

ENEL FIRST IN ITALY TO ADOPT AN ORGANIZATIONAL MODEL CREATED TO PREVENT CORPORATE MALFEASANCE

The adoption of the Model, called for by Legislative Decree 231/2001 introducing administrative responsibility (actually penal) for companies, constitutes an additional instrument of internal control and a reassurance to markets stricken by “Enronitis”

Milan, November 8, 2002 – Enel is the first Italian company to adopt an organizational and managerial checking instrument aimed at preventing a series of crimes. It is the Organizational Model called for by legislative decree 231 of June 8, 2001, which introduced into Italian law a regimen of administrative responsibility (actually penal) for companies relating to crimes against the Public Administration (corruption, graft, etc.) or for corporate crimes (false accounting, etc.) committed by company administrators, managers or employees to the advantage of the company itself.

For Enel, this is a further step forward in rigour, transparency and accountability in both internal and external relations which offers shareholders greater guarantees of efficient and correct management. The *Organizational Model*, in fact, is in addition to other instruments already in operation, such as the rules of Corporate Governance called for in the Code of Self-Regulation, the Code of Ethics, which already prohibits, for example, the assigning, within the Group, of consultancies to companies carrying out audits and others within their network, and the environmental report, to which will soon be added the “dealing code” (for operations on the company’s stock carried out by the company’s administrators or employees) and the sustainability report.

The Enel Model, approved by the company’s Board of Directors on July 23, 2002, was presented today at the Milan stock exchange. Following the opening remarks of Borsa Italiana SpA chairman Angelo Tantazzi, the chairman of Enel, Piero Gnudi, commenced the work session, framing the new *Organizational Model* within Enel’s broader commitment to transparency. The model was then illustrated by Claudio Sartorelli, Director of the Company Secretariat, and Antonio Cardani, the Director of Auditing. The characteristics of Legislative Decree 231 were explained by Professor Natalino Irti (La Sapienza University), Piergaetano Marchetti (Bocconi University) and Alberto Alessandri (Bocconi University).

At the session's commencement, Chairman Gnudi said: *“Since the end of 2000, the growth of the Italian stock market has stalled. September 11 was a factor, but not the only one. The crisis began in the United States where small investors came to doubt the transparency and trustworthiness of company accounts, distancing themselves from stock markets. In Italy, the damage was possibly even worse. The small investor had come to the stock market after decades of wariness and their trust, while hard to earn, is easily lost. All companies must work to guarantee markets the maximum transparency and to install effective internal controls. Enel – which is one of the major companies on the stock market with 2.5 million shareholders – intends to do its part in the reassurance of shareholders. The introduction of the Model does not serve solely to defend the company from the sanctions of the law, but also and above all to improve the internal control structure and prevent these crimes from happening.”*

Legislative Decree 231, in fact, calls for the exoneration of sanctions indicated by the decree itself where companies can show they have adopted an organizational and managerial model suited to the prevention of such crimes, and to have created a dedicated structure, with autonomous powers of instigation and control, to monitor the functioning and observance of the model.

With this norm, adopted through the implementation of certain international conventions (in particular the OECD Convention of December 1997 against the corruption of public officials), Italy has aligned itself to the systems of other countries, especially the USA, where the “Foreign Corrupt Practices Act” has been in effect since 1997. The Act introduced a specific anti-corruption norm with regard to companies.

The *Enel Model* includes, for the moment, the general and special parts relating to crimes committed against the Public Administration, and is proceeding with the integration of the part relating to corporate crime. The function of monitoring for the parent group has been assigned to the Auditing chief, who will also have the job of coordinating the adoption and management of the Model's framework on behalf of the other companies of the Group, as well as for the activities of the other control structures within them.

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