	2,283	20	0.9%
Total gross electricity generation	**137,709**	**136,992**	**717**	**0.5%**
Auxiliary services consumption	(6,103)	(6,195)	92	-1.5%
Net electricity generation	**131,606**	**130,797**	**809**	**0.6%**
Net imports	24,581	21,853	2,728	12.5%
Electricity delivered to the network	**156,187**	**152,650**	**3,537**	**2.3%**
Consumption for pumping	(4,873)	(4,533)	(340)	7.5%
Electricity absorbed by the network	**151,314**	**148,117**	**3,197**	**2.2%**

Growth was brisker in the first quarter (up 2.4%), slowing down towards the end of the second quarter. The adjusted figure for June 2001 shows a decline of 0.6% over the previous month.
Higher demand was met mainly by imports, while net electricity generated was in line with the first half of 2000.

Enel Group results

Main energy flows generated by the Enel Group in Italy in the first half of 2001, compared with the same period of the previous year, are shown in the table that follows:

Millions of kWh

	1st half 2001	1st half 2000	Change	
Net electricity generated:				
Thermal	62,141	71,951	(9,810)	-13.6%
Hydroelectric	21,708	17,548	4,160	23.7%
Geothermal	2,163	2,139	24	1.1%
Other sources	59	16	43	268.8%
Total net electricity generation	86,071	91,654	(5,583)	-6.1%
Sales of generation companies	3,170	-	3,170	-
Electricity purchases:				
From domestic producers	792	20,384	(19,592)	-96.1%
From foreign producers	12,627	12,527	100	0.8%
From the ISO	18,697	-	18,697	-
Total electricity purchases	32,116	32,911	-795	-2.4%
Electricity sales:				
Sales on the regulated market				
High-voltage	9,128	14,274	(5,146)	-36.1%
Medium-voltage	28,205	37,630	(9,425)	-25.0%
Low-voltage	53,245	51,441	1,804	3.5%
Total	90,578	103,345	(12,767)	-12.4%
Sales on the free market				
High-voltage	8,357	8,063	294	3.6%
Medium-voltage	4,683	1,641	3,042	185.4%
Low-voltage	2	-	2	-
Total	13,042	9,704	3,338	34.4%
Total electricity sales	103,620	113,049	(9,429)	-8.3%

Following the opening up of the market, now fully underway, Enel Group sales on the free and regulated market decline by 8.3% over the first half of 2000.
Quantities sold on the regulated market declined by 12.4%. The reduction in sales is concentrated in high-and medium-voltage sales (down 36.1% and 25.0% respectively), while low-voltage sales continue to register increases, as already shown in 2000. The increase for the six months is in fact equal to 3.5%, against 2.6% for the full 2000 financial year.
Enel Trade continues to be the largest operator on the free market with a market share of 37%. Sales increased by 34.4% over the first half of 2000, thanks in particular to the very strong performance of medium-voltage sales, equal to 4,683 million kWh, against 4,860 million kWh for the full 2000 financial year. High-voltage sales, growing by 3.6%, were affected by the possibility offered, starting in 2001, to final users to acquire through auctions held by the Gestore della Rete di Trasmissione Nazionale (Independent System Operator, ISO), electricity generated by plants falling under the incentives provided for by CIP Regulation no. 6/92, in addition to part of electricity imports.
The change in the breakdown of electricity purchases made by the Enel Group in the first half of 2001 over the same period in 2000, is due mainly to the wider scope of the ISO's role, in line with applicable regulations on the transition phase to the full liberalization of the market, culminating with the start of operations of the Single Buyer and the Electricity Exchange.

Starting January 1, 2001, all electricity produced by plants falling under the incentives provided for by CIP Regulation 6/92 (renewable sources) is acquired by the ISO on the basis of special agreements, at a price determined using the same method applied in the previous year. Such energy is then sold to free market operators through the auctions held by the ISO, who assigns the residual part to Enel Distribuzione. In the first six months of 2001, Enel Trade has therefore acquired electricity produced by CIP Regulation no. 6/92 plants through the ISO, in addition to imported electricity, stipulating annual contracts and acquiring energy on the spot market also through the ISO. Enel SpA retained title to long-term purchase contracts stipulated with foreign producers for electricity destined to the regulated market.
Electricity generated by the Enel Group in the first six months of the year amounted to 86,071 million kWh, down 6.1% (5,583 million kWh) over the same period in 2000. In the new market context, the Group's generation companies sold to the ISO a total of 3,170 million kWh of electricity produced by CIP Regulation 6/92 plants. With regards to energy sources, in the first six months of 2001 hydroelectric power registered a strong increase (up 23.7%, or 4,160 million kWh) due to more plentiful water supply. Thermal power declined as a consequence by 13.6%, a reduction of 9,810 million kWh.

While the generation and sale of electricity continues to represent the Group's core business (sales of electricity and Electricity Equalization Fund contributions represent about 80% of revenues for the first half of the year), Enel has diversified its activities in other sectors, becoming a multi-utility/multi-service group. Thanks to the success of WIND and the acquisition of Infostrada, telecommunications now represent the Group's second largest activity (8% on consolidated revenues), destined to grow in the immediate future. Strong efforts have been devoted to the distribution of natural gas, while the possible acquisition of Acquedotto Pugliese would allow the Group to enter the water distribution sector. Operating results for the first half of 2001, that include the line-by-line consolidation of WIND and Infostrada (the latter only for the second quarter, as it was acquired at the end of March 2001), compared with those for the first six months of 2000, restated to provide a comparable basis for the telecommunication sector (including the effect of the acquisition of Infostrada), are made up as follows:

In millions of euro	Revenues	Gross operating margin	Operating income before amortization of consolidation differences	Operating income
Electricity and other sectors				
1st half 2000	11,374	4,241	2,393	2,392
1st half 2001	13,212	4,752	2,961	2,945
Change	1,838	511	568	553
Telecommunications				
1st half 2000	809	-298	-475	-602
1st half 2001	1,339	-136	-449	-595
Change	530	162	26	7
Adjustments				
1st half 2000	-241	-	-	-
1st half 2001	-260	-	-	-
Total Group				
1st half 2000 (restated)	11,942	3,943	1,918	1,790
1st half 2001	14,291	4,616	2,512	2,350
Change	2,349	673	594	560

Gross operating margin for the first six months of 2001 amounted to euro 4,616 million, representing a strong improvement on the same period in 2000, equal, on a comparable basis, to euro 3,943 million. The increase of euro 673 million (up 17.1%) was positively affected by the better performance of the telecommunications sector, in line with expectations, streamlining efforts and the containment of operating costs, in addition to the recognition of contributions on electricity generated in previous years by CIP Regulation 6/92 plants. The result achieved is all the more remarkable if we consider the reduction in the volume of electricity sold (down 8.3%) and the further decline of tariffs (down about 11%), due to the price-cap mechanism and the reduction of about 0.52 euro (lire 10) per kWh in the portion of the tariff aimed at remunerating fixed production costs, partly offset by the valuation at full price also of hydroelectric energy power.
Operating income reached euro 2,350 million, against with euro 1,790 million in comparable terms for the first half of 2000, up 31.3%.
Net income, net of minority interests, amounted to euro 1,529 million, against euro 861 million, also on a comparable basis, in the first six months of 2000. The euro 668 million increase (up 77.6%) is due to the improvement in the operating income and to the capital gain recorded on the sale of generation plants in the Valle d'Aosta Region, equal to about euro 350 million, net of related taxes.

The cash flow from operations increases from euro 2,046 million in the first half of 2000, to euro 2,645 million in the first half of 2001, confirming the high cash flow generated by operating activities and reporting also an improvement in terms of current assets. Cash generated and borrowings, obtained at advantageous conditions thanks to the high credit standing of the Group, allowed to cover capital expenditure and investments for the first half of 2001, amounting to euro 9,084 million, of which euro 8,127 million relating to the acquisition of equity.

Net capital employed at June 30, 2001 amounted to euro 43,674 million, total financial debt to euro 25,129 million and the Shareholders' Equity (including minority interests) to euro 18,545 million. The corresponding value at December 31, 2000 report-

ed in the restated balance sheet that considers the line-by-line consolidation of WIND and the effect of the acquisition of Infostrada, amount respectively to euro 42,925 million, euro 24,426 million and euro 18,499 million. The debt to equity ratio is equal to 1.3 and is unchanged from December 31, 2000 (on a restated basis). Excluding from restated figures at December 31, 2000, amounts paid for the acquisition of Infostrada and the covering of debt of the same, the ratio of total Group financial debt thus determined (euro 16,107 million) on total Shareholders' Equity (euro 18,499 million) is equal to 0.9.

Capital expenditure on plant, equipment and other fixed assets amounted to euro 1,576 million, and is made up as follows:

In millions of euro

	1st half 2001	1st half 2000
Generation plants	257	264
Power lines and transformation stations	30	107
Distribution networks	564	670
Telecommunications networks	516	384
Land, buildings and other fixed assets	209	121
TOTAL	**1,576**	**1,546**

Total capital expenditure is in line with that for the first half of 2000 (always on a restated basis). Expenditure in the transmission and distribution area declines due to the near completion of the Italy-Greece link, the reduction of outsourcing costs and slowdowns expected to be recuperated in the second half of the year. The development of telecommunications networks continues as planned.

At June 30, 2001 the group employed 78,747 persons (against 81,168 at December 31, 2000, including those of WIND and Infostrada). In the first six months of the year, the difference between terminations of employment and new hirings was equal to 1,646 employees, while the transfer and sale of businesses, net of acquisitions (without considering Infostrada), generated a reduction of 775 employees.

Regulations and tariffs for the electricity sector

Evolution of the liberalization process

In the first half of 2001 the sale of part of the electricity generation capacity and of local distribution networks aimed at the progressive liberalization and streamlining of the electricity sector, as provided by the Bersani Decree, intensified. Such operations are described in the chapter on Corporate Development that follows.

With the aim of increasing the supply of electricity on the free market, starting with January 2001, all electricity purchase contracts falling under the provisions of CIP Regulation no. 6/92 – prior to such date reserved to the regulated market – were transferred to the ISO that makes the electricity available to eligible customers through competitive mechanisms. In accordance with guidelines provided by the Authority, the ISO held auctions, awarding a total annual supply of 3,600 MW.
With regards to the import of electricity, regulations issued by the Authority for 2001, limit to 5% of the available transport capacity (excluding electricity purchased through long-term contracts, destined to the regulated market), and to 10% of available capacity for any individual Country, the amount of electricity that may be imported by an individual operator. The Authority moreover defined a proportional criteria for the assignment of transport capacity over borders, accepting all applications and awarding capacity up to the maximum available proportionally.

With regards to the demand for electricity, according to the Bersani Decree, in 2001 the threshold for eligible clients is lowered to customers having a total annual consumption of over 20 million kWh (9 million kWh from 2002). A law reducing such threshold to 0.1 million kWh starting from the ninetieth day of the disposal on the part of Enel of 15,000 MW of generation capacity was approved in March 2001.

In May 2001, the Minister of Industry, in accordance with the Authority for Electricity and Gas, approved the Rules for the Electricity Sector proposed by the Market Operator for the purchase and sale of electricity and of all connected services (Electricity Exchange). Operations will be regulated by a set of specific technical rules that the Market Operator will submit to the approval of the Ministry of Industry.

Main regulations issued by the Authority for Electricity and Gas

On January 1, 2001, a number of resolution regarding the restructuring of the electricity tariff system came into effect. Tariff components aimed at covering transportation, distribution and sale costs were reduced by 1.4% in nominal terms by applying the price-cap mechanism.
Tariff components aimed at covering production costs were modified by the Authority. From January 1, 2001 tariffs for electricity sold in the regulated market earned by distribution companies include also the share aimed at covering the cost of fuels which had previously been paid to producers by the Electricity Equalization Fund as contribution for the generation of electricity, holding criteria applied to determine their adjustment constant. The "energy cost" account of the Electricity Equalization Fund is therefore eliminated, while the distributor pays directly to the producer the full price of electricity.
The Authority established moreover that, effective January 1, 2001, a 20% reduction (equal to about 0.52 euro or lire 10 per kWh) in the component aimed at covering fixed electricity generation costs, and an adjustment of the average specific consumption recognized for domestic thermal generation from 2,290 to 2,260 kilocalories per kWh.

New tariff plans offered by Enel Distribuzione became effective from January 2001. The proposed plans, submitted in September 2000 and approved by the Authority, are in line with constraints imposed by the new tariff system. Enel Distribuzione offers its clients special tariffs, reserved to non-residential customers as an alternative to base tariffs, in addition to further options aimed at the regulated market, as an alternative to tariffs set

by the Authority. Residential customers are now offered the possibility of increasing the amount of power supplied from 3 to 4.5 kWh taking advantage of the "More Watts" offer, providing for tariffs that differentiate between three annual consumption ranges plus a fixed cost of euro 83.7 per year.

Starting on January 1, 2001, the Authority reduced system charges by eliminating the component aimed at financing higher compensation due to generation/distribution companies for electricity destined to the regulated market, and by reducing the tariff component relating to incentives to the generation of electricity from renewable sources. A specific tariff component aimed at covering stranded costs was introduced. Finally, in July 2001 the component aimed at covering the cost incurred in the decomissioning of nuclear plants was increased in line with decommissioning plans.

Stranded costs

Stranded costs result from contractual agreements and investment decisions that electricity companies took following Government policy positions held when the electricity market was not liberalized, which could have been retrieved when the electricity sector was a monopoly, but are no longer retrievable in a free market situation.
A Decree issued on January 26, 2000 by the Ministry of Industry in agreement with the Italian Treasury, upon a proposal made by the Authority for Electricity and Gas, defines stranded costs, criteria for their admission and terms for their retrieval.
According to the Decree, stranded costs are recognized on investments made prior to February 19, 1997 relating to generation plants currently in service, with the exclusion of those that benefit from specific provisions, such as, for example, CIP Regulation no. 6/92. Stranded costs are recovered over seven years, from 2000 to 2006, according to revenues recognized by the Authority for each plant. Among stranded costs are also recognized costs relating to the relocation abroad of unloading and regasification of natural gas imported from Nigeria, retrieved over a period of ten years starting in 2000.
Stranded costs have been further regulated by the Decree issued by the Ministry of Industry, in agreement with the Italian Treasury, dated April 17, 2001. The decree establishes the exclusion from retrievable costs of non-retrievable costs incurred by hydroelectric and geothermal plants, reducing progressively the surcharge for the access to the National Transmission Network for electricity generated by such plants. Such surcharge is therefore destined to be reduced from the current 75% of the share in the variable cost (linked to the cost of fuels) included in the sale price of electricity, to 25% in 2005-2006. Beyond such date the stranded cost contribution and the surcharge for the access to the National Transmission Network (décalage mechanism) will be eliminated.
The same decree sets moreover the rules for the application of the reimbursement mechanism for costs relating to plants originally held by Enel and subsequently transferred to other companies. In the case of the transfer of plants admitted to the reimbursement mechanism, the total amount of non-retrievable costs cannot exceed the amount that would be awarded to Enel in case the transfer had not taken place. As a result, the amount of stranded costs to be awarded to individual companies owning plant originally held by Enel does not depend solely on the characteristic of the individual plants owned, but on the plant endowment as a whole. As a consequence, the amount of stranded cost reimbursements can be determined only at the end of the reference period and not for each individual year. During the retrieval period, the difference between recognized revenues and the share in the wholesale price of electricity will be retrieved as a stranded cost only in case it is positive, while no amount will be due in case it is negative.
On May 25, 2001, the Authority issued Resolution 114/01 with which it defined parameters for the determination of non-retrievable costs. Criteria adopted in the Decree are deemed by Enel in contrast with interministerial decrees dated January 26, 2000 and April 17, 2001 due to the fact that the Resolution introduces among reference param-

eters used in determining "Sales revenues", to be compared with "Recognized revenues", also electricity produced by hydroelectric and geothermal plants, excluded from the perimeter of stranded costs. Since stranded costs represent the difference between Recognized revenues and Sales revenues, the modification of the second factor, due to a clear discrepancy between the perimeters determining the two factors, generates an unjustified reduction in the amount of reimbursements to which individual companies are entitled to. In line with such considerations, on July 24, 2001 Enel appealed the Resolution against the Lombardy Regional Court requesting the annulment of the same and the recognition of the entitlement to stranded cost reimbursements on the basis of homogeneous perimeters on which these are calculated, excluding from them electricity generated by hydroelectric and geothermal plants that are not included in the perimeter of those plants for which reimbursements are granted.

Corporate development

In the first six months of 2001 the Enel Group continued to pursue its diversification strategy, repositioning its business in different sectors aiming at developing a multi-utility/multiservice business. Such strategy is aimed at facing the expected increase in competition, transforming into opportunities changes in the regulated market for electricity, still affected by an uncertain regulatory framework with regards to timing and phases of the liberalization process, in addition to the risk of further anti-trust regulation.
In this context, a number of important initiatives were undertaken. These have resulted or will result in the creation of new companies and the acquisition or sale of equity investments. In some cases, important domestic and foreign partners operating in the respective sectors were involved.

Acquisition of Infostrada

On March 29, 2001 Enel acquired, through Enel Investment Holding BV (a Dutch company wholly-owned by Enel) from Mannesman Investment BV (a Vodafone Group company), 100% of the capital stock of Infostrada for euro 7,250 million, paid in full at the same date. As provided in the sale contract, Enel Investment Holding BV furthermore repaid to Vodafone an euro 821.3 million loan extended by the latter to Infostrada, in addition to the amount of 132 million euro forfeited by Vodafone in favor of Infostrada. The acquisition included also accessory charges amounting to euro 372 million relating to the price indexation mechanism provided for in the preliminary sale contract underwritten on October 11, 2000, and agreements relating to pre-existing incentive and stock option plans, underwritten following the sale of the company.
Authorization from the European Commission with regards to the telecommunication sector was obtained on January 19, 2001, while authorization for the purchase from the Italian Antitrust Authority regarding the impact on the electricity market was issued on February 28, 2001. Such second authorization is subject to the sale on the part of Enel of 5,500 MW of production capacity, through the creation of a fourth generation company (Genco), 60% of whose plants are *mid-merit* and *peak*. Enel will be required to sell such company within 90 days following the sale of the last Genco disposed pursuant to the Bersani Decree.
Enel upheld such decision of the Italian Antitrust Authority against the Lazio Regional Court, initiating the related legal action. As agreed between the parties, the outcome of such action will have no effect on the sale that is therefore final and unconditional.
On November 24, 2000, Enel secured with a pool of banks a revolving credit line for a total amount of euro 10 billion, aimed at providing the financial resources for a number of initiatives among which the mentioned acquisition.
Enel and France Télécom plan to merge the operations and management of WIND and Infostrada, representing the investments through which Enel is pursuing its diversification strategy in the telecommunications sector. Enel's objective is to achieve a complete integration in the operations and management of the two companies, whose activities are complementary in a number of areas, obtaining significant operating, network and sales synergies in the fixed and mobile telecommunications integrated segments and in the data transmission and Internet provider segment.
The merger between WIND and Infostrada allows the creation of the second largest domestic telecommunications network.

Electricity generation

Sale of electricity generation companies

The sale of the three generation companies Eurogen, Elettrogen and Interpower, started in the second half of 2000, saw the conclusion, on July 23, 2001, of the sale of Elettrogen to the Endesa consortium (Endesa 45%; Banco Santander Central Hispanico 40%, ASM Brescia 15%) for a total price of euro 2,630 million. The total value of the transaction, providing for the reimbursement on the part of the purchaser of debt held with other Group companies at December 31, 2000, is equal to euro 3,690 million.

On September 4, 2001, the European Union Commission gave a favorable opinion on the transaction and the closing of the same (and the related effective date of the transfer of the equity) is set at September 20, 2001.
Procedures for the sale of Eurogen have also started and manifestations of interest are expected in the month of September.

Acquisition of EGI Ltd.

As part of the Group's strategy in the field of renewable sources, implemented through Erga and its subsidiary Enel Green Power Holding, after the acquisition in December 2000 of CHI Energy Inc., the largest electricity producer from renewable sources in North America, the purchase of Energia Global International Ltd. (EGI), a company operating in the same sector in Central and South America was concluded on June 8, 2001.
The price paid for the acquisition was equal to $57.5 million, in addition to the repayment of debt on projects underway, amounting to about $35 million. Total debt acquired amounts to about $130 million.
EGI operates two hydroelectric and a wind plant in Costa Rica, for a total of 54 MW of installed capacity, and two hydroelectric plants in Chile for 88 MW of generation capacity. Three hydroelectric plants in Costa Rica and Guatemala, for a total generation capacity of 104 MW are currently under construction.
The acquisition consolidated the Group's position as world leader in the field of renewable sources, in addition to providing growth opportunities in new and expanding geographical areas.

Sale of plants in the Valle d'Aosta Region

In the first half of 2001 the agreement with the Valle d'Aosta Region for the sale of all hydroelectric plants located in the Region, with a gross generation capacity of 781 MW, was concluded. The agreement was implemented in two phases.
The first phase involved the assignment of the business unit relating to generation in the Valle d'Aosta Region to company Valgen, wholly-owned by Enel, effective December 1, 2000.
Subsequently, Valgen transferred, effective June 1, 2001, the said assets to Geval, whose shares have been transferred from Valgen to FinAosta (the Valle d'Aosta Region finance company), on the basis of a value of the business amounting to about euro 780 million.

Acquisitions in the gas distribution sector

The gas market in Italy is highly fragmented as it is subdivided among more than 700 operators between private companies, municipal utilities and consortia.
The presence of the Enel Group in the gas distribution sector at December 31, 2000 was represented by Colombo Gas and by the Camigas Group, with a client base of 96,000 customers and about 250 million cubic meters of gas distributed annually.
In the first half of 2001, Enel strengthened its presence through the acquisition of a number of private companies (Brianza Gas, Erogasud, Sicim Services, Edilgeo, Metanifera Verbanese – now Enel Distribuzione Gas, Metan Sud Gas, Sogegas, Impregest, SGM, Agas, Adim Mileo, Avisio Energia and Sacem), bringing the total number of customers served to about 500,000, with an annual distribution potential of 985 million cubic meters of gas.
In this context, the Enel Group began a restructuring of the sector that involves initially the concentration of companies through their merger into Enel Distribuzione Gas and, in a subsequent phase, the separation of sales activities from distribution. The related extraordinary operations, already resolved by the respective Board of Directors' Meetings, will be submitted to the approval of Shareholders' Meetings by September 2001. A plan for the integration of operations providing for the achievement within the year of a first stage of synergy in the operation and area coverage of gas and electricity distribution is underway.

Enel plans to develop further its presence in the natural gas distribution sector, continuing to purchase local distributors primarily in areas where it is already active in the distribution of electricity, exploiting synergies.

Electricity distribution area

Sale of electricity distribution networks in urban areas

In the first half of 2001 operations for the sale by Enel Distribuzione of metropolitan distribution networks to major utility companies (AEM Turin, AEM Milan, Acea Rome and AGSM Verona) who manifested the intention of acquiring them, continued.
On June 27 the agreement for the sale of the distribution networks of Rome and Formello (a bordering municipality) to Acea, effective July 2001, was concluded for a total amount of euro 568 million.
Arbitration panels appointed for the sale of the Milan and Rozzano municipality networks to AEM Milan determined a sale price of euro 423 million. Enel deemed such amount inappropriate and appealed the arbitration panel decision for manifest error and iniquitous judgement.
The arbitration panel appointed to establish a price for the sale of the Turin distribution network concluded its works, indicating unanimously an amount equal to euro 248 million. Enel Distribuzione will begin transfer procedures shortly.
In June 2001, the arbitration panel appointed to establish a price for the sale of the Verona distribution network began its valuation. From preliminary indications it appears that a final judgement will be available in the Fall.

Agreement with the Valle d'Aosta Region

Pursuant to commitments undertaken by Enel in the agreements concluded with the Valle d'Aosta Autonomous Region and FinAosta, on December 1, 2000 the business unit relating to the distribution and sale of electricity in the Valle d'Aosta Region was spun-off into newly incorporated company Valdis, wholly-owned by Enel. On June 1, 2001, Valdis transferred the business unit to Deval, in which FinAosta acquired a 49% share on the basis of a valuation of the business of about euro 80 million.

Joint ventures in the Real estate sector

Activities towards the start of operations of companies incorporated by Sei in the Real estate sector in partnership with major international operators continued.
With reference to Immobiliare Foro Bonaparte, a company in which Sei holds a 49% share, following the sale of a 51% share to American Continental Properties, the transfer of a number of buildings on which the Italian State had preemptive rights was completed in March (for an estimated value of about euro 55 million). Assets transferred to Immobiliare Foro Bonaparte amount to euro 543 million.
Immobiliare Rio Nuovo (a company in which Sei holds a 49% share, following the sale of a 51% share to the Deutsche Bank Group) received the conferral of buildings worth euro 344 million, effective May 1, 2001. Other buildings worth euro 47 million to be transferred are subject to the State's preemptive right due to their historical and artistic interest.

Water sector

Acquedotto Pugliese

The Decree of the President of the Council of Ministers dated March 9, 2000, upon a proposal made by the Italian Treasury, owner of 100% of Acquedotto Pugliese, provided for the sale of the full share to Enel and the related procedure for the sale. The Decree provided for the sale price to be determined by a panel of three independent experts appointed respectively by the Italian Treasury (Mediocredito Centrale), Enel (CSFB), and one jointly by the two parties indicated above (Ernst & Young).

In April 2001, the appointed panel determined by majority vote the sale price for Acquedotto Pugliese, registering the dissent of Mediocredito Centrale that did not express its own appraisal, refuting only the sale price determined by other appointed experts. Subsequently, the Italian Treasury and the previous Government began formal procedures with Enel for the sale of the company, which has not yet been concluded.
In the period Enel evaluated also the possibility of acquiring British company Southern Water, without concluding the transaction.

Fuel trading: acquisition of Masefield Coal AG

Enel.FTL, active in the fuel trading field, acquired in June company Masefield Coal AG, a Swiss company active in the trading of coal, with a turnover of about euro 180 million, for a total of about euro 12 million.
The company controls 100% of British company Atezada Ltd. and the usufruct on 60% of Colombian company Carbones Colombianos del Cerrejon SA, concessionaire of a coal mine in Colombia that represents one of Masefield Coal's supply sources. Proven reserves amount to 20 million tons of very high quality coal.

Operating review

Income data by segment

Data reported below derive from the reclassification of the financial statements of individual Group companies, eliminating entries made exclusively for tax purposes and making adjustments, where necessary, to ensure homogeneity with accounting principles adopted by the Group Parent Company.
The breakdown of "other activities" is included in the related section of the report.

In millions of euro	Revenues			Gross operating margin		
	1st half 2001	1st half 2000	Change	1st half 2001	1st half 2000	Change
Electricity sector						
Generation	6,489	5,502	987	2,498	2,032	466
Transmission	376	345	31	235	200	35
Distribution and sale	11,173	6,981	4,192	1,562	1,498	64
Total	**18,038**	**12,828**	**5,210**	**4,295**	**3,730**	**565**
Telecommunications [1]	1,339	809	530	(136)	(298)	162
Other activities	2,475	928	1,547	237	212	25
Parent Company	2,324	4,877	(2,553)	247	338	(91)
Adjustments	(9,885)	(7,500)	(2,385)	(27)	(39)	12
TOTAL	**14,291**	**11,942**	**2,349**	**4,616**	**3,943**	**673**

In millions of euro	Operating income before amortization of consolidation differences [2]			Operating income		
	1st half 2001	1st half 2000	Change	1st half 2001	1st half 2000	Change
Electricity sector						
Generation	1,771	1,330	441	1,769	1,330	439
Transmission	117	85	32	117	85	32
Distribution and sale	743	592	151	743	592	151
Total	**2,631**	**2,007**	**624**	**2,629**	**2,007**	**622**
Telecommunications [1]	(449)	(475)	26	(595)	(602)	7
Other activities	124	122	2	110	121	(11)
Parent Company	233	304	(71)	233	304	(71)
Adjustments	(27)	(40)	13	(27)	(40)	13
TOTAL	**2,512**	**1,918**	**594**	**2,350**	**1,790**	**560**

[1] Income data for the first half of 2000 include financial data for WIND for the first six months, and income data for Infostrada for the second quarter, in addition to the economic effect of its acquisition.

[2] Consolidation differences relate to the acquisition of Infostrada, of a 5.63% share in WIND, and that of gas distribution companies and of CHI Energy. The operating income for the various sectors of activity is reported gross of the amortization of such differences.

Electricity

Generation

Electricity generation activities are presently carried out by the following Group companies:

- Enel Produzione (thermal and hydroelectric generation), Erga, CHI Energy and EGI (active in the field of renewable sources, the first in Italy and the other two in the American continent) expected to remain part of the Enel Group;

- Eurogen, Elettrogen and Interpower, to be divested.

In the context of the sale of the three generation companies mentioned above, in the first half of 2001 the sale of Elettrogen was concluded on July 23, 2001 with the assignment of 100% of its shares to the Endesa consortium, for a total amount of euro 2,630 million. The shares will be transferred on September 20, 2001. Activities for the sale of Eurogen, for which manifestations of interest are expected in the month of September, were started.
Valgen, that had received in December 2000 from Enel Produzione the business unit relating to the generation of electricity in the Valle d'Aosta Region, transferred these assets, effective June 1, 2001, to Geval, all of whose shares have been transferred from Valgen to FinAosta (a finance company owned by the Valle d'Aosta Region) on the basis of a value of the business unit of about euro 780 million.

With regards to the internal organization, in the first half of 2001 activities were streamlined.
To optimize the allocation of hydroelectric plants among generation companies, on February 1, 2001, Enel Produzione transferred to Erga 18 hydroelectric plants (for a total of 430 MW of installed capacity) and a control station, for a total value of euro 108 million. Erga in turn transferred to Enel Produzione 9 hydroelectric plants (having a total of 18 MW of installed generating capacity), for a total value of euro 5 million.

In the framework of the Group's growth strategy in the field of renewable sources, after the acquisition in December 2000 of CHI Energy, the largest electricity producer from renewable sources in North America, on June 8, 2001 the acquisition of Energia Global International Ltd. (EGI), a company operating in the same sector in South America was concluded. The company, acquired for euro 57.5 million, operates two hydroelectric and one wind plant in Costa Rica, for a total of 54 MW of installed capacity, and two hydroelectric plants in Chile having a generation capacity of 88 MW. The construction of three hydroelectric plants in Costa Rica and Guatemala for a total capacity of 104 MW is underway.

Financial highlights for the first six months of 2001 and 2000 for each generation company for the sector are shown in the table below:

1st half 2001								
In millions of euro	Enel Produzione and Valgen	Eurogen	Elettrogen	Interpower	Erga	CHI Energy	Adjustments	Total Generation Area
Revenues	4,373	834	635	234	396	29	(12)	6,489
Operating costs	2,714	539	422	153	162	13	(12)	3,991
Gross operating margin	*1,659*	*295*	*213*	*81*	*234*	*16*	-	*2,498*
Depreciation and accruals	483	57	85	24	74	4	-	727
Operating income before amortization of consolidation differences	**1,176**	**238**	**128**	**57**	**160**	**12**	-	**1,771**
Amortization of consolidation differences	-	-	-	-	-	2	-	2
Operating income	**1,176**	**238**	**128**	**57**	**160**	**10**	-	**1,769**
Net capital employed at June 30, 2001								**15,184**

1st half 2000							
In millions of euro	Enel Produzione	Eurogen	Elettrogen	Interpower	Erga	Adjustments	Total Generation Area
Revenues	3,599	723	683	292	218	(13)	5,502
Operating costs	2,251	524	438	189	81	(13)	3,470
Gross operating margin	*1,348*	*199*	*245*	*103*	*137*	-	*2,032*
Depreciation and accruals	469	53	85	24	71	-	702
Operating income	**879**	**146**	**160**	**79**	**66**	-	**1,330**
Net capital employed at Dec. 31, 2000							**16,658**

The above values do not include EGI Ltd., consolidated only with regards to the Balance Sheet, as it was acquired at the end of the period.

Revenues for the first half of 2001 increase by euro 987 million (up 17.9%) over the same period in 2000, due mainly to the following factors:

- the definition, starting in 2001, of a single sale price of electricity, independent of the energy source, that includes the share covering variable production costs, previously contributed by the Electricity Equalization Fund limited to thermal energy. Higher revenues currently deriving from hydroelectric production, generated by plants that do not fall under the provisions of CIP Regulation no. 6/92, are in part offset by higher National Transmission Network access charges (the so called "Hydroelectric Surcharge"), helping to determine the strong increase in operating costs;
- a unit increase, over the first half of 2000, of the sale price component aimed at covering variable production costs, growing from an average of euro 3.63 cents per kWh in the first six months of 2000, to euro 4.80 cents in the first half of 2001 (up 32.2%), due to the fact that it is calculated on the price of fuels in the second part of 2000, which were particularly high. Such increase was therefore higher than the decrease in

the decline registered in thermal energy produced, decreasing in the six months by 13.6% over the same period in 2000, contributing to the increase in revenues;

- the recording in the first half of 2001 of past years' contributions on electricity production from plants falling under the provisions of CIP Regulation no. 6/92, amounting to euro 243 million;
- the recording under income of accruals made in 2000, amounting to euro 117 million, against estimated stranded cost charges, due to the recent issue of new regulations on the part of the Ministry of Industry and the Authority;
- the impact, of an opposite sign with respect to those described above, of a reduction of about euro 0.52 cents (lire 10) per kWh in the electricity price component aimed at covering fixed production costs, resolved by the Authority, in addition to a decline in overall production (down 5,583 million kWh, 6.1%).

Operating costs increase by euro 521 million (up 15.0%), of which euro 489 million due to National Transmission Network access fees paid in the first six months of 2001 (the so called "Hydroelectric Surcharge"). The balance includes mainly operating costs of CHI Energy, consolidated in 2001, totaling euro 13 million, and higher local tax charges. Fuel consumption amounts to euro 2,607 million, in line with the first half of 2000 (euro 2,612 million), despite a 13.6% decline in thermal production, due to the higher cost of fuels used, affected by the appreciation of the dollar and the higher cost of coal.

The gross operating margin, equal to euro 2,498 million, increases by euro 466 million (up 22.9%) over the corresponding period in 2000.
The significant increase was due to euro 243 million in previous years' contributions on production from plants falling under the provisions of CIP Regulation no. 6/92 and the recording under income of euro 117 million accrued in 2000 against stranded costs. Benefits deriving from the growth in the electricity price component aimed at covering variable production costs, coupled with the higher use of lower grade fuels (mainly coal) and the growth in hydroelectric production, allowed to absorb in full the impact of the mentioned reduction of the tariff component relating to the coverage of fixed costs and that of higher National Transmission Network access fees (Hydroelectric Surcharge), in addition to contributing to the growth in the Gross Operating Margin.

Operating income increases in the first six months of the year by euro 439 million (up 33.0%), negatively affected by higher depreciation and accruals by euro 27 million.

Electricity generation and fuel consumption

Net domestic electricity generation of the Enel Group for the first six months of 2001 was equal to 86,071 million kWh, down 6.1% over the first six months of the previous years.

Millions of kWh

	1st half 2001		1st half 2000		Change	
Net electricity generation:						
Thermal	62,141	72.2%	71,951	78.5%	(9,810)	-13.6%
Hydroelectric	21,708	25.2%	17,548	19.2%	4,160	23.7%
Geothermal	2,163	2.5%	2,139	2.3%	24	1.1%
Other sources	59	0.1%	16	0.0%	43	268.8%
TOTAL	**86,071**	**100.0%**	**91,654**	**100.0%**	**(5,583)**	**-6.1%**

Thermal production continues to represent the major source, despite the decline from 78.5% of the total in the first half of 2000, to 72.2% in the same period in 2001. In the first six months of 2001 hydroelectric production registered a strong increase, representing now 25.2% of total production, up 23.7% from the first half of 2000, due to the higher water supply in the period. Though representing a small share of the total, other sources report a strong increase in absolute terms.

The table that follows shows the contribution of fuel sources to gross thermal generation:

Millions of kWh

	1st half 2001		1st half 2000		Change	
Gross thermal generation:						
Heavy sulfur fuel oil (S>0.5%)	18,383	27.6%	22,654	29.5%	(4,271)	-18.9%
Light sulfur fuel oil (S<0.5%)	5,818	8.8%	8,605	11.2%	(2,787)	-32.4%
Total suffur fuel oil	24,201	36.4%	31,259	40.7%	(7,058)	-22.6%
Natural gas	23,744	35.7%	29,262	38.1%	(5,518)	-18.9%
Coal	15,250	22.9%	12,174	15.8%	3,076	25.3%
Gasoil	12	-	-	-	12	-
Orimulsion	3,272	4.9%	3,818	5.0%	(546)	-14.3%
Other fuels	85	0.1%	298	0.4%	(213)	-71.5%
TOTAL	**66,564**	**100.0%**	**76,811**	**100.0%**	**(10,247)**	**-13.3%**

The mix of fuels used in the first six months of 2001 shows a shift towards the use of coal, whose percentage of the total increases to 22.9% (as compared with 15.8% of the first six months of 2000) due to the fact that the decline in thermal production was represented by generating plants fueled by fuel oil and gas. The higher use of coal was made possible by strong investments made for environmental upgrade work allowing to reduce to minimum levels atmospheric emissions.

CHI Energy's net generation in the first six months of 2001 was equal to 331 million kWh, of which 287.7 million kWh of hydroelectric power, and 43.3 million kWh of wind generated electricity.

Generation plants

Capital expenditure for the first half of 2001 amounted to euro 257 million, against euro 264 million in the same period in 2000, and is made up as follows:

In millions of euro

	1st half 2001	1st half 2000	Change	
Thermal plants	175	181	(6)	-3.3%
Hydroelectric plants	37	56	(19)	-33.9%
Geothermal plants	25	26	(1)	-3.8%
Plants using alternative sources	20	1	19	-
TOTAL	**257**	**264**	**(7)**	**-2.7%**

The most important work carried out in the first half of 2001 was represented by work for the conversion to combined-cycle technology of the La Casella, Porto Corsini, La Spezia (sections 1 and 2), Pietrafitta (Enel Produzione) and Ostiglia (Elettrogen) power plants.

Net efficient generation capacity in the first half of 2001 was equal to 55,962 MW, as shown in the table that follows:

MW

	at June 30, 2001	at Dec. 31, 2000	Change
Thermal	38,838	38,838	-
Hydroelectric	16,397	17,145	(748)
Geothermal	631	595	36
Wind and photovoltaic	96	31	65
TOTAL	**55,962**	**56,609**	**(647)**

The reduction in hydroelectric plants follows the sale, effective June 1, 2001, of generation activities in the Valle d'Aosta Region.

The table that follows shows the breakdown by company of net efficient generation capacity of Enel Group plants at June 30, 2001:

MW	Enel Produzione	Eurogen	Interpower	Elettrogen	Erga	CHI Energy	EGI	at June 30, 2001
Thermal	25,624	6,242	2,548	4,424	-	-	-	38,838
Hydroelectric	12,881	766	63	1,014	1,402	149	122	16,397
Geothermal	-	-	-	-	631	-	-	631
Wind and photovoltaic	-	-	-	-	33	39	24	96
TOTAL	**38,505**	**7,008**	**2,611**	**5,438**	**2,066**	**188**	**146**	**55,962**

Personnel and organization

Personnel employed in the Generation area at June 30, 2001 was equal to 17,381 employees, against 17,930 employees at the end of 2000, representing a decline of 549 employees (down 3%).
Changes in the six months include an increase of 37 employees due to the acquisition of EGI, and the decline of 245 employees due to the sale of generation activities in the Valle d'Aosta Region.
The residual decline of 341 employees is due primarily to early retirement incentives offered.
In the first half of the year training for personnel in the Generation area continued with the aim of:

- favoring organizational and cultural change;
- enhancing awareness of role covered;
- develop new skills;
- support the internal migration of staff to new positions;
- update professional skills.

With regards to retributions, action aimed at a closer integration with employee valuation models was implemented. Such measures consisted in the implementation of a system providing for the assignment of individual objectives and incentives, focusing individual capabilities on activities that are important for corporate growth.

Management expectations of operations in 2001

At the present stage it is expected that the start of operations of the Electricity Exchange, marking the change from a regulated market to one in which prices are determined by demand and offer, will be postponed to 2002. The activity of the Single Buyer, overviewing the supply of electricity to the regulated market, is also expected to start in the coming financial year.
The optimization of the fuel mix used and the improvement in plant efficiency aimed at reducing the cost of fuels used will continue. Measures to reduce labor costs and the streamlining of external resources used will also continue.
Capital expenditure will be concentrated in the conversion to combined-cycle technology of a number of plants currently using fuel oil, in addition to investments aimed at reducing the environmental impact and operating efficiency of plants.

Transmission

Terna is the owner of the national distribution network and is responsible for the management, maintenance and development of the network, based on the guidelines provided by the Gestore della Rete di Trasmissione Nazionale (Independent System Operator, ISO). The ISO is an entity controlled by the Italian Treasury and is responsible for the transmission and dispatching of electricity, in addition to the unified management of the national transmission network. Activities carried out by the ISO and Terna will be regulated by an agreement currently being drafted, based on the General Convention provided for by a Decree issued by the Ministry of Industry on December 22, 2000.
The ISO remunerates Terna according to compensation established by the Authority in line with the coverage of operating and maintenance costs, in addition to the remuneration of investments. As remuneration parameters for the 2001 financial year have not yet been defined, revenues for the first six months of the year have been calculated based on estimates provided by the ISO.
In line with the strategy aimed at consolidating activities in the field of maintenance and construction of high-voltage lines, the first six months of 2001 were characterized by the acquisition of the business unit in charge of maintenance for the high-voltage network from Enel Distribuzione.
New opportunities in unregulated markets have been exploited by making use of the technological know-how in the field of construction of electrical plant and professional skills possessed by personnel in the field of operation and management of plant.

Terna main financial data for the first half of 2001 and 2000 is shown in the table that follows:

In millions of euro	1st half		
	2001	2000	Change
Revenues	376	345	31
Operating costs	141	145	(4)
Gross operating margin	*235*	*200*	*35*
Depreciation and accruals	118	115	3
Operating income	**117**	**85**	**32**
Net capital employed	**3,273**	**3,212** [1]	

[1] At Dec. 31, 2000

Revenues increase by euro 31 million over the first six months of 2000 due primarily to fees received for the access to the national transmission network (equal to euro 354 million). In 2000 such revenues were in fact represented only by the share relating to the regulated market paid by Enel Distribuzione, while in the current year it includes also the share relating to the free market and the regulated market covered by other distributors of energy.
Other revenues are mainly unchanged over the first half of the previous year and include euro 13 million relating to services rendered to other Group companies, euro 5 million of connection fees and increases in the power supplied, and euro 4 million relating to services rendered to third parties.
Operating costs decline slightly in the first six months of 2000 and are made up primarily by labor costs, amounting to euro 79 million (in line with the first six months in the previous year), and to the cost of services, leases, rentals and other operating costs equal to euro 62 million (as compared with euro 66 million in the first half of 2000). Depreciation charges amount to euro 116 million and accruals and write-downs to euro 2 million.
Capital expenditure in the first six months of 2001 amounts to euro 30 million, decreas-

Capital expenditure and transmission network

ing sharply from the first half of 2000 in which it amounted to euro 107 million.
The decline is due to the completion of large projects (Italy-Greece link and the new integrated control system, (SCTI).

At June 30, 2001, Terna's plant and equipment were made up as follows:

	no.	km	no.	km
	at June 30, 2001			
Stations	267	-	261	-
Transformers	546	-	548	-
Bays	3,609	-	3,588	-
Lines	-	33,493	-	33,626
Three-phase lines	1,768	37,073	1,755	37,216

The increase in the number of stations is due to the coming into operation of new delivery points. The decrease in the length of three-phase lines is due mainly to the coming out of service of the Colunga-Candia line, about 210 kilometers long, partly offset by linking to primary cabins and new lines coming into service in the Naples area.

Personnel and organization

At June 30, 2001, Terna employed 3,413 persons, against 3,001 at December 31, 2000. The increase is due to the acquisition of the business unit from Enel Distribuzione, resulting in the transfer to Terna of 455 employees.
In the first half of the year, the consolidation of the new organizational structure based on the SAP integrated information system continued.

Management expectations of operations in 2001

Management expectations for the remaining part of 2001 are for a continuing effort in maximizing revenue, reducing costs through productivity increases and improving the quality of service.
With regards to revenues from electricity transport, a convention has been signed with the ISO. The convention sets the transitory terms for the payment of amounts due, for which Terna received only advances for electricity transported on behalf of Enel Distribuzione between January and April.
With reference to other activities, the major objectives for 2001 are the doubling of sales with respect to those recorded in 2000 for activities carried out with third parties (management of high-voltage equipment, engineering, network diagnostic remote monitoring).

Distribution and sale of electricity

The distribution and sale of electricity in the regulated market is carried out by Enel Distribuzione and Deval, while electricity sales on the free market are managed by Enel Trade. Deval received on June 1, 2001 the conferral of distribution and sale of electricity on the regulated market activities in the Valle d'Aosta Region. The same business had been spun-off by Enel Distribuzione and conferred to Valdis in 2000. FinAosta, a finance company of the Valle d'Aosta Region, controls a 49% share in Deval.

Main financial data for the segment relating to the first six months of 2001 and 2000, in addition to net capital employed for the sector are shown in the tables that follow:

1st half 2001

In millions of euro	Enel Distribuzione and Valdis/Deval	Enel Trade	Adjustments	Total Distribution Area
Revenues	10,221	972	(20)	11,173
Operating costs	8,700	931	(20)	9,611
Gross operating margin	*1,521*	*41*	-	*1,562*
Depreciation and accruals	817	2	-	819
Operating income	**704**	**39**	**-**	**743**
Net capital employed at June 30, 2001				**8,870**

1st half 2000

In millions of euro	Enel Distribuzione	Enel Trade		Total Distribution Area
Revenues	6,464	517		6,981
Operating costs	4,986	497		5,483
Gross operating margin	*1,478*	*20*		*1,498*
Depreciation and accruals	905	1		906
Operating income	**573**	**19**		**592**
Net capital employed at Dec. 31, 2000				**7,566**

Regulated market

The strong increase in revenues and operating costs is due primarily to new tariffs for the sector according to which, starting on January 1, 2001, the purchase price of energy and tariffs for the sale to the regulated market include also the share aimed at covering fuel costs, previously paid to generation companies by the Electricity Equalization Fund. The corresponding share in the price paid by regulated market customers did not in the past transit through Enel Distribuzione's income statement, representing only a debit item with the Electricity Equalization Fund.
With the aim of providing comparable data for the two half years, in the table that follows the tariff component covering variable production costs, representing the different element from the previous tariff system, has been reported separately for the first half of 2001.

	Millions of euro	Millions of kWh	c€/kWh	Millions of euro	Millions of kWh	c€/kWh	Millions of kWh	c€/kWh
	1st half 2001			1st half 2000			Change	
High-voltage	194	9,128	2.13	295	14,274	2.07	-36.1%	2.8%
Medium-voltage	989	28,205	3.51	1,522	37,630	4.04	-25.0%	-13.1%
Low-voltage	3,629	53,245	6.82	4,103	51,441	7.98	3.5%	-14.5%
	4,812	**90,578**	**5.31**	**5,920**	**103,345**	**5.73**	**-12.4%**	**-7.3%**
Variable cost share	4,791		5.29					
TOTAL	**9,603**	**90,578**	**10.60**	**5,920**	**103,345**	**5.73**		

In the first half of 2001 the migration of customers from the regulated to the free market continued. As a result, quantities sold by the Enel Group to regulated market customers declined by 12,767 million kWh (down 12.4%), in line with the performance of the first quarter of the year in which the decline was equal to 12.6%.
The Enel Group remains however the main protagonist in the free market, with Enel Trade as the leader in sales, holding a 37% market share, and Enel Distribuzione on whose network, in the first six months of 2001, about 35.6 billion kWh of electricity aimed at eligible customers were transported. Transport services supplied to the free market represent a new characteristic element of Enel Distribuzione's activity, allowing the company to exploit in full its know-how and infrastructures.

Revenues from the sale of electricity reported in the first half of 2001 by Enel Distribuzione and companies Valdis and Deval (operating exclusively in the Valle d'Aosta Region) are equal to euro 9,603 million. Of these, euro 4,791 million represent a new component aimed at covering variable production costs, and euro 4,812 million the share in line with revenues for the first half of 2000. Including only this last component, the decline in revenues is equal to 18.7%, against a reduction in quantities sold of 12.4%.
Average unit revenues declined overall by 7.3%, decreasing from euro 5.73 cents in the first six months of 2000, to euro 5.31 cents in the first half of 2001. The decrease is due to the decline in tariffs following the introduction of the price-cap, and the reduction of about euro 0.52 cents (lire 10) per kWh in the share aimed at remunerating fixed production costs, partly offset by the shift in the sales mix towards low-voltage, characterized by higher unit prices.
The breakdown by voltage of quantities sold shows a sharp decline in high-voltage sales (down 36.1%), and, to a lower extent, of medium-voltage sales (down 25.0%) due to the opening up of the market. Low-voltage sales increase briskly, registering a growth of 3.5% over the first six months of 2000, in line with the first quarter of 2001 (up 3.6%) and higher than that recorded for 2000 as a whole (up 2.6%).

The decline in revenues, net of the share aimed at covering variable production costs, involved to different extents all segments:

- revenues from high-voltage sales decline by 34.2% over the first six months of 2000, due to the mentioned contraction of quantities sold, partly offset by a small increase in the average unit price (up 2.8%);
- revenues from medium-voltage sales decrease by 35.0%, due to lower quantities sold (down 25.0%) and the decrease in the average unit price (down 13.1%);
- revenues from low-voltage sales, despite a 3.5% increase in quantities sold, decreased by 11.6% due to a reduction in the average unit price (down 14.5%).

Other revenues, represented by electricity transport fees, connection fees, reimbursements for damages to equipment, sale of sundry materials, capital contributions, etc., increase by euro 74 million from euro 544 million in the first half of 2000, to euro 618 million in the first six months of 2001. The change is due to euro 141 million in higher electricity transport fees compensated by lower connection fees, down to euro 23 million, the residual due to lower damage payments received and sales of materials.

Operating costs increase by euro 3,714 million, due to euro 3,794 million in higher energy purchase costs following the mentioned changes in the tariff system, net of the lower expense resulting from the decline in quantities acquired, partly compensated by a reduction of euro 80 million in other costs. Such reduction is due mainly to labor costs (down 46 million euro) and to the cost of materials purchased (down 29 million euro), as a result of streamlining implemented in the past.

Gross operating margin increases over the first half of 2000 by euro 43 million (up 2.9%), as benefits deriving from fees received for energy transported on the free market and savings on operating costs allowed to offset the reduction in tariff margins caused by the introduction of the price-cap (down 1.9%) and the lower volume of sales.

Operating income improves by euro 131 million (up 22.9%), due, in addition to the increase in the gross operating margin, also to the effect of lower depreciation and accruals (down 88 million euro). The reduction in depreciation charges is due to lower capital expenditure starting with 1997 thanks to the reduction in the cost of materials purchased and construction efficiency improvements.

Free market

In the first half of 2001 the growth of the free electricity market continued due to the formation of consortia of small consumers aiming at taking advantage of the best free market conditions. Sites registered as "eligible" with the Authority for Electricity and Gas were 8,563 (7,151 belonging to consortia), representing an annual consumption, referred to 2000, equal to 101.3 billion kWh.

In 2000, the Authority for Electricity and Gas issued a number of regulations that have resulted in deep changes in the domestic electricity market, attributing from January 2001, breaking from past practice, some energy sources to the free and the regulated market. Resolution 223 dated December 2000, imposed the input on the free market of the so-called CIP/6 electricity through competitive auctions held by the ISO.
Moreover, imported energy, which was formally to be sold on the domestic market through competitive auctions already since the past year, evolved towards a *pro quota* assignment system in which energy is awarded according to import capacity to all applicants, allowing the subsequent trading among operators and free market customers of pre-set quantities.

Despite all the measures mentioned, aimed at increasing the amount of electricity available on the free market to satisfy eligible customers' needs, the unbalance between demand and offer limited the actual free market at June 30, 2001 to a size of about 36.7 billion kWh, determining its fragmentation among competitive sources that has reduced considerably the share of individual operators.
In this context, in the first six months of 2001 Enel Trade supplied electricity to 2,270 sites, 1,886 of which belonging to consortia, for a total sales volume of 13,042 million kWh, holding its leadership position with a share of about 37%. In the first half of 2001, Enel Trade served, in addition to the traditional high and medium-voltage segments, also the first eligible customers using low-voltage equipments.

Enel Trade's sales for the first half of 2001 were made up as follows:

	Millions of euro	Millions of kWh	c€/kWh	Millions of euro	Millions of kWh	c€/kWh	Millions of kWh	c€/kWh
	1st half 2001			1st half 2000			Change	
High-voltage	555	8,357	6.64	404	8,063	5.02	3.6%	32.3%
Medium and low-voltage	416	4,685	8.88	111	1,641	6.77	185.5%	31.2%
TOTAL	**971**	**13,042**	**7.45**	**515**	**9,704**	**5.31**	**34.4%**	**40.3%**

Quantities sold increased overall by 3,338 million kWh (up 34.4%), almost entirely concentrated on medium-voltage due to the coming into the free market of numerous customers united in consortia. The lower increase in high-voltage sales is due also to direct purchases made by a number of customers directly at the auctions held by the ISO.
Revenues from the sale of electricity (that make up the whole of Enel Trade's revenues in the electricity sector) increase by euro 456 million (up 88.5%) due to higher quantities sold, the growth in unit revenues (up 40.3% on the average) and a concentration of the sales mix on medium-voltage electricity that commands higher sale prices. The increase in sale prices was due to the growth in variable production cost parameters to which these are linked.
The increase in operating costs, represented primarily by energy purchases and transport fees paid, was equal to 434 million euro (up 87.3%), lower than the increase in revenues, determining the doubling of the gross operating margin, increasing from euro 20 million to euro 41 million (up 105.0%). Operating income is in line with such increase, growing from euro 19 million in the first six months of 2000, to euro 39 million in the same period in 2001.

Service quality and continuity

At the end of 1999, the Authority issued Resolution no. 201/99 setting service quality standards for the distribution and sale of electricity. Service quality has been divided into general and specific service standards, setting the maximum time for the supply of specific services, under penalty of the payment of an indemnity to the customer in case these are exceeded. In the first half of 2001 specific service quality indicators for low-voltage supplies are in compliance of standards, while registering an improvement over the second half of 2000. In 99.79% of cases, in fact, operations monitored by specific indicators were carried out within the time limits provided for by Resolution no. 201/99.
In the first half of 2001, the Eneltel service, allowing the customer to communicate directly by telephone the meter reading and to obtain the direct debit in the bill of amounts of energy actually consumed recorded a strong development over the same period in the previous year (up 16.6%), also through a campaign with customers allowing for a further improvement in the second half of the year. Finally, in the first six months of 2001, Enel

Distribuzione launched its own site where customers can receive a number of services, among which conclude contracts, provide meter readings and pay bills by credit card. The number of transactions carried out on such site amounts already in the first half of the year to about 13,000, while the number of registered customers has already reached 40,000.

Through Resolutions no. 128/99 and no. 202/99, the Authority for Electricity and Gas regulated the collection of data on the continuity of the electricity service, establishing for each year starting in 2000 and until 2003 "trends" for the progressive improvement of the service quality for each Province, based on data communicated by companies for the years 1998-1999. The objective is that of bringing the electricity service in Italy up to the best European standards, reducing at the same time quality differences among the different geographical areas.
With the aim of providing an incentive for improvements above trends set, the Authority introduced moreover a system of prizes and penalties borne by companies, based on the performance achieved each year.
The indicator used to measure the quality of the electricity service is the average cumulative duration of interruptions per low-voltage customer, calculated for each geographical area (defined according to the concentration of customers in three bands: high, medium and low concentration), in each of the about 100 Italian Provinces.
In 2000, the average interruption of service at the national level declined by about 8% over 1999. The average excludes the Calabria, Campania and Sicily Regions for which problems have arisen in the realistic and accurate gathering of information for 1999. Enel Distribuzione reported to the Authority such irregularities in the month of November 2000. Subsequently, through Resolution no. 99/01 dated May 3, 2001, the Authority fined Enel Distribuzione lire 90 billion for supplying incorrect information relating to the number and length of interruptions of service in the Calabria, Campania and Sicily Regions for 1998 and 1999.
On June 15, 2001, Enel Distribuzione paid the fine, pursuant to article 16, Law no. 689/81, for an amount of lire 101 million.
On July 2, 2001, the company appealed to the Lombardy Administrative Regional Court requesting, as a principal request, the assessment of the extinction, following the payment of the fine, of obligations deriving from the Authority's Resolution no. 99/01, dated May 3, 2001; subordinately, the annulment or modification of the mentioned resolution for manifest disproportionality, with reference to the amount, of the fine applied, and for the iniquity of the same.
Conforming to the requests of the Authority, in 2001 Enel Distribuzione devoted a strong effort to the upgrade of its data collection systems in line with new regulations, to improve their accuracy and quality, allowing it to achieve a level of continuity of service in line with standards set.
The program to be implemented in the high, medium and low-voltage networks launched in 2000, has been planned over several years and keeps into account the current state of the electricity service that varies widely, with Northern Regions enjoying good quality levels and Southern Regions whose service is still not adequate. Based on this, expected financial requirements for investments specifically dedicated to the level of service for the next five years have been budgeted.

Investments will be aimed:
- at the completion by 2003 of important technological innovations in the field of remote management and automation of medium-voltage networks;
- at the completion of network improvements, ensuring the full efficacy of the remote control system;
- at the enhancement of the electrical insulation of power lines, in addition to the physiological replacement of obsolete equipment.

Said investments in 2001 and subsequent years will be accompanied by maintenance work carried out using new plant and equipment surveying methods, such as the use of helicopters for the inspection of suspended power lines, in addition to new diagnostics methods.
In the first half of 2001, the effect of the stronger commitment to the quality of service has already shown the first positive results, with the 18% reduction in the cumulative length of interruptions per low-voltage client, going from 73 minutes (June 2000) to 60 minutes (June 2001).

New sales organization

In the first half of 2001, activities for the creation of the new sales organization of Enel Distribuzione, started in 2000, continued. The new sales network will allow to achieve a considerable improvement in the level of service and a more personalized relationship with the customer.
The new sales organization includes:

- a single, virtual and national *Contact Center*, operating 24 hours a day, 7 days per week, allowing customers to request changes to their contracts, deactivate the service, communicate meter readings, get information on tariffs and report disruption of service;
- a network of *Enel sales outlets*, located in province capitals and a number of locations of strategic interest to Enel, at which all operations requiring the physical presence of the customer may be carried out;
- a network of *Account Managers*, in charge of business customers (small and medium-size companies), establishing personalized relationships of an advisory kind, tailoring services offered to specific needs;
- a network of *Enel sales points in WIND outlets*, making available to Enel Distribuzione's customers WIND sales officers. In 2001 and until the end of 2004, the network will be developed also through Enel.si sales outlets that the company plans to open.

Enel Distribuzione intends to take advantage of the most advanced technologies in the management of customer relationships. To such end it created an *Internet Portal* to provide on-line access to services offered: credit card payments, signing of contracts, meter reading and verification of payments made, etc. Such channel will be strengthened by progressively widening the offer to new products and services currently under study.

Capital expenditure and distribution network

Distribution lines at June 30, 2001, are shown in the table below:

	km	no.	km	no.	km	no.
	at June 30, 2001		at Dec. 31, 2000		Change	
High-voltage						
Lines	20,457	-	20,403	-	54	-
Cabins	-	1,945	-	1,924	-	21
Medium-voltage						
Lines	333,643	-	331,793	-	1,850	-
Secondary cabins	-	410,098	-	407,798	-	2,300
Low-voltage						
Lines	715,748	-	710,683	-	5,065	-

Capital expenditure on distribution networks in the first half of 2001 amounted to euro 564 billion and are made up as follows:

In millions of euro

	1st half 2001	1st half 2000	Change	
High-voltage	72	86	-14	-16.3%
Medium-voltage	280	315	-35	-11.1%
Low-voltage	212	269	-57	-21.2%
TOTAL DISTRIBUTION NETWORKS	**564**	**670**	**-106**	**-15.8%**

The reduction of capital expenditure on distribution networks over the first half of 2000 results from the effort to improve the efficiency of investments and a considerable reduction in the cost of materials, achieved through the simplification of technical specifications, the widening of the supplier base, obtained also through the introduction of *e-procurement*, and technological innovation in components employed. The first six months of 2001 were affected also by the late implementation of activity programs, to be regained in the second half of the year.

Digital meter project

As known, Enel Distribuzione launched in 1999 a project for the design and manufacturing of a new digital meter with which to replace about 30 million analog meters currently in use by customers. The project, making Enel Distribuzione one of the most advanced companies at the international level, will be implemented starting on July 2001 and is expected to be concluded by 2004. The commitment will result in the development of a "Telemanager", an integrated measuring, communications and management system made up by meters and other interconnected digital equipment that use low-voltage electricity lines to transmit data.
The "Telemanager" will require an investment of about euro 1.9 billion, and will result in a significant reduction in operating costs, since meter reading and a number of other operations relating to the meter which currently require the access of an operator, will be carried out from a remote location. The new system will allow a better monitoring of out of line electricity consumption as well as frauds, particularly in those locations where their frequency is higher. Enel Distribuzione will be active in the design of the equipment, while coordinating the activities of other Group companies participating in the project, such as CESI, Enel.it, Enel.si and Sei.

Personnel and organization

At June 30, 2001, Enel Distribuzione and other companies active in the electricity distribution and sale sector employed a total of 41,503 persons (of which 41,358 employed by Enel Distribuzione and Deval, and 145 by Enel Trade), as compared with 44,205 at the end of 2000.
The reduction of 2,702 employees (down 6.1%) includes 1,081 employees transferred on July 1, 2001 by ACEA following the sale of the business unit relating to the Rome and Formello distribution networks. The residual decline, equal to 1,621 employees, is due mainly to incentives for early retirement offered in previous years.

In the first half of 2001, human resources management policies were in line with the policy adopted aiming at a contraction of the labor force and the focusing of the same on core distribution activities. Coherent with such policy, evaluation, training, development, search on the labor market and intra-Group mobility have been carried out.
The policy was implemented in the support to the launch of the new sales network through a *change management* program according to which roles and related tasks have been redefined, while evaluation and training programs for specific positions were introduced.

Management expectations of operations in 2001

In the remaining part of the year a number of changes that are determinant for the implementation of the Bersani Decree are expected to take place. The sale of local distribution networks to municipal utilities and the definition of concessions for those companies that are entitled to them will have to take place. Concessions have a life of 30 years and will be issued for each municipal area, defining in detail responsibilities borne by concessionaires.
Trends registered in the first half of the year confirm the progressive opening up of the electricity market. Regulations issued at the end of 2000 regarding the destination of electricity produced by plants falling under the incentives provided by CIP Regulation no. 6/92, and electricity imports, allowed in fact to increase the amount of energy offered on the free market.
The Enel Group has been devoting a strong effort in the improvement of operating efficiency to counter the effect of the reduction in margins on the regulated market, determined by its contraction in favor of the free market and the sale of distribution networks in highly profitable areas.
The improvement in profit margins will be sought through the following measures:

- with regards to revenues, by favoring electricity consumption through flexible pricing;
- with regards to costs, through the streamlining of capital expenditure on the distribution network, purchase management, the standardization of components and the reduction of operating costs.

Sales policies on the free market aim at the development of an efficient and competitive offer allowing to meet all energy requirements of industrial customers. Such policy, accompanied by a careful monitoring of operating costs and an efficient management will allow Enel Trade to maintain its leadership position in the market.

WIND and Infostrada and the telecommunications market

Mobile telephony

At June 30, 2001 domestic mobile telephone services had a customer base of about 47.3 million SIM cards, reaching about 82% of the population, with an increase over the end of 2000 of more than 4.6 million new lines (net of deactivations).
At such date, Telecom Italia Mobile had about 23 million customers, with a market share equal to about 49%, and Omnitel Vodafone about 16.3 million customers (about 34% of the market), registering a slightly higher growth rate than Telecom Italia Mobile. At June 30, 2001, WIND reached a total of about 6.5 million lines, representing 14% of the overall market for mobile telephones, up from 8% at the end of June 2000. At the same date, the prepaid card segment registered a steady growth, representing about 98% of WIND's mobile telephony customer base. The fourth operator, Blu, reached a total of about 1.4 million customers, equal to a market share of about 3%.

Fixed-line voice telephony

In the first six months of 2001 the development of fixed telephony continued with WIND and Infostrada as protagonists. The opening up of *carrier pre-selection* and *unbundling of the local loop* services allowed new operators to represent a concrete alternative to Telecom Italia for the full range of conventional telephone services. At June 30, 2001 operators alternative to Telecom Italia managed a total of about 9.2 million lines, with a market share of about 38%. With about 6.9 million lines at June 30, 2001, Infostrada and WIND are the main alternative operators, followed by Tiscali and Tele2 for residential customers, and Albacom, concentrating on business customers.

Internet

Also in the Internet access sector the trend registered in 2000 continued into the first six months of 2001, with a market penetration of about 36% of the Italian population, corresponding to over 21 million registered customers as compared with 15 million at the end of 2000.
In addition to access services, the market is characterized by the presence of a number of portals aimed at household and corporate customers. Competition among portals is focused on contents and/or services that include information, *e-commerce*, financial services and other services for private customers, while corporate customers are attracted by the supply of *housing* and *hosting* services, in addition to services that allow remote access to application software (Application Service Provision, ASP).
The *InWind* portal, launched at the end of 1999 and open to access from mobile phones in 2000, is constantly enriched and reached in June a total of about 94.5 million page views and over 1.3 million unique visitors.
Infostrada held its leadership position in the Web services and Data/Internet segment, with a 28% market share, corresponding to 5.8 million customers, more than double the 2.8 million at June 30, 2000. The Italia Online (IOL) portal maintained its supremacy in terms of *unique visitors* (equal to about 5.8 million in the month of May 2001) and *page views* (about 422 million in the same month, representing a growth of 149% on June 2000).

Results of operations

Financial data of WIND for the first six months of 2001, and those of Infostrada for the second quarter of 2001 and the same periods in 2000 are shown in the table that follows:

1st half 2001			
In millions of euro	WIND	Infostrada (3 months) [1]	Total
Revenues	1,044	295	1,339
Operating costs	1,160	315	1,475
Gross operating margin	*(116)*	*(20)*	*(136)*
Depreciation and accruals	238	75	313
Operating income before amortization of consolidation differences	**(354)**	**(95)**	**(449)**
Amortization of consolidation differences	19	127	146
Operating income	**(373)**	**(222)**	**(595)**
Net capital employed at June 30, 2001			**12,756**

1st half 2000			
In millions of euro	WIND	Infostrada (3 months) [1]	Total
Revenues	576	233	809
Operating costs	839	268	1,107
Gross operating margin	*(263)*	*(35)*	*(298)*
Depreciation and accruals	120	57	177
Operating income before amortization of consolidation differences	**(383)**	**(92)**	**(475)**
Amortization of consolidation differences (restated)	-	127	127
Operating income	**(383)**	**(219)**	**(602)**
Net capital employed at Dec. 31, 2000			**11,993**

[1] Includes also euro 9 million of operating costs of Parent Company Enel Investment Holding BV.

The Infostrada Group was acquired at the end of March 2001 and, as a result, only income statement data for the second quarter of 2001 has been consolidated. Such data is compared with income statement data for the same period in the previous year.
Gross operating margin and operating income before the amortization of consolidation differences coincide with those reported in the consolidated financial statements of the WIND and Infostrada Groups, as approved by the respective Boards of Directors.
Consolidation differences arose following the acquisition of a 5.63% share in WIND from Deutsche Telekom in July 2000, and of 100% of Infostrada from the Vodafone Group. Consolidation differences are amortized over 15 years, starting from the time of acquisition of the investment and, for Infostrada, are included on a restated basis in the income statement for the second quarter of 2000.
Revenues were affected by the growth trend described and increase from euro 809 million to euro 1,339 million (up 65.5%) helped by contributions from all lines of activity. The increase in operating costs was equal to euro 368 million (up 33.2%) due to the increase in volume of activity. As a percentage of revenues, operating costs decline from 137% in the first six months of 2000, to 110% in the first half of 2001, in line with objectives set which aim at the achievement of a gross operating margin breakeven by 2001.
In absolute terms, the gross operating margin is still negative by euro 136 million, registering an euro 162 million improvement over the first half of 2000.

The operating income before the amortization of consolidation differences improves by euro 26 million, from negative euro 475 million in the first half of 2000, to negative euro 449 million in the first six months of 2001, due to euro 136 million in higher depreciation charges and accruals resulting from high capital expenditure in the development of the network.
Operating income for the sector, net of the amortization of consolidation differences, increases from negative euro 602 million in the first half of 2000 to negative euro 595 million in the same period in 2001.

Sales initiatives

On February 15, 2001, WIND, first alternative telephone operator in Italy, activated for private and corporate customers the so-called unbundling of the local loop, allowing customers to interrupt their relationship with the dominant operator. Infostrada started the same service in April 2001. In the first half of the year Infostrada's Customer Care received a recognition with the awarding of the "Customer Satisfaction Award" for 2000 (an initiative of the *Il Sole – 24 Ore* financial newspaper).
In the field of mobile telephones, WIND introduced in the first six months of the year an international roaming service in North America. With regards to business customers, since January 2001 the GPRS service (General Packet Radio Service), allowing Internet access from mobile phones, is active. In addition, corporate Intranet networks (Mobile Office service) have been extended to mobile phones. Prepaid mobile telephone services have been activated for corporate customers, allowing employees to use their mobile telephones for business and personal calls.

Development of infrastructure

Infrastructures and services provided by WIND are technologically advanced, allowing to offer integrated fixed, mobile and Internet services that are unique in Italy and among the first in the world. Infostrada, on the other hand, is the only alternative operator owning an ISO 9001 quality standard network (issued in July 2000). The Infostrada Group network currently includes a fiber optic backbone of 5,822 kilometers in length and 9 fiber optic metropolitan rings in major cities extending for 847 kilometers. WIND's land based network has a transmission network backbone of about 11,300 kilometers, allowing to link 103 province capitals and the large majority of Italian cities. In the first six months of 2001, in order to provide access, high capacity and performance to its voice, data and Internet service also at the local level, projects for the installation of metropolitan fiber optic networks were intensified, completing the installation of about 870 kilometers of cable and fiber optic.
At June 30, 2001, WIND's mobile telephone network ensured direct coverage to over 88% of the Italian population, while fixed telephone and Internet services were available on the whole national territory also for local traffic. At the same date, 43 mobile and 17 land based telephone exchanges installed, represented the heart of the telephone service. With reference to the radio access network, at June 30, 2001 a total of 4,529 base radio stations managed by 139 "Controls" were installed.
In the first half of 2001, the update of the GPRS mobile network, allowing private and corporate customers to access, in addition to conventional radio mobile service, also data transmission services at much higher speeds than those currently available through GSM telephones, continued on the whole national territory.
Investments in telecommunications networks were equal to euro 516 million, as compared with euro 384 million in the first half of 2000. In the first half of the year, WIND was issued the final UMTS license, resulting in a further investment of euro 362 million, in addition to euro 2,066 million already recorded in 2000.

Personnel and organization

At June 30, 2001, the telecommunications sector employed a total of 8,673 persons.
In the first half of the year, training in the Customer Care and technical areas continued in the constant pursuit of excellency in customer service.
The integration between WIND and Infostrada is currently underway, with management of both companies strongly involved.

Management expectations of operations in 2001

The second part of the year will see the start of the corporate, managerial and operational integration between WIND and Infostrada.
With regards to corporate aspects, on July 30, 2001, WIND's Extraordinary Shareholders' Meeting resolved a capital increase of euro 248.9 million, to be carried out through the conferral of 100% of Infostrada's capital stock from Enel Investment Holding BV, with the exclusion of preemptive rights of other shareholders. The operation represents the first step towards the subsequent merger of Infostrada into WIND.
Operating and management integration started in July 2001 through a number of measures destined to develop in the near future.
A further growth in revenues (in particular from services) is expected in the second half of 2001, as a result of the effort to gain market share in all sectors of activity (fixed and mobile telephones, Internet).
A breakeven in terms of gross operating margin is expected to be achieved in the second half of 2001. Though improving from 2000, net income will remain negative.

Other activities

The tables that follow show income data for the first half of the year of major companies included in the Other activities sector, compared with data for the first six months of the previous year. The tables include also net capital employed at December 31, 2000.

1st half 2001

In millions of euro	Real estate and services	Engineering and contracting	Information systems	Fuel trading	Gas distribution	Public lighting	Other	Adjustments	Total
Revenues	295	349	181	1,361	142	54	130	(37)	2,475
Operating costs	208	328	109	1,349	123	34	124	(37)	2,238
Gross operating margin	*87*	*21*	*72*	*12*	*19*	*20*	*6*	-	*237*
Depreciation and accruals	43	6	44	1	6	4	9	-	113
Operating income before amortization of consolidation differences	**44**	**15**	**28**	**11**	**13**	**16**	**(3)**	-	**124**
Amortization of consolidation differences	-	-	-	-	14	-	-	-	14
Operating income	**44**	**15**	**28**	**11**	**(1)**	**16**	**(3)**	-	**110**
Net capital employed at June 30, 2001									**3,409**

1st half 2000

In millions of euro	Real estate and services	Engineering and contracting	Information systems	Fuel trading	Gas distribution	Public lighting	Other	Adjustments	Total
Revenues	307	249	135	70	28	40	125	(26)	928
Operating costs	208	227	78	69	23	24	113	(26)	716
Gross operating margin	*99*	*22*	*57*	*1*	*5*	*16*	*12*	-	*212*
Depreciation and accruals	48	1	30	-	3	3	5	-	90
Operating income before amortization of consolidation differences	**51**	**21**	**27**	**1**	**2**	**13**	**7**	-	**122**
Amortization of consolidation differences	-	-	-	-	1	-	-	-	1
Operating income	**51**	**21**	**27**	**1**	**1**	**13**	**7**	-	**121**
Net capital employed at Dec. 31, 2000									**3,047**

Real estate and services

In the current configuration of the Group, the Real estate sector includes Sei and Dalmazia-Trieste.

Sei owns the majority of the office building properties used by the Group, while Dalmazia Trieste owns primarily residential buildings.
In addition to Real Estate management activities aimed at the development of the assets owned by the company, Sei is active in the facility management sector (supply of building maintenance, cleaning, restoration services, etc.), vehicle leasing and materials logistics.
Sei intends to exploit the strong development opportunities that are opening up in the above mentioned sectors, linked to Real Estate divestment policies adopted by large private and public organizations in the context of streamlining efforts.

To implement the above described strategy, in the first half of 2001 activities for the start of operations of joint ventures set up with major international operators in the sector continued.
With reference to Immobiliare Foro Bonaparte, a company in which Sei holds a 49% share, following the sale of a 51% share to American Continental Properties, the transfer of a number of buildings on which the Italian State had preemptive rights was completed in March, 2001 (for an estimated value of about euro 55 million). Assets transferred to Immobiliare Foro Bonaparte amount to euro 543 million.
Immobiliare Rio Nuovo (a company in which Sei holds a 49% share, following the sale of a 51% share to the Deutsche Bank Group) received the conferral of buildings worth euro 344 million, effective May 1, 2001. Other buildings worth euro 47 million to be transferred are subject to the State's preemptive right due to their historical and artistic interest.

In the first six months of the year revenues for the sector amounted to euro 295 million (as compared with euro 307 million in the first six months of 2000), of which euro 266 million from other Enel Group companies (leasing of buildings and motor vehicles, building management services, catering and materials logistics). The decline in revenues is partly due to the transfer of part of Real Estate activities to the mentioned joint ventures in which the Group holds a 49% share and are therefore consolidated on equity.
Operating costs are in line with the corresponding period in 2000 and amounted to euro 208 million, of which euro 144 million for services and lease payments, euro 32 million of labor costs, and euro 32 million of materials and other operating costs.
Gross operating margin amounted to euro 87 million (as compared with euro 99 million in the first six months of 2000), and operating income was equal to euro 44 million, after depreciation and accruals amounting to euro 43 million.
Employees for the sector at June 30, 2001 were 1,214, decreasing by 150 over December 31, 2000.
In the second half of 2001, Sei will be active in the completion of the startup phase of existing joint ventures, while creating a new one in the field of vehicle leasing with a leading market operator.

Engineering and Contracting

The Engineering and Contracting sector is made up by Enelpower and its subsidiaries Enelpower UK, Enelpower do Brasil and TSN, the last two of which were not yet operational in the first six months of 2001. In the context of the streamlining of Group activities, Enelpower received from Enel.Hydro the Engineering and Contracting unit active in the hydroelectric sector effective January 1, 2001.
Enelpower's corporate objective is to be active worldwide in the study, design and construction of public and private sector engineering projects, particularly energy generation plants.
In such context, the company is concentrating its interest in a number of areas with high development potential in Europe (United Kingdom, the Balkans, Russia), South America (Argentina, Brazil, Paraguay, Bolivia), the Middle East (Saudi Arabia, United Arab Emirates, Oman), and Africa (Egypt, Libya, Nigeria, Algeria, Tunisia).

The breakdown between Group companies and other customers of Enelpower's backlog and that of its subsidiaries for the first half of 2001 is shown in the table below:

In millions of euro	Group companies	Others	Total
Backlog at January 1, 2001	908	657	1,565
Orders gained in the first six months of the year	698	872	1,570
Revenues for the first six months of the year	213	125	338
Backlog at June 30, 2001	1,393	1,404	2,797

The main orders acquired in the first six months of 2001 are the following:
- in January an order was acquired in consortium with Japanese company Hitachi Zosen for the construction of a combined-cycle generation plant in Barka, Oman, on behalf of AES (437 MW for an amount of about euro 190 million);
- in March, an order for the Cassano 2 plant was acquired from AEM Milano, involving the second stage of work to be carried out at the Cassano plant involving the installation of 370 MW of generation power, for an amount over euro 90 million;
- also in March, a contract for the conversion to combined-cycle technology of Sections 1, 2 and 3 of the Ostiglia power station was concluded with Elettrogen for a total amount of euro 368 million. The offer for the conversion to combined-cycle technology of the Tavazzano plant, for an amount of over euro 360 million was submitted to the same company;
- in April, a contract for the construction of a pipeline at the Fiume Santo plant for the transport of fuel oil and orimulsion, for an amount of about euro 12 million was signed, while the offer for the conversion to combined-cycle technology of Sections 1, 3 and 4 of the Sermide plant was submitted to Eurogen;
- in May, orders for the construction of a power plant at Ras Laffan, Qatar (740 MW, for an amount of about euro 450 million) and the conversion of the Ponti sul Mincio power plant to combined-cycle technology on behalf of ASM Brescia (370 MW, for about euro 127 million) were won.

In the first half of 2001 Enelpower and Enelpower UK recorded total revenues (inclusive of changes in work in progress) of euro 349 million, increasing from euro 249 million in the first half of 2000. In such context, the share of revenues from customers outside the Group increased sharply (to 35% of the total from 8% in the first six months of 2000), while supplies to the Enel Group declined proportionately. The trend towards an increasing opening up to the market is confirmed by the breakdown of the order backlog.

Over the first six months of 2000, gross operating margin remains stable, while operating income declines due to higher accruals.

The number of employees at June 30, 2001 was equal to 967, against 961 employees at December 31, 2000.

In the second half of the year, activities will be in line with strategies set, focusing more closely on the efficiency of order management with the aim of constantly improving service quality.

Information systems and e-business

Enel.it, one of the main operators in Italy in the field of Information & Communication Technology (ICT), supplies innovative solutions to its customers, allowing them to improve their competitive position. Enel.it's mission is that of managing and developing all information technology activities of the Enel Group, enhancing cost reduction and service quality improvement efforts, ensuring technological update, developing its presence on the market, exploiting its know-how, investments and experience gained within the Group.
In line with its objectives, in the first six months of 2001, Enel.it devoted its efforts to the development of business areas such as consulting, the development of integrated solutions and outsourcing.
Activities in the first half of 2001 were affected by developments in the Information Technology market and those within the Group:

- in the context of the Contact Center project, clusters for the Northeastern Regions and Turin, the Naples site and the Potenza digital conversion center at SmartP@per became operational. By February 2002, five additional clusters aimed at covering customers from the whole national territory will be activated in Palermo, Bari, Milan, Florence and Rome. Operators can access the assistance service 24 hours a day, 365 days a year through Enel.it's automatic Call Center;
- the new version of the Enel portal, offering among other things the possibility to pay bills by credit card, in addition to an on-line counter for Enel Distribuzione's services. The Enel portal was judged by financial newspaper *Il Sole 24 Ore* the best portal in the Energy, water, gas and telecommunications segment. The portals of Terna, Erga, Enel Produzione and Enelpower are currently being completed in cooperation with the Enel e-Business Development department;
- Enel Distribuzione, Enel Produzione, Terna, Enelpower, Enel.si and Enel.it's e-procurement systems were consolidated. In the field of e-procurement systems, additional modules for the management of subcontractors, the temporary grouping of companies and the management of consortia are being implemented;
- with the conclusion of SAP projects for Enel Produzione, Eurogen, Elettrogen, Interpower and Erga, the implementation of the same for companies in the Generation sector has been completed. At the same time, its implementation in the Distribution sector was started and, in the context of the feasibility study, the reengineering of the eight main processes supported by SAP – administration, treasury management, control, passive cycle, logistics, maintenance, design and job management – was completed;
- a convention for the delivery of electricity bills and commercial mail previously carried out by Enel Distribuzione was signed with the Italian Post Office. A promotion campaign started with the delivery of bills, letters and certified mail in envelopes bearing the *Speedpost* trademark started;
- Enel.it concluded an agreement with The Fantastic Corporation, a Swiss company leader in software solutions for wide band data transmission, providing for the supply of a new broadband platform for the transmission of multimedia content. In the second half of the year it will be possible to transmit simultaneously and in real time content to personal computers, digital receivers and portable equipment, with clear benefits for decision making, customer service and training. In February, Enel.it was authorized by the Ministry of Telecommunications to operate satellite communication services on the SkyPlex-Net Network.

Financial performance for the first six months of the year

Revenues for the first half of 2001 were equal to euro 181 million, of which euro 172 million from companies of the Enel Group. They increase by euro 46 million (up 34.1%) over the first six months of 2000 mainly due to the coming into service of the SAP and Contact Center projects, resulting in an increase in fees for the lease and use of the new applications. Operating costs increase also from euro 78 million to euro 109 million (up 39.7%), in line with stronger activity. Gross operating margin grows by euro 15 million, almost entirely absorbed by higher depreciation charges resulting from the coming into service of the mentioned projects. As a result, operating income was equal to euro 28 million, in line with the first six months of 2000 (euro 27 million).

Management expectations of operations in 2001

In the second half of the year Enel.it will be active in the following projects:

- offer to banks, industries and service companies of the system developed by the company for the training of personnel of the Enel Group (Enel Distance Learning System). The project will involve also Sfera;
- launch on the market of *Speedpost* services, allowing the issue, transmission, printing, envelopment and delivery to the final recipient of any kind of correspondence.

Fuel

Enel.FTL manages all Enel Group fuel purchases, exploiting the resulting economies of scale deriving from centralization. The company is moreover active in the trading of energy products on the domestic and international market, offering shipping and logistic services. Enel.FTL also manages risks deriving from fluctuations in energy product prices to which the Enel Group is exposed, operating actively in the derivatives market.
In June 2001 the company acquired Masefield Coal AG, a Swiss company active internationally in coal trading, with a turnover of about euro 180 million.
The company controls 100% of British company Atezada Ltd. and the usufruct on 60% of Colombian company Carbones Colombianos del Cerrejon SA, concessionaire of a coal mine in Colombia that represents one of Masefield Coal's supply source.
In April 2001, moreover, Enel.FTL participated in the signing of an agreement with other operators in the coal sector for the start of operations of Global Coal Ltd., a company created to develop e-commerce activities in the international coal market. Global Coal, in which Enel.FTL holds a 5.5% share, started operating on May 3, offering on-line trading on its portal aimed at becoming the reference marketplace at the international level. In addition to Enel.FTL, Global Coal has among its shareholders some of the main producers and consumers of coal in the world.
In the gas sector, Enel.FTL signed a letter of intent with Spanish company Gas Natural Trading providing for cooperation between the two companies and the development of new business opportunities in the sector, with particular reference to procurement, logistics and trading of LNG.
The company recently renegotiated the contract for the supply of gas from Nigeria with savings amounting to about euro 18 million per year up to 2004.
Following the start of operations of the company in June 2000, the current year represents the first in which Enel.FTL is fully operational. Fuel trading activities were carried out through direct purchases and sales, and the management of fuel supply contracts previously underwritten by Enel and still in the Parent Company's name, until their transfer to Enel.FTL (the most complex of which are currently underway). All contracts are expected to be transferred by the end of the current year.
Revenues for the first half of the year amounted to euro 1,361 million, of which euro 1,111 million from other Group companies, and euro 250 million from other customers. Operating costs amounted in the same period to euro 1,349 million, represented almost entirely by fuel purchases. Gross operating margin was equal to euro 12 million, while the operating income amounted to euro 11 million. Such performance is due almost entirely to trading with third parties, as margins on Group related activities are equal to zero. In the first half of 2000 the company was in its startup phase and recorded revenues amounting to euro 70 million.

In the second part of the current year trading with third parties is expected to grow thanks to the consolidation of Enel.FTL's presence in major markets and the conclusion of trade agreements and partnerships with major operators in the sector.

Water

As part of the reorganization of Group activities, Enel.Hydro transferred to Enelpower, effective January 1, 2001, its hydroelectric engineering and contracting business.
In the first half of the year, Enel.Hydro continued to reposition itself in the promising water distribution sector. Such efforts lead in July and August 2001 with the winning, in partnership with other primary operators in the sector, of the concession for the water distribution in the Latina area and of the management of the water distribution in the Calabria Region, as described more in detail in the "Events subsequent to June 30, 2001" section.

Gas distribution

As already described in the Corporate development section, in the first half of 2001 the Enel Group increased considerably its presence in the gas distribution sector through the acquisition of a number of independent operators. The acquisition of companies in the sector is still underway and will continue in the next two years. In the first six months of the year, Enel Trade began operating on the free market for gas, with the aim of reaching in the medium term a significant position in a market that, similarly to the electricity market, is opening up and presents good prospects.

Income data for the first half of 2001 exclude companies acquired in the months of May and June 2001 of which only balance sheet data have been consolidated. Data is not comparable with that for the first six months of 2000, that included exclusively Colombo Gas. With reference to the 15 distribution companies consolidated line-by-line, revenues for the first six months of the year amounted to euro 130 million, of which euro 125 million from the sale of gas and the residual part relating to contributions and other revenues. Enel Trade's revenues, amounting to euro 12 million, must be added to such amount.
The volume of gas distributed in the first six months of 2001 by distribution companies was equal to 380 million cubic meters, of which 321 million to regulated market customers and 59 million to eligible customers. Enel Trade's sales were equal to 56 million cubic meters. The total number of customers served by the 15 gas distribution companies were 337,400, of which 337,268 in the regulated market and 132 eligible.
Gross operating margin was equal to euro 19 million while the operating income (before the amortization of consolidation differences) amounted to euro 13 million. The sector as a whole reports a breakeven in terms of operating income, after amortization of consolidation differences amounting to euro 14 million.
Data reported represent at the present time the sum of data reported by individual companies in the sector, resulting from their independent operations. Operating integration among the various companies and the unification of electricity distribution and sale activities, already underway in the second quarter, will result in the achievement of significant synergies and positive effects in terms of profits.

Public and art lighting

The Enel Group entrusted So.l.e. with the design, construction and integrated management of public and art lighting for the Enel Group.
In the first half of 2001, So.l.e. continued its expansion acquiring 63,000 new public lights, bringing its market share to 19.4% of the market (against 18.1% at the end of June 2000). Eleven contracts were awarded to the company through bidding, 85 new public lighting and work contracts were won, representing a total amount of about euro 10 million.
In the first six months of the year the technical and commercial development of two new products launched in 2000 continued:

- the *Communication lantern*, a communication and environmental monitoring system, equipped with a led display showing in real time information on the environment, publicly useful information and advertising. So.l.e. is active in the creation of a circuit that includes major Italian cities in addition to those where these have already been installed (Rome, Florence, Turin, Naples and Lecce). A number of agreements are being signed and one has already been concluded with Rome's airports management company;
- the *Webtower*, a lighthouse tower equipped with radio mobile telephone station. General agreements were concluded with major telephone operators, while authorizations for the installation in a number of municipalities are pending.

The financial performance for the first half of 2001 is positive, with all values registering an increase.
Revenues increase by euro 14 million (up 35% on the same period in the previous year) growing from euro 40 million to euro 54 million. Gross operating margin increases from euro 16 million to euro 20 million (up 25%), while operating income grows from euro 13 million to euro 16 million (up 23%).

The second part of the year has among its major goals that of imparting a strong impulse to contracting for third parties and sales of new products, continuing to pursue the cost reduction policy thus far followed. Revenues will be positively affected by contracts acquired in the first six months of the year.

Parent Company

Results of operations of Parent Company Enel for the first six months of the year and the comparison with the same period in the previous year are strongly affected by the transformation process which the company is undergoing from an integrated electricity company to an industrial holding company. In particular:

- effective January 1, 2001, Enel conferred the Personnel Administration unit to newly created company Ape Gruppo Enel SpA;
- title to contracts for the acquisition of electricity from national producers has been transferred to the ISO effective January 1, 2001, pursuant to a specific decree of the Ministry of Industry;
- thermal fuel purchase contracts are progressively transferred to Enel.FTL. The transfer is expected to be concluded by the end of the current year.

In the first half of 2001, the Group Parent Company has therefore retained title to a number of thermal fuel purchase contracts, as well as long-term electricity import ones. Fuel purchased is subsequently transferred at cost to generation subsidiaries, while electricity is sold at prices established by the Authority for Electricity and Gas to Enel Distribuzione.

As an industrial holding company, Enel defines strategic objectives for the Group and coordinates activities of Group companies. In addition, Enel manages treasury operations for all Group companies (with the exclusion of WIND), manages insurance risk coverage, providing assistance and guidelines on organizational, industrial relations, accounting, administrative and tax issues.

The Group Parent Company's reclassified income statement for the first six months of 2001 is obtained by reclassifying data reported in the statutory accounts. The reclassified accounts must be read in view of the transfer of the Personnel Administration unit to Ape Gruppo Enel and the above mentioned transfer of title of thermal fuel purchase contracts and of contracts for the purchase of electricity generated by plants falling under the provisions of CIP Regulation no. 6/92.

In millions of euro

	1st half 2001	1st half 2000	Change
Revenues			
- Sales to Group companies	2,101	3,338	(1,237)
- Electricity Equalization Fund contributions	-	1,359	(1,359)
- Other revenues from Group companies	140	167	(27)
- Other revenues	83	13	70
Total revenues	**2,324**	**4,877**	**(2,553)**
Operating costs			
- Labor costs	29	64	(35)
- Fuel purchases	1,434	2,635	(1,201)
- Electricity purchases	424	1,745	(1,321)
- Services, leases and rentals	108	76	32
- Other costs	82	19	63
Total operating costs	**2,077**	**4,539**	**(2,462)**
GROSS OPERATING MARGIN	**247**	**338**	**(91)**
Depreciation and accruals	14	34	(20)
OPERATING INCOME	**233**	**304**	**(71)**
- Dividends and tax credit	1,261	820	441
- Net financial income (expense)	(204)	(116)	(88)
INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**1,290**	**1,008**	**282**
- Net extraordinary income (loss)	25	(3)	28
- Write-down of investments	(783)	(195)	(588)
INCOME BEFORE TAXES	**532**	**810**	**(278)**
Income taxes	204	342	(138)
NET INCOME	**328**	**468**	**(140)**

In the first half of the year, the Parent Company reported revenues amounting to euro 2,324 million, of which euro 2,241 million from other Group companies. The reduction in sales to subsidiaries is due to the transfer of title of contracts for the purchase of fuel and electricity from domestic producers. The new tariff system introduced in 2001 allowed to include in the price of energy sold to Enel Distribuzione also the share of tariffs aimed at covering variable costs, formerly paid by the Electricity Equalization Fund as contribution for the purchase of electricity. The corresponding revenue for the first half of 2001 has been included among revenues from sales to Group companies.

Other revenues from Group companies relate primarily to assistance and consulting services provided to subsidiaries and include euro 8.5 million of charges relating to retirement benefits for retired managers paid by the Parent Company on behalf of subsidiaries. The reduction over the same period in the previous year is attributable mainly to the transfer to Ape Gruppo Enel of personnel administration activities.

The increase in Other revenues and Other costs is due to currency hedging transactions connected with electricity generation variable costs. Gains and losses from such trans-

actions are transferred to the companies to which they relate with no effect on the margins of the Group Parent Company.

The decline in labor costs can be attributed almost in full to the mentioned transfer of personnel administration activities involving 1,154 employees, bringing the total number of the Parent Company's employees at June 30, 2001 down to 546.

Electricity purchases relate to long-term import contracts stipulated before the introduction of new regulations for the electricity sector, and are represented by 10,410 million kWh acquired at an average price of euro 4.07 cents per kWh (as compared to euro 4.02 cents per kWh in the first half of 2000).

Costs for services, leases and rentals relate to charges made by Group companies (mainly for information technology, leasing of office space, facility management and telecommunication services), and costs charged by third parties. The change from the same period in the previous year is mainly due to costs incurred in the grouping of the shares in a ratio of two into one, upon the conversion of the capital stock of the company in euro, in addition to costs relating to new acquisitions.

Enel's operating income for the first half of 2001 declines by euro 71 million over the same period in the previous year. Such decline is due primarily to the gradual reduction in operating activities. Lower margins registered by the Parent Company had no impact on consolidated revenues, as they were compensated within the Group.
Dividends received and the related tax credit, amounting to euro 1,261 million, relate to the net income of subsidiaries for the 2000 financial year.

Net financial charges amounted to euro 204 million. The increase over the same period in the previous year can be attributed to higher debt resulting from acquisitions made in the period.

Net extraordinary gains amounted to euro 25 million and were generated primarily by capital gains on the disposal of assets still owned by Enel at January 1, 2001, in addition to the retrieval of previous years' taxes.

Write-downs of investments relate to companies in the telecommunications sector, whose losses derive from the amortization of goodwill and interest charges relating to acquisitions made, in addition to capital expenditure on the expansion of the network and the development of new technologies. Such losses, which in view of the good future economic perspectives cannot be deemed as durable, have been recorded to benefit from tax advantages.
Income taxes, amounting to euro 204 million, are calculated according to the average tax rate estimated for the year and include both current and deferred taxes.

The reclassified balance sheet of the Parent Company at June 30, 2001 and December 31, 2000 is shown in the table that follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Net fixed assets			
- Tangible and intangible	54	56	(2)
- Financial	20,504	18,978	1,526
Total	**20,558**	**19,034**	**1,524**
Net current assets			
- Trade receivables	15	25	(10)
- Inventories	1	5	(4)
- Net receivables from Electricity Equalization Fund	-	1,424	(1,424)
- Other assets	734	748	(14)
- Net receivables from subsidiaries	536	392	144
- Net tax receivables	466	762	(296)
- Trade payables	(637)	(2,237)	1,600
- Other liabilities	(701)	(577)	(124)
Total	**414**	**542**	**(128)**
Gross capital employed	**20,972**	**19,576**	**1,396**
Provisions	(190)	(242)	52
Net capital employed	**20,782**	**19,334**	**1,448**
Shareholders' Equity	10,100	11,350	(1,250)
Total financial debt	10,682	7,984	2,698
TOTAL	**20,782**	**19,334**	**1,448**

Long-term financial assets increase by euro 1,526 million due to the following changes in investments in subsidiaries occurred in the first six months of the year:

- euro 1,593 million capital increase carried out by Enel Investment Holding BV;
- payment of the share in WIND Telecomunicazioni's capital increase, amounting to euro 249 million, and in the capital increases carried out by a number of subsidiaries, for a total amount of euro 76 million;
- acquisition of companies in the gas distribution sector for euro 391 million and sale to Terna of Enel's share in CESI for euro 2 million;
- value of the equity in Ape Gruppo Enel received against the conferral amounting to euro 2 million;
- euro 783 million write-down in the value of investments in Enel Investment Holding BV and WIND Telecomunicazioni. The reasoning behind the write-downs has already been commented upon with reference to the specific reclassified income statement item.

Net current assets amount to euro 414 million, declining by euro 128 million over the value at December 31, 2000. The change is due to the following phenomena:

- receivables from the Electricity Equalization Fund have been reduced to zero following the retrieval of all amounts due;
- net tax receivables decline due to the retrieval of VAT receivable from other Group companies following the advance paid on their behalf at the end of 2000;
- payables to Suppliers are strongly affected by the above mentioned transfer of title for fuel and domestic electricity purchases, determining a strong decline in operating activities.

Provisions decline by euro 52 million due to the transfer of the mentioned unit to Ape Gruppo Enel (euro 24 million), and the use of the provision accrued against charges resulting from the Nigerian gas supply contract and of the provision for retirement benefits.

Shareholders' Equity at June 30, 2001, includes, with respect to December 31, 2000, the payment of euro 1,578 million of dividends and the net income for the first six months of 2001 amounting to euro 328 million.

Total financial debt increases by euro 2,698 million. The long-term net financial position, equal to euro 1,799 million, declines by euro 61 million, while the short-term net financial position amounts to euro 8,883 million, representing an increase of euro 2,759 million. The increase is due to the higher use of short-term credit lines, allowing higher flexibility in the management of financial debt, benefiting at the same time from lower interest rates. Such financial structure is in line with projections relating to the collection of large amounts of cash resulting from the disposal of assets, expected for the second half of 2001 and in 2002, allowing reduce significantly short-term debt exposure.
Financial debt of the Parent Company at June 30, 2001 and changes over December 31, 2000 are shown in the table that follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Medium- and long-term debt			
- Bank loans	2,985	3,261	(276)
- Bonds	6,462	6,674	(212)
- Own bonds and other items	(570)	(573)	3
- Amounts assumed by subsidiaries	(6,597)	(7,034)	437
Total medium- and long-term debt	2,280	2,328	(48)
- Loan to WIND Telecomunicazioni	(481)	(468)	(13)
Medium-and long-term net financial position	1,799	1,860	(61)
Short-term debt			
- Short-term bank debt	10,810	4,000	6,810
- Short-term debt extended by subsidiaries and affiliated companies	(1,769)	2,028	(3,797)
- Other short-term financial debt	-	310	(310)
Total short-term debt	9,041	6,338	2,703
- Cash at banks and marketable securities	(158)	(214)	56
Short-term net financial position	8,883	6,124	2,759
TOTAL NET FINANCIAL DEBT	**10,682**	**7,984**	**2,698**

Research and Development

The Enel Group conducts a Research and Development program aimed at increasing the efficiency and performance of activities in the electricity sector, increasing the offer of services in this area and reducing the environmental impact of activities carried out. Through R&D activities, the Group generates technological innovation for its businesses, developing internally new products and processes also by acquiring technology on the market to adapt it to internal needs. R&D programs employ about 1,500 persons, and in the first six months of 2001 the Group invested about euro 50 million in R&D activities carried out by CESI, Enel.Hydro and Enel Produzione.
CESI carries out System Research activities financed by a specific tariff component, paid by regulated market and eligible customers into the Research Fund accrued at the Electricity Equalization Fund pursuant to Ministry of Industry Decree dated January 26, 2000. The amount accrued to the said fund have been assigned also for 2001 entirely to CESI through a decree dated April 17, 2001. In this context, projects to be developed in the following fields have been defined:

- the interaction of the electricity sector with the environment (environmental compatibility, emission reduction, electromagnetic fields);
- rational use of resources and instruments for a sustainable development (innovative electric technologies for the civil and industrial sector, renewable sources and diffused generation, high-efficiency conversion of fossil fuels);
- evolution of the electric system (energy trading, increase in network transport capacity, communications among and on electric systems, safety and quality of supply).

A large part of such projects are carried out directly by CESI, while in part they have been contracted to other Group companies.
Research projects undertaken by Enel Produzione related to the performance of generation plants, the use of low-cost fuels and studies on environmental impact issues.

Human Resources

Policies for the development of human resources

In line with the system for the management and development of human resources based on qualifications, in the first months of 2001 activities focused on the definition of parameters and methods for surveying professional qualifications possessed by personnel, with the aim of determining strengths and areas for improvement, allowing the implementation of development or training initiatives in those instances where they are required.
With regards to hiring policies, a system for determining personnel needs and the related hiring process is under development. New personnel will be sought outside the Group only in case there do not exist the required competencies among existing personnel.

Compensation and incentive systems

In the first six months of 2001 the project for the "Evaluation of Managerial Positions" (involving all top and some middle managerial positions) was completed, showing retributions of the Enel Group to be in line with the market.
The survey showed also that variable retribution represents about 8% of global annual retribution, representing an improvement towards common market practices achieved through the extension of the Management by Objectives system.
With regards to medium and long-term incentive systems, the new stock option plan approved by the Board of Directors in April 2001 pursuant to the proxy received by the Board Meeting held in December 1999, involved a total of 381 managers (237 more than the 2000 stock option plan). The number of options assigned was determined, in line with the previous year's plan, based on a formula that takes into account gross retribution of each participant and the value of the options determined according to current market parameters. The target price was set at euro 8.8 (ex-grouping of the shares), and the exercise price at euro 7.27. The Shareholders' Meeting held on May 25, 2001 authorized the Board of Directors to increase the capital stock by a maximum of euro 60,630,750 to allow the issue of a maximum of 60,630,750 shares of par value 1 euro each, destined to future stock option plans.

Organization

The progressive opening up of the electricity market to competition and the diversification of the Group into new businesses require a strong effort in the development of policies, processes and commercial structures, focusing the Group on the customer and the creation of shareholders' value. The restructuring of Enel Distribuzione's sales activities, that includes the creation of a new sales network and Customer Care new process, the development of new activities connected with the "digital meter project" and the reorganization of the Group's purchases through stronger use of e-procurement, are all part of this process.
In line with the restructuring of the Group's activities, company Ape Gruppo Enel was incorporated on January 1, 2001, receiving all payroll activities of the Group.

Personnel

At June 30, 2001 the Enel Group had 78,747 employees.
Changes over December 31, 2000 are shown in the table that follows:

Balance at Dec. 31, 2000	**72,647**
Changes in consolidation area and acquisitions	
WIND	4,920 [1]
Infostrada	3,601 [1]
Other	551
Hirings made by Enel and WIND	893
Hirings made by Infostrada in the first quarter of 2001	329
Net transfers, spin-offs and sale of businesses	(1,326)
Termination of employment	(2,868)
Balance at June 30, 2001	**78,747**

[1] Employees at Dec. 31, 2000

The 6,100 employees increase (equal to 8.4% of personnel at the end of 2000) is the net result of 893 new hirings made by the Enel Group (of which 50% in the telecommunications sector), 329 hirings made by Infostrada in the first quarter of 2001, the addition of 9,072 employees of companies acquired and consolidated in the first six months of the year (WIND, Infostrada, gas distribution companies, EGI and Masefield Coal), 1,081 transfers due to the sale of the distribution network to ACEA (effective July 1, 2001), 245 transfers due to the sale of generation activities in the Valle d'Aosta Region, and 2,868 employees leaving the Group primarily due to early retirement incentives offered.

The table that follows shows the breakdown of employees by category at June 30, 2001 and changes over December 31, 2000:

No. of employees

	at June 30, 2001	at Dec. 31, 2000	Change
Managers	902	689	213
Officers	5,283	4,640	643
Employees	46,312	40,050	6,262
Workers	26,250	27,268	(1,018)
TOTAL	**78,747**	**72,647**	**6,100**

The table that follows shows the breakdown of employees of the Enel Group by segment at June 30, 2001 and December 31, 2000:

	No. of employees	%	No. of employees	%
	at June 30, 2001		**at Dec. 31, 2000**	
Parent Company	546	0.7%	1,675	2.3%
Subsidiaries				
Distribution and sale	41,503	52.7%	44,205	60.9%
Generation	17,381	22.1%	17,930	24.7%
Terna	3,413	4.3%	3,001	4.1%
Telecommunications	8,673	11.0%	- [1]	
Other activities	7,231	9.2%	5,836	8.0%
TOTAL GROUP	**78,747**	**100.0**	**72,647** [1]	**100.0**

[1] WIND and Infostrada employees at December 31, 2000 were equal to 8,521; the restated total would therefore be equal to 81,168.

Industrial relations

The first six months of the year were characterized by negotiations towards the signing of a collective labor agreement for the electricity sector. Such contract, underwritten on July 24, 2001, replaces three former contracts relating to Enel Group, Federelettrica and Assoelettrica member companies employees respectively.
The new contract will have a term of four years (from July 1, 2001 to June 30, 2005) with regards to the normative part, and two years with regards to the economic part, providing for an average monthly increase in wages of lire 150,000. For the period between the expiration of the previous contracts (from January 1, 1999 to June 30, 2001) an one time average bonus of lire 2,500,000 will be distributed in the month of October.
The provisions of the new contract cover a wide range of issues, which includes a redefinition of temporary labour contracts, allowing their use for a maximum of 8% of the workforce (10% in Southern regions). Among contracts regulated for the first time are short-term contracts, whose application is limited to 10% of the workforce (13% in Southern regions), training contracts and work off the premises.
The work schedule is unchanged for Enel Group employees, while no provision is devoted to strikes. Negotiation to regulate the matter are expected to start in September.

Events subsequent to June 30, 2001 and management expectations of operations

Sale of the Rome municipal distribution network

The sale of the electricity distribution networks and activities for the municipalities of Rome and Formello to ACEA became effective on July 1, 2001. The sale was concluded for a price of euro 568 million.

Sale of Elettrogen

On July 23, 2001 the sale of Elettrogen to the Endesa consortium (Endesa 45%; Banco Santander Central Hispanico 40%, ASM Brescia 15%) was concluded for a total price of euro 2,630 million. The total value of the transaction, providing for the reimbursement on the part of the purchaser of debt held with other Group companies at December 31, 2000, is equal to euro 3,690 million. The shares will be transferred on September 20, 2001. The approval of the acquisition on the part of the European Union Commission was received on September 4, 2001.
Activities for the sale of Eurogen, for which manifestations of interest are expected in the month of September, were started.

Arbitration with Turin's AEM Torino

On July 30, 2001 the arbitration for the sale of the metropolitan distribution network to Turin utility AEM was concluded. The business was valued by a panel of arbitrators at euro 248 million. Such amount was deemed appropriate by Enel.

Conclusion of the national electricity sector labor contract

The national electricity sector labor contract was underwritten on July 24, 2001. Such contract replaces three former contracts related to Enel Group employees, Federelettrica and Assoelettrica member companies respectively.
The new contract will have a term of four years (from July 1, 2001 to June 30, 2005) with regards to the normative part, and two years with regards to the economic part, providing for an average monthly increase in wages of lire 150,000.

Issue of bonds

The Board of Directors of Enel, in its meeting held on July 26, 2001, in execution of the mandate given to it by the Extraordinary Shareholders' Meeting held on May 25, 2001, resolved the issue in one or more installments of bonds denominated in euro or other currency by December 31, 2001, for a total maximum amount of euro 1 billion, demanding to the Managing Director the setting of amounts, currency, timing and characteristics of the individual issues, in addition to the possibility of applying for listing in the Italian and/or other foreign stock exchanges.

Annulment by the Lombardy Regional Court of Authority Resolution no. 238/00

The Lombardy Regional Court, with a pronouncement deposited on July 31, 2001, accepted the appeal made on March 6, 2001 by Electrone, a wholesaler of electricity, annulling Authority for Electricity and Gas Resolution no. 238/00 of December 28, 2000 on the "Definition of wholesale electricity prices for energy sold on the regulated market in 2001", reducing by 20% the cost component aimed at covering fixed costs. The Court deemed the appeal well founded, posing the accent on the total lack of information provided to interested parties on the start of the procedure culminating with the adoption of the Resolution and, in addition, on the lack of congruity, from the point of view of the motivations, of the amount of the reduction of tariffs, in consideration of the effect on companies distributing electricity on the regulated market and those operating on the free market. The Authority will appeal to the State Council, while at the present time there exists uncertainty on the immediate effect of the pronouncement.

Winning of the concession for the Integrated Water Service of the Latina Province

On July 30, 2001, Enel Hydro and Vivendi Water in consortium with four other partners (Acquedotto Pugliese, Siba, Italcogim and Emas) won the concession for the management of the Integrated Water Service Latina's area which includes 38 municipalities.
The service includes the distribution of drinking water, the collection and the treatment of sewage waters for a term of 30 years. The number of inhabitants served amounts to about 600,000 inhabitants, to which about 500,000 summer residents must be added.
The consortium will create a joint company held by public (51% stake) and private entities (49% stake), that will hold the integrated water concession for a period of 30 years. The project involves a total investment of euro 370 million to ensure the distribution of drinking water to the entire population of the area, improving the safety of the water supply. The projects includes also the completion of the sewage system and the increase of the water treatment capacity. The expected turnover amounts to about euro 50 million for the first year, and about euro 65 million per year once the project is complete.

Management of the Calabria Region water system

On August 3, 2001, Enel.Hydro and Acquedotto Pugliese won a contract for the management of the Calabria Region water system. A new management company will be created – Società Risorse Idriche Calabresi (So.Ri.Cal) – jointly by the Calabria Region, as major shareholder (51%), and Enel-Acquedotto Pugliese as minority shareholder. The joint company will manage the regional primary water supply and transport system, in addition to the completion and integration of the large amount of work provided for by Regional Law no. 10 of 1997. The winning of the contract came at the end of an auction involving major companies operating in the sector of the management and construction of water works. Enel-Acquedotto Pugliese's bid, deemed the most advantageous by the panel of experts appointed by the Calabria Region, envisages the progressive linking and integration of large water distribution networks in the region and the large basins that make up its heart, among which a number of hydroelectric basins owned by Enel.
The proposal, that includes innovative management techniques, has a strong investment plan of about euro 410 million, as a complement to European Union, national and regional public funds for water works provided under the agreement between the Italian State and the Calabria Region. After the incorporation expected in September 2001, the company will become fully operational at the beginning of 2002.

Participation of WIND to a joint-venture in Greece

WIND and Public Power Corporation (PPC), the Greek electricity national utility, signed on August 29, 2001 an agreement to offer broad band telecommunications services in Greece. A newly created joint venture owned by WIND with 50% plus one share and PPC for the balance will complete a last generation fiber optic *super highway* to offer fixed telephony, multimedia services and Internet applications. The new company will base its network architecture on PPC's extensive power line network, present on the whole national territory. A total investment of euro 839 million is expected for years 2001 to 2011, of which euro 355 million will be used in the next five years. Projected revenues amount to euro 350 million in 2005, rising to euro 850 million in 2011. An operating breakeven is expected within three years of the launch of the service, while by the end of the decade the projected number of employees is 700. At the same time, customers are expected to be around 1,500,000 for fixed telephones and 500,000 for the Internet service.
Services will be targeted both to corporate and residential customers, with the expectation of acquiring a respective market share of 18% and 14% by 2006, positioning the new company as the second fixed telephone operator in the Country, differentiating itself through innovation, price transparency, quality and convergence of service. In the Internet segment the company will emphasize content, innovative value added services aimed at

the workplace and entertainment, aiming in particular at corporations and young people. Synergies between the Internet and Digital TV will be sought in the future.
The operation opens WIND's international expansion in high growth potential markets, starting in the Mediterranean Basin.

Joint venture between Sei and Fidis (FIAT Group) for the management of company fleets

On September 5, 2001, the European Commission gave the green light for the creation of a joint venture between Sei and Fidis (Fiat Group) that will be active in fleet management. Fidis has a 51% share in the new company, named Leasys, while Sei holds the remaining 49%. Leasys will specialize in the supply of long-term leasing of heavy and light vehicles, in addition to the management of motor vehicle parts in Italy. The two partners will bring into the company their fleets of automobiles and light commercial vehicles, in addition to the long-term renting contracts relating to the same. In addition Fidis will contribute all other fleet management contracts and Sei will bring its heavy commercial vehicles and the related long-term renting contracts. The joint venture is expected to become operational by the end of 2001.

Management expectations of operations in 2001

In the second part of the year, the sales of Elettrogen and important metropolitan distribution networks is expected to be completed, with a consequent reduction in the market share held in the electricity market. The effect on the gross operating margin could be partly offset by the good demand for electricity, cost reduction and the development of new activities. In the telecommunications sector in particular a breakeven in terms of operating margin is expected to be reached in the second half of the year.
The disposal of assets will however generate large capital gains and a strong cash flow, with benefits in terms of return on equity and reduction of debt.

Financial review

A reclassified Income Statement of the Enel Group for the first half of 2001, obtained by reclassifying, according with criteria in line with international practice, the Income Statement prepared in accordance with Italian Law, is shown in the table that follows. To provide a comparison on a homogeneous basis with data reported for the first six months of 2000, the related income statement has been restated to include the line-by-line consolidation of WIND for the first six months of the year, and that of Infostrada, inclusive of the economic effect of its acquisition (amortization of consolidation differences and higher financial charges), for the second quarter of 2000. The table includes also the Income Statement for the first half of 2000 in the previously published version in which WIND was consolidated on equity. Changes shown in the table and subsequent comments refer to changes from the restated income statement for the first half of 2000.

In millions of euro		%		%		%		%
	1st half 2001		1st half 2000 restated		Change		1st half 2000	
Revenues:								
- Electricity sales and Electricity Equalization Fund contributions	11,372	79.6	10,580	88.6	792	7.5	10,582	93.0
- Telecommunication services	1,141	8.0	608	5.1	533	87.7	-	-
- Other revenues	1,778	12.4	754	6.3	1,024	135.8	792	7.0
Total revenues	**14,291**	**100.0**	**11,942**	**100.0**	**2,349**	**19.7**	**11,374**	**100.0**
Operating costs:								
- Personnel	1,891	13.2	1,909	16.0	(18)	(0.9)	1,810	15.9
- Fuel consumption	2,607	18.2	2,612	21.9	(5)	(0.2)	2,612	23.0
- Electricity purchased	1,743	12.2	1,791	15.0	(48)	(2.7)	1,791	15.7
- Interconnections and roaming	672	4.7	429	3.6	243	56.6	-	-
- Services, leases and rentals	2,007	14.0	961	8.0	1,046	108.8	791	7.0
- Fuel for trading and gas for distribution	358	2.5	58	0.5	300	517.2	58	0.5
- Materials	490	3.4	512	4.3	(22)	(4.3)	378	3.3
- Other costs	322	2.3	199	1.7	123	61.8	148	1.3
- Capitalized expenses	(415)	(2.9)	(472)	(4.0)	57	12.1	(455)	(4.0)
Total operating costs	**9,675**	**67.7**	**7,999**	**67.0**	**1,676**	**21.0**	**7,133**	**62.7**
GROSS OPERATING MARGIN	**4,616**	**32.3**	**3,943**	**33.0**	**673**	**17.1**	**4,241**	**37.3**
Depreciation and accruals:								
- Depreciation	2,104	14.7	1,983	16.6	121	6.1	1,700	14.9
- Accruals and write-downs	162	1.1	170	1.4	(8)	(4.7)	149	1.3
Total depreciation and accruals	**2,266**	**15.8**	**2,153**	**18.0**	**113**	**5.2**	**1,849**	**16.2**
OPERATING INCOME	**2,350**	**16.5**	**1,790**	**15.0**	**560**	**31.3**	**2,392**	**21.1**
- Net financial income (expense)	(521)	(3.6)	(373)	(3.1)	(148)	(39.7)	(269)	(2.4)
- Equity investments	-	-	-	-	-	-	(197)	(1.7)
INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**1,829**	**12.9**	**1,417**	**11.9**	**412**	**29.1**	**1,926**	**17.0**
- Net extraordinary income (expense)	457	3.2	(21)	(0.2)	478	-	(21)	(0.2)
INCOME BEFORE TAXES	**2,286**	**16.1**	**1,396**	**11.7**	**890**	**63.8**	**1,905**	**16.8**
- Income taxes	921	6.4	721	6.0	200	(27.7)	922	8.1
INCOME BEFORE MINORITY INTERESTS	**1,365**	**9.7**	**675**	**5.7**	**690**	**102.2**	**983**	**8.7**
- Minority interests	164	1.1	186	1.6	(22)	11.8	(1)	-
NET INCOME	**1,529**	**10.8**	**861**	**7.3**	**668**	**77.6**	**982**	**8.7**

Revenues

Revenues for the first six months of 2001 amount to euro 14,291 million, increasing by euro 2,349 million (up 19.7%) over the first six months of 2000. Changes in major items are reviewed below.

Electricity sales and Electricity Equalization Fund contributions

Starting January 1, 2001, due to the integration in the tariff of the revenue component aimed at covering fuel costs, which until December 31, 2000 was paid to the Group as contributions from the Electricity Equalization Fund, electricity sales and Electricity Equalization Fund contributions must be considered together. Revenues from the sale of electricity, thus defined, increase in the first six months of 2001 by euro 792 million (up 7.5%), growing from euro 10,580 million to euro 11,372 million. One aspect of the evolution of the electricity market, represented by the sale, starting in 2001, of electricity produced from renewable sources (CIP Regulation no. 6/92) to the ISO, instead of directly to Enel Distribuzione, resulted in an increase in revenues of about euro 130 million. An additional euro 23 million are represented by revenues reported by CHI Energy, acquired at the end of 2000. The residual part, amounting to euro 639 million, is due to the following factors:

- the definition, starting in 2001, of a single sale price of electricity, independent of the energy source. Such price now includes the share covering variable production costs previously contributed by the Electricity Equalization Fund limited to thermal electricity generation. Consequently higher revenues currently deriving from hydroelectric and geothermal production, generated by plants that do not fall under the provisions of CIP Regulation 6/92, are in part offset by higher National Transmission Network access charges (the so called "Hydroelectric Surcharge") which in turn, contributes, to determine the strong increase in operating costs;
- a unit increase, over the first half of 2000, of the electricity sale price component aimed at covering variable production costs, growing from an average of euro 3.63 cents per kWh in the first six months of 2000, to euro 4.8 cents in the first half of 2001 (up 32.2%), due to the fact that such component is calculated on the price of fuels in force in the second part of 2000, a period in which they were particularly high;
- the recording in June 2001 of past years' contributions on electricity generation from plants falling under the provisions of CIP Regulation no. 6/92, amounting to euro 243 million;
- the decline in the amount of electricity sold (down 9,429 million kWh, equal to about 8.3%) following the opening up of the market, and
- the decline in tariffs for electricity sold on the regulated market (down about 11% on the average), induced by the price-cap mechanism and the average reduction of about euro 0.52 cents (lire 10) per kWh, established by the Authority, in the electricity price component aimed at covering fixed production costs.

In the first half of 2001, the effect of the tariff cut was partly offset by the shift of the mix of sales towards more remunerative voltages. Low voltage sales represented 58.8% of total Group sales on the regulated market, against 49.8% in the first half of 2000. Enel Distribuzione benefited from the opening up of the market, supplying electricity transport services to operators in the free market.

Telecommunication services

Revenues from telecommunications services increased from euro 608 million in the first six months of 2000, to euro 1,141 million in the same period in 2001, growing by euro 533 million (up 87.7%) due to the increasing market penetration of WIND and Infostrada, in addition to the growth of the market in which they operate.

Other revenues

Other revenues increase in the first six months of the year by euro 1,024 million (up 135.8%) due to:

- energy transport fees, amounting to euro 354 million, charged to the ISO in the first six months of 2001. Until December 31, 2000 such amounts where invoiced to Enel Distribuzione and Enel Trade. The change is due to the introduction of new regulations for the electricity market and the increasing number of tasks assumed by the ISO, as provided by law;
- higher energy transport fees recorded by Enel Distribuzione, up euro 141 million, mainly due to higher amounts of energy for the free market transported on its network;
- an euro 234 million increase in revenues from fuel trading;
- an increase of euro 121 million in revenues from the sale of natural gas;
- higher engineering and contracting revenues, up euro 88 million;
- the reversal of accruals made in 2000, amounting to euro 117 million, against estimated stranded cost charges. The provision is no longer justified following the issue of new regulations on the part of the Ministry of Industry and the Authority in the first half of 2001;
- lower revenues (down euro 23 million) from connection fees and other minor components.

Operating costs

Operating costs increase from euro 7,999 million in the first half of 2000, to euro 9,675 million in the same period in 2001, registering an increase of euro 1,676 million (up 21.0%), as described more in detail below.

Personnel

Personnel cost declines by euro 18 million (down 0.9%) due to a reduction of euro 62 million in the electricity sector and in other activities, an increase of euro 33 million in telecommunications, and an increase of euro 11 million due to changes in the consolidation area of the gas sector and to CHI Energy.

The reduction registered by the electricity sector is linked to the decline in the average number of employees, down about 6%, whose effect was partly offset by the recording of charges for the first six months of the year connected with the conclusion of the national labor contract for the category.

The growth registered in the telecommunications sector is due primarily to the increase in the average labor force in the period, due to stronger activity.

Fuel consumption and electricity purchased

Fuel consumption for thermal generation, amounting to euro 2,607 million, is in line with the first six months of 2000 (euro 2,612 million), despite a 13.6% decline in thermal electricity generated, due to a higher average cost of fuels used in the first six months of 2001, as a result of the appreciation of the US$ and of the increase in the price of coal.

The cost for the purchase of electricity from third parties declines by euro 48 million (down 2.7%), in line with the reduction in the amounts acquired by the Group (down 2.4%).

Interconnection and roaming

Such services, relating exclusively to the telecommunications sector, increase by euro 243 million (up 56.6%), registering a lower growth than revenues, up 87.7%. As a percentage of total sales for the sector, they decline from 70.6% in the first six months of 2000, to 58.9% in the first six months of 2001, following the rapid development of the networks owned by the Group.

Services, leases and rentals

The cost of services, leases and rentals increase over the first six months of 2000 by euro 1,046 million (up 108.8%) due to the following factors:

- an increase of euro 489 million in National Transmission Network access fees paid on electricity generated by hydroelectric and geothermal plants that do not fall under the provisions of CIP Regulation no. 6/92 (Hydroelectric Surcharge);
- an increase of euro 399 million in electricity transport costs following the introduction of new regulations, as described above, and to higher activity registered by Enel Trade on the free market;
- an increase of about euro 90 million in the cost of services linked to telecommunications services (outsourcing of Call Center, commissions paid to distributors, lease of circuits, personnel accessory costs, etc.), correlated to the increase in traffic and to the development and management of the network;
- an increase of about euro 40 million in the cost of external services used by the engineering and contracting segment, also registering a strong growth in the first half of the year;
- an increase of about euro 20 million in the cost of information technology services due to the SAP project, the translation into euro of the various software applications used, the Digital Meter and Contact Center projects in the distribution area, etc.;
- the effect of changes in the consolidation area in the gas distribution sector, in addition to the consolidation of CHI Energy, equal to euro 8 million.

Other costs

Other operating costs include the following:

- costs for the acquisition of fuel for trading and gas for distribution, increasing from euro 58 million on the first half of 2000, to euro 358 million in the same period in 2001, with a growth of euro 300 million linked to the development of the two operating sectors;
- material costs, declining by euro 22 million (down 4.3%) due to streamlining and to the slowdown in construction in the first six months of the year;
- other costs, increasing by euro 123 million, growing from euro 199 million to euro 322 million in the first six months of 2001, mainly due to higher non recurrent items and capital losses, amounting to euro 77 million, to an increase of euro 18 million in local taxes, in addition to euro 10 million as contributions for the continuity of service;
- capitalized expenses, declining from euro 472 million to euro 415 million due to lower construction of plants using internal resources.

Gross operating margin

Gross operating margin for the first six months of 2001 amounts to euro 4,616 million, increasing by euro 673 million (up 17.1%) over the first six months of 2000. The change is due to the following factors:

In millions of euro		
Improvement in the telecommunication sector		162
Development of new activities		44
Improvement in the electricity sector:		
- recognition of previous years' Electricity Equalization Fund contributions	243	
- recording as income of accrual made in 2000 to the provision for stranded costs	117	
- benefits registered on fuels and the shift in production source mix, net of the decline in tariffs and volumes sold	107	
		467
TOTAL		**673**

The improvement in the telecommunications sector is due to the success of services supplied by WIND and Infostrada. Strong benefits are expected from synergies in the commercial and operating areas resulting from the merger of the two companies, that in the first half of the year operated separately.
Contributions to the gross operating margin of new activities were made by CHI Energy (euro 16 million), by gas distribution companies (euro 13 million), fuel trading (euro 11 million), and public lighting (euro 4 million).
In the first half of 2001, the electricity sector recorded non recurrent revenues amounting to euro 360 million, represented by euro 243 million of previous years contributions on CIP Regulation no. 6/92 plants, and euro 117 million, resulting from the reversal of the amount accrued to the provision for stranded costs in 2000, recorded as profits. Operations in the first half of 2001 benefited from advantages in the use and reimbursement of the cost of fuels, in addition to a more favorable production source mix and to the introduction of new tariffs providing equal remuneration for all types of energy, independent from the source from which it is produced (with the partial adjustment represented by the Hydroelectric Surcharge). Such benefits more than offset the impact of the decline in tariffs (down about 11%), and the reduction in sales volumes (down 8.3%).

Operating income

Operating income increases from euro 1,790 million to euro 2,350 million, growing by euro 560 million (up 31.3%) over the first half of 2000, after higher depreciation and accruals amounting to euro 113 million. The telecommunications sector recorded an euro 155 million increase in depreciation and accruals due primarily to strong capital expenditure on the network. In addition, euro 16 million are represented by the amortization of consolidation differences resulting from the acquisition of new gas distribution companies and of CHI Energy. In the electricity sector, depreciation and accruals declined by euro 58 million due to lower accruals and lower depreciation resulting from efficiency improvements in investments achieved in the last four years.

Net financial expense

Net financial expense increases from euro 373 million to euro 521 million (up 39.7%) due to higher debt used primarily to finance investments in the telecommunications sector (among which the UMTS license), the acquisition of companies in the gas distribution and renewable sources generation sectors.
The ratio of net financial expense to revenues increases to 3.6% from 3.1% in the first half of 2000. The ratio of operating income on net financial expense is 4.5 for the first six months of 2001, in line with the same period in 2000 in which it was equal to 4.8.

Extraordinary items

Extraordinary items, which in the first half of 2000 were represented by net charges amounting to euro 21 million, in the first six months of 2001 are positive by euro 457 million.
Extraordinary income includes euro 501 million relating to the recording of electricity supplied at the end of 2000 that may not be recorded in such year due to the previously used meter reading method, as explained in the notes to the financial statements. A further relevant element is represented by the capital gain recorded on the sale of generation plants located in the Valle d'Aosta Region, amounting to euro 429 million. Other capital gains derive from the sale of a 49% share in Deval for euro 18 million, and of a 51% share in Immobiliare Rio Nuovo for euro 8 million.
Extraordinary charges relate primarily to the write-down of euro 501 million recorded following the planned early recall of analog meters currently in use, due to the installation of digital meters in the context of the Telemanager project.

Income before taxes

Income before taxes increases over the first six months of 2000 by euro 890 million (up 63.8%) due to the following:

In millions of euro	
Change in operating income	560
Increase in net financial expense	(148)
Extraordinary items	478
TOTAL	**890**

Income taxes

The effective tax rate for the first six months of 2001 is equal to 40.3%, as compared with 51.6% in the first six months of 2000, restated to take into account the line-by-line consolidation of WIND and Infostrada, and the effects connected with acquisition of the latter. The tax rate for the first half of 2001 is affected by high capital gains on which a 19% substitute tax applies in lieu of the normal tax rate (IRPEG and IRAP) of 40.25%. The tax rate applicable to ordinary income alone is equal to 47%, as compared with 48.4% in the first six months of 2000.
In the first half of 2001 WIND recorded tax credits on the losses incurred in the period, based on the amount expected to be retrieveed no credit was recorded in the first half of 2000.
Taxes for the first half of 2001 were positively affected by the one percent reduction in the corporate tax rate over that applicable in 2000.

Financial flows for the first half of 2001 are shown in the statement of cash flows that follows, compared with the one for the same period in 2000 previously published. The latter represented a consolidation area that did not include the telecommunications sector, as WIND had at that time been consolidated on equity. Flows for the first half of 2001 relate to the new consolidation area, taking into account WIND's activities for the full period and those of Infostrada for the second quarter, in addition to new companies operating in the gas sector and CHI Energy, acquired at the end of 2000.

In millions of euro

	1st half 2001	1st half 2000	Change
CASH FLOW FROM OPERATIONS			
Net income (including minority interests)	1,365	983	382
Depreciation	2,104	1,700	404
Write-down of fixed assets	501	198	303
Net change in provisions	(224)	49	(273)
Net change in employee termination indemnity provision	(4)	41	(45)
Capital gains/losses and extraordinary items	(935)	4	(939)
Interest income	(92)	(52)	(40)
Interest expense	617	321	296
Income taxes	921	922	(1)
Cash generated by operations before changes in net current assets	*4,253*	*4,166*	*87*
(Increase)/Decrease:			
Inventories	(47)	(256)	209
Receivables	(976)	42	(1,018)
Accrued income and prepaid expenses	(145)	(160)	15
Net current receivables from Electricity Equalization Fund	1,412	(540)	1,952
Payables	(913)	(457)	(456)
Other liabilities	91	179	(88)
Cash generated by operations	*3,675*	*2,974*	*701*
Interest received	92	52	40
Interest paid	(440)	(286)	(154)
Income taxes paid	(682)	(694)	12
Cash generated by current operating activities	**2,645**	**2,046**	**599**
CASH FLOW FROM INVESTMENTS			
Investments in intangible assets	(559)	(54)	(505)
Investments in tangible assets	(1,576)	(1,162)	(414)
Investments in consolidated subsidiaries (net of cash belonging to acquired companies)	(8,127)	(54)	(8,073)
Investments in long-term financial assets and other investments	(34)	(362)	328
Disposal of tangible assets	1,235	40	1,195
Other changes in fixed assets	(23)	47	(70)
Cash employed in investing activities	**(9,084)**	**(1,545)**	**(7,539)**
CASH FLOW FROM FINANCING ACTIVITIES			
Change in medium- and long-term debt	2,239	(758)	2,997
Change in net short-term debt and credit lines	5,694	1,531	4,163
Dividends paid and reserves distributed	(1,578)	(1,453)	(125)
Capital increases contributed by third parties	191	-	191
Cash employed in financing activities	**6,546**	**(680)**	**7,226**
CASH FLOW GENERATED (EMPLOYED) IN THE SIX MONTHS	**107**	**(179)**	**286**
BEGINNING CASH BALANCE	**491**	**530**	**(39)**
WIND's beginning cash balance	61	-	61
ENDING CASH BALANCE	**659**	**351**	**308**

Balance sheet items relating to WIND and purchases of control shares in other companies in the first six months of 2001, are shown in the table that follows:

In millions of euro	Consolidation of WIND	Companies acquired	Total
Consolidation differences	562	8,028	8,590
Intangible assets	2,418	796	3,214
Tangible assets	1,234	1,020	2,254
Financial assets	(772)	14	(758)
Total assets	*3,442*	*9,858*	*13,300*
Net current assets	(712)	(540)	(1,252)
Provisions and other items	(6)	(8)	(14)
Financial payables	(2,785)	(1,183)	(3,968)
TOTAL	**(61)**	**8,127**	**8,066**

Cash flow from operations

Cash generated from operations in the first half of 2001 is equal to 2,645 million euro, increasing by 599 million euro over the first six months of 2000, due to the following factors:

- the euro 87 million improvement in cash generated from operations before changes in net current assets;
- higher contribution, up euro 614 million, supplied by the management of net current assets, resulting from a reduction of euro 1,412 million in net receivables from the Electricity Equalization Fund due to the payment of previous year's receivables (in the first half of 2000, net receivables increased by euro 540 million, so that the difference between the flows amounts to euro 1,952 million) partly absorbed by the change in other components, particularly the increase in receivables. These determined a negative differential in terms of cash flow amounting to euro 1,018 million, deriving primarily from the adjustment of the criteria for the assessment of tariff revenues on the regulated market introduced by the new regulations. Other factors contributing to the increase in exposure are represented by higher receivables from the ISO for the sale of electricity from plants falling under the incentives of CIP Regulation no. 6/92 and for the use of the National Transmission Network owned by Terna, in addition to higher volumes traded by Enel Trade on the free market for electricity. Payables determined a negative net flow of euro 456 million, induced primarily by the payment of adjustments on year 2000 electricity purchases from third parties, compensated by the retrieval of receivables from the Electricity Equalization Fund on the same account;
- euro 114 million in higher net financial charges, resulting from the growth in financial debt.

Cash flow from investments

Financial requirements relating to investments, net of cash generated by divestments, increased in the first six months of 2001 by euro 7,539 million, mainly due to the acquisition of Infostrada, resulting in an outlay of euro 7,632 million. Revenues from the sale of generation activities in the Valle d'Aosta Region, a 51% share in Immobiliare Rio Nuovo and other minor assets, generated a cash flow increase equal to euro 1,195 million, allowing to cover higher financial requirements relating to other investments, amounting to euro 441 million (concentrated mainly in the gas distribution sector) and capital expenditure.

Cash flow from financing activities

Cash requirements absorbed by investments were covered by new medium- and long-term debt and the use of revolving credit lines.
Medium- and long-term debt increases in the first half of 2001 by euro 2,239 million, against net repayments amounting to euro 758 million made in the first half of 2000. New loans amounted to euro 2,781 million, of which euro 2,000 million relating to a 5% fixed coupon, three-year bond issue, while other repayments were equal to euro 542 million.
The euro 5,694 million increase in net short-term debt (the increase was equal to euro 1,531 in the first six months of 2000), was met primarily through use of the euro 10 billion revolving credit line underwritten in the second part of 2000 to finance, among other things, the acquisition of Infostrada. The sale of assets already concluded (sale of Elettrogen and sale of Rome's electricity distribution network to ACEA) and those currently underway (primarily electricity distribution networks in large urban areas) will allow a significant reduction in short-term financial debt.

Cash flow generated in the six months and cash balance

The combined effect of various financial flows determined an increase in the beginning cash balance of euro 107 million. The ending cash balance, equal to euro 659 million, is represented by cash at banks and Post Office accounts amounting to euro 532 million, and by euro 127 million in other short-term financial assets.
Current account balances represent primarily funds used to cover payments to be made at the beginning of July 2001.

Total financial debt at June 30, 2001 and changes from the restated accounts at December 31, 2000, reflecting the line-by-line consolidation of WIND and the effect of the acquisition of Infostrada are shown in the table that follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000 restated	Change	at Dec. 31, 2000
Medium-and long-term debt:				
- Bank loans	6,379	5,803	576	3,845
- Bonds	8,462	6,675	1,787	6,675
- Own bonds and other items	(570)	(573)	3	(574)
	14,271	*11,905*	*2,366*	*9,946*
- Payables to other financing entities	554	1,358	(804)	105
Total medium- and long-term debt	**14,825**	**13,263**	**1,562**	**10,051**
Loan extended to WIND Telecomunicazioni	-	-	-	(468)
Medium- and long-term net financial position	**14,825**	**13,263**	**1,562**	**9,583**
Short-term debt:				
- 18-month loans	1,024	1,024		1,024
- Use of revolving credit lines	7,003	9,048	(2,045)	1,666
- Other short-term bank debt	3,198	1,367	1,831	1,339
	11,225	*11,439*	*(214)*	*4,029*
Other short-term financial debt	3	339	(336)	317
Total short-term debt	**11,228**	**11,778**	**(550)**	**4,346**
Factoring receivables	(265)	(55)	(210)	(55)
Cash at banks and marketable securities	(659)	(560)	(99)	(491)
	(924)	**(615)**	**(309)**	**(546)**
Net short-term financial position	**10,304**	**11,163**	**(859)**	**3,800**
TOTAL FINANCIAL DEBT	**25,129**	**24,426**	**703**	**13,383**

A Balance Sheet at June 30, 2001, reclassified in accordance with international accounting practices and compared with the Balance Sheet at December 31, 2000, restated to keep into account the line-by-line consolidation of WIND and to reflect the effect of the acquisition of Infostrada (considering the consolidation difference and the increase in debt resulting from the acquisition), is reported in the table that follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000 restated	Change	at Dec. 31, 2000
Net fixed assets:				
- Tangible and intangible	50,867	50,971	(104)	38,067
- Financial	786	695	91	1,465
Total	51,653	51,666	(13)	39,532
Net current assets:				
- Trade receivables	6,136	4,444	1,692	3,709
- Inventories	1,757	1,708	49	1,651
- Other assets and net receivables from Electricity Equalization Fund	1,321	2,792	(1,471)	2,723
- Trade payables	(4,787)	(6,107)	1,320	(4,538)
- Net taxes payable	(652)	(196)	(456)	(239)
- Other liabilities	(6,035)	(5,336)	(699)	(4,866)
Total	(2,260)	(2,695)	435	(1,560)
Gross capital employed	49,393	48,971	422	37,972
Provisions:				
- Employee termination indemnity	(1,561)	(1,557)	(4)	(1,525)
- Retirement benefits	(402)	(414)	12	(413)
- Net deferred taxes	(2,789)	(2,862)	73	(3,152)
- Other provisions	(967)	(1,213)	246	(1,170)
Total	(5,719)	(6,046)	327	(6,260)
Net capital employed	43,674	42,925	749	31,712
Shareholders' Equity	18,277	18,312	(35)	18,312
Minority interests	268	187	81	17
Total Shareholders' Equity	18,545	18,499	46	18,329
Total financial debt	25,129	24,426	703	13,383
TOTAL	**43,674**	**42,925**	**749**	**31,712**

Net fixed assets are in line with those at the end of the previous year, shown in the restated Balance Sheet.

Tangible and intangible assets decline by euro 104 million due to the following factors:

- a depreciation expense for the six months amounting to euro 2,104 million;
- a write-down of the unamortized value of analog meters of euro 501 million, due to their expected replacement with digital meters;
- divestments amounting to euro 833 million;
- direct investments amounting to euro 2,135 million;
- increases due to acquisitions made in the first six months of the year in the gas distribution and renewable sources generation sectors, amounting to euro 823 million;
- accessory costs connected with the acquisition of Infostrada incurred at the end of the first half of 2001, amounting to euro 372 million and not reflected in the balance reported in the restated accounts at December 31, 2000.

The increase in financial assets, equal to euro 91 million, is made up by euro 49 million relating to the 49% share in Immobiliare Rio Nuovo, and to receivables from the same.

Net current assets, having a negative balance of euro 2,695 million at the end of 2000, amount at June 30, 2001 to negative euro 2,260 million. The change is due mainly to the increase in trade receivables and to a reduction in trade payables, offset by the reduction of receivables from the Electricity Equalization Fund as a result of changes discussed in the analysis of the cash flow for the period.
The increase in net taxes payable reflects the recording of the tax expense for the period, net of payments made, while the increase in other liabilities is due primarily to the recording in the first half of 2001 of the payment of euro 362 million representing the balance due on the UMTS license, in addition to the euro 112 million increase in payables to personnel following the conclusion of the electricity sector national labor contract.

Net capital employed increases from euro 42,925 million at the end of 2000 to euro 43,674 million at June 30, 2001, up euro 749 million, due also to a reduction in other provisions of euro 327 million. Capital employed is represented by Shareholders' Equity (Group and minority interests) amounting to euro 18,545 million and total financial debt of euro 25,129 million. The ratio between total financial debt and total Shareholders' Equity is equal to 1.3, in line with the restated accounts at December 31, 2000.
Excluding in the Financial Statements at December 31, 2000 the expense for the acquisition of Infostrada and the debts of the same, the ratio between total financial debt of the Group (euro 16,107 million) and total Shareholders' Equity (euro 18,499 million), would be equal to 0.9.

Consolidated Financial Statements

Consolidated Balance Sheet

In millions of euro

ASSETS	at June 30, 2001	at Dec. 31, 2000	at June 30, 2000
SHARE CAPITAL NOT PAID-IN	-	-	-
FIXED ASSETS			
Intangible assets	14,374	2,323	2,317
Tangible assets	36,493	35,744	37,410
Financial assets	786	1,935	846
Total fixed assets	51,653	40,002	40,573
CURRENT ASSETS			
Inventories	1,757	1,651	1,261
Receivables	9,057	8,916	6,027
Short-term investments	932	701	521
Cash and cash equivalents	535	390	351
Total current assets	12,281	11,658	8,160
ACCRUED INCOME AND PREPAID EXPENSES	319	159	289
TOTAL ASSETS	**64,253**	**51,819**	**49,022**

In millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY	at June 30, 2001	at Dec. 31, 2000	at June 30, 2000
SHAREHOLDERS' EQUITY			
Capital stock	6,263	6,263	6,263
Legal reserve	1,253	1,253	1,253
Other reserves	2,258	3,146	3,146
Retained earnings	6,974	5,462	5,463
Group's share in net income	1,529	2,188	982
Shareholders' Equity	18,277	18,312	17,107
Minority interests	268	17	8
Total Shareholders' Equity	18,545	18,329	17,115
PROVISIONS FOR RISKS AND CHARGES	5,236	5,372	5,499
EMPLOYEE TERMINATION INDEMNITY	1,561	1,525	1,588
ACCOUNTS PAYABLE			
Bonds	8,462	6,675	6,833
Bank debt	17,604	7,874	6,740
Trade and other payables	11,911	11,389	10,482
Total payables	37,977	25,938	24,055
ACCRUED LIABILITIES AND DEFERRED INCOME	934	655	765
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**64,253**	**51,819**	**49,022**
COMMITMENTS			
Guarantees given	90	90	21
Other	45,859	47,666	91,319
Total commitments	45,949	47,756	91,340

Consolidated Income Statement

In millions of euro

	1st half 2001	1st half 2000	2000
REVENUES			
Sales and services	13,840	11,127	24,591
Change in contract work in progress	133	73	97
Capitalized expenses	415	455	878
Other revenues	340	174	506
Total revenues	**14,728**	**11,829**	**26,072**
OPERATING COSTS			
Raw materials and fuel	5,110	4,972	11,262
Services received	2,432	674	2,295
Leases and rentals	268	117	232
Personnel	1,891	1,810	3,531
Depreciation	2,104	1,700	3,459
Write-downs	75	45	75
Change in inventories	89	(133)	(368)
Accruals to provisions for risks and charges	47	78	222
Other accruals	40	26	237
Other operating costs	322	148	374
Total operating costs	**12,378**	**9,437**	**21,319**
Operating income	**2,350**	**2,392**	**4,753**
FINANCIAL INCOME AND EXPENSE			
Investment income	4	1	-
Other financial income	92	51	150
Interest and other financial charges	617	321	798
Total financial income (expense)	**(521)**	**(269)**	**(648)**
ADJUSTMENTS TO THE VALUE OF INVESTMENTS	-	(197)	(458)
EXTRAORDINARY ITEMS			
Extraordinary income	1,037	24	415
Extraordinary expense	580	45	223
Total extraordinary items	**457**	**(21)**	**192**
Income before taxes	2,286	1,905	3,839
Income taxes	921	922	1,649
Net income	1,365	983	2,190
Minority interests	164	(1)	(2)
GROUP NET INCOME	**1,529**	**982**	**2,188**

Notes to the Financial Statements

Form and content of the Consolidated Financial Statements

The area of consolidation includes the Group's Parent Company, Enel, and the companies on which it exercises, either directly or indirectly, control by holding the majority of the voting rights, pursuant to article 2359 of the Italian Civil Code.
As shown in the attached list of investments, a number of companies and consortia have been excluded from the consolidation area due to their scarce relevance.
A list of companies included in the consolidation area using the line-by-line method and for which the financial year coincides with the calendar year, is enclosed and represents an integral part of the present notes.
The consolidation area experienced relevant changes over the previous financial year due to the line-by-line consolidation of WIND Telecomunicazioni, previously valued on equity due to restrictions to the exercise of its control, and the inclusion in the consolidation area of newly acquired companies Infostrada (whose consolidation was limited to the second Quarter, following its acquisition at the end of March 2001), EGI and gas distribution companies. With reference to EGI (acquired at the end of June 2001) and some gas companies acquired in the months of May and June 2001, the consolidation was limited to balance-sheet items. Companies Deval and Ape Gruppo Enel became operative in the first six months of the year and have therefore been consolidated for the first time. Such changes are overall relevant and major entries have been included in the notes.
The financial statements of consolidated companies have been prepared in accordance with criteria established by Italian Law, interpreted and integrated by accounting principles generally accepted in Italy, consistent throughout the Group, eliminating where necessary entries made solely for tax purposes and bringing them into line with accounting principles adopted in the preparation of the Financial Statements of the Group's parent company.
Authority for Electricity and Gas Resolution no. 230 dated January 5, 2001, included in the tariffs paid to distribution companies the component aimed at covering the cost of fuel, which, until 2000, was paid out by the Electricity Equalization Fund to generation companies. Starting January 1, 2001, revenues for the sale of electricity on the regulated market include therefore such component which was previously recorded among contributions from the Electricity Equalization Fund.
With the aim of retaining comparability between revenues from the sale of electricity and related costs, otherwise altered by the introduction of the new tariff system, starting on January 1, 2001, revenues from the sale of electricity on the regulated market include amounts supplied in the period, adjusted for estimated, consumption from the lost availablepre-set readings. Until December 31, 2000, only consumption read at set intervals from meters was considered. Consequently, following changes occurred, it has been necessary to record among extraordinary income for the first half of 2001, euro 501 million relating to electricity supplied at the end of the 2000 financial year that according to previously adopted reading schedules could not be recorded in the same year.

Consolidation principles

Main consolidation techniques adopted in line with the previous year are described below.

- The difference between the acquisition cost of equity investments and the related share in the Shareholders' Equity acquired is recorded as an adjustment to specific asset or liability items, based on the valuation made at the time at which the share was purchased or at which control was acquired, in case the latter is due to subsequent equity acquisitions. Positive differences are recorded under intangible assets as "Consolidation differences"; negative amounts are recorded under "Consolidation Reserve" in the consolidated Shareholders' Equity.
- Minority interests in the income and Shareholders' Equity of consolidated companies are recorded in the Income statement and under Shareholders' Equity in the Balance Sheet.

- Relevant unrealized gains and losses from transactions between Group companies as well as debit and credit items, costs and revenues generated between consolidated companies are eliminated.
- Dividends distributed between Group companies are eliminated from the Consolidated Income Statement.
- Adjustments made to the financial statements of individual companies to eliminate tax related entries with the aim of bringing them into line with accounting principles consistently applied within the Group, and all other consolidation adjustments, keep into account, when applicable, prepaid and deferred taxes, recorded in the tax provision.
- Balance Sheet items of companies operating in countries that are not part of the euro area are translated into Italian lire at the exchange rate in force at the closing of the Financial Statements (euro 1.179 per US dollar; euro 1.658 per British Pound). Income statement items are translated into Italian lire at the average exchange rate for the period (euro 1.113 per US dollar; euro 1.603 per British Pound). Differences arising from the translation into Italian lire of the accounts are recorded in the Shareholders' Equity under the "reserve for foreign exchange translation differences".

Accounting principles

The valuation criteria used in the preparation of the Financial Statements at June 30, 2001 are consistent with those applied in the Financial Statements at December 31, 2000. These criteria are in line with those provided for in article 2426 of the Italian Civil Code, integrated by the accounting principles adopted by the Italian accounting profession.
The most significant criteria are illustrated below.

Intangible assets

Intangible assets are recorded following the same criteria adopted for tangible assets. They include the non-amortized balance of investments whose economic life spans over several years. For assets acquired for a consideration, depreciation is recorded in the balance sheet and calculated on a straight line over five years or a different period deemed to be more representative of the expected useful life of the assets. Such criteria is adopted also for consolidation differences. The extraordinary contribution due upon the suppression of the Electricity Sector Employee Pension Fund, pursuant to Law 488, December 23, 1999 (2000 Budget Law), has also been recorded under intangible assets. The amount is amortized over a period of 20 years, as allowed by Law.

Tangible assets

Tangible assets are recorded at purchase or production cost, inclusive of any additional expense incurred, and of revaluations made pursuant to applicable regulations. The value of primary electric equipment includes interest on investment in new equipment up to December 31, 1988. In case of permanent impairment in value, costs recorded are written down accordingly (net of accumulated depreciation).
Ordinary maintenance costs are charged to the income statement for the year in which they have been incurred.
Tangible assets are depreciated on a straight line at rates reflecting their expected residual useful life, determined according to specific surveys, keeping into account, in the case of distribution networks, contributions received from customers. Assets in concession are amortized over the life of the concession, where this is shorter than the expected useful life.

With reference to the electricity sector, main depreciation rates applied are shown in the table that follows.

	Depreciation rate
Buildings	2.5%
Hydroelectric power plants (*)	2.5%
Thermal power plants (*)	5.0%
Geothermal power plants	8.0%
Power plants using other sources	4.7%
Power lines	2.85%
Transformer stations	5.0%
Medium- and low-voltage distribution lines	5.0-5.5%

(*) Excluding assets in concession.

The above rates are reduced by half for assets acquired during the year.
Depreciation charges in excess of the above rates, recorded by individual companies exclusively for tax purposes, have been netted out, taking into account the related tax effect.

Financial assets

Equity investments in unconsolidated subsidiaries and in other companies are valued at the acquisition or underwriting cost, adjusted where necessary for permanent impairment in value. Investments in affiliated companies are valued at equity.

"Other securities" include Enel bonds recorded at nominal value and other bonds recorded at the acquisition cost, adjusted downwards in case of permanent loss in value.

Inventories

Raw material, auxiliary and consumption goods inventories are valued at the weighted average acquisition cost.
Obsolete and slow moving stocks are written down according to their expected use or realizable value.
Contract work in progress is valued at the amounts set in order contracts accrued with reasonable certainty, according to stages of completion.

Receivables and financial assets

Receivables are recorded at their expected realizable value and classified among "Financial assets" and "Current assets", according to their nature and use. Non-interest bearing long-term receivables are recorded at their current value determined according to the interest rate applicable at the time of their recording.

"Marketable securities" included in current assets are represented by Enel bonds valued at their nominal value and by other bonds and Government securities recorded at the lower between acquisition cost and market value, equal in the case of listed securities to the average Stock Market price for the month of June.

Accruals and deferrals

Accruals and deferrals are recorded as accrued. Issue discounts and other costs relating to financing are recorded in the income statements over the life of the loan or issue to which they refer.

Provisions for risks and charges

Provisions for retirement benefits

Provisions for retirement benefits are accrued mainly pursuant to union agreements relating to supplementary pension benefits for management. Beginning with April 1, 1998, a new pension fund named FONDENEL for currently employed managers has been established, and the provision therefore refers only to already retired managers. The provision, moreover, includes compensation paid in lieu of notice to existing personnel who has accrued such right pursuant to applicable collective labor contracts and union agreements.

Income taxes

The provision is accrued on income already recorded in the Income Statement whose tax effect is deferred.

It includes accruals for deferred tax liabilities, excluding those relating to reserves for which the application of the tax is suspended, which are recorded when due and according to the expected amount of taxes payable.

Income taxes payable for the half year are recorded among tax liabilities and are calculated by applying to the net income for the half year the expected tax rate applicable for the whole year.

Tax prepayments are recorded under assets among other receivables, limited to the amount reasonably expected to be recovered in the future.

Other provisions for risks and charges

Other provisions for risks and charges are accrued against known or probable losses and charges whose amount and timing is undetermined at the closing date of the financial statements. Accruals are made on the basis of the best estimate made according to information available.

Provisions for employee termination indemnity

The provisions cover amounts owed to employees pursuant to the Italian Law and labor contracts in force at the date of the financial statements, net of advances made and Pension Fund contributions withheld.

Accounts payable

Accounts payable are recorded at face value.

Capital grants

Grants received for the execution of specific work, the value of which is included under tangible assets, are recorded as accrued income at the time at which legal title to the grant is recognized and the amount may be determined with reasonable certainty and free from encumbrances. They are deferred and recorded in the Income Statement over the depreciated life of the assets to which they refer.

Other grants

Other grants are recorded in the Income Statement at the time at which legal title to the grant is recognized and the amount may be determined with reasonable certainty and free from encumbrances.

Revenues

Revenues from the sale of electricity relate to the quantities supplied in the period and are calculated according to consumption measured by meter readings carried out at set intervals, integrating them with estimates as necessary. Calculations are based on tariffs established by the Italian Authority for Electricity and Gas, applicable for the period.

Revenues for the telecommunications sector from traffic, connections and roaming are recorded in the Income Statement according to the usage by customer and telephone operator, recognizing revenues as accrued.
Revenues from other services and the sale of goods are recorded at the time at which the service is supplied or at the transfer of ownership of the goods.

Translation of amounts denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate in force at the time of the transaction.
At the closing date of the financial statements, amounts denominated in foreign currencies are translated into euros at current exchange rates, and differences are recorded in the Income Statement among financial income and expenses.

Interest rate and currency hedging instruments

In order to hedge against the risk of fluctuations in interest and exchange rates, the Group enters into derivative contracts to hedge specific amounts or total exposure positions.
Interest rate differentials accrued on interest rate derivatives are recorded as accrued in the Income Statement among financial income and expenses, in line with changes in the value of the underlying assets.
Foreign currency hedging instruments are valued at exchange rates in force at the closing date of the financial statements. Related gains and losses are recorded in the Income Statement as exchange rate differences. The price paid or received on such instruments is deferred and recorded in the Income Statement over the life of the contract.
Derivative contracts originally concluded as hedging contracts for which the underlying asset or liability is extinguished prior to expiration or is not specifically identifiable, are valued at the closing date of the financial statements at the lower of cost or market value. The effect of the valuation is recorded among financial charges.
The economic effect of currency or energy commodity contracts aimed at hedging the risk of fluctuations in exchange rates and the price of fuels implicit in the current tariff system, are charged or credited directly to the cost of fuels used in thermal production.

Environmental costs

Environmental costs refer to the avoidance, reduction and monitoring of the environmental impact of production activities. Recurrent environmental costs are recorded in the Income Statement in the year in which they are incurred, while costs relating to the extension of the useful life, increase in capacity and improvement in the safety of tangible assets to which they refer are recorded under the specific asset.
Provisions for risks and charges are accrued when it is probable or certain that the cost will be incurred and its amount can be reasonably estimated.

Balance Sheet - Assets

Fixed assets

Intangible assets - *euro 14,374 million*

Changes in the first six months of the year and the breakdown of intangible assets are shown in the table that follows:

In millions of euro	at Dec. 31, 2000	Increases	Changes in consolidation area	Depreciation	Coming into service and other changes	at June 30, 2001
Incorporation costs	2	2	55	(9)	-	50
Research, development and advertising	-	3	154	(16)	-	141
Industrial patents and intellectual property rights	13	80	303	(39)	21	378
Concessions, trademarks and licenses	9	368	377	(4)	2,091	2,841
Goodwill	22	2	2	(2)	-	24
Consolidation differences	143	8,008	582	(164)	-	8,569
Work in progress and advances	94	74	2,101	-	(2,125)	144
Other:						
- extraordinary contribution for Electricity Industry Pension Fund	1,934	-	-	(51)	-	1,883
- software development	52	15	23	(8)	-	82
- design and development of TLC networks	-	15	59	(7)	-	67
- frequency allocation charges	-	-	45	(4)	-	41
- other	54	-	101	(14)	13	154
Total other	2,040	30	228	(84)	13	2,227
TOTAL	**2,323**	**8,567**	**3,802**	**(318)**	**-**	**14,374**

The increase registered in the first half of 2001, equal to euro 12,051 million is due to the following factors:

In millions of euro	
Increases:	
Consolidation differences on acquisition of Infostrada	7,631
Consolidation differences on acquisition of companies in the Gas distribution area	337
Payment of balance due on UMTS license issued to WIND	362
Other increases	237
Total	8,567
Change in consolidation area:	
Line-by-line consolidation of WIND, previously consolidated on equity	2,981
Infostrada items	795
Other companies acquired in the period	26
Total	3,802
Depreciation	(318)
Total change	12,051

"Incorporation costs" relate primarily to startup costs incurred by WIND and Infostrada in addition to incorporation costs, amendments to by-laws and capital stock increases. Such costs are depreciated over 5 years.

"Research, development and advertising" relate to the costs of advertising campaigns carried out by WIND and Infostrada to support of new services and trademarks. Such cost are depreciated over five years.

"Industrial patents and intellectual property rights" are made up almost entirely by costs incurred by WIND and Infostrada for the acquisition of application software and related licenses. Main applications are represented by the management of the network, billing and customer management, the development of Internet portals and the management of corporate systems. Depreciation is calculated on a straight line over the expected residual useful life of the assets.

"Concessions trademarks and licenses" include costs incurred by WIND for activities relating to the participation in the auction for the awarding of a license for the installation and exercise of third generation mobile telecommunication systems (UMTS – IMT 2000) and, subsequently, for the issue of the same, for a total amount of euro 2,428 million. The said license was issued by the Authority for Telecommunications on January 10, 2001 for a term of 15 years, starting January 1, 2002. Service is expected to start in the first half of 2002 and as a consequence no depreciation was recorded in the current accounting period.
The item includes moreover about euro 360 million relating to costs incurred by Infostrada in acquiring concessions for the use of international circuits and for the usage and passage rights provided for in the contract signed in 1998 with Ferrovie dello Stato, regulating the use of the related fiber optic network. Depreciation is calculated over the expected life of the concessions.

Item "goodwill" is made up mainly by amounts already recorded under assets for some companies operating in the gas distribution sector relating to concessions for the distribution of gas in the areas in which these operate. Such cost is depreciated over 10 years, keeping into account the average residual life of the concessions.

"Consolidation differences" at June 30, 2001 are made up as follows:

In millions of euro	Balance at June 30, 2001	Depreciation for the 1st half of 2001	Depreciation period
Infostrada and Italia On Line	7,523	128	15 years
WIND and its subsidiaries	542	19	15 years
Gas distribution companies	379	15	10 years
CHI Energy and EGI	125	2	20 years
TOTAL	**8,569**	**164**	

The item includes differences between the acquisition price, inclusive of accessory costs, and the Shareholders' Equity of the subsidiaries at current values at the time of their acquisition.
The investment in Infostrada was acquired on March 29, 2001 and, consequently, the consolidation difference was amortized for a period of three months. The amount relating to WIND emerged upon the acquisition of a 5.63% share from Deutsche Telekom in July 2000, through which Enel increased its share in the company from 51% to 56.63%.

The transaction was based on a valuation of WIND equal to euro 11 billion. The depreciation period adopted for consolidation differences in the telecommunications sector, 15 years, is in line with international practice and the life of the concession.
The merger into a single entity of companies operating in the gas distribution sector, the majority of which were acquired in the first six months of 2001, has already been resolved. The operation will be concluded in the next months, at which time differences between the value of the investments and the related value of the respective Shareholders' Equities will be attributed to the appropriate balance sheet items, based on expert surveys on the value of tangible assets acquired, currently underway. As the result of such surveys is not available at the present time, said differences have been allocated to "consolidation differences" and, where consolidation included income statement items, depreciated over 10 years, based on the same considerations made for "goodwill".
Consolidation differences arising from the acquisition of CHI Energy and EGI, are amortized over 20 years in connection with the long-term electricity sale agreements they hold. Amortization for the first half of 2001 relates only to CHI Energy since EGI consolidation was limited to balance sheet items due to its acquisition in the month of June 2001.

"Work in progress and advances" include costs incurred in important projects, such as the introduction of the SAP information system, the creation of a remote management and monitoring system (Digital Meter), and the graphic management of the electricity distribution network (Sigraf), in addition to an innovative remote training program (Remote training).

The "extraordinary contribution" due following the suppression of the Electricity Sector Employee Pension Fund, was established through Law no. 488, dated December 23, 1999 (2000 Budget Law). The contribution due to Enel Group companies is estimated, based on the first installment payment, at euro 2,036 million, and is amortized on a straight line over 20 years starting in 2000, as also allowed by the mentioned Budget Law. Payables to social security institutions include the amount of euro 1,357 million, representing the above amount, net of amounts paid to INPS as a first installment in November 2000. The two residual amounts will be determined by INPS according to the number of employees working for each company in the month preceding that of the payment, and will be paid out in November 2001 and 2002 respectively.

"Software development" costs relate to application programs developed for internal use, whose useful life spans over several years. They are depreciated over three years.

"Cost for the design and development of the network", depreciated over the residual life of the licenses for the exercise of fixed and mobile telephony (DCS 1800) activities, relate mainly to telecommunications network design.

Charges for the "allocation of broadcasting frequencies" relate to the contribution provided for by Ministerial Decree no. 113 dated March 25, 1998, on expenses incurred by the Ministry of Defense following adjustments, made in 1998, to the national frequency allocation plan. Such contribution is expensed over the residual life of the license for the exercise of mobile telecommunications services (DCS 1800).

Item "Other" includes mainly leasehold improvements made by WIND and Infostrada on technical sites, accessory costs relating to loans and capitalized expenses recorded under assets by CHI Energy and depreciated over their residual useful life.

Tangible assets - *euro 36,493 million*

The table that follows shows a breakdown of tangible assets and changes occurred in the period.

In millions of euro	at Dec. 31, 2000	Investments	Coming into service	Divestments	Depreciation	Write-downs	Changes in consolidation area and other changes	Sale of Valgen	Conferral of Real Estate businesses	at June 30, 2001
Land and buildings	6,417	29	36	(77)	(151)		10	(26)	(386)	5,852
Plant and machinary	26,988	863	254	(35)	(1,569)	(501)	1,919	(284)		27,635
Industrial and commercial equipment	129	16	2	(1)	(20)		24			150
Altri beni	184	32	42	(2)	(46)		125		(1)	334
Total assets	**33,718**	**940**	**334**	**(115)**	**(1,786)**	**(501)**	**2,078**	**(310)**	**(387)**	**33,971**
Work in progress and advances	2,026	636	(334)	(1)			215	(20)		2,522
TOTAL	**35,744**	**1,576**	**0**	**(116)**	**(1,786)**	**(501)**	**2,293**	**(330)**	**(387)**	**36,493**

Revaluations made pursuant to the Law and amendments made through Law no. 292/1993 to the gross value of assets at June 30, 2001, is as follows:

In millions of euro	
Land and buildings	2,616
Plant and machinery	10,249
Equipment, other goods and plant under construction	14
TOTAL	**12,879**

The table that follows shows gross tangible fixed assets at June 30, 2001, accumulated depreciation and the resulting net value. The table shows also percentage accumulated depreciation on gross asset values at June 30, 2001, compared with the same at December 31, 2000.

In millions of euro	Gross book value	Accumulated depreciation	Net book value	% accumulated depreciation on total gross asset value	
				at June 30, 2001	at Dec. 31, 2000
Land and buildings	9,256	3,404	5,852	36.8%	34.7%
Plant and machinery	70,166	42,531	27,635	60.6%	60.1%
Industrial and commercial equipment	578	428	150	74.0%	76.0%
Other assets	1,071	737	334	68.8%	80.2%
TOTAL FIXED ASSETS	**81,071**	**47,100**	**33,971**	**58.1%**	**57.3%**

The breakdown of tangible assets by category of use at June 30, 2001 is shown in the table below:

In millions of euro	Fixed assets, gross	Accumulated depreciation	Fixed assets, net
Generating plants [1]			
- thermal	11,411	10,905	506
- hydroelectric	20,318	5,324	14,994
- geothermal	1,563	834	729
- alternative sources	115	18	97
Total generating plants	**33,407**	**17,081**	**16,326**
Power lines and transformer stations	6,084	2,938	3,146
Electricity and gas distribution networks	33,074	23,840	9,234
Telecommunications networks	2,499	568	1,931
Other plant, machinery and equipment	2,894	1,827	1,067
Non-industrial buildings [2]	3,043	833	2,210
Civil buildings	47	13	34
Land	23	-	23
Total fixed assets	**81,071**	**47,100**	**33,971**
Contract work in progress and advances	**2,522**	**-**	**2,522**
TOTAL	**83,593**	**47,100**	**36,493**

[1] Includes the value of industrial property.
[2] Offices, warehouses, etc.

Fixed assets include assets in concession for a total book value of approximately euro 3,000 million, represented mainly by hydroelectric plants (euro 2,946 million). Legislative Decree no. 79/99 (implementing EU directive 96/92 on domestic electricity markets) set the expiration date for concession for the exploitation of large water bodies held by Enel at year 2029. Law no. 340 dated November 24, 2000 extended to 2020 concessions regarding State property used for thermal generation activities. Barring the renewal of the concessions, at such date, all water collection and regulation works, in addition to high pressure and drainage pipes, shall be returned free of charge to the State in good working order.
The same decree no. 79/99 allows the Valle d'Aosta Region and the Autonomous Provinces of Trento and Bolzano to set a date different from 2029 for the expiration of such concessions. The term has not yet been set by the Valle d'Aosta Region, where the Group no longer holds any plant, while the Trento and Bolzano Provinces set the expiration of water concessions at 2010. Depreciation of assets in concession is therefore calculated on the shorter between the remaining term of the concession and the residual useful life of the asset.

As in previous years, depreciation for the first half of 2001 has been calculated by applying rates deemed representative of the residual useful life of the assets.

Capital expenditure for the first six months of 2001 and the same period in 2000 is shown in the table below:

In millions of euro

	1st half 2001	1st half 2000
Generating plants:		
- hydroelectric	37	56
- thermal	175	181
- geothermal	25	26
- alternative sources	20	1
Total generating plants	**257**	**264**
Power lines and transformer stations	30	107
Distribution networks	564	670
Telecommunications networks	516	384
Land, buildings, other assets and equipment	209	121
TOTAL CAPITAL EXPENDITURE	**1,576**	**1,546**

Capital expenditure for the first six months of 2001 is in line with the same period in 2000. The reduction in the transmission and distribution area is due to the near completion of the Italy-Greece link, a reduction in the cost of external resources and slowdowns expected to be recuperated in the second part of the year. The development of telecommunications networks continues as planned.

Write-downs refer to the extraordinary charge relating to the early disposal of analog meters following the planned installation of digital ones in the context of the Telemanager project, to be completed by 2004. The charge recorded is represented by the net book value of currently installed meters which will not be retrieved through future depreciation charges.

Increases due to "changes in the consolidation area and other changes" relate to WIND (euro 1,232 million), Infostrada (euro 645 million), gas distribution companies (euro 131 million), EGI (euro 245 million), and other changes.

As described in the Report on Operations, at the beginning of June 2001, the whole capital stock of Geval, in which generation activities in the Valle d'Aosta had been previously concentrated, was transferred to FinAosta, pursuant to agreements concluded in 2000. The operation resulted in the recording of a capital gain amounting to euro 429 million among extraordinary income.

In the first six months of the year, moreover, subsidiary Sei completed the transfer of a Real Estate business to Immobiliare Foro Bonaparte and the conferral of an analogous business to Immobiliare Rio Nuovo, a newly created company. The 51% share in the company received in exchange, equal to the entire capital stock of the receiving company, was subsequently sold to other investors, as described in the Report on Operations.

Financial assets - *euro 786 million*

The breakdown of financial assets and changes occurred over December 31, 2000 are shown in the table that follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Investments:			
- in unconsolidated subsidiaries	15	780	(765)
- in affiliated companies	229	180	49
- in other companies	171	156	15
Total	415	1,116	(701)
Receivable from unconsolidated subsidiaries	-	468	(468)
Receivable from affiliated companies	24	4	20
Receivable from others:			
- receivable from Social Security Institutions as contributions relief (Law 151/93)	102	97	5
- withholding taxes on employee termination indemnity (Law 662/96)	150	163	(13)
- other	95	86	9
Total receivable from others	347	346	1
Other securities	-	1	(1)
TOTAL	**786**	**1,935**	**(1,149)**

Investments in unconsolidated subsidiaries at June 30, 2001 relate to the following companies:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Inconsolidates subsidiaries:			
- WIND Telecomunicazioni SpA	-	780	(780)
- Western New York Wind Corp. Inc.	7	-	7
- TSN SA	7	-	7
- Enelpower do Brasil Ltda	1	-	1
TOTAL	**15**	**780**	**(765)**

The change over December 31, 2000 is due to the line-by-line consolidation of WIND. Company Western New York Wind Corp., a wholly-owned subsidiary of CHI Energy, operates in the United States in the sector of electricity generation from renewable sources. The company has not been consolidate as it has been acquired at the end of the period. TSN and Enelpower do Brasil, controlled by Enelpower, have not been consolidated as they are not yet operational.

Investments in affiliated companies mainly valued at equity are made up as follows:

	In millions of euro	% ownership	In millions of euro	% ownership
	at June 30, 2001		at Dec. 31, 2000	
Affiliated companies:				
- Immobiliare Foro Bonaparte SpA	134	49.00	134	49.00
- Immobiliare Rio Nuovo SpA	31	49.00	-	-
- Euromedia Luxembourg One SA	16	28.57	16	28.57
- Star Lake Hydro Partnership	12	49.00	10	49.00
- AES Distribuitores Salvadoreños Y Compania	9	20.00	-	-
- EPV Holding LLC	6	37.14	6	37.14
- KH (Multimedia Education) SpA	5	49.00	5	49.00
- Estel SpA	4	40.00	-	-
- Q-Channel SpA	3	24.00	3	24.00
- Megamind SpA	3	30.00	-	-
- Lario Distribuzione Srl	-	-	3	50.00
- Black River Hydro Associates	1	25.00	1	25.00
- Other	5	-	2	-
TOTAL	**229**	**-**	**180**	**-**

Companies Immobiliare Foro Bonaparte and Immobiliare Rio Nuovo were incorporated following the conferral of Real Estate property. Euromedia Luxembourg SA is a venture capital company, active in the media-telecommunications sector. Star Lake Hydro Partnership, EPV Holding LLC and Black River Hydro Associates are US companies generating electricity from renewable sources in which Chi Energy Inc. holds a share. AES Distribuidores Salvadoreños y Compania is a Central American company producing electricity from renewable sources, in which EGI holds a share. Estel and Megamind operate in the telecommunications sector and are WIND affiliates.

Investments in other companies at June 30, 2001 include:

	In millions of euro	% ownership	In millions of euro	% ownership
	at June 30, 2001		at Dec. 31, 2000	
Other companies:				
- Echelon Corporation	116	7.92	116	7.92
- ETF Group	13	1.50	14	1.54
- Sheldon Springs Hydro Associates	11	1.00	10	1.00
- Internet Partnership Group	6	4.68	6	4.95
- Lower Saranac Hydro Partners LP	5	1.00	4	1.00
- Digital Persona Inc.	5	9.17	-	-
- Eutilia N.V.	2	8.82	-	-
- Selecta SpA	2	4.50	-	-
- Speed Ventures BV	2	1.62	-	-
- Lombardiacom	2	7.00	-	-
- ELCOGAS SA	1	4.00	1	4.00
- e-Dreams	1	1.61	1	1.61
- Other	5	-	4	-
TOTAL	**171**	**-**	**156**	**-**

The largest equity investment is represented by a 7.92% share in Echelon Corporation, leader in the network linking of appliances.
The acquisition of the investment is aimed at the integration of the Echelon's Lonworks system in the Telemanager, a remote metering project developed by Enel Distribuzione. Investments in ETF Group, Internet Partnership Group and e-Dreams were acquired in the context of venture capital activities. Sheldon Springs Hydro Associates LP and Lower Saranac Hydro Partners LP operate in the US in the hydroelectric sector, and are controlled by Chi Energy Inc.

"Receivables from unconsolidated subsidiaries" at December 31, 2000 were represented by a loan extended to WIND, now consolidated line-by-line.
Receivables from affiliated companies relate to Immobiliare Rio Nuovo (euro 18 million) and Megamind (euro 6 million).

"Social security receivables" amounting to euro 102 million refer to the present value, discounted at an annual rate of 9.60% in force at the time of its recording, of tax credits relating to personnel operating in Southern Italy (Mezzogiorno), following ruling no. 261 of the Constitutional Court dated June 12, 1991, refundable to the Group's Parent Company in annual installments until December 2001, free of interest and revaluations.

"Withholding taxes on employee termination indemnities" refer to amounts paid according to current regulations. Interest accrues on the balance at the same rate applied for amounts accrued to the provision. The decrease registered is due to the reduction in the number of employees.

"Other items" refer mainly to loans made to employees at current rates of interest for the acquisition of their first home and to face exceptional hardships.

Current assets

Inventories - *euro 1,757 million*

Inventories are detailed below:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Materials and fuels:			
- fuel for thermal generation	719	763	(44)
- materials, equipment and other stocks	312	344	(32)
Total	1,031	1,107	(76)
Civil buildings to be sold	323	323	-
Finished products	46	-	46
Contract work in progress	274	131	143
Advances	83	90	(7)
TOTAL	**1,757**	**1,651**	**106**

The decline in the value of inventories of fuel used in thermal generation is due primarily to lower amounts in stock then at the end of the previous year. The value of inventories (carried at the weighted average cost) is in line with market values at the end of the period.

Finished products inventories are made up by telephone equipment and related accessories for resale.
The increase in "Contract work in progress" and "Advances" is due primarily to the development of activities carried out on behalf of third parties and related in particular to Enelpower for contract work acquired internationally.

Receivables - *euro 9,057 million*
Receivables are made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Trade receivables:			
- electricity sector	4,846	3,383	1,463
- telecommunications sector	932	-	932
- other sectors	352	200	152
Total	6,130	3,583	2,547
Unconsolidated subsidiaries and affiliated companies	14	134	(120)
Electricity Equalization Fund	743	3,422	(2,679)
Other:			
- direct and indirect tax receivables	473	368	105
- prepaid taxes	1,077	637	440
- other receivables	620	772	(152)
Total	2,170	1,777	393
TOTAL	**9,057**	**8,916**	**141**

The increase in trade receivables from the electricity sector is due to a number of factors, the main of which is represented by the method used to determine revenues from the sale of electricity on the regulated market for the first half of 2001. As already shown, revenues for the period are calculated according to amounts of electricity supplied and partly not billed, calculated by adjusting meter readings and amounts billed up to June 30, 2001 with an estimate of actual consumption at that date. Such method allowed to maintain the matching between revenues from the sale of electricity and the related costs, otherwise altered by the introduction of the new tariff system. The new rules include in the tariff earned by distribution companies and in the cost incurred by the same for the acquisition of electricity, the tariff component aimed at covering the cost of fuel. Such phenomenon resulted in an increase in trade receivables amounting to about euro 890 million. The residual increase in the balance of trade receivables for the electricity sector is due primarily to higher receivables from the ISO reported by Terna, up euro 146 million, to euro 77 million due to Enel Trade's higher sales on the free market and an increase of about euro 120 million in sales made by generation companies to the ISO, starting January 1, 2001, for energy generated by plants falling under the provisions of CIP Regulation no. 6/92.
The increase in trade receivables for sectors different from the electricity and telecommunications one is due mainly to the increase in fuel trading activities, the growth in the gas distribution sector and higher turnover registered by the Engineering and Contracting sector.

Receivables from affiliated companies include euro 11 billion relating to Immobiliare Foro Bonaparte. The reduction over the end of the previous year is due to the line-by-line consolidation of WIND.

Receivables from the Electricity Equalization Fund include lire 689 million relating to amounts due to the Group as contributions for the generation of electricity, and euro 54 million payable to CESI for system research activities. Payables to the Electricity Equalization Fund amount to euro 343 million, determining net receivables totaling euro 400 million. The corresponding net amount receivable at December 31, 2000 was equal to euro 1,812 million. The decline is due to the collection of accrued amounts due and the mentioned introduction of a new tariff system for the regulated market.

The increase in tax prepayments is due almost entirely to the balance carried by WIND and Infostrada equal, at June 30, 2001 to euro 421 million, calculated on loss carry-forwards. In particular, euro 154 million relate to losses that may be carried forward indefinitely, as they were recorded in the first three years of activity by WIND, while the residual euro 267 million (of which euro 116 million recorded in the first half of 2001) relate to losses that may be carried forward for five years. Based on development plans and the expected integration of the two companies that lead to foresee the achievement of profits in the period in which loss carry-forwards may still be enjoyed, there exists reasonable certainty that such tax prepayments may be retrieved.
The item includes moreover deferred taxes calculated on temporary differences arising from taxable provision for risks and charges.

The reduction in other receivables is due mainly to the repayment of euro 141 million for margin deposits required by financial institutions against hedging transactions concluded by Enel.FTL.

Short-term investments - *euro 932 million*
Short-term investments are made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
- Enel bonds held	544	545	(1)
- Other fixed income securities	101	75	26
Total	645	620	25
Financial receivables	287	81	206
TOTAL	**932**	**701**	**231**

Enel bonds held are represented by a "Special series reserved to Enel employees".

At June 30, 2001, financial receivables were represented mainly by receivables on factoring transactions.

Cash and cash equivalents - *euro 535 million*
The balance at June 30, 2001 is made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Bank deposits	499	360	139
Post Office deposits	33	28	5
Cash on hand	3	2	1
TOTAL	**535**	**390**	**145**

Bank deposits include cash used in ordinary operations. The balance at the end of the period is made up primarily by funds used to make payments falling due at the beginning of July 2001.
Cash and cash equivalents are available on demand, with the exception of euro 4 million pledged as collateral for transactions undertaken by CHI Energy.

Accrued income and Prepaid expenses

The item breaks down as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Accrued income:			
- financial receivables	12	7	5
- operating receivables	2	8	(6)
Total	14	15	(1)
Prepaid expenses:			
- financial expenses	58	56	2
- operating expenses	247	88	159
Total	305	144	161
TOTAL	**319**	**159**	**160**

The change in accrued income and prepaid expenses reflects normal fluctuations. The strong increase in operating prepaid expenses is due to 14th monthly salary payments made to employees and related charges.

Breakdown of receivables by maturity

The table that follows shows the breakdown of receivables by maturity:

In millions of euro	Maturing by Dec. 31, 2001	Falling due between Jan. 1, 2002 and Dec. 31, 2005	Falling due beyond Dec. 31, 2005	Total
FINANCIAL RECEIVABLES				
Receivable from third parties	134	209	4	347
Total	134	209	4	347
CURRENT RECEIVABLES				
Trade receivables	6,005	131	-	6,136
Receivable from Electricity Equalization Fund	743	-	-	743
Receivable from others	2,159	17	2	2,178
TOTAL	**8,907**	**148**	**2**	**9,057**

Balance Sheet - Liabilities

Shareholders' Equity

Changes in the first six months of the year are shown in the table below:

In millions of euro	Capital stock	Legal reserve	Other reserves	Retained earnings	Net income	Total
Balance at Dec. 31, 2000	6,263	1,253	3,146	5,462	2,188	18,312
Translation of foreign companies' Financial Statements and other changes	-	-	14	-	-	14
Distribution of reserves	-	-	(902)	(450)	-	(1,352)
Allocation of 2000 net income:						
- accrued to reserves	-	-	-	1,962	(1,962)	-
- dividends distributed	-	-	-	-	(226)	(226)
Net income for the six months	-	-	-	-	1,529	1,529
BALANCE AT JUNE 30, 2001	**6,263**	**1,253**	**2,258**	**6,974**	**1,529**	**18,277**

In accordance with the resolution of the Shareholders' Meeting held on May 25, 2001, the capital stock of the Group Parent Company 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 grouped in a ratio of one share with nominal value 1 euro for every two shares of nominal value 0.50 euro, effective July 9, 2001. Following such operations, the capital stock is now made up by 6,063,075,189 ordinary shares of nominal value 1 euro each.
The rounding operation resulted in a reduction of the capital stock from euro 6,263 million to euro 6,063 million, with a resulting transfer to Legal reserve of euro 200 million.
At June 30, 2001, according to the Shareholders' Register and information available, there do not appear to be shareholders with a share higher than 2% of the capital stock of the Company other than the Italian Treasury (with about 68% of the capital stock).

The Legal Reserve, amounting to euro 1,253 million, represents 20% of the Group's Parent Company capital stock.

Other reserves, amounting to euro 2,258 million, are made up as follows:

Restatement reserve (law no. 292/1993) - euro 2,215 million
It includes the residual amount of value adjustments made upon the transformation of Enel from Public Entity to joint-stock company.
In case of distribution of dividends from the reserve, no tax credit is available to the shareholders.

Other reserves - euro 43 million
These include mainly the consolidation reserve arising from the first-time preparation of the Consolidated Financial Statements.

The reconciliation between the Shareholders' Equity and net income of the Group Parent Company and those recorded in the consolidated statements is presented in the table below:

In millions of euro	Net income 1st half 2001	Shareholders' Equity at June 30, 2001	Net income 1st half 2000	Shareholders' Equity at Dec. 31, 2000
Balance from the Parent Company's financial statements	328	10,100	468	11,350
Tax entries of the Parent Company	501	1,134	58	632
Effect of the consolidation of subsidiaries' financial statements	720	7,124	478	6,394
Elimination of intra-group gains	(15)	(69)	(21)	(60)
Other consolidation adjustments	(5)	(12)	(1)	(4)
BALANCE FROM THE CONSOLIDATED FINANCIAL STATEMENTS	**1,529**	**18,277**	**982**	**18,312**

Provisions for risks and charges

Changes in the provision for the first six months of 2001 are shown in the table that follows:

In millions of euro	at Dec. 31, 2000	Accruals	Uses	Changes in consolidation area	Other changes	at June 30, 2001
Provision for retirement benefits	413	24	(35)	1	-	403
Tax provisions:						
- Deferred taxes on present value of contributions relief as per Law no. 151/1993	35	-	-	-	-	35
- Other deferred taxes recorded in the financial statements of consolidated companies	1,858	26	-	9	-	1,893
- Deferred taxes on consolidation adjustments	1,896	43	-	-	-	1,939
Total	3,789	69	0	9	0	3,867
Other provisions:						
- Legal proceedings and other contingencies:						
. legal disputes	375	3	(45)	-	-	333
. suspended investment projects	100	8		-	-	108
. other	392	66	(83)	55	(52)	378
Total	867	77	(128)	55	(52)	819
- Stranded cost	117	-	(117)	-	-	0
- Restructuring of financial instruments	13	-	(1)	-	-	12
- Early retirement incentives	173	19	(57)	-	-	135
Total	1,170	96	(303)	55	(52)	966
TOTAL PROVISIONS FOR RISKS AND CHARGES	**5,372**	**189**	**(338)**	**65**	**(52)**	**5,236**

Provision for retirement benefits - *euro 403 million*
The provision includes mainly the current value of expected future retirement contributions for managers amounting to euro 382 million. Accruals to the employee retirement benefits provision are made up by euro 11 million of adjustments to the current value of future pension benefits of retired managers, and by the indemnity due in lieu of notice accrued during the year by personnel currently employed.
Withdrawals refer to ordinary payments made during the year, calculated as described above.

Tax provisions - *euro 3,867 million*
In addition to deferred taxes recorded in the statutory accounts of consolidated companies, the tax provision includes tax liabilities on consolidation adjustments. The first relate mainly to accelerated depreciation recorded by subsidiaries upon determining taxable income while the second ones relate to the elimination, upon consolidation, of accruals made in excess of ordinary depreciation rates.

Other provisions - *euro 966 million*
Provision for legal disputes and other contingencies – euro 819 million
The balance results from the following components:

Legal proceedings - euro 333 million
The provision covers potential liabilities arising from current legal proceedings and other current disputes, in addition to the update of estimates on proceedings from previous years, based on the advice provided by internal and external legal advisors, without taking into consideration the effect of proceedings for which a favorable outcome is expected or those for which an adverse outcome may not be quantified. For these we refer to the note on "Off Balance Sheet items".

Suspended investment projects - euro 108 million
The provision is accrued against potential charges and losses connected with the abandonment or change of plans relating to currently suspended investment projects.

Other - euro 378 million
Other amounts accrued relate to risks and charges of various nature, connected mainly to the operation of plant, costs resulting from the application of resolutions issued by the Authority for Electricity and Gas regarding electricity transport and service fees. The amount of euro 52 million reported under "Other changes" relates to the accrual for 2000 made against costs relating to the renewal of the national labor contract for the sector. Following the signing of the same in July 2001, such amount was recorded among payables to employees together with the share relating to the first half of 2001.

Provision for stranded costs - euro 0 million
In the first six months of the year, the provision for stranded costs amounting, at December 31, 2000 to euro 117 million, was reversed and its balance recorded under income. As described more in detail in the Report on Operations, Ministerial Decree dated April 17, 2001 and Authority Resolution no. 114/01 dated May 25, 2001, introduced significant changes in the method used to calculate stranded costs. These are costs to be reimbursed relating to capital expenditure in generation plants that may not be retrieved due to the coming into effect of European regulation liberalizing the electricity market. Based on the new mechanism, stranded costs may be determined only at the end of the period considered and not for each individual financial year.
In light of these regulatory changes, the amount prudentially accrued to the provision at December 31, 2000 has been recorded as income in the first six months of the year.

Provision for the restructuring of financial instruments - euro 12 million
The provision includes charges deriving from the restructuring of derivative contracts (swaps and swap options) concluded in previous years to hedge against the risk of fluctuations in interest rates with reference to medium- and long-term debt repaid before expiration.
Costs accrued in the provision cover the potential cost of interest rate hedging instruments which have been reassigned to other debt not hedged for such risk. The provision has been withdrawn to meet charges deriving from contracts that had not expired at June 30, 2001 and those resulting from the unwinding and natural expiration of contracts in the year.

Provision for early retirement incentives - euro 135 million
The provision for early retirement incentives consists of accruals relating to the cost of the temporary offer made to employees as an incentive to early retirement as part of the Company's reorganization.
The use of the provision refers to employees who took advantage of the early retirement plan in the first half of the year.

Employee termination indemnity - *euro 1,561 million*

Changes in the period are shown in the table below:

In millions of euro	
Balance at December 31, 2000	1,525
Accruals	111
Ordinary distribution	(115)
Changes in the consolidation area	40
BALANCE AT JUNE 30, 2001	**1,561**

The provision includes all amounts accrued by personnel upon retirement in accordance with applicable legislation, net of advances paid to employees for medical expenses, the first-time purchase of a home and the acquisition of Enel shares, in addition to payments accrued to the Enel Manager Pension Fund (FONDENEL) and the Enel Employee Pension Fund (FOPEN).

Accounts payable

Accounts payable are made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Bonds	8,462	6,675	1,787
Bank payables:			
- medium-and long-term loans	6,379	3,845	2,534
- short-term loans	11,225	4,029	7,196
Total	17,604	7,874	9,730
Other payables:			
- medium- and long-term loans	554	105	449
- short-term loans	3	310	(307)
Total	557	415	142
Total financial debt	26,623	14,964	11,659
Sundry payables	11,354	10,974	380
TOTAL	**37,977**	**25,938**	**12,039**

At June 30, 2001, medium-and long-term bank debt amounted to euro 14,841 million, made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Bonds	8,462	6,675	1,787
Bank debt	6,379	3,845	2,534
TOTAL	**14,841**	**10,520**	**4,321**

Bonds - *euro 8,462 million*

Medium and long-term bank loans - euro 6,379 million

These include bond issues and other financing in lire and other currencies. They increase over December 31, 2000 by euro 4,321 million, of which euro 2,781 million relating to new issues and loans, euro 542 million to repayments, and euro 2,082 million to changes in the consolidation area, of which euro 1,958 million to WIND's debt at the end of 2000. The latter is represented by two Facility Agreements and a loan from the European Investment Bank, extended to cover financial needs deriving from the purchase of the UMTS license and capital investment on the network. At June 30, 2001 increased to euro 2,207 million.

Medium- and long-term debt includes euro 1,479 million of State Guaranteed bonds (euro 1,691 million at the end of 2000), and bank loans guaranteed by the State equal to euro 585 million (euro 660 million at the end of 2000).

The table that follows shows the breakdown of medium- and long-term debt by type of instrument (bonds issued and loans) and interest rate (fixed and floating), at June 30, 2001:

In millions of euro	Maturity range	Balance	Maturing by						
		at June 30, 2001	Dec. 31, 2001	2002	2003	2004	2005	Subsequent years	Total
Bonds:									
- listed-fixed rate	2004-2008	4,750	-	-	-	3,000	750	1,000	4,750
- listed-floating rate	2001	1,200	1,200	-	-		-	-	-
- unlisted-fixed rate	2005	76	-	-	-	-	76	-	76
- unlisted-floating rate	2001-2021	2,113	10	22	18	20	21	2,022	2,103
- fixed rate-EU agencies	2002-2010	299	35	53	54	38	39	80	264
- floating rate-EU agencies	2003-2009	24	4	4	4	3	3	6	20
Total bonds		8,462	1,249	79	76	3,061	889	3,108	7,213
Bank loans:									
- fixed rate	2001-2008	97	5	9	10	10	9	54	92
- floating rate	2001-2006	4,181	148	246	881	682	472	1,752	4,033
- fixed rate-EU agencies	2001-2009	590	161	183	79	45	36	86	429
- floating rate-EU agencies	2004-2006	1,511	28	49	49	73	116	1,196	1,483
Total bank loans		6,379	342	487	1,019	810	633	3,088	6,037
TOTAL		**14,841**	**1,591**	**566**	**1,095**	**3,871**	**1,522**	**6,196**	**13,250**

Unlisted floating rate bonds include euro 544 million relating to "1994-2019 Special series reserved to personnel" repurchased by Enel and recorded under "Other securities" among marketable securities in the Balance Sheet.

As part of its medium-term notes program, on November 28, 2000, Enel Investment Holding BV issued on May 23, 2001 euro 2 billion of three-year bonds guaranteed by Enel, at the terms described below:

Terms	
Amount	euro 2 billion
Repayment	in one installment at June 7, 2004
Coupon	5% fixed-rate
Coupon payment	Annual in arrears
Issue price	99.932
Early repayment	Not allowed
Listed at	Luxembourg

In the first six months of 2001, the European Investment Bank (EIB) extended a 15-year loan to Enel Distribuzione guaranteed by Enel amounting to euro 500 million. The loan will contribute to finance the development of the electricity distribution network in Central and Southern Italy.
At June 30, 2001, about 61% of medium- and long-term debt was represented by floating-rate debt. At the same date, interest rate hedging transactions amounted to a total nominal value of euro 3,687 million, of which euro 3,295 million in the form of interest rate swaps, and euro 392 million of interest rate collars. Keeping into account such hedging positions, the total exposure to interest rate fluctuations, weighting interest rate collars nominal values, can be estimated at about 41% of outstanding debt.

The fair value at June 30, 2001 of interest rate hedging instruments was negative by euro 52 million. Such value does not include euro 4 million of accrued income recorded in the Consolidated Financial Statements, and euro 12 million accrued to the provision for the restructuring of financial instruments.

The table that follows shows a breakdown of debt by currency:

In millions of euro

	at June 30, 2001	Average interest rate
Euro area currencies	14,570	5.08%
US dollars	32	8.08%
British pounds	17	9.73%
Swiss francs	67	6.93%
Danish kroner	2	10.55%
Yen	80	5.48%
Other currencies	73	7.48%
Total non-euro currencies	271	6.59%
TOTAL	**14,841**	**5.10%**

Short-term bank debt - *euro 11,225 million*

Short-term bank debt, amounting to euro 11,225 million, includes the use of revolving credit lines amounting to euro 7,003 million, and 18-month loans amounting to lire 1,024 million.

The increase of euro 7,196 million over 2000, is due mainly to the financial coverage for the acquisition of Infostrada on the part of Enel Investment Holding BV, through the use of an euro 10 billion revolving credit line granted in 2000. The use of such credit line is expected to decline sharply due to the cash flow generated by the sales of assets already concluded and those currently underway.

Other payables - *euro 557 million*

The increase of euro 142 million over the balance at December 31, 2000 is due primarily to changes in the consolidation area (euro 461 million), partly compensated by the repayment of debt with Sogin (euro 310 million). In the context of changes in the consolidation area, a loan made by the France Télécom group to WIND in December 2000, amounting to euro 359 million and expiring on January 31, 2010, contributed to the financing of the awarding of an UMTS license.

Sundry payables - *euro 11,354 million*

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Advances	507	310	197
Trade payables	4,785	4,385	400
Payables to subsidiaries and affiliated companies	50	382	(332)
Tax payables	1,125	607	518
Social security payables	1,545	1,668	(123)
Payables to Electricity Equalization Fund	343	1,610	(1,267)
Other payables	2,999	2,012	987
TOTAL	**11,354**	**10,974**	**380**

Advances - *euro 507 million*

The increase in advances (euro 197 million) can be attributed to the development of activities in Engineering and Contracting, and by the euro 87 million advance received from ACEA against the sale of the electricity distribution network for the Rome and Formello municipalities.

Trade payables - *euro 4,785 million*

Trade payables include payables for the supply of electricity, fuel, materials and equipment, in addition to those relating to contract work and other services carried out by June 30, 2001.
The euro 400 million increase over December 31, 2000 is due primarily to changes in the consolidation area.

Payables to subsidiaries and affiliated companies - *euro 50 million*

These relate mainly to amounts payable to Immobiliare Rio Nuovo (euro 39 million) upon the completion of the conferral of property, and payables to Euromedia Luxembourg One SA as capital not yet paid-in, amounting to euro 8 billion. The decline is due to WIND, now consolidated line-by-line.

Tax payables - *euro 1,125 million*

Tax payables are made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
VAT payable	228	-	228
Withholding taxes	117	120	(3)
Revenue tax and electricity surtax	111	60	51
Income taxes	609	393	216
Other	60	34	26
TOTAL	**1,125**	**607**	**518**

The amount of income taxes payable at June 30, 2001 reflects the estimated amount payable for the first six months of the year, net of advances paid.

Social Security payables - *euro 1,545 million*
The item includes mainly the residual amount payable to INPS as extraordinary contribution following the suppression of the Electricity Industry Employee Pension Fund (euro 1,357 million), determined in accordance with the payment of the first installment in November 2000.
Payables to social security and insurance institutions, amounting to euro 188 million, relate to contributions paid by Group companies on salaries and compensation on accrued leave, suppressed holidays, overtime and other indemnities for the month of June paid in July, in addition to payables relating to taxes withheld from employees' salaries.
The item includes moreover the residual contribution payable to FONDENEL amounting to euro 52 million, paid on July 1, 2001.

Payables to Electricity Equalization Fund - *euro 343 million*
The reduction of euro 1,267 million is due to the introduction of new regulation reducing the role of the Electricity Equalization Fund.

Other payables – *euro 2,999 million*
Other payables are made up as follows:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Payable to personnel	503	540	(37)
Water and urban development fees	139	137	2
Reimbursements to customers	1,421	1,181	240
Prepaid telephone traffic	120	-	120
Other payables	816	154	662
TOTAL	**2,999**	**2,012**	**987**

The change over December 31, 2000 is due mainly to the wider consolidation area. The balance at June 30, 2001 includes euro 362 million relating to the residual amount payable by WIND to the Italian Treasury for the issue of the UMTS license, and euro 321 million relating to the amount due by Infostrada to Ferrovie dello Stato pursuant to the contract signed in 1998 regulating usage and transmission rights on the fiber optic network owned by the latter company.

Accrued liabilities and deferred income

The table that follows shows a breakdown and changes occurred in the period:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
Accrued liabilities:			
- accrued interest	323	138	185
- operating payables	145	23	122
Total	468	161	307
Deferred income:			
- deferred interest	17	10	7
- deferred operating income	449	484	(35)
Total	466	494	(28)
TOTAL	**934**	**655**	**279**

Accrued interest were affected by the concentration of interest payments on medium- and long-term debt in the second half of the year. Operating payables include elements not present at the closing date of the 2000 Financial Statements such as 13th monthly salary payments.

Breakdown of accrued liabilities and deferred income by maturity

The table that follows shows the breakdown of accrued liabilities and deferred income by maturity.

In millions of euro	Maturing by Dec. 31, 2001	Maturing between Jan. 1, 2002 and Dec. 31, 2005	Maturing beyond Dec. 31, 2005	Total
Bonds	1,249	4,105	3,108	8,462
Bank loans	11,567	2,949	3,088	17,604
Other financial payables	30	66	461	557
Sundry payables	9,357	1,645	352	11,354
TOTAL	**22,203**	**8,765**	**7,009**	**37,977**

Commitments

Commitments include amounts relating to deposits, guarantees, risks and other commitments assumed by the Group, as shown below:

In millions of euro

	at June 30, 2001	at Dec. 31, 2000	Change
GUARANTEES GIVEN			
Guarantees against loans extended to:			
- ELCOGAS SA	20	20	-
Guarantees given on behalf of third parties	70	70	-
Total	90	90	-
OTHER COMMITMENTS			
Commitments to suppliers of:			
- Electricity	5,591	5,694	(103)
- Fuel	30,997	35,517	(4,520)
- Sundry supplies	5,630	2,222	3,408
- Contract work	1,627	1,058	569
Forward currency purchases	230	1,808	(1,578)
Forward currency sales	930	660	270
Fuel forward contracts	422	633	(211)
Sundry guarantees to lending institutions	53	53	-
Third party securities received as surety	375	4	371
Leasing payments	4	17	(13)
Total	45,859	47,666	(1,807)
TOTAL	**45,949**	**47,756**	**(1,807)**

Following the transfer of nuclear activities to So.gi.n in 2000, a guarantee was issued for euro 70 million in favor of Banca Commerciale Italiana against guarantees issued in the past by So.gi.n. After the transfer of the company to the Italian Treasury (as provided by Legislative decree 79/99), the two companies began procedures to cancel the said guarantees.

Electricity purchase commitments are shown in the table below:

In millions of euro	
Year:	
July 1, 2001-2005	3,463
2006-2010	1,859
2011-2015	269
TOTAL	**5,591**

The breakdown of fuel purchase commitments is as follows:

In millions of euro	Natural gas	Fuel oil	Coal	Logistics	Orimulsion	Total
Year:						
July 1, 2001-2005	8,518	673	56	225	6	9,478
2006-2010	7,693	145	-	-	-	7,838
2011-2015	7,692	-	-	-	-	7,692
2016 and over	5,989	-	-	-	-	5,989
TOTAL	**29,892**	**818**	**56**	**225**	**6**	**30,997**

The price of such supplies is variable and for the most part denominated in foreign currency. Amounts have been calculated according to parameters and exchange rates in force at the end of June 2001, determining the change from 2000.

At June 30, 2001, the Group (through subsidiary Enel.FTL) was engaged in a number of hedging operations aimed at managing the exposure to the risk of fluctuations in reimbursement of electricity generation variable costs currently deriving from timing differences in the mechanism established by the Authority used to determine applicable tariffs. Transactions consist of Commodity swaps and Futures. Swap transactions consist of underlying assets of about 30,000 tons equivalent of oil, corresponding to about $4 million.
Futures transactions amount to 12,400 contracts, for a total of about 2.3 Mtep and around $334 million.

Securities held in custody and deposit relate to WIND shares owned by the France Télécom Group worth about euro 362 million and held in custody by WIND.

Off Balance Sheet Items

Litigation

Rulings on tariffs

A number of industrial customers who consume large amounts of electricity have questioned, in full or in part, the legitimacy of the method with which CIP and subsequently the Authority for Electricity and Gas determined electricity tariffs in the past.
At the present time, all decisions taken, including recent ones, have confirmed the legitimacy of measures appealed. In case of a repeal of measures taken on tariff setting, which could give rise to claims for the reimbursement of amounts paid to Enel for the supply of electricity, the latter's economic position would be unchanged, since any repeal of tariffs would have to be followed by the issue by the Authority of new tariff regulations that compensate Enel for the amounts already recognized.

Issues relating to electric and magnetic fields: regulatory aspects

The law on electro-magnetic emissions that came into effect on March 22, 2001, regulates the field and sets the fundamental principles to be followed by Regional regulating bodies. The new national law will regulate the matter on the whole national territory, providing for the issue on the part of the State of Government decrees setting exposure limits, attention thresholds and quality objectives. New regulations apply to low frequency equipment such as transmission and distribution lines, and distribution cabins, in addition to high frequency equipment used for the telephone service, including mobile telephones. The new national law introduces a ten-year program for the environmental upgrade of the whole national network to new exposure limits in addition to the possibility to retrieve costs incurred by the owners of power lines and distribution cabins (either in part or in full, strictly correlated with the work to be carried out on existing installations) through electricity tariffs, according to criteria to be set by the Authority for Electricity and Gas, pursuant to law 481/95, as they represent costs incurred in the general interest.

Litigation relating to electric and magnetic fields, urban planning and the environment

Controversies relating to the effect of electric and magnetic fields generated by equipment represents issues in common between Enel Distribuzione and Terna, that inherited from Enel the related relationships. The issue may therefore be discussed jointly for the two companies, for which the most important problem is represented by the effects connected to electro-magnetic fields generated by equipment in use.
The two companies replaced Enel in a number of civil and administrative suits relating to requests for the transfer or modification of power lines on the basis of their alleged harmfulness, despite the fact that, in the great majority of cases, these have been installed in application of current norms.
Only in a limited number of cases have claims for health related damages caused by electromagnetic fields been filed.
With regards to decisions taken on the matter, only sporadically have there been pronouncements unfavorable to the Group. All of these have been appealed so that at the present date there have not been final pronouncements against the Group, while no damages for health reasons have ever been granted.
Given the increased sensitivity of public opinion on the subject, however, recourse to legal action requesting the immediate suspension or modification of plant operation by residents who lament health problems allegedly caused by power lines is increasing.
There have been verifications on the part of competent authorities and out-of-court actions and legal proceedings, both relating to criminal and civil charges, relating to complaints on the part of private individuals concerning magnetic fields generated by medium- and low-voltage power cabins located inside buildings, and their compliance with norms. In such cases, however, equipment was assessed to be in wide compliance with induction limits set by current legislation.

A number of urban planning and environmental cases for the construction and operation of a number of transmission and distribution lines are pending.
An evaluation of such proceedings based on indications given by legal advisors, makes the Group deem as remote the possibility of negative outcomes, though for a limited number of cases this cannot be ruled out completely. In case of negative pronouncements, consequences could consist in the possible payment of damages, costs related to work required on electrical equipment and the temporary unavailability of the same. At present such charges may not be quantified and are therefore not included in the "Provision for legal disputes and other contingencies".

Stranded costs

On July 24, 2001 Enel's appeal aimed at obtaining the annulment of Authority for Electricity and Gas Resolution no. 114/01 was notified to the Lombardy Administrative Regional Court. The Resolution sets criteria for the determination of costs that may not be retrieved due to the liberalization of the electricity market (stranded costs). By issuing such Regulation, the Authority went beyond its task of implementing regulations issued by the Ministry of Industry, as provided by Decree no. 79/99, introducing a mechanism for the calculation of stranded costs in violation of criteria indicated in the mentioned decrees, strongly damaging Enel.

Currency options

In the first six months of 2001, Enel entered into US$ forward hedging transactions, with the aim of managing currency risk.
At June 30, 2001, the Group held contracts for a nominal underlying amount of euro 80 million.

Income Statement

Revenues

In the first half of 2001, total revenues increase by euro 2,899 million over the same period in 2000, and are made up as follows:

In millions of euro

	1st half 2001	1st half 2000	Change
Revenues from sales and services:			
- electricity sold on the regulated market	9,603	5,920	3,683
- electricity sold on the free market	971	515	456
- electricity sold by generation companies	314	-	314
- Electricity Equalization Fund contributions	484	4,147	(3,663)
- energy transport fees received	539	55	484
- connection fees received	297	320	(23)
- telecommunication services provided	1,141	-	1,141
- other sales and services	491	170	321
Total	13,840	11,127	2,713
Change in contract work in progress	133	73	60
Increase in capitalized expenses	415	455	(40)
Other revenues	340	174	166
TOTAL REVENUES	**14,728**	**11,829**	**2,899**

In the first six months of 2001, sales in countries other than Italy were equal to euro 37 million, of which euro 31 million in North America.

Revenues from sales and services - *euro 13,840 million*

Revenues from energy sold on the regulated market in the first half of 2001 were affected by new tariffs introduced effective January 1, 2001, which include the share aimed at covering the cost of fuel, previously paid by the Electricity Equalization Fund and recorded as contributions among revenues. The amount recorded as contributions among revenues in the first half of 2001 amounts to euro 4,791 million, so that the amount of revenues comparable with that of the same period for the previous year is equal to euro 4,812 million, declining by euro 1,108 million due to the reduction in tariffs (down about 11% due to the price-cap mechanism and the 0.52 cents reduction per kilowatt – lire 10 – in the tariff component aimed at remunerating fixed production costs), in addition to lower quantities sold (down 12.4%, equal to 12,767 million kWh) as a consequence of the increasing opening up of the market. The reduction was in part offset by the shift of sales towards low-voltage electricity, characterized by higher margins. Moreover, due to the introduction of new tariffs and to maintain a correspondence between costs and revenues, it has been necessary to integrate the value of revenues determined according to a pre-set meter reading calendar and amounts billed, with an estimate of energy supplied, but whose consumption has not been read at the meter and billed, at June 30, 2001, amounting to euro 890 million.

Revenues from the sale of electricity on the free market increase by euro 456 million due to higher volumes (up 34.4%, 3,338 million kWh) and to the increase in the sale price following the growth in parameters linked to the cost of fuel.

Following the introduction of new regulations, in the first half of 2001 generation companies sold electricity generated by plants falling under the provisions of CIP Regulation no. 6/92 to the ISO which, in turn, made it available to the free market. Revenues amounted to euro 314 million, while a comparison with the first half of 2000 is not possible as at that time such sales were directed to Group companies (Enel Distribuzione and Enel Trade).

The reduction in Electricity Equalization Fund contributions is due primarily to the mentioned introduction of new tariffs for the regulated market. Contributions for the first half of 2001 are made up by euro 228 million relating to the euro 0.3 cents (lire 6) per kilowatt tariff component applicable on electricity to be sold on the regulated market aimed at covering the cost of the transaction to the new organization of the electricity market, by euro 243 million relating to past years' contributions on electricity generated by plants falling under the provisions of CIP Regulation no. 6/92 recognized in the first six months of the year, and by minor components.
In 2001, contributions previously received for the purchase of electricity from third parties and those on electricity generated by plants falling under the provisions of CIP Regulation no. 6/92 were also eliminated. The first were replaced by the mentioned introduction of a single tariff for the sale of electricity, and the second by a corresponding share in the sale price of such energy to the ISO.

The strong increase in energy transport fees, up euro 484 million, is also due to the new regulatory and market framework. Such amount is in fact represented by euro 354 million relating to fees for the use of the national transmission network earned by Terna from the ISO. Up until December 31, 2000 such service was billed directly to Group companies (Enel Distribuzione and Enel Trade). The residual increase of euro 130 million is made up by higher revenues recorded by Enel Distribuzione for the transport on its network of electricity for the free market, growing steadily after its recent liberalization.

Revenues of telecommunications companies, not present in the first half of 2000, amount to euro 1,141 million and are made up by euro 849 million recorded by WIND and euro 292 million reported by Infostrada.

Other sales and services amount to euro 491 million, against euro 170 million in the first half of 2000. The euro 321 million increase is due mainly to the development of new activities as part of the Group's diversification effort. Natural gas sales increase by euro 121 million, while those of fuel for trading grow by euro 234 million. The difference of euro 34 million is represented by sales and service to WIND, consolidated on equity in the first half of 2000.

Change in contract work in progress - *euro 133 million*
The item increases by euro 60 million on the first half of the previous year following the growth in contract work carried out mainly by Enelpower.

Change in capitalized expenses - *euro 415 million*
Capitalized expenses decline by euro 40 million due to a more efficient use of resources and the slowdown registered in the first half of 2001 in the construction of plant provided internally.

Other revenues - *euro 340 million*
The euro 166 million increase is due mainly to the recording among extraordinary income of euro 117 million accrued in 2000 to the provision for stranded costs, reversed following the issue of new regulations by the Ministry of Industry and the Authority.

Operating costs

The breakdown of operating costs is shown in the table below:

In millions of euro

	1st half 2001	1st half 2000	Change
Raw materials and fuels:			
- fuel for thermal generation	2,814	2,775	39
- electricity purchased	1,743	1,791	(48)
- materials	553	406	147
Total	**5,110**	**4,972**	**138**
Services	2,432	674	1,758
Leases and rentals	268	117	151
Personnel	1,891	1,810	81
Tangible asset depreciation	1,786	1,629	157
Intangible asset amortization	318	71	247
Write-downs	75	45	30
Change in inventories	89	(133)	222
Accruals to provision for risks and charges	47	78	(31)
Other accruals	40	26	14
Other operating costs	322	148	174
TOTAL OPERATING COSTS	**12,378**	**9,437**	**2,941**

The increase in the cost of acquisition of fuels equal to euro 39 million, is due to higher energy product purchased for trading and purchases of natural gas for distribution (up euro 300 million), and to lower purchases of thermal fuel (up euro 261 million), following mainly the different changes in inventories for the two half-year periods.

The reduction in electricity purchases is in line with the decline in quantities acquired by the Group (down 2.4%).

The cost of materials, net of the change in inventories, declines by euro 22 million, following streamlining and lower in-house construction carried out in the first six months of the year.

The cost of services received increases by euro 1,758 million, represented mainly by costs incurred by WIND and Infostrada for telephone connections and roaming services, amounting to euro 672 million, by national transmission network access fees for electricity generated by hydroelectric and geothermal plants not subsidized, amounting to euro 489 million, and by higher electricity transport costs following the restructuring of the system, up euro 420 million. The residual increase, equal to euro 177 million, is due mainly to the change in the consolidation area, in particular as a result of services received by companies in the telecommunications area.

Expenses for leases and rentals increase overall by euro 151 million, due to the wider consolidation area.

The *cost of personnel* decreases by euro 81 million due to the joint effect of the change in the consolidation area, mainly affected by telecommunications, and the reduction in personnel in the traditional electricity sector.

The table that follows shows the average number of employees by category as compared with the previous year, and the total number of employees at June 30, 2001.

	Average number of employees			Employees
	1st half 2001	1st half 2000	Change	at June 30, 2001
Managers	834	759	75	902
Officers	5,193	4,798	395	5,283
Employees	44,752	42,083	2,669	46,312
Workers	27,054	28,829	(1,775)	26,250
TOTAL	**77,833**	**76,469**	**1,364**	**78,747**

Depreciation increases by euro 404 million, following the change in the consolidation area. Higher depreciation on consolidation differences amounted to euro 161 million.

Write-downs increase by euro 30 million, mainly due to the change in the consolidation area.

The change in inventories results from the reduction in inventories described in the notes to the Balance Sheet.

Accruals to the provision for risks and charges and other accruals decline by euro 17 million due to lower requirements in the electricity distribution sector.

The increase in other operating costs, equal to euro 174 million, is due to the change in the consolidation area and higher extraordinary losses in traditional sectors, up euro 25 million, in addition to euro 18 million in higher local taxes.

Financial income (expense)

Net financial income is made up as follows:

In millions of euro

	1st half 2001	1st half 2000	Change
Financial income from investments in other companies	4	1	3
Other financial income:			
- From long-term receivables:			
. interest relating to the discounting of Social Security receivables as contributions relief	5	9	(4)
. other	3	5	(2)
Total	8	14	(6)
- From current financial assets other than equity investments	15	7	8
- Income other than the above	69	30	39
Total income	96	52	44
Financial expense:			
- On bonds issued	169	185	(16)
- On bank loans	381	111	270
- Other	67	25	42
Total	617	321	296
TOTAL	**(521)**	**(269)**	**(252)**

The increase of euro 252 million is due to higher debt resulting mainly to the acquisition of Infostrada and the line-by-line consolidation of WIND.

Adjustments to the value of financial assets

The amount reported for the first half of 2000 relates to the Group's share in the loss of WIND, valued on equity, inclusive of goodwill depreciation for the period.

Extraordinary items

Extraordinary items - euro 457 million

- Extraordinary income amounts to euro 1,037 million and includes capital gains from the disposal of assets and investments, amounting to euro 474 million (of which euro 429 million for the sale of generation activities in the Valle d'Aosta Region), the recording of the amount of electricity supplied through the end of 2000 that could not be recorded in such year according to previously adopted measuring methods, equal to euro 501 million, in addition to contributions from the Electricity Equalization Fund and other extraordinary income amounting to euro 63 million.
- Extraordinary expense, amounting to euro 580 million, includes mainly euro 501 million relating to the extraordinary write-off of analog meters, commented upon in the paragraph on tangible assets, and euro 59 million referring to early retirement incentives.

Income taxes

Income taxes - *euro 921 million*

The average tax rate for the first six months of 2001 is equal to 40.3%, as compared with 48.4% in the first half of 2000. The tax rate for the first half of 2001 is affected by large capital gains on which a 19% substitute tax applies in lieu of the normal 40.25% rate. The average tax rate for ordinary income is equal to 47%, reflecting the 1% decline in the corporate tax rate over the rate applicable in 2000.

Taxes for the first half of 2001 include prepaid taxes calculated on the loss for the period reported by WIND and Infostrada, amounting to euro 116 million, in view of the expected retrieval of such losses, as commented upon in the notes to the Balance Sheet.

Attachments

Companies included in the consolidation area using the line-by-line method at June 30, 2001[1]

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
			at June 30, 2001				
Parent Company:							
Enel SpA	Rome	Holding	12,126,150,379,000	Lire	-		
Subsidiaries:							
Adim Mileo SpA	Rome	Gas distribution	200,000,000	Lire	100.00	Colombo Gas SpA Brianza Gas Srl	76.00 24.00
Agas SpA [2]	Teramo	Gas distribution	260,000	Euro	100.00	Enel SpA (the remaining shares are owned by Agas SpA)	89.50
Ape Gruppo Enel SpA	Rome	Personnel administration activities	500,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.00 1.00
Avisio Energia SpA	Trento	Gas distribution	13,000,000,000	Lire	100.00	So.Ge.Gas SpA Enel SpA	98.00 2.00
Brianza Gas Srl	Rome	Gas distribution	810,000,000	Lire	100.00	Colombo Gas SpA	100.00
Camigas Srl	Rome	Gas distribution	20,000,000	Lire	100.00	Colombo Gas SpA	100.00
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Research and testing	8,550,000	Euro	57.92	Enel SpA Eurogen SpA Elettrogen SpA Terna SpA Interpower SpA	37.92 7.00 5.00 5.00 3.00
CESP SpA	Rome	Gas distribution	200,000,000	Lire	100.00	Erogasud SpA	100.00
CHI Energy Inc. [1]	Connecticut - USA	Electricity generation from renewable sources	10	USD	100.00	Enel Green Power Holding SA	100.00
CISE Tecnologie Innovative Srl	Rome	R&D	600,000	Euro	100.00	Enel SpA	100.00
Colombo Gas SpA	Rome	Gas distribution	45,000,000	Euro	100.00	Enel SpA	100.00
Conphoebus SpA	Catania	Research and engineering services	7,000,000	Euro	100.00	Enel SpA	100.00
Ctida Srl	Milan	Engineering, water systems	1,000,000,000	Lire	75.00	Enel.Hydro SpA	75.00
Dalmazia Trieste SpA	Rome	Real estate management	3,904,760	Euro	100.00	Enel SpA Sei SpA	98.76 1.24
Deval SpA	Aosta	Electricity distribution in Valle D'Aosta	75,000,000,000	Lire	51.00	Valdis SpA	51.00
Edil Geo Srl	Rome	Gas distribution	190,000,000	Lire	100.00	Enel SpA	100.00
EGI Ltd. [1] [2]	Bermuda	Electricy generation from renewable sources	12,000	USD	100.00	Enel Green Power Holding SA	100.00
Elettroambiente SpA	Rome	Electricity generation from waste	250,000	Euro	100.00	Enel SpA	100.00
Elettrogen SpA	Rome	Electricity generation	139,450,000	Euro	100.00	Enel SpA	100.00

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
Enel Capital SpA (ex Biz@Capital SpA)	Milan	Venture capital	3,500,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.00 1.00
Enel Distribuzione SpA	Rome	Electricity distribution	12,238,400,000,000	Lire	100.00	Enel SpA	100.00
Enel Distribuzione Gas SpA	Rome	Gas distribution	100,000	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	214,975,000	LUF	99.99	Enel SpA	99.99
Enel.FTL SpA	Rome	Fuel trading and logistics	25,000,000	Euro	100.00	Enel SpA Enel Produzione SpA CISE Tecnologie Innovative Srl	99.19 0.80 0.01
Enel Green Power Holding SA	Luxembourg	Holding of foreign companies operating in the electricity generation from renewable sources	50,000,000	Euro	99.99	Erga SpA	99.99
Enel Holding Luxembourg SA	Luxembourg	Finance	6,237,390	Euro	99.99	Enel SpA	99.99
Enel.Hydro SpA	Seriate (Bergamo)	Engineering, water systems	9,390,000	Euro	100.00	Enel SpA	100.00
Enel Investment Holding BV	Holland	Holding of telecommunication companies	50,000	Euro	100.00	Enel SpA	100.00
Enel.it SpA	Rome	Information technology	70,200,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.99 0.01
Enelpower SpA	Milan	Engineering and contracting	127,600,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.99 0.01
Enelpower UK Ltd.	United Kingdom	Engineering and contracting	1,000	GBP	100.00	Enelpower SpA	100.00
Enel Produzione SpA	Rome	Electricity generation	6,360,100,850	Euro	100.00	Enel SpA	100.00
Enel.Re Ltd.	Ireland	Reinsurance	3,000,000	Euro	99.99	Enel Holding Lux. SA	99.99
Enel Service UK Ltd.	United Kingdom	Services	100	GBP	100.00	Enel.FTL SpA	100.00
Enel.si - Servizi integrati SpA	Rome	Engineering and energy related services	5,000,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.00 1.00
Enel Trade SpA	Milan	Sale of electricity	2,500,000	Euro	100.00	Enel SpA	100.00
Energas Impianti Srl	Rome	Gas distribution	20,000,000	Lire	100.00	Camigas Srl	100.00
Erga - Energie Rinnovabili Geotermiche ed Alternative SpA	Pisa	Electricity generation from renewable sources	716,607,150	Euro	100.00	Enel SpA	100.00
Erogasud SpA	Rome	Gas distribution	1,800,000,000	Lire	100.00	Pafim Srl Enel SpA	85.00 15.00
Eurogen SpA	Rome	Electricity generation	102,740,489	Euro	100.00	Enel SpA	100.00

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
Impregest Srl [2]	Policoro (MT)	Gas distribution	500,000,000	Lire	100.00	Enel SpA	100.00
Infostrada SpA	Milan	Telecommunications	270,000,000,000	Lire	100.00	Enel Investment Holding BV	100.00
Interpower SpA	Rome	Electricity generation	94,588,758	Euro	100.00	Enel SpA	100.00
Italia On Line SpA	Milan	Internet services	2,800,000,000	Lire	100.00	Infostrada SpA	100.00
IT-net SpA	Rome	Network information systems	1,000,000,000	Lire	100.00	WIND SpA Mondo WIND Srl	99.00 1.00
La Metanifera Srl	Rome	Gas distribution	30,000,000	Lire	100.00	Energas Impianti Srl	100.00
Lario Distribuzione Gas SpA	Rome	Gas distribution	2,000,000,000	Lire	100.00	Colombo Gas SpA Brianza Gas Srl	50.00 50.00
Masefield Coal AG [2]	Switzerland	Coal trading	100,000	CHF	51.00	Enel.FTL SpA	51.00
Metano Borgo	Rome	Gas distribution	90,000,000	Lire	100.00	S.G.M. SpA	100.00
San Giovanni Srl [2] Metano Graffignana Srl [2]	Rome	Gas distribution	20,000,000	Lire	100.00	S.G.M. SpA	100.00
Metan Sud Gas SpA[2]	Rome	Gas distribution	2,000,000,000	Lire	100.00	Enel SpA	100.00
Mondo WIND Srl	Rome	Sale of telecommunication products and services	190,000,000	Lire	100.00	WIND SpA IT-net SpA	99.00 1.00
Pafim Srl	Rome	Holding of companies operating in the gas sector	35,100,000	Lire	100.00	Enel Spa	100.00
SACEM Srl	Rome	Gas distribution	30,000,000	Lire	100.00	Colombo Gas SpA	100.00
S.A.M.I.G. Srl [2]	L'Aquila	Services	90,000,000	Lire	100.00	Agas SpA	100.00
Sei SpA	Rome	Real estate management and general services	1,223,427,364	Euro	100.00	Enel SpA Enel.Hydro SpA	99.99 0.01
Sfera - Società consortile per la formazione e le risorse aziendali ScpA	Rome	Human resources	5,825,000	Euro	100.00	Enel SpA Enel Produzione SpA Terna SpA Enel Distribuzione SpA Enelpower SpA Erga SpA Sei SpA Enel.Hydro SpA	45.00 10.00 10.00 10.00 10.00 5.00 5.00 5.00
S.G.M. SpA [2]	Rome	Gas distribution	500,000,000	Lire	100.00	Enel SpA	100.00
Sicim Services Srl	Rome	Gas distribution	190,000,000	Lire	100.00	Enel SpA	100.00
So.Ge.Gas SpA	Rome	Gas distribution	25,000,000,000	Lire	100.00	Enel SpA	100.00
So.l.e. - Società luce elettrica SpA Gruppo Enel	Rome	Public lighting systems	4,600,000	Euro	100.00	Enel SpA CISE Tecnologie Innovative Srl	99.98 0.02
So.l.e. Milano H Scrl	Rome	Construction of public lighting systems	10,000	Euro	70.00	So.l.e. SpA	70.00

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
Terna - Trasmissione Elettricità Rete Nazionale SpA	Rome	Ownership and maintenance of the electricity transmission network	2,036,050,000	Euro	100.00	Enel SpA	100.00
Valdis SpA	Aosta	Electricity distribution in Valle D'Aosta	30,550,000	Euro	100.00	Enel SpA	100.00
Valgen SpA	Châtillon (Aosta)	Electricity generation in Valle D'Aosta	266,700,000	Euro	100.00	Enel SpA	100.00
WEBiz 2 BV	Holland	Venture capital	18,000	Euro	100.00	Enel SpA	100.00
WEBiz 3 NV	Belgium	Venture capital	17.950,000	Euro	100.00	WEBiz Holding BV WEBiz 2 BV	99.99 0.01
WEBiz Holding BV	Holland	Venture capital	20,000	Euro	100.00	Enel SpA WEBiz 2 BV	80.00 20.00
WIND Telecomunicazioni SpA	Rome	Telecommunications	1,618,087,558,000	Lire	56.63	Enel SpA	56.63

(1) CHI Energy Inc. and EGI Ltd. subsidiaries are shown in separate tables.
(2) Acquired at year end; Balance Sheet consolidation only.

List of companies owned by CHI Energy Inc. included in the consolidation area using the line-by-line method at June 30, 2001 [1]

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
		at June 30, 2001				
Parent Company:						
CHI Energy Inc.	Connecticut - USA	10	USD	100.00	Enel Green Power Holding SA	100.00
Subsidiaries:						
Agassiz Beach LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Aquenergy Systems Inc.	South Carolina - USA	10,500	USD	100.00	Consolidated Hydro Southeast Inc.	100.00
Asotin Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
Autumn Hills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Aziscohos Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
Beaver Falls Water Power Company	Pennsylvania - USA	-	-	67.50	Beaver Valley Holdings Ltd.	67.50
Beaver Valley Holdings Ltd.	Pennsylvania - USA	2	USD	100.00	Hydro Development Group Inc.	100.00
Beaver Valley Power Company	Pennsylvania - USA	30	USD	100.00	Hydro Development Group Inc.	100.00
Bedard Electrics Inc.	New York - USA	150,200	USD	100.00	Hydro Development Group Inc.	100.00
Boott Hydropower Inc.	Massachusetts - USA	-	-	100.00	CHI Energy Inc.	100.00
BP Hydro Associates	Idaho - USA	-	-	100.00	CHI Idaho Inc. CHI Magic Valley Inc.	68.00 32.00
BP Hydro Finance Partnership	Utah - USA	-	-	100.00	BP Hydro Associates Fulcrum Inc.	75.90 24.10
Canastota Wind Power LLC	Delaware - USA	-	-	100.00	Essex Company	100.00
(Cataldo) Hydro Power Associates	New York - USA	-	-	100.00	Hydro Development Group Inc. CHI Black River Inc.	50.00 50.00
CHI Acquisitions Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI Acquisitions II Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
CHI Argentina USA Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI Black River Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
CHI Canada Inc.	Québec - Canada	800	USD	100.00	CHI Finance Inc.	100.00
CHI Dexter Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
CHI Finance Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI Hydroelectric Company Inc.	Newfoundland - Canada	-	-	100.00	CHI Canada Inc.	100.00
CHI Highfalls Inc.	Delaware - USA	-	-	100.00	CHI Finance Inc.	100.00
CHI Idaho Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
CHI Magic Valley Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
CHI Minnesota Wind LLC	Delaware - USA	-	-	100.00	CHI Finance Inc.	100.00
CHI Mountain States Operations Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
at June 30, 2001						*
CHI Operations Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI Patagonia Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
CHI Phillippines Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
CHI Power Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI Power Marketing Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI S.F. LP	Québec - Canada	-	-	100.00	CHI Hydroelectric Co. Inc. CHI Canada Inc.	1.00 99.00
CHI Universal Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
CHI West Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
CHI Western Operations Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Coneross Power Corporation Inc.	South Carolina - USA	110,000	USD	100.00	Aquenergy Systems Inc.	100.00
Consolidated Hydro Mountain States Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Consolidated Hydro New Hampshire Inc.	Delaware - USA	130	USD	100.00	CHI Universal Inc.	100.00
Consolidated Hydro New York Inc.	Delaware - USA	200	USD	100.00	CHI Energy Inc.	100.00
Consolidated Hydro Southeast Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions II Inc.	100.00
Consolidated Hydro Vermont Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
Consolidated Pumped Storage Inc.	Delaware - USA	80	USD	100.00	CHI Energy Inc.	100.00
Consolidated Pumped Storage Arkansas Inc.	Delaware - USA	90	USD	100.00	Consolidated Pumped Storage Inc.	100.00
Coosa Pines Energy LLC	Delaware - USA	-	-	100.00	CHI Finance Inc.	100.00
Coosa Pines Energy Holdings LLC	Delaware - USA	-	-	100.00	CHI Finance Inc.	100.00
Copenhagen Associates	New York - USA	-	-	100.00	Hydro Development Group Inc. CHI Dexter Inc.	50.00 50.00
Crosby Drive Investments Inc.	Massachusetts - USA	-	-	100.00	Asotin Hydro Company Inc.	100.00
Eagle & Phenix Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Echo Summit Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Essex Company	Massachusetts - USA	-	-	100.00	CHI Energy Inc.	100.00
Florence Hills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Fulcrum Inc.	Idaho - USA	992.5	USD	100.00	Consolidated Hydro Mountain States Inc.	100.00

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
at June 30, 2001						
Hadley Ridge LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Highfalls Hydro Company Inc.	Delaware - USA	-	-	100.00	CHI Finance Inc.	100.00
Hope Creek LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Hosiery Mill Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Hydrodev Inc.	Québec - Canada	-	-	100.00	CHI Canada Inc.	100.00
Hydro Development Group Inc.	New York - USA	12.25	USD	100.00	CHI Acquisitions II Inc.	100.00
Hydro Energies Corporation	Vermont - USA	5,000	USD	100.00	CHI Finance Inc.	100.00
Iroquorp Ltd.	New York - USA	-	-	100.00	Hydro Development Group Inc.	100.00
Iroquorp Acquisitions Inc.	New York - USA	-	-	100.00	Hydro Development Group Inc.	100.00
Jack River LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Jessica Mills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Joseph Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions II Inc.	100.00
Julia Hills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Kings River Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Kinneytown Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
LaChute Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
Lawrence Hydroelectric Associates LP	Massachusetts - USA	-	-	100.00	Essex Company Crosby Drive Investments Inc.	92.50 7.50
Les Développements Hydroelectriques CHI Inc.	Québec - Canada	100	USD	100.00	CHI Acquisitions Inc.	100.00
Littlefield Hydro Company	Maine - USA	-	-	100.00	Littlefield Hydro Company Inc. CHI Universal Inc.	10.00 90.00
Littlefield Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
Littleville Power Company Inc.	Massachusetts - USA	-	-	100.00	Hydro Development Group Inc.	100.00
Lower Saranac Corporation	New York - USA	2	USD	100.00	CHI Acquisitions Inc.	100.00
Metro Wind LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Mill Shoals Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Minnewawa Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Energy Inc.	100.00
North Canal Waterworks	Massachusetts - USA	-	-	100.00	Essex Company	100.00
Notch Butte Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Optigaz Inc.	Québec - Canada	-	-	60.00	CHI Canada Inc.	60.00
Ottauquechee Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Patagonia Investments LP	Delaware - USA	-	-	99.00	CHI Patagonia Inc.	99.00

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
at June 30, 2001						
Pelzer Hydro Company Inc.	Delaware - USA	100	USD	100.00	Consolidated Hydro Southeast Inc.	100.00
Phoenix Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Pioneer Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Pyrites Associates	New York - USA	-	-	100.00	Hydro Development Group Inc. CHI Dexter Inc.	50.00 50.00
Ruthton Ridge LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Schoolfield Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Sheldon Vermont Hydro Company Inc.	Delaware - USA	-	-	100.00	CHI Acquisitions Inc.	100.00
Slate Creek Hydro Associates LP	California - USA	-	-	95.00	Slate Creek Hydro Company Inc.	95.00
Slate Creek Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions II Inc.	100.00
Soliloquoy Ridge LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Somersworth Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Universal Inc.	100.00
Southwest Transmission LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Spartan Hills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
St. - Felicien Cogeneration Limited Partnership	Québec - Canada	-	-	59.90	Hydrodev Inc. CHI S.F. LP	2.40 57.50
Summit Energy Limited Partnership	Delaware - USA	-	-	100.00	CHI Energy Inc. Summit Energy Storage Inc.	1.00 99.00
Summit Energy Storage Inc.	Delaware - USA	8,200	USD	69.31	CHI Energy Inc.	69.31
Summit Finance Inc.	Delaware - USA	100	USD	100.00	Summit Energy Storage Inc.	100.00
Sun River LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
The Great Dam Corporation	Massachusetts - USA	100	USD	100.00	Lawrence Hydroelectric Associates LP	100.00
TKO Power Inc.	California - USA	-	-	100.00	CHI West Inc.	100.00
Triton Power Company	New York - USA	-	-	100.00	CHI Highfalls Inc. Highfalls Hydro Company Inc.	50.00 50.00
Tsar Nicholas LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Twin Falls Hydro Company Inc.	Delaware - USA	10	USD	100.00	CHI Acquisitions Inc.	100.00
Twin Lake Hills LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00
Ware Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Finance Inc.	100.00
Willimantic Hydro Company Inc.	Delaware - USA	100	USD	100.00	CHI Acquisitions Inc.	100.00
Willimantic Power Corporation	Connecticut - USA	-	-	100.00	Willimantic Hydro Company Inc.	100.00
Winter's Spawn LLC	Minnesota - USA	-	-	49.00	CHI Minnesota Wind LLC	49.00

[1] All the companies are involved in the electricity generation from renewable sources.
[2] LLC and some other kind of incorporation do not require a capital stock.

Companies owned by Energia Global International Ltd. included in the consolidation area using the line-by-line method at June 30, 2001 [1]

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
		at June 30, 2001				
Parent Company:						
EGI Ltd.	Bermuda	12,000	USD	100.00	Enel Green Power Holding SA	100.00
Subsidiaries:						
Agricola Rio Sahuil Ltda	Chile	200,000,000	CLP	99.90	Agricola Y Constructora Rio Guanehue SA	99.90
Agricola Y Constructora Rio Guanehue SA	Chile	-	-	100.00	Empresa Electrica Panguipulli SA	99.93
					Energia de Los Lagos Ltda	0.07
Celabi Ltd.	Cayman Island	2	USD	100.00	Dowill Finance Company	100.00
Central American Power Services Inc.	Connecticut - USA	1	USD	100.00	EGI Ltd.	100.00
Conexion Energetica Centroamericana SA	Guatemala	5,000	GTQ	100.00	EGI Guatemala SA	98.00
					Mesoamerica Power Development Ltd.	2.00
Conexion Energetica Centroamericana El Salvador SA	El Salvador	4,000,000	SVC	100.00	Grupo EGI SA de cv	99.95
					EGI Holdco El Salvador SA de cv	0.05
Constructora Cerro Pitren Ltda	Chile	200,000,000	CLP	99.90	Agricola Y Constructora Rio Guanehue SA	99.90
Control Y Despacho Regional de Centroamerica SA	Costa Rica	10,000	CRC	100.00	Energia Global de Costa Rica SA	100.00
Dowill Finance Company	Cayman Island	1,000	USD	50.10	EGI Chile Ltd.	50.10
EGI Chile Ltd.	Cayman Island	1	USD	100.00	EGI Ltd.	100.00
EGI Costa Rica Viento SA	Costa Rica	100,000	CRC	100.00	Mesoamerica Power Development Ltd.	100.00
EGI Guacimo Ltd.	Cayman Island	1	USD	100.00	EGI Ltd.	100.00
EGI Guatemala SA	Guatemala	5,000	GTQ	100.00	Mesoamerica Power Development Ltd.	99.98
					EGI Ltd.	0.02
EGI Holdco El Salvador SA de cv	El Salvador	200,000	SVC	100.00	Mesoamerica Power Development Ltd.	99.95
					EGI Ltd.	0.05
EGI Jimenez Ltd.	Cayman Island	1	USD	100.00	EGI Ltd.	100.00
EGI Project Services SA	Guatemala	5,000	GTQ	100.00	EGI Guatemala SA	99.98
					Mesoamerica Power Development Ltd.	0.02
Electrificadora Ecologica SA	Costa Rica	1,200,000	CRC	100.00	ZMZ General SA	100.00
Empresa Electrica Panguipulli SA	Chile	-	-	100.00	Energia de Los Lagos Ltda	99.99
					Energia Alerce Ltda	0.01

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
at June 30, 2001						
Empresa Electrica Puyehue SA	Chile	10,601,000,000	CLP	100.00	Energia de Los Lagos Ltda Energia Alerce Ltda	99.90 0.10
Energia Alerce Ltda	Chile	1,000,000	CLP	100.00	Jeffco Ltd. Dowill Finance Company	99.90 0.10
Energia de Los Lagos Ltda	Chile	15,414,240,752	CLP	100.00	Energia Alerce Ltda Jeffco Ltd.	99.99 0.01
Energia Global SA de cv	Connecticut - USA	50,000	MXN	99.00	EGI Ltd.	99.00
Energia Global de Costa Rica SA	Costa Rica	100,000	CRC	100.00	EGI Ltd.	100.00
Generadora de Occidente Ltda	Guatemala	5,000	GTQ	100.00	EGI Guatemala SA Mesoamerica Power Development Ltd.	99.00 1.00
Grupo EGI SA de cv	El Salvador	200,000	SVC	100.00	EGI Holdco El Salvador SA de cv Mesoamerica Power Development Ltd.	99.95 0.05
Grupo EGI Matanzas SA	Guatemala	5,000	GTQ	100.00	Tecnoguat Holdings Ltd. Tecnoguat SA	99.00 1.00
Grupo Hidro Energia Centroamerica SA	Costa Rica	10,000	CRC	100.00	Energia Global de Costa Rica SA	100.00
Grupo Hidroverde Ltd.	Cayman Island	100	USD	45.00	EGI Jimenez Ltd.	45.00
Hidroenergetica SA	Costa Rica	10,000	CRC	100.00	Energia Global de Costa Rica SA	100.00
Industria Mercantil de Guatemala SA	Guatemala	5,000	GTQ	100.00	EGI Guatemala SA Mesoamerica Power Development Ltd.	80.00 20.00
Inversiones Hidroelectricas Cincuenta SA	Costa Rica	10,000	CRC	100.00	Energia Global de Costa Rica SA	100.00
Inversiones Mil Seiscientos Sesenta Y Uno SA	Costa Rica	2,000	CRC	100.00	Energia Global de Costa Rica SA	100.00
Jeffco Ltd.	Cayman Island	100	USD	100.00	Dowill Finance Company	100.00
Mesoamerica Power Development Ltd.	Bermuda	12,000	USD	100.00	EGI Ltd.	100.00
Molinos de Viento del Arenal SA	Costa Rica	9,709,200	USD	49.00	Electrificadora Ecologica SA	49.00
Operacion Y Mantenimiento Tierras Morenas SA	Costa Rica	30,000	CRC	85.00	Electrificadora Ecologica SA	85.00
P.H. Don Pedro SA	Costa Rica	100,001	CRC	29.93	EGI Ltd.	29.93
P.H. Don Rafael SA	Costa Rica	10,000	CRC	40.00	EGI Ltd. Energia Global de Costa Rica SA	30.00 10.00

Company name	Registered office	Capital stock [2]	Currency	% ownership	Held by	%
at June 30, 2001						
P.H. Guacimo SA	Costa Rica	50,000	CRC	40.00	EGI Ltd.	30.00
					Energia Global de Costa Rica SA	10.00
P.H. Rio Volcan SA	Costa Rica	100,001	CRC	43.13	EGI Ltd.	43.13
Power Finance de Panama SA	Connecticut - USA	10,000	USD	100.00	Mesoamerica Power Development Ltd.	100.00
Tecnoguat SA	Guatemala	1,000,000	GTQ	100.00	Grupo EGI Matanzas SA	99.00
					Tecnoguat Holdings Ltd.	1.00
Tecnoguat Holdings Ltd.	Cayman Island	100	USD	75.00	EGI Ltd.	75.00
ZMZ General SA	Costa Rica	500,000	CRC	51.00	EGI Costa Rica Viento SA	51.00

[1] All the companies are involved in the electricity generation from renewable sources.
[2] Some kind of incorporation do not require a capital stock.

Affiliated companies consolidated on equity at June 30, 2001

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
Euromedia Luxembourg One SA	Luxembourg	Venture capital	52,500,000	USD	28.57	Enel SpA	28.57
Immobiliare Foro Bonaparte SpA	Rome	Real estate	55,000,000	Euro	49.00	Sei SpA	49.00
Immobiliare Rio Nuovo SpA	Rome	Real estate	155,300,000,000	Lire	49.00	Sei SpA	49.00
KH (Multimedia Education) SpA	Turin	Personnel training	9,804,000,000	Lire	49.00	Sfera ScpA	49.00
Q-Channel SpA	Rome	Health care services	3,214,286,000	Lire	24.00	Enel.it SpA	24.00
EPV Holdings LLC	Delaware - USA	Electricity generation from renewable sources	-	-	37.14	CHI Power Inc.	37.14
Star Lake Hydro Partnership	Canada	Electricity generation from renewable sources	-	-	49.00	CHI Hydroelectric Company Inc.	49.00
Black River Hydro Assoc.	New York - USA	Electricity generation from renewable sources	-	-	25.00	(Cataldo) Hydro Power Associates	25.00
ESTEL SpA	Trieste	Telecommunications	23,000,000,000	Lire	40.00	WIND SpA	40.00
Megamind SpA	Rome	Distribution	200,000,000	Lire	30.00	Mondo WIND Srl	30.00
Aes Distribuidores Salvadoreños Y Compania S. en C. de cv	El Salvador	Electricity generation from renewable sources	200,000	SVC	20.00	Grupo EGI SA de cv	20.00
Conphoebus Technology Service SpA	Catania	Facility management services	2,000,000,000	Lire	50.00	Sei SpA	50.00

Unconsolidated subsidiaries at June 30, 2001

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
Atezada Services Ltd.	United Kingdom	Administrative services	1,000	GBP	100.00	Masefield Coal AG	100.00
Carbones Colombianos del Cerrejon SA	Colombia	Exploitation of coal mines	712,410,000	COP	60.00 *(only usufruct)*	Masefield Coal AG	60.00
Climare Scrl	Sestri Levante	Energy services	60,000,000	Lire	66.66	Enel Distribuzione SpA	66.66
Consorzio Siciltech (in liquidazione)	Palermo	Small and medium size business development in Sicily	10,000,000	Lire	99.00	Enel.Hydro SpA	99.00
Enelpower do Brasil Ltda	Brasil	Engineering and contracting	1,242,000	R$	99.99	Enelpower SpA	99.99
Enel Vendita Gas SpA	Rome	Sale of gas	100,000	Euro	100.00	Enel SpA	100.00
Hydro Gestioni SpA	Milan	Water sector	104,000	Euro	51.00	Enel.Hydro SpA	51.00
Hydro Gestioni Impianti Tecnologici Scrl	Milan	Water sector	25,822	Euro	51.00	Enel.Hydro SpA	51.00
Idrogest Scrl	Cagliari	Water sector	25,000	Euro	100.00	Enel.Hydro SpA Erga SpA	50.00 50.00
Metan Gas Sicilia Srl	Fiumefreddo di Sicilia (Catania)	Gas distribution	1,000,000,000	Lire	80.00	Metan Sud Gas SpA	80.00
T.S.N.- Transmissora Sudeste Nordeste SA	Brasil	Construction, ownership and maintenance of transmission network	73,810,000	R$	98.20	Enelpower SpA	98.20
Western New York Wind Corporation	New York - USA	Electricity generation from renewable sources	300	USD	100.00	CHI Energy Inc.	100.00

Affiliated companies at June 30, 2001

Company name	Registered office	Activity	Capital stock	Currency	% ownership	Held by	%
at June 30, 2001							
C.I.N.S.	Rome	Research on materials	100,000,000	Lire	20.00	CISE Tecnologie Innovative Srl	20.00
Istedil - Istituto Sperimentale per l'Edilizia SpA	Guidonia (Rome)	Building safety technologies	2,000,000,000	Lire	50.00	Enel.Hydro SpA	50.00
Consorzio Isas	Matera	Training and other services	10,000,000	Lire	46.25	Enel.Hydro SpA	46.25
Consorzio Corarc	Seriate (Bergamo)	Scientific research coordination	100,000,000	Lire	50.00	Enel.Hydro SpA	50.00
Consorzio Progetto Torre di Pisa	Pisa	Coordination of studies for the restoration of the Tower of Pisa	60,000,000	Lire	24.98	Enel.Hydro SpA	24.98
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Studies, projects and research in the thermal field	2,184,480,000	Lire	41.55	Enel.Hydro SpA	41.55
Idroenergia Consorzio (in liquidazione)	Seriate ((Bergamo)	Desalination plants	100,000,000	Lire	50.00	Enel.Hydro SpA	50.00
Consorzio Gestione Centro Iside	Prignano Cil. (Salerno)	Monitoring and safety of water distribution networks	200,000,000	Lire	49.00	Enel.Hydro SpA Erga SpA	29.00 20.00
HydroLazio Scrl	Bologna	Water sector	1,000,000,000	Lire	30.00	Enel.Hydro SpA	30.00
Sicilia Hydro SpA	Enna	Water sector	200,000,000	Lire	33.50	Enel.Hydro SpA	33.50
Enelpower Contractor and Development Saudi Arabia Ltd.	Saudi Arabia	Power plant construction, management and maintenance	5,000,000	SR	40.00	Enelpower SpA	40.00
Enelco SA	Greece	Power plant construction, management and maintenance	200,000,000	GRD	50.00	Enelpower SpA	50.00
Eneco Energia Ecologica Srl	Moena (Trento)	Tele-heating	516,000	Euro	49.00	Avisio Energia SpA	49.00
Gas Impianti Srl	Cremona	Gas distribution	90,000,000	Lire	20.00	Erogasud SpA	20.00
Aes Distribuidores Salvadoreños Ltda de cv	El Salvador	Electricity generation from renewable sources	200,000	SVC	20.00	Grupo EGI SA de cv	20.00
Hipotecaria de Santa Ana Ltda de cv	El Salvador	Electricity generation from renewable sources	100,000	SVC	20.00	Grupo EGI SA de cv	20.00
Hydrodev Limited Partnership	Québec-Canada	Electricity generation from renewable sources	-	-	49.00	CHI Canada Inc. Hydrodev Inc.	48.00 1.00
Panaenergy Group SA	Connecticut - USA	Electricity generation from renewable sources	200	USD	50.00	EGI Ltd.	50.00
Consorzio Elettra 2000	Bologna	Studies and research on mobile telephony impact	1,800,000,000	Lire	20.00	WIND SpA	20.00
CODEV - Consorzio Distribuzione Elettricità Voghera	Pavia	Electricity distribution	50,000	Euro	40.00	Enel Distribuzione SpA	40.00

Relevant equity investments owned by Enel at June 30, 2001 pursuant to art. 120 of Legislative Decree no. 58, dated Feb. 24, 1998

(reporting pursuant to article 126 of CONSOB Resolution no.11971 dated May 14, 1999)

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Adim Mileo SpA	Rome	Gas distribution	200,000,000	Lire	Colombo Gas SpA Brianza Gas SpA	76 24
Aes Distribuidores Salvadoreños Ltda de cv	San Salvador (El Salvador)	Electricity generation from renewable sources	200,000	SVC	Grupo EGI SA de cv	20
Aes Distribuidores Salvadoreños Y Compania S. en C. de cv	San Salvador (El Salvador)	Electricity generation from renewable sources	200,000	SVC	Grupo EGI SA de cv	20
Agas SpA	Teramo	Gas distribution	260,000	Euro	Enel SpA Agas SpA	89.5 10.5
Agassiz Beach LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Agricola Rio Sahuil Ltda	Santiago (Chile)	Electricity generation from renewable sources	200,000,000	CLP	Agricola Y Constructora Rio Guanehue SA	99.90
Agricola Y Constructora Rio Guanehue SA	Santiago (Chile)	Electricity generation from renewable sources	-	-	Empresa Electrica Panguipulli SA Energia de Los Lagos Ltda	99.93 0.07
Ape Gruppo Enel SpA	Rome	Personnel administration activities	500,000	Euro	Enel SpA CISE Srl	99 1
Aquenergy Systems Inc.	South Carolina - USA	Electricity generation from renewable sources	10,500	USD	Consolidated Hydro Southeast Inc.	100
Asotin Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
Atezada Services Ltd.	London (United Kingdom)	Administrative services	1,000	GBP	Masefield Coal AG	100
Autumn Hills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Avisio Energia SpA	Trento	Gas distribution	13,000,000,000	Lire	So.Ge.Gas SpA Enel SpA	98 2
Aziscohos Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
Beaver Falls Water Power Company	Pennsylvania - USA	Electricity generation from renewable sources	-	-	Beaver Valley Holdings Ltd.	67.50
Beaver Valley Holdings Ltd.	Pennsylvania - USA	Produzione di energia elettrica da fonti rinnovabili	2	USD	Hydro Development Group Inc.	100
Beaver Valley Power Company	Pennsylvania - USA	Electricity generation from renewable sources	30	USD	Hydro Development Group Inc.	100
Bedard Electrics Inc.	New York - USA	Electricity generation from renewable sources	150,200	USD	Hydro Development Group Inc.	100
Boott Hydropower Inc.	Massachusetts - USA	Electricity generation from renewable sources	-	-	CHI Energy Inc.	100
Brianza Gas Srl	Rome	Gas distribution	810,000,000	Lire	Colombo Gas SpA	100
Camigas Srl	Rome	Gas distribution	20,000,000	Lire	Colombo Gas SpA	100
Canastota Wind Power LLC	Delaware - USA	Electricity generation from renewable sources	-	-	Essex Company	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Carbones Colombianos del Cerrejon SA	Bogotà (Colombia)	Exploitation of coal mines	712,410,000	COP	Masefield Coal AG	60 *((only usufruct)*
Celabi Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	2	USD	Dowill Finance Company	100
Central American Power Services Inc.	Connecticut - USA	Electricity generation from renewable sources	1	USD	EGI Ltd.	100
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Research and testing	8,550,000	Euro	Enel SpA Eurogen SpA Elettrogen SpA Terna SpA Interpower SpA	37.92 7.00 5.00 5.00 3.00
CESP SpA	Rome	Distribuzione di gas	200,000,000	Lire	Erogasud SpA	100
CHI Acquisitions Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI Acquisitions II Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
CHI Argentina USA Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI Black River Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
CHI Canada Inc.	Québec - Canada	Electricity generation from renewable sources	800	USD	CHI Finance Inc.	100
CHI Dexter Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
CHI Energy Inc.	Connecticut - USA	Electricity generation from renewable sources	10	USD	Enel Green Power Holding SA	100
CHI Finance Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI Hydroelectric Company Inc.	Newfoundland Canada	Electricity generation from renewable sources	-	-	CHI Canada Inc.	100
CHI Highfalls Inc.	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Finance Inc.	100
CHI Idaho Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
CHI Magic Valley Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
CHI Minnesota Wind LLC	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Finance Inc.	100
CHI Mountain States Operations Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
CHI Operations Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
CHI Patagonia Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
CHI Phillippines Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
CHI Power Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI Power Marketing Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI Universal Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
CHI West Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
CHI Western Operations Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
CISE Tecnologie Innovative Srl	Rome	R&D	600,000	Euro	Enel SpA	100
Climare Scrl	Sestri Levante (Genova)	Energy services	60,000,000	Lire	Enel Distribuzione SpA	66.66
CO.FA.S.E. Srl	Canazei (Trento)	Co-generation	50,000,000	Lire	Avisio Energia SpA	14
Colombo Gas SpA	Rome	Gas distribution	45,000,000	Euro	Enel SpA	100
Coneross Power Corporation Inc.	South Carolina USA	Electricity generation from renewable sources	110,000	USD	Aquenergy Systems Inc.	100
Conexion Energetica Centroamericana SA	Guatemala	Electricity generation from renewable sources	5,000	GTQ	EGI Guatemala SA Mesoamerica Power Development Ltd.	98 2
Conexion Energetica Centroamericana El Salvador SA	San Salvador (El Salvador)	Electricity generation from renewable sources	4,000,000	SVC	Grupo EGI SA de cv EGI Holdco El Salvador SA de cv	99.95 0.05
Conphoebus SpA	Catania	Research and engineering services	7,000,000	Euro	Enel SpA	100
Conphoebus Technology Service SpA	Catania	Facility management services	2,000,000,000	Lire	Sei SpA	50
Consolidated Hydro Mountain States Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Consolidated Hydro New Hampshire Inc.	Delaware - USA	Electricity generation from renewable sources	130	USD	CHI Universal Inc.	100
Consolidated Hydro New York Inc.	Delaware - USA	Electricity generation from renewable sources	200	USD	CHI Energy Inc.	100
Consolidated Hydro Southeast Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions II Inc.	100
Consolidated Hydro Vermont Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Consolidated Pumped Storage Inc.	Delaware - USA	Electricity generation from renewable sources	80	USD	CHI Energy Inc.	100
Consolidated Pumped Storage Arkansas Inc.	Delaware - USA	Electricity generation from renewable sources	90	USD	Consolidated Pumped Storage Inc.	100
Constructora Cerro Pitren Ltda	Santiago (Chile)	Electricity generation from renewable sources	200,000,000	CLP	Agricola Y Constructora Rio Guanehue SA	99.90
Control Y Despacho Regional de Centroamerica SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	10,000	CRC	Energia Global de Costa Rica SA	100
Coosa Pines Energy LLC	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Finance Inc.	100
Coosa Pines Energy Holdings LLC	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Finance Inc.	100
Crosby Drive Investments Inc.	Massachusetts USA	Electricity generation from renewable sources	-	-	Asotin Hydro Company Inc.	100
Ctida Srl	Milan	Engineering, water systems	1,000,000,000	Lire	Enel.Hydro SpA	75
Dalmazia Trieste SpA	Rome	Real estate management	3,904,760	Euro	Enel SpA Sei SpA	98.76 1.24
Depurazione Trentino Centrale Scrl	Trento	Water depuration	10,000	Euro	Enel.Hydro SpA	15
Deval SpA	Aosta	Electricity distribution in Valle D'Aosta	75,000,000,000	Lire	Valdis SpA	51
Dowill Finance Company	Georgetown (Cayman Island)	Electricity generation from renewable sources	1,000	USD	EGI Chile Ltd.	50.10
Eagle & Phenix Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Echo Summit Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Edil Geo Srl	Rome	Gas distribution	190,000,000	Lire	Enel SpA	100
EGI Ltd.	Hamilton (Bermuda)	Electricity generation from renewable sources	12,000	USD	Enel Green Power Holding SA	100
EGI Chile Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	1	USD	EGI Ltd.	100
EGI Costa Rica Viento SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	100,000	CRC	Mesoamerica Power Development Ltd.	100
EGI Guacimo Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	1	USD	EGI Ltd.	100
EGI Guatemala SA	Guatemala	Electricity generation from renewable sources	5,000	GTQ	Mesoamerica Power Development Ltd. EGI Ltd.	99.98 0.02
EGI Holdco El Salvador SA de cv	San Salvador (El Salvador)	Electricity generation from renewable sources	200,000	SVC	Mesoamerica Power Development Ltd. EGI Ltd.	99.95 0.05
EGI Jimenez Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	1	USD	EGI Ltd.	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
EGI Project Services SA	Guatemala	Electricity generation from renewable sources	5,000	GTQ	EGI Guatemala SA Mesoamerica Power Development Ltd.	99.98 0.02
Electrificadora Ecologica SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	1,200,000	CRC	ZMZ General SA	100
Elettroambiente SpA	Rome	Electricity generation from waste	250,000	Euro	Enel SpA	100
Elettrogen SpA	Rome	Electricity generation	139,450,000	Euro	Enel SpA	100
Empresa Electrica Panguipulli SA	Santiago (Chile)	Electricity generation from renewable sources	-	-	Energia de Los Lagos Ltda Energia Alerce Ltda	99.99 0.01
Empresa Electrica Puyehue SA	Santiago (Chile)	Electricity generation from renewable sources	10,601,000,000	CLP	Energia de Los Lagos Ltda Energia Alerce Ltda	99.90 0.10
Eneco Energia Ecologica Srl	Moena (Trento)	Tele-heating	516,000	Euro	Avisio Energia SpA	49
Enel Capital SpA (ex Biz@Capital SpA)	Milan	Venture capital	3,500,000	Euro	Enel SpA CISE Srl	99 1
Enelco SA	Athens (Greece)	Power plant construction, management and maintenance	200,000,000	GRD	Enelpower SpA	50
Enel Distribuzione SpA	Rome	Electricity distribution	12,238,400,000,000	Lire	Enel SpA	100
Enel Distribuzione Gas SpA	Rome	Gas distribution	100,000	Euro	Enel SpA	100
Enel.Factor SpA	Rome	Factoring	12,500,000	Euro	Enel SpA	80
Enel Finance International SA	Luxembourg	Finance	214,975,000	LUF	Enel SpA	99.99
Enel.FTL SpA	Rome	Fuel trading and logistics	25,000,000	Euro	Enel SpA Enel Produzione SpA CISE Srl	99.19 0.80 0.01
Enel Green Power Holding SA	Luxembourg	Holding of foreign companies operating in the electricity generation from renewable sources	50,000,000	Euro	Erga SpA	99.99
Enel Holding Luxembourg SA	Luxembourg	Finance	6,237,390	Euro	Enel SpA	99.99
Enel.Hydro SpA	Seriate (Bergamo)	Engineering, water systems	9,390,000	Euro	Enel SpA	100
Enel Investment Holding BV	Amsterdam (Holland)	Holding of telecommunication companies	50,000	Euro	Enel SpA	100
Enel.it SpA	Rome	Information technology	70,200,000	Euro	Enel SpA CISE Srl	99.99 0.01
Enelpower SpA	Milan	Engineering and contracting	127,600,000	Euro	Enel SpA CISE Srl	99.99 0.01
Enelpower Contractor and Development Saudi Arabia Ltd.	Riyadh (Saudi Arabia)	Power plant construction, management and maintenance	5,000,000	SR	Enelpower SpA	40
Enelpower do Brasil Ltda	Rio de Janeiro (Brasil)	Engineering and contracting	1,242,000	R$	Enelpower SpA	99.99
Enelpower UK Ltd.	London (United Kingdom)	Engineering and contracting	1,000	GBP	Enelpower SpA	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Enel Produzione SpA	Rome	Electricity generation	6,360,100,850	Euro	Enel SpA	100
Enel.Re Ltd.	Dublin (Ireland)	Reinsurance	3,000,000	Euro	Enel Holding Luxembourg SA	99.99
Enel Service UK Ltd.	London (United Kingdom)	Services	100	GBP	Enel.FTL SpA	100
Enel.si - Servizi integrati SpA	Rome	Engineering and energy related services	5,000,000	Euro	Enel SpA CISE Srl	99 1
Enel Trade SpA	Milan	Sale of electricity	2,500,000	Euro	Enel SpA	100
Enel Vendita Gas SpA	Rome	Sale of gas	100,000	Euro	Enel SpA	100
Energas Impianti Srl	Rome	Gas distribution	20,000,000	Lire	Camigas Srl	100
Energia Alerce Ltda	Santiago (Chile)	Electricity generation from renewable sources	1,000,000	CLP	Jeffco Ltd. Dowill Finance Company	99.90 0.10
Energia de Los Lagos Ltda	Santiago (Chile)	Electricity generation from renewable sources	15,414,240,752	CLP	Energia Alerce Ltda Jeffco Ltd.	99.99 0.01
Energia Global SA de cv	Connecticut - USA	Electricity generation from renewable sources	50,000	MXN	EGI Ltd.	99
Energia Global de Costa Rica SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	100,000	CRC	EGI Ltd.	100
EPV Holdings LLC	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Power Inc.	37.14
Erga - Energie Rinnovabili Geotermiche ed Alternative SpA	Pisa	Electricity generation from renewable sources	716,607,150	Euro	Enel SpA	100
Erogasud SpA	Rome	Gas distribution	1,800,000,000	Lire	Pafim Srl Enel SpA	85 15
Essex Company	Massachusetts - USA	Electricity generation from renewable sources	-	-	CHI Energy Inc.	100
ESTEL SpA	Trieste	Telecommunications	23,000,000,000	Lire	WIND SpA	40
Eurogen SpA	Rome	Electricity generation	102,740,489	Euro	Enel SpA	100
Euromedia Luxembourg One SA	Luxembourg	Venture capital	52,500,000	USD	Enel SpA	28.57
Florence Hills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Fulcrum Inc.	Idaho - USA	Electricity generation from renewable sources	992.5	USD	Consolidated Hydro Mountain States Inc.	100
Gas Impianti Srl	Cremona	Gas distribution	90,000,000	Lire	Erogasud SpA	20
Generadora de Occidente Ltda	Guatemala	Electricity generation from renewable sources	5,000	GTQ	EGI Guatemala SA Mesoamerica Power Development Ltd.	99 1
Grupo EGI SA de cv	San Salvador (El Salvador)	Electricity generation from renewable sources	200,000	SVC	EGI Holdco El Salvador SA de cv Mesoamerica Power Development Ltd.	99.95 0.05
Grupo EGI Matanzas SA	Guatemala	Electricity generation from renewable sources	5,000	GTQ	Tecnoguat Holdings Ltd. Tecnoguat SA	99 1

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Grupo Hidro Energia Centroamerica SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	10,000	CRC	Energia Global de Costa Rica SA	100
Grupo Hidroverde Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	100	USD	EGI Jimenez Ltd.	45
Hadley Ridge LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Hidroenergetica SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	10,000	CRC	Energia Global de Costa Rica SA	100
Hipotecaria de Santa Ana Ltda de cv	San Salvador (El Salvador)	Electricity generation from renewable sources	100,000	SVC	Grupo EGI SA de cv	20
Highfalls Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Finance Inc.	100
Hope Creek LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Hosiery Mill Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Hydrodev Inc.	Québec - Canada	Electricity generation from renewable sources	-	-	CHI Canada Inc.	100
Hydro Development Group Inc.	New York - USA	Electricity generation from renewable sources	12,25	USD	CHI Acquisitions II Inc.	100
Hydro Energies Corporation	Vermont - USA	Electricity generation from renewable sources	5,000	USD	CHI Finance Inc.	100
Hydro Gestioni SpA	Milan	Water sector	104,000	Euro	Enel.Hydro SpA	51
Hydro Gestioni Impianti Tecnologici Scrl	Milan	Water sector	25,822	Euro	Enel.Hydro SpA	51
HydroLazio Scrl	Bologna	Water sector	1,000,000,000	Lire	Enel.Hydro SpA	30
Idrogest Scrl	Cagliari	Water sector	25,000	Euro	Enel.Hydro SpA Erga SpA	50 50
Immobiliare Foro Bonaparte SpA	Rome	Real estate	55,000,000	Euro	Sei SpA	49
Immobiliare Rio Nuovo SpA	Rome	Real estate	155,300,000,000	Lire	Sei SpA	49
Impregest Srl	Policoro (Matera)	Gas distribution	500,000,000	Lire	Enel SpA	100
Industria Mercantil de Guatemala SA	Guatemala	Electricity generation from renewable sources	5,000	GTQ	EGI Guatemala SA Mesoamerica Power Development Ltd.	80 20
Infostrada SpA	Milan	Telecommunications	270,000,000,000	Lire	Enel Investment Holding BV	100
Insula SpA	Venice	Urban maintenance for the city of Venice	4,000,000,000	Lire	Enel.Hydro SpA	12
International Multimedia University SpA	Gualdo Tadino (Perugia)	Long-distance training	1,200,000,000	Lire	Sfera ScpA	13.04
Interpower SpA	Rome	Electricity generation	94,588,758	Euro	Enel SpA	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Inversiones Hidroelectricas Cincuenta SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	10,000	CRC	Energia Global de Costa Rica SA	100
Inversiones Mil Seiscientos Sesenta Y Uno SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	2,000	CRC	Energia Global de Costa Rica SA	100
Irno Service SpA	Solofra (Avellino)	Gas services	300,000,000	Lire	Metan Sud Gas SpA	12
Iroquorp Ltd.	New York - USA	Electricity generation from renewable sources	-	-	Hydro Development Group Inc.	100
Iroquorp Acquisitions Inc.	New York - USA	Electricity generation from renewable sources	-	-	Hydro Development Group Inc.	100
Istedil - Istituto Sperimentale per l'Edilizia SpA	Guidonia (Rome)	Building safety technologies	2,000,000,000	Lire	Enel.Hydro SpA	50
Italia On Line SpA	Milan	Internet services	2,800,000,000	Lire	Infostrada SpA	100
IT-net SpA	Rome	Network information systems	1,000,000,000	Lire	WIND SpA Mondo WIND Srl	99 1
Jack River LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Jeffco Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	100	USD	Dowill Finance Company	100
Jessica Mills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Joseph Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions II Inc.	100
Julia Hills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
KH (Multimedia Education) SpA	Turin	Personnel training	9,804,000,000	Lire	Sfera ScpA	49
Kings River Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Kinneytown Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
LaChute Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
La Metanifera Srl	Rome	Gas distribution	30,000,000	Lire	Energas Impianti Srl	100
Lario Distribuzione Gas SpA	Rome	Gas distribution	2,000,000,000	Lire	Colombo Gas SpA Brianza Gas Srl	50 50
Lawrence Hydroelectric Associates LP	Massachusetts USA	Electricity generation from renewable sources	-	-	Essex Company Crosby Drive Investments Inc.	92.5 7.5
Les Développements Hydroelectriques CHI Inc.	Québec - Canada	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Littlefield Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Littleville Power Company Inc.	Massachusetts USA	Electricity generation from renewable sources	-	-	Hydro Development Group Inc.	100
Lower Saranac Corporation	New York - USA	Electricity generation from renewable sources	2	USD	CHI Acquisitions Inc.	100
Masefield Coal AG	Zug (Switzerland)	Coal trading	100,000	CHF	Enel.FTL SpA	51
Megamind SpA	Rome	Distribution	200,000,000	Lire	Mondo WIND Srl	30
Mesoamerica Power Development Ltd.	Hamilton (Bermuda)	Electricity generation from renewable sources	12,000	USD	EGI Ltd.	100
Metan Gas Sicilia Srl	Fiumefreddo di Sicilia (Catania)	Gas distribution	1,000,000,000	Lire	Metan Sud Gas SpA	80
Metano Borgo San Giovanni Srl	Rome	Gas distribution	90,000,000	Lire	S.G.M. SpA	100
Metano Graffignana Srl	Rome	Gas distribution	20,000,000	Lire	S.G.M. SpA	100
Metan Sud Gas SpA	Rome	Gas distribution	2,000,000,000	Lire	Enel SpA	100
Metro Wind LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Mill Shoals Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Minnewawa Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Energy Inc.	100
MIX Srl	Milan	Internet services	99,000	Euro	Italia On Line SpA IT-net SpA	9.75 9.75
Molinos de Viento del Arenal SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	9,709,200	USD	Electrificadora Ecologica SA	49
Mondo WIND Srl	Rome	Sale of telecommunication products and services	190,000,000	Lire	WIND SpA IT-net SpA	99 1
North Canal Waterworks	Massachusetts USA	Electricity generation from renewable sources	-	-	Essex Company	100
Notch Butte Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Operacion Y Mantenimiento Tierras Morenas SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	30,000	CRC	Electrificadora Ecologica SA	85
Optigaz Inc.	Québec - Canada	Electricity generation from renewable sources	-	-	CHI Canada Inc.	60
Oristano Ambiente Srl	Santa Giusta (Oristano)	Water depuration	30,000,000	Lire	Enel.Hydro SpA	18
Ottauquechee Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Pafim Srl	Rome	Holding of companies operating in the gas sector	35,100,000	Lire	Enel SpA	100
Panaenergy Group SA	Connecticut - USA	Electricity generation from renewable sources	200	USD	EGI Ltd.	50

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Pelzer Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	Consolidated Hydro Southeast Inc.	100
P.H. Don Pedro SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	100,001	CRC	EGI Ltd.	29.93
P.H. Don Rafael SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	10,000	CRC	EGI Ltd. Energia Global de Costa Rica SA	30 10
P.H. Guacimo SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	50,000	CRC	EGI Ltd. Energia Global de Costa Rica SA	30 10
Phoenix Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
P.H. Rio Volcan SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	100,001	CRC	EGI Ltd.	43.13
Pioneer Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
Power Finance de Panama SA	Connecticut - USA	Electricity generation from renewable sources	10,000	USD	Mesoamerica Power Development Ltd.	100
Q-Channel SpA	Rome	Health and services	3,214,286,000	Lire	Enel.it SpA	24
Ruthton Ridge LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
SACEM Srl	Rome	Gas distribution	30,000,000	Lire	Colombo Gas SpA	100
S.A.M.I.G. Srl	L'Aquila	Services	90,000,000	Lire	Agas SpA	100
Schoolfield Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Sei SpA	Rome	Real estate management and general services	1,223,427,364	Euro	Enel SpA Enel.Hydro SpA	99.99 0.01
Sfera - Società consortile per la formazione e le risorse aziendali ScpA	Rome	Human resources	5,825,000	Euro	Enel SpA Enel Produzione SpA Enel Distribuzione SpA Terna SpA Enelpower SpA Erga SpA Sei SpA Enel.Hydro SpA	45 10 10 10 10 5 5 5
S.G.M. SpA	Rome	Gas distribution	500,000,000	Lire	Enel SpA	100
Sheldon Vermont Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	-	-	CHI Acquisitions Inc.	100
Sicilia Hydro SpA	Enna	Water sector	200,000,000	Lire	Enel.Hydro SpA	33.50
Sicim Services Srl	Rome	Gas distribution	190,000,000	Lire	Enel SpA	100
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Studies, projects and research in the thermal field	2,184,480,000	Lire	Enel.Hydro SpA	41.55
Slate Creek Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions II Inc.	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
So.Ge.Gas SpA	Rome	Gas distribution	25,000,000,000	Lire	Enel SpA	100
So.l.e.- Società luce elettrica SpA Gruppo Enel	Rome	Public lighting systems	4,600,000	Euro	Enel SpA CISE Srl	99.98 0.02
So.l.e. Milano H Scrl	Rome	Construction of public lighting systems	10,000	Euro	So.l.e. SpA	70
Soliloquoy Ridge LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Somersworth Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Universal Inc.	100
Southwest Transmission LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Spartan Hills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Summit Energy Storage Inc.	Delaware - USA	Electricity generation from renewable sources	8,200	USD	CHI Energy Inc.	69.31
Summit Finance Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	Summit Energy Storage Inc.	100
Sun River LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Tecnoguat SA	Guatemala	Electricity generation from renewable sources	1,000,000	GTQ	Grupo EGI Matanzas SA Tecnoguat Holdings Ltd.	99 1
Tecnoguat Holdings Ltd.	Georgetown (Cayman Island)	Electricity generation from renewable sources	100	USD	EGI Ltd.	75
Terna -Trasmissione Elettricità Rete Nazionale SpA	Rome	Ownership and maintenance of the electricity transmission network	2,036,050,000	Euro	Enel SpA	100
The Great Dam Corporation	Massachusetts - USA	Electricity generation from renewable sources	100	USD	Lawrence Hydroelectric Associates LP	100
TKO Power Inc.	California - USA	Electricity generation from renewable sources	-	-	CHI West Inc.	100
Tsar Nicholas LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
T.S.N. - Transmissora Sudeste Nordeste SA	Rio De Janeiro (Brasil)	Construction. ownership and maintenance of transmission network	73,810,000	R$	Enelpower SpA	98.20
Twin Falls Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	10	USD	CHI Acquisitions Inc.	100
Twin Lake Hills LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
Valdis SpA	Aosta	Electricity distribution in Valle D'Aosta	30,550,000	Euro	Enel SpA	100

Company name	Registered office	Activity	Capital stock	Currency	Held by	%
Valgen SpA	Châtillon (Aosta)	Electricity generation in Valle D'Aosta	266,700,000	Euro	Enel SpA	100
Ware Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Finance Inc.	100
WEBiz 2 BV	Amsterdam (Holland)	Venture capital	18,000	Euro	Enel SpA	100
WEBiz 3 NV	Aartselaar (Belgium)	Venture capital	17,950,000	Euro	WEBiz Holding BV WEBiz 2 BV	99.99 0.01
WEBiz Holding BV	Amsterdam (Holland)	Venture capital	20,000	Euro	Enel SpA WEBiz2 BV	80 20
Western New York Wind Corporation	New York - USA	Electricity generation from renewable sources	300	USD	CHI Energy Inc.	100
Willimantic Hydro Company Inc.	Delaware - USA	Electricity generation from renewable sources	100	USD	CHI Acquisitions Inc.	100
Willimantic Power Corporation	Connecticut - USA	Electricity generation from renewable sources	-	-	Willimantic Hydro Company Inc.	100
WIND Telecomunicazioni SpA	Rome	Telecommunications	1,618,087,558,000	Lire	Enel SpA	56.63
Winter's Spawn LLC	Minnesota - USA	Electricity generation from renewable sources	-	-	CHI Minnesota Wind LLC	49
ZMZ General SA	Santa Ana (Costa Rica)	Electricity generation from renewable sources	500,000	CRC	EGI Costa Rica Viento SA	51

Enel SpA Financial Statements

Balance Sheet

In millions of euro

ASSETS	at June 30, 2001	at Dec. 31, 2000	at June 30, 2000
SHARE CAPITAL NOT PAID-IN	-	-	-
FIXED ASSETS			
Intangible assets	42	43	53
Tangible assets	12	13	15
Financial assets	27,886	26,790	27,686
Total fixed assets	**27,940**	**26,846**	**27,754**
CURRENT ASSETS			
Inventories	1	5	1
Receivables	7,819	4,915	2,872
Marketable securities	569	570	521
Cash and cash equivalents	133	189	43
Total current assets	**8,521**	**5,679**	**3,437**
ACCRUED INCOME AND PREPAID EXPENSES	284	202	238
TOTAL ASSETS	**36,746**	**32,727**	**31,429**

In millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY	at June 30, 2001	at Dec. 31, 2000	at June 30, 2000
SHAREHOLDERS' EQUITY			
Capital stock	6,263	6,263	6,263
Legal reserve	1,253	1,253	1,252
Other reserves	2,254	3,156	3,157
Retained earnings	2	452	452
Net income	328	226	468
Shareholders' Equity	10,100	11,350	11,592
PROVISIONS FOR RISKS AND CHARGES	482	519	1,158
EMPLOYEE TERMINATION INDEMNITY	13	33	42
ACCOUNTS PAYABLE			
Bonds	6,462	6,674	6,833
Bank loans	13,795	7,261	6,637
Other payables	5,471	6,728	4,857
Total accounts payable	25,728	20,663	18,327
ACCRUED LIABILITIES AND DEFERRED INCOME	423	162	310
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,746**	**32,727**	**31,429**
COMMITMENTS			
Guarantees given	4,067	1,738	93
Other commitments	42,364	43,230	87,472
Total commitments	46,431	44,968	87,565

Income Statement

In millions of euro

	1st half 2001	1st half 2000	2000
REVENUES			
Sales and services	806	2,221	5,190
Other revenues	1,518	2,656	4,618
Total revenues	**2,324**	**4,877**	**9,808**
OPERATING COSTS			
Raw materials and fuels	1,842	4,381	8,829
Services received	103	66	172
Leases and rentals	5	10	24
Personnel	29	64	116
Depreciation and amortization	2	3	5
Write-downs		4	6
Change in inventories	4	1	(4)
Accruals to provisions for risks and charges	1	3	32
Other accruals	11	25	68
Other operating costs	94	16	75
Total operating costs	**2,091**	**4,573**	**9,323**
Operating income	**233**	**304**	**485**
FINANCIAL INCOME AND EXPENSE			
From investments in subsidiaries	1,261	820	820
Other financial income	465	278	615
Interest and other financial charges	669	394	950
Total financial income (expense)	**1,057**	**704**	**485**
ADJUSTMENTS IN THE VALUE OF FINANCIAL ASSETS	(783)	(195)	(827)
EXTRAORDINARY ITEMS			
Extraordinary income	32	12	325
Extraordinary expense	7	15	46
Total extraordinary items	**25**	**(3)**	**279**
Income before taxes	532	810	422
Income taxes	204	342	196
NET INCOME	**328**	**468**	**226**

Report of the Indipendent Auditors

ARTHUR ANDERSEN

Arthur Andersen SpA
Via Campania 47
00187 Roma

Relazione della società di revisione sulla revisione contabile limitata della relazione semestrale

Agli Azionisti
dell'Enel S.p.A.:

1. Abbiamo effettuato la revisione contabile limitata dei prospetti contabili consolidati e delle relative note illustrative incluse nella relazione semestrale al 30 giugno 2001 dell'Enel S.p.A. Abbiamo inoltre verificato la parte della relazione semestrale contenente le informazioni sulla gestione (Relazione sulla Gestione) ai soli fini della verifica della concordanza con la restante parte della relazione semestrale.

2. Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata dei dati semestrali di alcune società controllate che rappresentano circa il 12% delle attività consolidate e circa l'8% dei ricavi consolidati è stata eseguita da altri revisori che ci hanno fornito le relative relazioni. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste dei prospetti contabili e sull'omogeneità dei criteri di valutazione tramite colloqui con la direzione della società e nello svolgimento di analisi di bilancio sui dati contenuti nei prospetti contabili. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sulla relazione semestrale.

3. Per quanto riguarda i dati comparativi relativi al bilancio consolidato di fine esercizio ed alla relazione semestrale dell'anno precedente si fa riferimento alle nostre relazioni emesse rispettivamente in data 20 aprile 2001 ed in data 28 settembre 2000.

4. Sulla base di quanto svolto, non siamo venuti a conoscenza di variazioni e integrazioni significative che dovrebbero essere apportate ai prospetti contabili consolidati e alle relative note illustrative identificati nel paragrafo 1 della presente relazione, per renderli conformi ai criteri di redazione della relazione semestrale previsti dal regolamento Consob adottato con delibera n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni.

Roma, 1 ottobre 2001

Arthur Andersen SpA

Massimo delli Paoli – Socio

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