Annual Report 2011

Enel

FIFTY YEARS

1962 2012

Enel

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Renewable Energy

Enel Green Power
Enel.si
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Services and Other Activities

Enel Servizi
Enelpower
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(1) Following merger carried out in 2011, includes data for Enel Unión Fenosa Renovables.

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operates in the end-user market for electrical power and gas in Italy, developing an integrated package of products and services for the various customer segments and ensuring that commercial services meet quality standards.

is responsible for generating power at competitive costs while safeguarding the environment.

mission is to distribute electricity, optimizing the management of Enel's networks and ensuring the efficient operation of metering systems and compliance with technical service quality standards.

focuses on developing Enel's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America, formulating growth strategies in the related regional markets.

is charged with managing the engineering processes associated with the development and construction of generation facilities on behalf of the Group, ensuring achievement of the quality, temporal and financial objectives set for it. In addition, it is responsible for coordinating and supplementing Group research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.

mission is to support Enel's international growth strategy, consolidate the management and integration of foreign operations (with the exception of the Spanish, Portuguese and Latin American markets and the renewables operations included in the Renewable Energy Division), seeking out opportunities for acquisitions in the electricity and gas markets.

has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with Enel's strategies.

are supported by the "Parent Company" and "Services and Other Activities" areas, which aim to leverage Group synergies and optimize the management of services supporting Enel's core business.

In the consolidated financial statements for 2011, the results of the Divisions have therefore been presented in accordance with the current structure and are comparable with the figures for 2010, taking account of the change in the scope of consolidation, as discussed in detail in the notes to the financial statements.

Corporate boards

Board of Directors

Chairman

Paolo Andrea Colombo

Chief Executive Officer and General Manager

Fulvio Conti

Directors

Alessandro Banchi
Lorenzo Codogno
Mauro Miccio
Fernando Napolitano
Pedro Solbes Mira
Angelo Taraborrelli
Gianfranco Tosi

Secretary

Claudio Sartorelli

Board of Auditors

Chairman

Sergio Duca

Auditors

Carlo Conte
Gennaro Mariconda

Alternate auditors

Antonia Francesca Salsone
Franco Luciano Tutino

Independent Auditors

Reconta Ernst & Young SpA

Powers

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 2, 2011, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, and in addition is vested by a Board resolution of May 2, 2011 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

In 2011, the global landscape was marked by persistent economic and financial uncertainty, with more limited growth seen in the mature economies (including Western Europe), and rather more vigorous expansion of the economies of the emerging countries of Eastern Europe, Asia and Latin America.
Several major events impacted the energy sector, contributing to a profound change in the industry. These include the tsunami triggered by the earthquake that hit Japan, which devastated the Fukushima Daiichi nuclear power plant and appears to have slowed development of this technology across the world.
As a result of this event and the subsequent debate on nuclear power plant safety, a number of European countries have decided to review their energy policies. For example, in Italy, the referendum held last June to repeal the law permitting nuclear power marked our country's (and Enel's) exit from the nuclear development program.
An additional factor was the upheaval associated with the so-called "Arab Spring", which, in affecting the Mediterranean shore of Africa, underscored the importance of the security of primary energy supplies for Europe.
In this turbulent environment, Enel continued to be an internationally reliable presence, a stable industrial Group that, for 50 years, has been a partner in the development of Italy and many other countries.
In 2011, despite such challenging conditions, we achieved the targets announced to investors, posting a gross operating margin of €17.7 billion and net income of €4.1 billion. This performance was attained thanks to our geographical diversification and a balanced generation mix that makes use of all available energy resources and the most advanced technologies.
We also continued to reduce our debt, lowering net financial debt to €44.6 billion. Thanks to these results, the ratio of debt to gross operating margin at the end of 2011 came to 2.5, an improvement over the 2.6 for 2010.
The Group's financial position remained sound thanks to increased cash flow and cost efficiency intiatives, as well as measures to improve efficiency, streamline processes and expand operational flexibility undertaken throughout 2011, with benefits to continue in the coming years.
The excellent results achieved confirm the effectiveness of the strategic priorities adopted in the business plan, namely:

- consolidating our market leadership in Italy and Spain in electricity generation, distribution and sales;
- strengthening and development in renewables and in Latin America, Russia and Eastern Europe, in order to diversify the portfolio of plants and expand in sectors and geographical areas with the greatest potential;
- leadership in innovation, from improving plant environmental performance to carbon capture and sequestration technology, from renewables such as thermal solar power to the development of electric cars and smart grids;
- consolidation, integration and operational excellence of our activities through continuous improvement and greater efficiency in process management;
- rigorous control over investment plans, with the use of just-in-time policies.

This approach, together with close attention to local communities, a culture of safety and a clear corporate social responsibility policy, as confirmed by Enel's admission to the UN's Global Compact LEAD program, has enabled Enel to continue to create value for all stakeholders.

The contribution of the operating Divisions to the performance of the Group is discussed briefly below.

Sales Division

In 2011, the Sales Division continued to focus on the strategy of sales to high-value mass market segments, with the acquisition of a significant number of new electricity and gas customers.
During the year, Enel Energia served about 7.1 million customers: 3.9 million electricity customers and 3.2 million gas customers. Enel Energia remains the leading Italian supplier of electricity on the free market, with a strong presence in the sale of natural gas as well.
Enel Servizio Elettrico is the leading supplier in the enhanced protection market, delivering electricity to 24.9 million customers.
The Division's results improved in 2011, in terms both of financial performance, with a gross operating margin of €561 million (up 16% over 2010), and of service quality, with the Authority for Electricity and Gas (the Authority) placing Enel Energia and Enel Servizio Elettrico in first and second place in its ranking.
The Division's strategy is to maximize the value generated for the Group and its customers by providing excellent service quality and innovative commercial offers and sales channels.

Generation and Energy Management Division

In 2011, in a market characterized by weak demand for electricity and a considerable increase in the installed capacity of non-schedulable renewable power plants, the Generation and Energy Management Division generated about 67.2 TWh of power in Italy, approximately 23% of the Italian market net of imports. This represents a slight decrease from the previous year (-3.1%) due to lower hydroelectric output also as a result of the partial deconsolidation of Hydro Dolomiti Enel and San Floriano Energy. The decline was partially offset by higher coal-fueled power generation thanks to the entry into service of the Torrevaldaliga Nord plant in Civitavecchia.
The gross operating margin for 2011 came to €2,182 million, down 8.8% from 2010, due to the deterioration in the Italian wholesale electricity and gas market and the impact of the change in the scope of consolidation for the hydroelectric companies mentioned above.
In this context, in 2011 the Division continued to cut costs and improve the management of plants through projects designed to increase operational efficiency, reliability and safety.

Engineering and Innovation Division

In 2011, the Engineering and Innovation Division carried out numerous research and development initiatives and plant construction projects in support of Group activities. It posted revenues of around €397 million, down from 2010 due to the completion of a number of major projects, including the conversion of the Torrevaldaliga Nord plant to clean coal (Civitavecchia) and the delivery of the Algeciras (800 MW CCGT), Escatron (800 MW CCGT) and Ponte Nuevo (324 MW coal) plants in Spain on behalf of E.ON.
In Italy, the project to cover the coal bunkers at the Brindisi plant began, with the first large-scale application of the zero-accident project (ZAP) involving the use of advanced technologies to maxi-

mize worksite safety. In addition, the project to convert the Porto Tolle (Rovigo) plant to clean coal (authorization is still pending) with the installation of the associated carbon capture and sequestration system is being reprogrammed.
In Russia, work on Enel OGK-5's Nevinnomysskaya plant (410 MW CCGT) was successfully completed, while the construction of a fly ash evacuation system and environmental upgrading at the Reftinskaya coal-fired plant (3,800 MW) continue.
As a result of the Fukushima tragedy and the referendum held in June calling for the abandonment of nuclear power in Italy, the know-how gained while developing the Italian nuclear power program was used in analyzing the stress tests on the Group's plants called for by the European Commission. As to the other European countries in which the Group operates, work continues in France as part of the team building the Flamanville 3 plant, and in Slovakia, with the construction of two units at the Mochovce 3&4 nuclear power plant. The Nuclear Safety Oversight team also made a careful examination of safety at the Group's nuclear power plants in Slovakia and Spain, promoting the sharing of experience and continual improvement of performance safety.
In research and development, the fine tuning of the Archimede thermal solar plant (5 MW) at Siracusa continued, seeking to improve performance. Work continued at the Livorno research laboratory on testing the leading electricity storage technologies and their integration with renewable resources. Enel also heads the newly-initiated ENCIO project to develop know-how relating to components and materials to be used in high-efficiency (50%) coal plants.
Around 80 cars were delivered in 2011 as part of the pilot program with Daimler-Mercedes within the framework of the e-mobility project to encourage the use of electric cars in Italy in conjunction with the Infrastructure and Networks Division.

Infrastructure and Networks Division

The good technical and financial results for the Infrastructure and Networks Division in 2011 confirm Enel's leadership in energy distribution, with regard to the quality of its service for end users and its operational excellence.
The Division's gross operating margin for the year amounted to €4,285 million, up over 12% from 2010. Service quality improved even further in terms of the cumulative duration and average number of interruptions per customer, with an average total duration of 44 minutes (45 minutes in 2010) and an average of 3.8 interruptions per customer (4.2 interruptions in 2010). These figures confirm once again Enel's place among the best in Europe for distribution networks of this scale.
The year 2011 was also one of sharp growth in connections of plants generating power from renewable resources, with around 160 thousand new connections for a total of 10,000 MW, a situation that required a considerable effort on the part of territorial units. Despite the fourfold increase in capacity connected as compared with 2010 and a high concentration of requests for connection in certain periods of the year, due to the evolution of the regulatory framework governing incentives, the connection work was carried out in complete compliance with the time limits established by the Authority.
Telegestore, Enel's automated remote system for managing its digital meters installed in the homes of all its Italian customers, performed over 7 million contractual operations and took over 400 million remote readings in 2011. In Spain, the Cervantes project, launched in 2010 to install more than 13 million new digital meters by 2015, continued on schedule.
Enel remained a recognized European leader in the field of smart grids, the electricity networks of the future, and chairs the "EDSO (European Distribution System Operators) for Smart Grids" association, through which it defines plans for carrying out European pilot projects and supports them with the help of important industry partners. Other innovative projects in Italy are also being con-

ducted, such as those for the smart grids in Isernia (supported by the Authority) and projects under the Inter-regional Operational Plan (IOP) for the regions of the South, financed by the Ministry for Economic Development.
The public lighting business area improved on the already positive results of the previous year and has consolidated its leading position in both Italy and Spain in the field of new LED street lighting systems, thanks to the Archilede project and the winning of the CONSIP contract.
The Division also continued to pursue operational excellence in 2011 through projects for sustainable improvement and enhanced efficiency of all processes.

Iberia and Latin America Division

The Division (comparing ordinary operations with like scopes of consolidation) maintained a gross operating margin consistent with previous years, of €7,251 million. These results were significant as they were achieved despite the fact that the economic environment (particularly in Spain) was more difficult than in 2010 and that a number of exceptional events occurred, as described below.
The efficiency enhancement programs implemented by the Division and the synergies achieved with the Enel Group contributed significantly to the achievement of these impressive results, producing recurring annual cash savings of €1,210 million, thereby exceeding the targets one year earlier than planned.
In continental Spain, electricity demand fell by 1.2% compared with 2010, owing to the slowing of the economy. The elimination of the excess gas supply on the market, rising fuel prices, water scarcity and the reduction in nuclear power output caused most of the increase in wholesale electricity prices (around 34% compared with 2010). In 2011, the process of securitizing the electricity rate deficit began and, by the end of the year, around €9.8 billion had been securitized, resulting in a cash inflow of €5,116 million for the Group.
In Europe, the gross operating margin came to €3,994 million, down 2.9% from 2010, comparing ordinary operations and the same scope of consolidation. The decline is attributable to growing competitive pressure in the free market, partially offset by an increase in the operating margin in the regulated market thanks to the impact of the efficiency plans and improvements in the regulatory framework.
In Latin America, the demand for electricity in the countries in which the Group operates rose by 3.9% on average compared with 2010. In 2011, the Division’s gross operating margin in those countries amounted to €3,257 million, down 4.5% from 2010 (on an unchanged scope of consolidation basis). The decrease is mainly attributable to unfavorable exchange rate developments vis-à-vis the euro and the recognition of the net-worth tax in Colombia in 2011. If these factors are excluded, the gross operating margin actually rose by 1.3% over 2010, a significant accomplishment given the extraordinary events experienced during the period, such as the severe drought in Chile, which caused hydroelectric output to drop compared with 2010, a year also marked by poor water conditions. This reduction was offset by higher thermal output.
The 2011 electricity distribution results were better than those for 2010, thanks to organic growth, a generally stable regulatory situation and the impact of the efficiency initiatives.
The disposal of non-strategic assets in Latin America continued in 2011, with the sale of CAM, a general services company operating in the electricity distribution sector, and Synapsis, an IT services company, while core skills were kept within the Group. In addition, an agreement to purchase a portfolio of about 245 thousand customers in Madrid was reached with Gas Natural. This transaction, expected to be completed in the 1st Quarter of 2012, is of strategic value for consolidating the Division’s position as the second-leading operator in the Spanish gas market, with an 18% market share in sales, and for reinforcing gas and electricity sales operations.

Upstream Gas Department

In 2011, the Upstream Gas Department made progress towards the Group's goal of implementing selective vertical integration to increase the competitiveness, security and flexibility of Enel's strategic procurement activities to meet its gas requirements (which, in the long term, should exceed 30 billion cubic meters between Italy, Spain, Russia and Latin America).

The Group's total reserves grew by 18% to 1.2 billion barrels of oil equivalent, thanks to exploration in Russia and Italy and becoming a partner with Petroceltic and Sonatrach in the Isarene permit in Algeria, demonstrating the selectiveness and potential of investments made.

The development of assets in the portfolio continued in 2011 in line with plans. Work has been completed on the appraisal with regard to the Isarene permit, and seismic readings and analysis of those readings have been done for the South East Illizi permit (Algeria) and the off-shore permit in Egypt. Finally, the Samburgsky gas field in Russia is being developed, and Enel should be able to begin production in 2012 through its subsidiary SeverEnergia.

International Division

In 2011, despite the persistently weak global economy, the International Division reported a gross operating margin of €1,642 million, up 8.0% over 2010, mainly thanks to the constant attention given to improving operational asset management and the good performance of the Group's markets.

In Slovakia, Slovenské elektrárne posted a gross operating margin of €811 million in 2011, an increase of almost 14% over the previous year. There were significant strides made in nuclear plant availability, which has reached levels in line with the sector benchmarks, and in progress on the construction of units 3 and 4 at the Mochovce nuclear power plant, alongside a careful forward sales policy to cover 2012 production. Total net installed capacity in Slovakia amounted to 5,401 MW at December 31, 2011, and will be further increased by 942 MW between 2013 and 2014 with the entry into service of units 3 and 4 of the Mochovce plant.

During the year, Enel OGK-5 in Russia achieved a gross operating margin of €348 million, up 4.2% from 2010, attributable to plant integration and efficiency enhancement work, and to the gradual liberalization of the Russian electricity market. Two new 410 MW CCGT plants in Nevinnomysskaya and Sredneuralskaya were placed in operation, while work continued on modernizing and environmentally upgrading the Reftinskaya coal plant with the support of the Engineering and Innovation Division in order to reach the highest industry standards.

The RusEnergoSbyt sales company continued implementation of the plan for expanding into new regions and diversification of its portfolio, with the acquisition of major new customers, posting a gross operating margin attributable to Enel of €142 million, an increase of more than 43% compared with 2010.

In Romania, the Division's three distribution companies fully met the investment commitments made to the regulator, for a total of about €200 million. Modernizing the grids improved service quality and reduced losses, contributing to the gross operating margin of €205 million, essentially in line with 2010.

An important agreement was reached with the Romanian Ministry for Transportation regarding the payment of a portion of the receivable due from the Romanian railway agency.

In France, Enel France, continuing the expansion of its commercial platform, sold 11.4 TWh of electricity, mainly thanks to the anticipated capacity contracts with EDF and Group participation in the Flamanville 3 nuclear program with EDF for a total capacity of 1,200 MW. Enel France ended the year with a gross operating margin of €65 million, up 4.4%.

In Belgium, construction of the Marcinelle CCGT plant has reached the final stage and it is expected to enter service in the 1st Quarter of 2012.
Finally, in Bulgaria, the process of selling the Enel Maritza East 3 plant was completed in 2011.

Renewable Energy Division

In 2011, Enel Green Power consolidated its leading position in the renewable energy sector, with total net generation of 22.5 TWh and total net efficiency capacity of 7,079 MW, meeting all the operational and financial commitments under the 2011-2015 business plan.
The additional capacity grew organically by over 880 MW during the year, and total revenues came to €2,539 million. The gross operating margin amounted to €1,585 million, up 21% over 2010.
The company continued to pursue balanced growth in its operations, focusing on all the main renewable generation technologies in markets with the greatest growth potential and stability.
Development efforts were concentrated in Italy, Europe, North America and Latin America. In Italy, the Adrano photovoltaic plant, in the Province of Catania, entered service, with an installed capacity of 9 MW. Also entering service was the Portoscuso wind plant in Sardinia, which with 90 MW of capacity and an output of 185 GWh a year is the largest wind plant in Italy.
As regards operations in Europe, in Romania the strong growth in wind power continued, thanks in part to the entry into service of four wind farms, which increased installed capacity to 269 MW, four times the level of the previous year. In France, total installed capacity reached 166 MW, thanks to the installation of three wind farms (64 MW), while in Greece two new plants came on line in the region of Macedonia, with an overall capacity of 43 MW, bringing the country total capacity to 191 MW. In the Iberian peninsula, operations began at four new wind facilities with an overall capacity of about 200 MW, increasing total capacity to more than 1,800 MW.
In the United States, Enel Green Power started operations at the Caney River wind plant in Kansas, which has an installed capacity of more than 200 MW, and started construction of the 150 MW Rocky Ridge wind farm in Oklahoma. The company brought on line a 24 MW photovoltaic plant supplementing the 33 MW Stillwater geothermal plant. This is the first renewable energy project in the world that brings together the generation capacity of a binary cycle geothermal plant with the peak capacity of solar power. Total installed capacity in North America thus rose to more than 1,000 MW.
In Brazil, the Division was awarded contracts for three wind projects in the north-eastern part of the country with a total capacity of 193 MW in the "New Energy" public tender. These join the 90 MW of wind projects that the Division already won in tenders in 2010 and the 93 MW of hydroelectric power already operational in Brazil.
In addition, 2011 saw the start of a program to rationalize the corporate structure in order to extract value from its minority interests, as well as the completion of the organizational integration of Enel Green Power España and the division of the assets of EUFER.
Enel Green Power also completed the launch of an integrated program of activities in the entire photovoltaic area. This was accomplished with the manufacture of high-efficiency photovoltaic panels, with the inauguration of the 3SUN factory (a joint venture with Sharp and STMicroelectronics), the development of solar power projects through the fully-functioning ESSE (a joint venture with Sharp), and new products in the retail segment, with the strategic repositioning of Enel.si.

Outlook

The world macroeconomic environment remains highly uncertain, and there is still little sign of economic recovery in the mature European economies, with GDP forecast to contract in Spain and Italy. In the emerging countries in Eastern Europe, in Russia and in the countries of Latin America, the economies are consolidating and developing.
The Group will therefore continue to pursue growth in those emerging economies, as well as its commitment to renewable energy, with the goal of strengthening its world leadership position in this sector.
In addition, Enel confirms research and technological innovation among its strategic priorities, to make energy production and consumption more efficient and responsible. Enel will also continue to focus constant attention on the quality of service for end users and the value of relationships with local communities through a transparent policy of corporate social responsibility.
The Group will continue to implement initiatives to boost operating efficiency and maximize synergies in all the countries in which it operates, while pursuing rigorous financial discipline in investment decisions in order to improve the consolidated financial position even further.
In this context, the geographical and technological diversification achieved by the Group, together with a well-balanced portfolio of regulated and unregulated businesses, will enable Enel to largely offset the impact that the weakness of the European economies, especially Italy and Spain, could have on the Group’s performance.

The Chief Executive Officer
Fulvio Conti

Summary of results

Performance data

Millions of euro

	2011	2010
Revenues	79,514	73,377
Gross operating margin	17,717	17,480
Operating income	11,366	11,258
Net income before non-controlling interests	5,358	5,673
Group net income	4,148	4,390
Group net income per share in circulation at year-end (euro)	0.44	0.47

Revenues in 2011 amounted to €79,514 million, an increase of €6,137 million or 8.4% compared with 2010. The rise is essentially attributable to the increased revenues from generation and electricity and fuel trading, as well as greater revenues from the sale of electricity to end users on non-domestic free markets. In addition, revenues in 2011 include gains (totaling €429 million) from the sale of a number of equity investments and from the remeasurement at fair value of the assets and liabilities of certain companies whose status with respect to the requirements concerning control changed as a result of transactions during the period.

The *gross operating margin* amounted to €17,717 million, an increase of €237 million or 1.4% on 2010. In addition to the positive impact of the gains on the disposals and the fair value remeasurement noted above, the increase reflects the improvement in the performance of the Sales, Infrastructure and Networks, International and Renewable Energy Divisions, partly offset by declines in the margins of the Generation and Energy Management and Iberia and Latin America Divisions. The decline for the latter Division partly reflects the effects of the sale at the end of 2010 of gas distribution and electricity transmission assets in Spain, and the recognition in 2011 of the net-worth tax in Colombia.

Operating income totaled €11,366 million, an increase of 1.0% from the €11,258 million posted in 2010, taking account of a rise of €129 million in depreciation, amortization and impairment losses.

Group net income was €4,148 million in 2011, compared with €4,390 million in 2010 (down 5.5%). The decline was attributable to the rise in the tax liability for the year (reflecting the adjustment of current and deferred taxation following the changes in the rules governing the so-called "Robin Hood Tax" in Italy), which more than offset the improvement in the operating and financial performance of the Group.

Financial data

Millions of euro

	2011	2010 restated [1]
Net capital employed	99,069	98,790
Net financial debt	44,629	44,924
Shareholders' equity (including non-controlling interests)	54,440	53,866
Group shareholders' equity per share in circulation at period-end (euro)	4.13	4.04
Cash flow from operations	11,713	11,725
Capital expenditure on tangible and intangible assets [2]	7,484	7,090

(1) The figures have been restated as a result of the completion of the process of allocating the purchase price for the SE Hydropower acquisition.
(2) Does not include €105 million in capital expenditure of units classified as "Held for sale" at December 31, 2011 (€97 million at December 31, 2010).

Net capital employed, including net assets held for sale of €323 million, amounted to €99,069 million at December 31, 2011, and was financed by total shareholders' equity of €54,440 million and net financial debt of €44,629 million. At December 31, 2011, the debt/equity ratio came to 0.82 (0.83 at December 31, 2010).

Net financial debt came to €44,629 million, down €295 million on December 31, 2010. More specifically, cash flows from operations and the disposal of a number of non-strategic assets were partially offset by capital expenditure in the period and the payment of dividends.

Capital expenditure amounted to €7,484 million in 2011 (of which €6,845 million in respect of property, plant and equipment), an increase of €394 million on 2010.

Performance data by Division

Millions of euro	Revenues		Gross operating margin		Operating income	
	2011	2010	**2011**	2010	**2011**	2010
Sales	17,731	18,697	561	483	141	58
Generation and Energy Management	23,146	17,540	2,182	2,392	1,590	1,832
Engineering and Innovation	397	608	12	14	9	10
Infrastructure and Networks	7,460	7,427	4,285	3,813	3,347	2,911
Iberia and Latin America	32,647	31,263	7,251	7,896	4,057	4,643
International	7,715	6,360	1,642	1,520	1,062	903
Renewable Energy	2,539	2,179	1,585	1,310	1,080	966
Parent Company	762	679	(38)	(68)	(52)	(75)
Services and Other Activities	1,356	1,133	237	136	132	26
Eliminations and adjustments	(14,239)	(12,509)	-	(16)	-	(16)
Total	**79,514**	**73,377**	**17,717**	**17,480**	**11,366**	**11,258**

	Employees (no.)		Capital expenditure (millions of euro)	
	2011	2010	**2011**	2010
Sales	3,745	3,823	90	62
Generation and Energy Management	6,334	6,601	432	648
Engineering and Innovation	1,327	1,339	4	5
Infrastructure and Networks	18,951	19,152	1,383	1,147
Iberia and Latin America	22,877 (1)	24,731 (2)	2,491 (5)	2,866 (7)
International	13,779	14,876 (3)	1,450 (6)	1,210 (8)
Renewable Energy	3,229	2,955 (4)	1,557	1,065 (9)
Parent Company	873	803	13	7
Services and Other Activities	4,245	4,033	64	80
Total	**75,360**	**78,313**	**7,484**	**7,090**

(1) Of which 113 in units classified as "Held for sale".
(2) Of which 1,809 in units classified as "Held for sale".
(3) Of which 503 in units classified as "Held for sale".
(4) Of which 12 in units classified as "Held for sale".
(5) Does not include €101 million regarding units classified as "Held for sale".
(6) Does not include €4 million regarding units classified as "Held for sale".
(7) Does not include €76 million regarding units classified as "Held for sale".
(8) Does not include €10 million regarding units classified as "Held for sale".
(9) Does not include €11 million regarding units classified as "Held for sale".

Operating data

	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2011			2010	
Net electricity generated by Enel (TWh)	79.0	214.9	**293.9**	81.6	208.6	**290.2**
Electricity transported on the Enel distribution network (TWh)	246.0	189.0	**435.0**	247.0	184.6	**431.6**
Electricity sold by Enel (TWh) (1)	104.2	207.6	**311.8**	113.4	195.6	**309.0**
Gas sold to end users (billions of m3)	4.6	3.9	**8.5**	5.5	3.4	**8.9**
Employees at year-end (no.) (2)	36,842	38,518	**75,360**	37,383	40,930	**7,313**

(1) Excluding sales to resellers.
(2) Of which 113 in units classified as "Held for sale" at December 31, 2011 (2,324 at December 31, 2010).

Net electricity generated by Enel in 2011 rose by 3.7 TWh or 1.3%, with an increase in generation abroad (up 6.3 TWh) being partially offset by a decrease in generation in Italy (down 2.6 TWh). More specifically, both in Italy and abroad thermal generation increased while hydroelectric generation diminished as a result of less favorable water conditions. Abroad, nuclear generation also contracted, essentially due to planned stoppages at the Spanish plants.

Electricity transported on the Enel distribution network came to 435.0 TWh, up 3.4 TWh or 0.8%, largely concentrated in Latin America thanks to the increase in demand in that area.

Electricity sold by Enel in 2011 rose by 2.8 TWh or 0.9% to total 311.8 TWh. The increase is essentially attributable to the rise in volumes sold abroad (up 12.0 TWh), partially offset by a decline in volumes sold in Italy (down 9.2 TWh) following the opening of the market.

Gas sold to end users amounted to 8.5 billion cubic meters in 2011, with volumes sold decreasing in Italy, only partially offset by an increase in markets abroad.

At December 31, 2011, Enel Group *employees* totaled 75,360 (78,313 at December 31, 2010). The decrease of 2,953 is largely attributable to disposals of companies during the year. The number of employees at Group companies registered abroad came to 38,518 at the end of 2011.

Sustainability indicators

	2011	2010	Change	
ISO 14001-certified net efficient capacity (% of total)	91 .2	82.7	8.5	10.3%
Average efficiency of thermal plants (%) (1)	39.7	39.3	0.4	1.0%
Total specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (1)	411	389	22	5.7%
"Zero-emission" generation (% of total)	41.6	46.0	(4.4)	-9.6%
Injury frequency rate	2.4	2.8	(0.4)	-14.3%
Injury severity rate	0.11	0.13	(0.02)	-15.4%
Serious and fatal injuries at Enel (2)	12	25	(13)	-52.0%
Serious and fatal injuries at contractors (2)	46	61	(15)	-24.6%
Average hours of training per employee	44.7	36 .3	8.4	23.1%
Verified violations of the Code of Ethics (3)	33	41	(8)	-19.5%

(1) The output values used in calculating the indicators do not coincide with the values for net electricity generation reported in these consolidated financial statements. For more information on the calculation method, explanations of the discrepancies and the assumptions used, please see the notes in the Sustainability Report 2011 and, for greater details, the Environmental Report 2011.
(2) A serious injury is an injury for which the prognosis is uncertain, unknown or greater than 30 days for recovery.
(3) In 2011, an analysis was performed of violations reported in 2010. As a result, there was a change in the number of verified violations reported in the 2010 Sustainability Report from 39 to 41.

The proportion of ISO 14001-certified capacity was equal to 91.2% of total net efficient capacity at December 31, 2011, an increase of 10.3%. The rise reflects new certifications of Enel OGK-5, Enel Green Power Hellas and a number of Endesa thermal plants in Spain.
In 2011 the average efficiency of thermal plants rose by about 1.0%, essentially due to the entry into service of two combined cycle gas plants in Russia.
The increase in specific emissions of CO_2 is attributable to the larger proportion of fossil fuels in the generation mix, especially coal-fired generation, largely due to poorer water availability in 2011 compared with 2010.
The injury frequency and severity rates were 2.4 and 0.11 respectively, decreases of 14.3% and 15.4% respectively compared with 2010. The improvement is attributable to constant information, training and awareness-raising activities in recent years and the ongoing implementation of measures to enhance workplace health and safety.
Serious and fatal accidents involving Enel personnel declined by 52% compared with 2010. Serious and fatal accidents involving the employees of contractors working for Enel fell by 24.6% compared with 2010, thanks to ongoing implementation of measures to enhance workplace health and safety in all stages of the tendering process.
The average number of hours of training per employee

rose by 8.4, from 36.3 to 44.7 (up 23.1%). The increase involved all countries, with an especially large rise in the Renewable Energy and International Divisions, where training was a key element supporting the restructuring of certain processes and the reduction of the number of injuries.

Developments in reports received and verified violations of the Code of Ethics were broadly in line with 2010.

Overview of the Group's performance and financial position

Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and presented in the consolidated financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of the Group's business. In accordance with Recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

Gross operating margin: an operating performance indicator, calculated as "Operating income" plus "Depreciation, amortization and impairment losses".

Net non-current assets: calculated as the difference between *"Non-current assets"* and *"Non-current liabilities"* with the exception of:

> "Deferred tax assets";

> "Securities held to maturity", "Financial investments in funds or portfolio management products at fair value through profit or loss", "Securities available for sale" and "Other financial receivables";
> "Long-term loans";
> "Post-employment and other employee benefits";
> "Provisions for risks and charges";
> "Deferred tax liabilities".

Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
> "Long-term financial receivables (short-term portion)", "Receivables for factoring advances", "Securities", "Financial receivables and cash collateral" and "Other financial receivables";
> "Cash and cash equivalents";
> "Short-term loans" and the "Current portion of long-term loans".

Net assets held for sale: calculated as the algebraic sum of "Assets held for sale" and "Liabilities held for sale".

Net capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net current assets", provisions not previously considered, "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net financial debt: a financial structure indicator, determined by "Long-term loans", the current portion of such loans and "Short-term loans" less "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets" not previously considered in other balance sheet indicators. More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) 809/2004 and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of the following main transactions:

2010

> acquisition, on June 1, 2010, of control of SE Hydropower, which operates in the generation of electricity in the Province of Bolzano. Control was acquired with the transfer to the company of certain generation assets of Enel Produzione. Despite holding only 40% of the company, since the acquisition date the Group has consolidated it on a full line-by-line basis under specific shareholders' agreements concerning the governance of the company. Under those agreements, among other things, control will be retained by the Enel Group until the approval of the financial statements for the year ending December 31, 2013, the date from which a number of changes in the company's governance arrangements are scheduled to take effect, giving rise to a transition from exclusive Enel control to joint control by the

two shareholders. As a result of this change in the scope of consolidation during the year, 2010 reflected the performance of SE Hydropower operations for the final seven months of the year only. As regards the financial position, the Group elected the option envisaged under IFRS 3 to allocate the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed on a provisional basis. During the course of 2011, the Group completed the allocation of the transferred consideration. The effects of the definitive allocation have been retrospectively presented as from June 1, 2010, in accordance with IFRS 3;
> disposal, on July 1, 2010, of 50.01% of Endesa Hellas, a Greek company operating in the renewables generation sector;
> disposal, on December 17, 2010, of 80% of Nubia 2000 (now Endesa Gas T&D), a company owning assets (acquired during the year by Endesa Gas) in the gas transport and distribution industry in Spain. The sale also includes a 35% stake in Gas Aragon, which had previously been acquired by Nubia 2000.

2011

> disposal, on February 24, 2011, of Compañía Americana de Multiservicios (CAM), which operates in Latin America in the general services sector;
> disposal, on March 1, 2011, of Synapsis IT Soluciones y Servicios (Synapsis), which operates in Latin America in the IT services sector;
> acquisition, on March 31, 2011, of an additional 16.67% of Sociedad Eólica de Andalucía - SEA, which enabled Enel Green Power España to increase its holding from 46.67% to 63.34%, thereby acquiring control as the majority shareholder;
> loss of control of Hydro Dolomiti Enel as a result of the change in that company's governance structure, as provided for in the agreements reached between the two shareholders in 2008, which provided for the transition to joint control as from the date of approval of the financial statements for 2010. As from that event, the company is consolidated on a proportionate basis (with the stake held by the Enel Group in the company remaining unchanged at 49% both before and after the change in governance arrangements) rather than on a full line-by-line basis;
> acquisition of full control (from joint control) of the assets and liabilities retained by Enel Unión Fenosa Renovables (EUFER) following the break-up of the joint venture between Enel Green Power España and its partner Gas Natural under the agreement finalized on May 30, 2011. As from the date of execution of the agreement, those assets are therefore consolidated on a full line-by-line basis, as discussed in greater detail below;
> acquisition, on June 9, 2011, of an additional 50% of Sociedade Térmica Portuguesa, as a result of which the Enel Group acquired exclusive control of the company, whereas prior to the acquisition it had exercised joint control. With the transaction, Enel Green Power España became the sole shareholder of the Portuguese company, which operates in generation from renewables;
> disposal, on June 28, 2011, to Contour Global LP of the entire capital of the Dutch companies Maritza East III Power Holding BV and Maritza O&M Holding Netherland BV. These companies respectively own 73% of the Bulgarian company Enel Maritza East 3 AD and 73% of the Bulgarian company Enel Operations Bulgaria AD;
> disposal, on November 30, 2011, of 51% of Deval and Vallenergie to Compagnia Valdostana delle Acque, a company owned by the Region of Valle d'Aosta, which already held the remaining 49% of the companies involved;
> acquisition, on December 1, 2011, of 33.33% of San Floriano Energy, a company operating in the hydroelectric generation sector, with the transfer of in-kind and cash consideration by Enel Produzione. With the transfer, the Enel Group acquired joint control of the company, together with another two partners participating in the investment;
> acquisition, on December 1, 2011, of 50% of Sviluppo Nucleare Italia, in which the Group already held a stake of 50% giving it joint control with Electricité de France; as from that date the company has been consolidated on a line-by-line basis.

In the consolidated balance sheet at December 31, 2011, "Assets held for sale" and "Liabilities held for sale" include the assets and related liabilities of Endesa Ireland and other minor entities (including Wisco), as the state of negotiations for their sale to third parties qualifies them for application of IFRS 5. Accordingly, the decrease in these items compared with December 31, 2010 essentially reflects the above disposals carried out in 2011.

Group performance

Millions of euro

	2011	2010	Change	
Total revenues	79,514	73,377	6,137	8.4%
Total costs	62,069	56,177	5,892	10.5%
Net income/(charges) from commodity risk management	272	280	(8)	-2.9%
GROSS OPERATING MARGIN	17,717	17,480	237	1.4%
Depreciation, amortization and impairment losses	6,351	6,222	129	2,1%
OPERATING INCOME	11,366	11,258	108	1.0%
Financial income	2,693	2,576	117	4.5%
Financial expense	5,717	5,774	(57)	-1.0%
Total financial income/(expense)	(3,024)	(3,198)	174	5.4%
Share of income/(expense) from investments accounted for using the equity method	96	14	82	-
INCOME BEFORE TAXES	8,438	8,074	364	4.5%
Income taxes	3,080	2,401	679	28.3%
NET INCOME FROM CONTINUING OPERATIONS	5,358	5,673	(315)	-5.6%
NET INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-
NET INCOME (Group and non-controlling interests)	5,358	5,673	(315)	-5.6%
Net income attributable to non-controlling interests	1,210	1,283	(73)	-5.7%
GROUP NET INCOME	4,148	4,390	(242)	-5.5%

Revenues

Millions of euro

	2011	2010	Change
Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies	68,308	64,045	4,263
Gas sold and transported to end users	3,624	3,574	50
Gains on the disposal of assets	71	127	(56)
Remeasurement at fair value after changes in control	358	-	358
Other services, sales and revenues	7,153	5,631	1,522
Total	**79,514**	**73,377**	**6,137**

Revenues totaling more than €79 million

Revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** in 2011 amounted to €68,308 million, up €4,263 million or 6.7% from the previous year. The growth can mainly be ascribed to the following factors:

> an increase of €125 million in revenues from the sale of electricity to end users, mainly as a result of higher revenues from the free markets (€1,047 million), which more than offset the decrease in revenues from the regulated markets (€922 million). More specifically, there was an increase in volumes sold to end users in Latin America, Russia and France, associated with an increase in average prices in all those areas, which more than offset the decline in revenues in Italy;

> an increase of €2,013 million in revenues from the wholesale business; more specifically, the improvement was mainly attributable to rising revenues from the sale of electricity on the Power Exchange and higher sales under bilateral contracts entered into by the generating companies in Italy;

- an increase of €1,861 million in revenues from electricity trading;
- a decrease of €412 million in revenues from the transport of electricity, due essentially to lower revenues from the transport of electricity for other operators (€683 million), which more than offset higher revenues from the transport of electricity to the Group's end users (€271 million);
- an increase of €676 million in revenues from contributions from the Electricity Equalization Fund and similar bodies, essentially attributable to the increase in contributions for extra-peninsular generation in Spain.

Revenues from **gas sold and transported to end users** rose by €50 million or 1.4% compared with 2010. The increase reflected higher average sales prices, which more than offset the impact of the decrease in volumes sold compared with the previous year owing to the decline in consumption as a result of developments in domestic economic conditions.

Gains on the disposal of assets in 2011 amounted to €71 million. They comprise the gains from the sale of a portion of the assets of Enel Unión Fenosa Renovables to Gas Natural (€44 million), the disposals of Deval and Vallenergie (€21 million), the Spanish company Explotaciones Eólicas de Aldehuelas (€18 million), CAM and Synapsis (€15 million) and the sales of Enel Maritza East 3, Enel Operations Bulgaria and their parent holding companies (€12 million). Another factor was the transfer of the assets of the business line that led to the acquisition (through joint control) of San Floriano Energy (€15 million). The positive impact of these gains was partly offset by the adjustment (totaling about €54 million) of the price for the sale of the Spanish high-voltage grids and 80% of Nubia 2000, which held the gas distribution business in Spain, made the previous year and included in the same item, which amounted to €127 million in 2010.

Gains from **remeasurement at fair value after changes in control** came to €358 million in 2011 (no such item for 2010). The gain was generated by the adjustment of the value of Group assets and liabilities to their fair value, specifically: (i) after the loss of control of Hydro Dolomiti Enel as a result in the change in the company's corporate governance structure, the residual assets and liabilities pertaining to the Group (€237 million); (ii) with respect to those assets and liabilities already owned by Enel prior to obtaining complete control of Enel Unión Fenosa Renovables (€76 million), Sociedad Eólica de Andalucía (€23 million) and Sociedade Térmica Portuguesa - TP (€22 million).

Revenues from **other services, sales and revenues** came to €7,153 million in 2011 (€5,631 million in 2010), an increase of €1,522 million or 27.0% on the previous year. The increase is mainly attributable to the following factors:

- a rise of €546 million in sales of fuel for trading, including shipping services, largely due to greater sales of gas as a result of the large rise in volumes handled;
- an increase of €523 million in revenues from the sale of goods, attributable to increased sales of CO_2 emissions allowances and green certificates;
- an increase of €173 million in revenues associated with the emissions trading system in respect of the grant awarded in 2011 (regarding 2010 and 2011) for the commercial operation of unit 4 of the Torrevaldaliga Nord power plant, which was recognized as a "new entrant" to the emissions trading system;
- an increase of €60 million in revenues for maintenance of the Spanish high-voltage grid sold in December 2010.

Costs

Millions of euro

	2011	2010	Change
Electricity purchases	29,045	24,714	4,331
Consumption of fuel for electricity generation	7,879	6,892	987
Fuel for trading and gas for sale to end users	3,722	2,655	1,067
Materials	2,400	2,321	79
Personnel	4,296	4,907	(611)
Services, leases and rentals	14,295	13,503	792
Other operating expenses	2,143	2,950	(807)
Capitalized costs	(1,711)	(1,765)	54
Total	**62,069**	**56,177**	**5,892**

Costs for **electricity purchases** rose by €4,331 million or 17.5% in 2011 compared with 2010. This mainly reflects the impact of bilateral contracts (€3,076 million), the increase in other costs for electricity purchases on domestic and foreign markets (€1,103 million) associated with the rise in demand and the increase in electricity purchases on the Power Exchange (€152 million).

Costs for the **consumption of fuel for electricity generation** amounted to €7,879 million in 2011, up €987 million or 14.3% on the previous year. The increase essentially reflects the greater quantities consumed by the generation companies as a result of the increase in conventional thermal generation in place of generation from other resources, as well as the rise in average supply prices.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €3,722 million, an increase of €1,067 million or 40.2% compared with the previous year. The change essentially reflects higher costs linked to trading and the rise in the price of gas, which is linked to the trend in the prices of petroleum products.

Costs for **materials** amounted to €2,400 million in 2011, up €79 million compared with the previous year. This development is mainly attributable to the increase in costs for provisioning EUAs and CERs.

Personnel costs amounted to €4,296 million in 2011, down €611 million or 12.5% compared with the previous year. The average workforce contracted by 4.6%.
Excluding the effects of the change in the scope of consolidation between the two years, which is discussed below, and the impact of the costs associated with the contract renewal, personnel costs declined by €541 million or 11.2% in 2011, while the average workforce contracted by 2.4%. The decrease in labor costs is essentially connected with the completion of the early retirement incentive program (which expired in December 2011), as well as the positive impact of the agreement reached during the year to eliminate electricity discounts for employees in service in Italy.
The Enel Group workforce at December 31, 2011 totaled 75,360 (78,313 at December 31, 2010). The Group workforce contracted by 2,953 during the period as a result of the net balance of hires and terminations (a decrease of 491) and the change in the scope of consolidation (a decline of 2,462) connected mainly with the sales of CAM, Synapsis, Enel Operations Bulgaria, Enel Maritza East 3 and, as from December, Deval and Vallenergie, as well as the different method used for consolidating Hydro Dolomiti Enel. Terminations are mainly the result of personnel opting for the voluntary early retirement incentives.
Changes in the total number of employees with respect to December 31, 2010 are summarized in the table below:

Balance at December 31, 2010	**78,313**
Change in the scope of consolidation	(2,462)
Hirings	4,230
Terminations	(4,721)
Balance at December 31, 2011 (1)	**75,360**

(1) Includes 113 in units classified as "Held for sale".

Costs for **services, leases and rentals** amounted to €14,295 million in 2011, up €792 million or 5.9% compared with 2010. This essentially reflects increased electricity transport costs (€265 million) as a result of higher system costs and costs for services associated with electricity systems in countries in which the Group operates (€398 million).

Other operating expenses totaled €2,143 million in 2011, down €807 million or 27.4% compared with the previous year. The decrease was largely associated with a decline in provisions for risks and charges for the year and the revision of estimates for provisions recognized in prior years. These effects were only partially offset by the recognition of the net-worth tax in Colombia following the tax reform introduced in that country with Law 1430/2010.

In 2011, **capitalized costs** came to €1,711 million (€1,765 million in 2010), virtually unchanged on the previous year.

Net income/(charges) from commodity risk management showed net income of €272 million in 2011 (compared with net income of €280 million in 2010). More specifically, the net income for 2011 includes net income realized in the period in the amount of €160 million (€342 million in 2010), and net income from the fair value measurement of derivatives positions open at the end of the period of €112 million (net charges of €62 million in 2010).

Depreciation, amortization and impairment losses in 2011 came to €6,351 million, up €129 million or 2.1%. The increase is attributable to the net impact of higher depreciation, amortization and impairment losses in the amount of €327 million, partially offset by a decrease in net writedowns of trade receivables in the amount of €198 million. The increase in depreciation and amortization was essentially the result of the rise in the installed renewables generation capacity, while the rise in impairment was attributable to the increase in the impairment losses on the value of the electricity distribution grids in Argentina (€153 million) and that on the goodwill allocated to the cash generating units of Enel Green Power Hellas (€70 million) and Marcinelle Energie (€26 million).

Operating income for 2011 amounted to €11,366 million, up €108 million or 1.0% compared with the previous year.

Net **financial expense** came to €3,024 million in 2011, a decrease of €174 million compared with the previous year. More specifically, the reduction was associated with:

> a decline in average net financial debt, which more than offset the effect of the general volatility in interest rates on the unhedged portion of floating-rate debt, for a total of €74 million;
> the negative adjustment of €104 million recognized in 2010 of interest for the deficit of the Spanish peninsular and extra-peninsular electrical system;
> the recognition in 2011 of default interest of €63 million relating to a decision resolving a tax dispute in the Group's favor in Spain.

These positive factors were partly offset by greater financial expense recognized after the assignment of receivables.

The **share of income/(expense) from investments accounted for using the equity method** showed net income of €96 million in 2011, up €82 million compared with the previous year. The result is essentially attributable to the positive performance of the associated companies in the Renewable Energy Division.

Income taxes for 2011 amounted to €3,080 million (€2,401 million in 2010), equal to 36.5% of taxable income, compared with 29.7% in 2010. This reflects the adjustment of current and deferred tax following the change to the rules governing the "Robin Hood Tax", which amounted to €225 million.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	101,570	99,504	2,066
- goodwill	18,342	18,470	(128)
- equity investments accounted for using the equity method	1,085	1,033	52
- other net non-current assets/(liabilities)	(365)	(639)	274
Total	**120,632**	**118,368**	**2,264**
Net current assets:			
- trade receivables	11,570	12,505	(935)
- inventories	3,148	2,803	345
- net receivables due from Electricity Equalization Fund and similar bodies	(1,823)	(1,889)	66
- other net current assets/(liabilities)	(5,525)	(3,830)	(1,695)
- trade payables	(12,931)	(12,373)	(558)
Total	**(5,561)**	**(2,784)**	**(2,777)**
Gross capital employed	**115,071**	**115,584**	**(513)**
Sundry provisions:			
- post-employment and other employee benefits	(3,000)	(3,069)	69
- provisions for risks and charges and net deferred taxes	(13,325)	(14,345)	1,020
Total	**(16,325)**	**(17,414)**	**1,089**
Net assets held for sale	**323**	**620**	**(297)**
Net capital employed	**99,069**	**98,790**	**279**
Total shareholders' equity	**54,440**	**53,866**	**574**
Net financial debt	**44,629**	**44,924**	**(295)**

Property, plant and equipment and intangible assets (including investment property) came to €101,570 million at December 31, 2011, an increase of €2,066 million. The rise is primarily attributable to investments in the period (€7,484 million) and the change in the scope of consolidation (€699 million), net of depreciation, amortization and impairment losses (€5,575 million) and the negative impact of exchange rate differences (€889 million).

Goodwill, amounting to €18,342 million, fell by a net €128 million compared with December 31, 2010. This change mainly reflects the negative effects of the adjustment of goodwill denominated in currencies other than the euro at the current exchange rate and the impairment of goodwill associated with the cash generating units of Enel Green Power Hellas and Marcinelle Energie (a total of €96 million). In addition, the goodwill arising from the acquisition of Endesa that was allocated to the "Endesa-Iberian peninsula" cash generating unit was reduced in reflection of a more accurate allocation of the price. These decreases were partially offset by the adjustment of the value of liabilities essentially associated with the exercise of the put options on Enel Distributie Muntenia and Enel Energie Muntenia, which is exactly reflected in an increase in the goodwill recognized in respect of those acquisitions.

Equity investments accounted for using the equity method amounted to €1,085 million, broadly unchanged compared with December 31, 2010.

Other net non-current assets/(liabilities) at December 31, 2011 showed a net liability of €365 million, a reduction of €274 million in the net liability compared with December 31, 2010. The change can be attributed to the following factors:

> an increase of €901 million in net non-current financial assets essentially due to an increase in assets connected with derivatives (€850 million) and the rise in financial assets in respect of operations conducted under concession agreements (€122 million). These factors were partially offset by the decrease in equity investments in

other entities (€43 million), mainly due to the adjustment to fair value of the investment in Terna;

> an increase of €627 million in net other non-current liabilities, which was mainly attributable to an increase in the net positive balance between sundry payables and receivables (€729 million). The change essentially reflects the reclassification from other non-current assets to long-term financial receivables of Enel Di-stribuzione's receivable in respect of extraordinary costs incurred for the early replacement of electromechanical meters. In particular, the change in classification was made necessary to ensure compliance with the provisions of the Resolution of the Authority for Electricity and Gas 199/11, which establishes a new procedure for reimbursing such costs. The amount is no longer based on the ordinary equalization system but is instead paid annually by the Electricity Equalization Fund in a standard amount over a period of 16 years. This effect was partially offset by a reduction in deferred operating liabilities (€65 million) and the increase in advances to suppliers (€100 million), essentially in respect of the payment on account by Enel Trade to In Salah Gas and Sonatrach under the take-or-pay clauses of the contracts with those suppliers.

Net current assets came to a negative €5,561 million at December 31, 2011, a decrease of €2,777 million compared with December 31, 2010. This change is due primarily to the following factors:

> a reduction of €935 million in *trade receivables*, essentially due to the decrease in receivables for electricity sales and transport associated with the change in volumes of non-recourse assignments compared with the previous year;

> an increase of €345 million in *inventories*, largely due to the rise in inventories of fuel, green certificates and natural gas. This increase was only partially offset by the decline in inventories of CO_2 emissions allowances;

> an increase of €66 million in *net receivables due from Electricity Equalization Fund and similar bodies.* The change mainly reflects greater receivables in respect of equalization mechanisms;

> a decrease of €1,695 million in *other current assets* less related liabilities. This change is due to the following factors:

- an increase of €291 million in net income tax liabilities. The rise is essentially related to the recognition of current taxes (net of prior-year adjustments) totaling €2,793 million, partially offset by tax payments in the amount of €2,371 million (notably payments on account for 2012);
- an increase of €993 million in net current liabilities, essentially due to the rise in net tax liabilities other than current income taxes (€200 million), mainly attributable to value added tax, an increase in payables in respect of acquisitions of equity investments, largely associated with the exercise of the put options on Marcinelle Energie, Enel Distributie Muntenia and Enel Energie Muntenia (a total of €165 million), an increase of €167 million in liabilities in respect of security deposits from customers, essentially due to the application of Resolution 191/09, which established an increase in security deposits (doubled in the case of payment delinquency), and greater liabilities in respect of derivative positions that have been closed but not yet paid (€162 million);
- an increase of €411 million in net current financial liabilities, attributable to the increase in liabilities in respect of net current derivatives (€294 million) and the increase in payables and accruals for interest on loans;

> an increase of €558 million in *trade payables*, mainly attributable to the rise in the payable due to the Energy Services Operator (ESO) in respect of the A3 rate component to incentivize renewables generation.

Sundry provisions, totaling €16,325 million, declined by €1,089 million compared with the previous year. This change is connected primarily with the following factors:

> an increase of €175 million in net deferred tax liabilities, mainly regarding the portion recognized through the income statement, net of the effect of exchange rate differences for the net liabilities of companies with currencies other than the euro. These effects were partially offset by the adjustment of net deferred tax assets following the rate increase and extension of the scope of the "Robin Hood Tax" in Italy;

> a decrease of €1,195 million in provisions for risks and charges due to reversals (net of accruals) in the amount of €137 million and utilization and other changes (including changes in the scope of consolidation) in the amount of €1,058 million;

> a decrease of €69 million in provisions for post-employment and other employee benefits.

Net assets held for sale amounted to €323 million at December 31, 2011 (€620 million at December 31, 2010), and essentially comprise certain assets held by Endesa in Ireland that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale. The change compared with the situation at December 31, 2010 essentially reflects the disposals carried out in 2011.

Net capital employed at December 31, 2011 came to €99,069 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €54,440 million and net financial debt of €44,629 million. At December 31, 2011, the debt/equity ratio was 0.82, compared with 0.83 at December 31, 2010.

Analysis of the financial structure

Net financial debt

Net financial debt and changes in the period are detailed in the table below.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Long-term debt			
- bank loans	9,918	15,584	(5,666)
- bonds	37,461	34,401	3,060
- preference shares	180	1,474	(1,294)
- other loans	1,144	981	163
Long-term debt	*48,703*	*52,440*	*(3,737)*
Long-term financial receivables and securities	(3,576)	(2,567)	(1,009)
Net long-term debt	**45,127**	**49,873**	**(4,746)**
Short-term debt			
Bank loans:			
- short-term portion of long-term debt	6,894	949	5,945
- other short-term bank debt	888	281	607
Short-term bank debt	*7,782*	*1,230*	*6,552*
Bonds (short-term portion)	2,473	1,854	619
Other loans (short-term portion)	305	196	109
Commercial paper	3,204	7,405	(4,201)
Cash collateral and other financing on derivatives	650	343	307
Other short-term financial payables	57	180	(123)
Other short-term debt	*6,689*	*9.978*	*(3,289)*
Long-term financial receivables (short-term portion)	(5,632)	(9,290)	3,658
Factoring receivables	(370)	(319)	(51)
Financial receivables and cash collateral	(1,076)	(718)	(358)
Other short-term financial receivables	(824)	(571)	(253)
Cash and cash equivalents and short term securities	(7,067)	(5,259)	(1,808)
Cash and cash equivalents and short-term financial receivables	*(14,969)*	*(16,157)*	*1,188*
Net short-term financial debt	**(498)**	**(4,949)**	**4,451**
NET FINANCIAL DEBT	**44,629**	**44,924**	**(295)**
Net financial debt of "Assets held for sale"	**(1)**	**636**	**(637)**

Net financial debt amounted to €44,629 million at December 31, 2011, down €295 million compared with December 31, 2010.

Net long-term financial debt decreased by €4,746 million, as the net result of a decrease in long-term debt in the amount of €3,737 million and an increase in long-term financial receivables of €1,009 million.

More specifically, bank loans totaled €9,918 million, a decline of €5,666 million, due mainly to the repayments by Endesa amounting to €1,156 million, to the reclassification of the portion of the Credit Facility maturing in 2012 in the amount of €1,933 million, and to voluntary repayments totaling €3,000 million in respect of the 2007 and 2009 Credit Facilities, of which:

> €1,484 million related to the tranche maturing in 2012;
> €1,042 million related to the tranche maturing in 2014;
> €474 million related to the tranche maturing in 2016.

The €10 billion five-year syndicated credit line established in April 2010 by Enel SpA and Enel Finance International was drawn in the amount of €1,000 million at December 31, 2011. The bilateral credit lines established by Enel SpA and Enel Finance International were

drawn in the amount of €2,000 million at the same date.

Bonds amounted to €37,461 million, up €3,060 million from December 31, 2010, as a result of private placements totaling €505 million and, on July 12 and October 24, 2011, multi-tranche bonds for institutional investors totaling €4,000 million, structured as follows:

> €1,000 million fixed-rate 4.125% maturing July 12, 2017;
> €750 million fixed-rate 5% maturing July 12, 2021;
> €1,250 million at a rate of 4.625%, maturing June 24, 2015;
> €1,000 million at a rate of 5.750%, maturing October 24, 2018,

offset by the reclassification (totaling €1,924 million) of the current portion of bonds issued by Enel SpA in 2005, Endesa Capital in 2007 and International Endesa BV in 2004.
In addition, during the year Endesa preference shares in the nominal amount of €1,319 million were redeemed early.

Net short-term financial debt showed a net creditor position of €498 million at December 31, 2011, a decrease of €4,451 million from the net creditor position at the end of 2010. This was the result of a rise in short-term bank debt of €6,552 million, a decrease in other short-term debt of €3,289 million and a decrease of €1,188 million in cash and cash equivalents and short-term financial receivables.

Specifically, short-term bank debt rose by €6,552 million compared with December 31, 2010, mainly as a result of the previously mentioned reclassification to short term of the portion of the Credit Facility maturing in 2012 (€1,933 million) and the utilization of committed and uncommitted credit lines by Enel SpA (€2,500 million).
Other short-term debt, totaling €6,689 million, include the issuance of commercial paper by Enel Finance International, Internacional Endesa, Endesa Capital and Sociedade Térmica Portuguesa in the amount of €3,204 million, as well as bonds maturing within 12 months in the amount of €2,473 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,076 million, while cash collateral received from such counterparties amounted to €650 million.
Cash and cash equivalents and short-term financial receivables came to €14,969 million, down €1,188 million from the end of 2010. In this regard, the securitization plan launched by the Spanish government in 2011 for the reimbursement of the rate deficit led to the collection of about €5,115 million of the associated financial receivables.

Cash flows

Millions of euro

	2011	2010	Change
Cash and cash equivalents at the beginning of the period	*5,342*	*4,289*	*1,053*
Cash flows from operating activities	11,713	11,725	(12)
Cash flows from investing/disinvesting activities	(7,400)	(4,910)	(2,490)
Cash flows from financing activities	(2,509)	(5,976)	3,467
Effect of exchange rate changes on cash and cash equivalents	(74)	214	(288)
Cash and cash equivalents at the end of the period (1)	*7,072*	*5,342*	*1,730*

(1) Of which cash and cash equivalents equal to €7,015 million at December 31, 2011 (€5,164 million at December 31, 2010), short-term securities equal to €52 million at December 31, 2011 (€95 million at December 31, 2010) and cash and cash equivalents pertaining to assets "Held for sale" in the amount of €5 million at December 31, 2011 (€83 million at December 31, 2010).

Cash flows from operating activities in 2011 amounted to €11,713 million, virtually unchanged with respect to the previous year. More specifically, the decline in uses of cash in connection with the change in net current assets in the two periods, as well as the rise in the gross operating margin, were essentially offset by the impact of the reduction in net accruals to provisions on net income for the period.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €7,400 million in 2011, while in 2010 they had absorbed cash totaling €4,910 million.
In particular, investments in property, plant and equipment and in intangible assets, totaling €7,589 million, rose by €402 million.
Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €153 million and are largely accounted for by the acquisition of additional interests in Ampla Energia e Serviços, Ampla Investimentos e Serviços and Electrica Cabo Blanco (companies already controlled by the Group) and additional interests in Sociedad Eólica de Andalucía and Sociedade Térmica Portuguesa that led to the acquisition of control of those companies. Investments in entities in 2010, also net of cash and cash equivalents acquired, essentially reflected the acquisition of a number of companies operating in the generation of electricity from renewable resources in Italy, the acquisition of Enel Longanesi Development, which operates in the natural gas extraction sector in Italy, the acquisition of Padoma Wind Power, which is specialized in the development of wind plants in California, and a number of smaller acquisitions.
The disposal of entities or business units, net of cash and cash equivalents sold, generated cash flows of €165 million, essentially accounted for by the disposals of CAM and Synapsis in Latin America, the disposal of Enel Maritza East 3, Enel Operations Bulgaria and the related holding companies, the disposal of 51% of Deval and Vallenergie, and the disposal of the Spanish company Explotaciones Eólicas de Aldehuelas. In 2010 the item reported cash flows from the collection of the balance on the sale of 51% of the Russian company SeverEnergia, the receipt of the prices for the sale of 50.01% of Endesa Hellas, the disposal of 80% of Nubia 2000, which holds the assets (acquired by Endesa Gas) in the gas transport and distribution industry in Spain, and the sale of the power transmission grids.
Cash flows generated by other investing/disinvesting activities in 2011 totaled €177 million, essentially attributable to disinvestments in the period amounting to €196 million, which were only partly offset by the acquisition of additional interests in CESI.

Cash flows from financing activities absorbed cash in the amount of €2,509 million, whereas such activities absorbed cash in the amount of €5,976 million in 2010. Cash flows for the period under review essentially reflect the cash requirement generated by the payment of dividends in the amount of €3,517 million, partly offset by the change in net financial debt in the amount of €1,059 million. In 2010, they had benefited from the positive effects of the sale (without ceding control) of 30.8% of Enel Green Power, offset by the change in net financial debt and dividend payments.

In 2011, *cash flows from operating activities* in the amount of €11,713 million were used to cover the cash requirements of financing activities in the amount of €2,509 million and of investing activities in the amount of €7,400 million. The difference is reflected in the increase in cash and cash equivalents, which at December 31, 2011 came to €7,072 million (including that pertaining to net assets held for sale in the amount of €5 million) compared with €5,342 million at the end of 2010 (including that pertaining to net assets held for sale in the amount of €83 million). This increase was nevertheless affected by the effect of negative exchange rate fluctuations (€74 million).

Results by Division

The representation of divisional performance presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

Results by Division for 2011 and 2010

Results for 2011 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	17,568	17,131	60	3,212	32,082	7,071	1,927	401	62	-	79,514
Revenues from other segments	163	6,015	337	4,248	565	644	612	361	1,294	(14,239)	-
Total revenues	**17,731**	**23,146**	**397**	**7,460**	**32,647**	**7,715**	**2,539**	**762**	**1,356**	**(14,239)**	**79,514**
Net income/ (charges) from commodity risk management	44	232	-	-	28	(22)	(10)	-	-	-	272
Gross operating margin	**561**	**2,182**	**12**	**4,285**	**7,251**	**1,642**	**1,585**	**(38)**	**237**	**-**	**17,717**
Depreciation, amortization and impairment losses	420	592	3	938	3,194	580	505	14	105	-	6,351
Operating income	**141**	**1,590**	**9**	**3,347**	**4,057**	**1,062**	**1,080**	**(52)**	**132**	**-**	**11,366**
Capital expenditure	**90**	**432**	**4**	**1,383**	**2,491 (2)**	**1,450 (3)**	**1,557**	**13**	**64**	**-**	**7,484**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €101 million regarding units classified as "Held for sale".
(3) Does not include €4 million regarding units classified as "Held for sale".

Gross operating margin in 2011

€17,717

millions

Results for 2010 [1]

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	18,499	12,173	106	2,991	31,022	6,203	1,934	358	102	(11)	73,377
Revenues from other segments	198	5,367	502	4,436	241	157	245	321	1,031	(12,498)	-
Total revenues	18,697	17,540	608	7,427	31,263	6,360	2,179	679	1,133	(12,509)	73,377
Net income/(charges) from commodity risk management	(587)	788	-	-	28	(29)	89	(9)	-	-	280
Gross operating margin	483	2,392	14	3,813	7,896	1,520	1,310	(68)	136	(16)	**17,480**
Depreciation, amortization and impairment losses	425	560	4	902	3,253	617	344	7	110	-	6,222
Operating income	58	1,832	10	2,911	4,643	903	966	(75)	26	(16)	**11,258**
Capital expenditure	62	648	5	1,147	2,866 [2]	1,210 [3]	1,065 [4]	7	80	-	**7,090**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €76 million regarding units classified as "Held for sale".
(3) Does not include €10 million regarding units classified as "Held for sale".
(4) Does not include €11 million regarding units classified as "Held for sale".

1 Sales

The Sales Division is responsible for commercial activities, with the objective of developing an integrated package of electricity and gas products and services for end users. These activities are carried out by:

> Enel Servizio Elettrico for the sale of electricity on the regulated market;

> Enel Energia for the sale of electricity on the free and safeguard markets and the sale of natural gas to end users.

The Division also includes the figures for Vallenergie, a company that serves enhanced protection market customers in the Valle d'Aosta region, up until the date of its sale (November 30, 2011).

Operations

Electricity sales

Millions of kWh

	2011	2010	Change	
Free market:				
- mass-market customers	27,629	27,494	135	0.5%
- business customers [1]	10,555	13,210	(2,655)	-20.1%
- safeguard market customers	1,999	4,505	(2,506)	-55.6%
Total free market	**40,183**	**45,209**	**(5,026)**	**-11.1%**
Regulated market:				
- enhanced protection market customers	63,565	67,763	(4,198)	-6.2%
TOTAL	**103,748**	**112,972**	**(9,224)**	**-8.2%**

(1) Supplies to large customers and energy-intensive users (annual consumption greater than 1 GWh).

Average number of customers

	2011	2010	Change	
Free market:				
- mass-market customers	3,785,461	3,054,793	730,668	23.9%
- business customers [1]	48,894	58,082	(9,188)	-15.8%
- safeguard market customers	38,383	78,408	(40,025)	-51.0%
Total free market	**3,872,738**	**3,191,283**	**681,455**	**21.4%**
Regulated market:				
- enhanced protection market customers	24,998,901	26,171,196	(1,172,295)	-4.5%
TOTAL	**28,871,639**	**29,362,479**	**(490,840)**	**-1.7%**

(1) Supplies to large customers and energy-intensive users.

Electricity sold in 2011 amounted to 103,748 million kWh, down 9,224 million kWh compared with the previous year. More specifically, the decline seen in the free market is attributable to changes in commercial policy, with a reduction in volumes sold to business customers and a focus on sales to mass-market customers. The drop in sales on the regulated market is related to the contraction in the customer base as customers move to the free market.

Gas sales and customers

	2011	2010	Change	
Gas sales (millions of m^3)				
- mass-market customers (1)	3,419	3,718	(299)	-8.0%
- business customers	1,162	1,785	(623)	-34.9%
Total sales	**4,581**	**5,503**	**(922)**	**-16.8%**
Average number of customers	**3,150,968**	**2,902,739**	**248,229**	**8.6%**

(1) Includes residential customers and microbusinesses.

Gas sales for 2011 amounted to 4,581 million cubic meters, a decrease of 922 million cubic meters compared with the previous year.

At December 31, 2011, customers served numbered some 3.1 million, an increase of about 250 thousand over December 31, 2010.

Performance

Millions of euro

	2011	2010	Change
Revenues	17,731	18,697	(966)
Net income/(charges) from commodity risk management	44	(587)	631
Gross operating margin	*561*	*483*	*78*
Operating income	141	58	83
Employees at year-end (no.)	3,745	3,823	(78)
Capital expenditure	90	62	28

Revenues totaled €17,731 million in 2011, down €966 million compared with 2010 (-5.2%), due to the following main factors:

> a decrease of €286 million in revenues on the free electricity market, mainly attributable to lower volumes sold (down 5.0 TWh);
> a decrease of €129 million in revenues on the regulated electricity market due to lower volumes sold on the enhanced protection market (down 4.2 TWh) and to the decline in revenues from the component covering sales costs. Another factor was the recognition of negative prior-year items (€185 million), mainly due to the impact of the remuneration recognized in 2010 by the Authority for Electricity and Gas (the Authority) for safeguard service operators to cover the default risk in collecting accrued receivables;
> a decrease of €70 million in revenues on the natural gas market, largely due to lower volumes sold (a decrease of 922 million cubic meters), as well as the negative impact of prior-year items relating to revised estimates of sales made in previous years;
> a decrease of €56 million in connection fees.

The **gross operating margin** for 2011 amounted to €561 million, up €78 million compared with 2010. The increase is essentially ascribable to:

> an increase of €166 million in the margin on the free market for electricity and gas, essentially due to the increase of €239 million on the electricity market (mainly due to the greater profitability of the portfolio, which more than offset the decline in quantities sold – a decrease of 5.0 TWh), only partially offset by the decrease of €70 million in the margin on the gas market (mainly due to the decline in volumes sold and the negative impact of prior-year items);
> a decrease of €88 million in the margin on the regulated electricity market, due mainly to:
  - a decrease of €24 million in the electricity margin, mainly attributable to the decline in the average number of enhanced protection market customers following the opening of the market;
  - the recognition of €152 million in negative prior-year items, essentially attributable to the adjustment of the revenues recognized by the Authority to cover the default risk in collecting accrued receivables on the safeguard market;
  - a decrease €88 million in operating expenses, mainly due to a decline in early retirement incentives, the positive effects of the agreement reached during the year to eliminate electricity discounts for employees in service in Italy, a reduction in allocations to the provi-

sion for risk and charges and the impact of the recognition in 2010 of prior-year expense in the amount of €12 million for the fine levied by the Authority with Resolution 66/07.

Operating income for 2011, after depreciation, amortization and impairment losses in the amount of €420 million (€425 million in 2010), amounted to €141 million, up €83 million compared with 2010. This performance is in line with that of the gross operating margin.

Capital expenditure

Capital expenditure totaled €90 million, up €28 million compared with 2010.

2 Generation and Energy Management

The Generation and Energy Management Division operates in the field of electricity generation and energy products. The main activities of the Division are as follows:

> the generation and sale of electricity:
- thermal and schedulable hydroelectric power plants in Italy through Enel Produzione, Hydro Dolomiti Enel, SE Hydropower, San Floriano Energy and ENergy Hydro Piave;
- trading on international and domestic markets, primarily through Enel Trade, Enel Trade Romania, Enel Trade Croatia and Enel Trade Serbia;

> the supply and sale of energy products through Enel Trade:
- provisioning for all the Group's needs;
- the sale of natural gas to distributors;

> the development of:
- nuclear power plants, through Sviluppo Nuclear Italia;
- natural gas extraction projects, through Enel Longanesi Development;
- natural gas regasification and storage plants, through Nuove Energie and Enel Stoccaggi.

Operations

Net electricity generation

Millions of kWh

	2011	2010	Change	
Thermal	50,708	47,744	2,964	6.2%
Hydroelectric	16,480	21,633	(5,153)	-23.8%
Other resources	9	5	4	80.0%
Total net generation	**67,197**	**69,382**	**(2,185)**	**-3.1%**

Net electricity generation in 2011 amounted to 67,197 million kWh, a decrease of 3.1% on 2010. The decrease in hydroelectric generation in 2011 (down 5,153 million kWh) was the result of poorer water availability during the period (also at the national level) and the change in the method of consolidating Hydro Dolomiti Enel (down 1,462 million kWh), and was only partially offset by greater thermal production during the period, amounting to 2,964 million kWh, thanks in part to the contribution of the new coal plant at Torrevaldaliga Nord.

Contribution to gross thermal generation

Millions of kWh

	2011		2010		Change	
High-sulfur fuel oil (S>0.25%)	753	1.4%	754	1.5%	(1)	-0.1%
Low-sulfur fuel oil (S<0.25%)	311	0.6%	877	1.7%	(566)	-64.5%
Total fuel oil	**1,064**	**2.0%**	**1,631**	**3.2%**	**(567)**	**-34.8%**
Natural gas	18,771	34.8%	20,172	39.7%	(1,401)	-6.9%
Coal	33,578	62.2%	28,592	56.2%	4,986	17.4%
Other fuels	538	1.0%	467	0.9%	71	15.2%
TOTAL	**53,951**	**100.0%**	**50,862**	**100.0%**	**3,089**	**6.1%**

Gross thermal generation in 2011 amounted to 53,951 million kWh, an increase of 6.1% over 2010. The increase mainly involved coal-fired generation (up 17.4%), largely due to the higher output of the Torrevaldaliga Nord plant. This increase was partially offset by the decline in generation from fuel oil (down 34.8%), attributable to unfavorable developments in fuel prices, making this raw material uncompetitive, and to lower generation from natural gas (down 6.9%).

Net efficient generation capacity

MW

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Thermal plants (1)	24,790	24,798	(8)
Hydroelectric plants	12,136	12,908	(772)
Alternative resources (2)	41	41	-
Total net efficient capacity	**36,967**	**37,747**	**(780)**

(1) Of which 1,574 MW unavailable due to long-term technical issues (1,551 MW at December 31, 2010).
(2) Of which 35 MW unavailable due to transformation activities (35 MW at December 31, 2010).

Performance

Millions of euro

	2011	2010	Change
Revenues	23,146	17,540	5,606
Net income/(charges) from commodity risk management	232	788	(556)
Gross operating margin	*2,182*	*2,392*	*(210)*
Operating income	1,590	1,832	(242)
Employees at year-end (no.)	6,334	6,601	(267)
Capital expenditure	432	648	(216)

Revenues for 2011 totaled €23,146 million, up €5,606 million (32.0%) over 2010 due primarily to the following factors:

> a €2,561 million increase in revenues from trading on international electricity markets, due essentially to higher volumes sold (up 43.6 TWh), as well as a €389 million increase in revenues from fuel trading, essentially attributable to the increase in revenues from natural gas sales (€375 million);
> a €916 million increase in revenues from electricity sales, mainly due to higher revenues from sales to resellers on the domestic market (up €493 million), greater revenues from electricity sales (up 2.2 TWh) to other Group Divisions (up €269 million), in particular to the foreign Divisions, whose increased operations more than offset the contraction in sales in Italy to the Sales Division, and a €91 million increase in revenues from sales on the Power Exchange, which mainly reflects an increase in the average sales price, only partially offset by lower sales volumes (down 0.5 TWh);
> a €1,180 million increase in revenues from CO_2 emission rights (certified emission reductions), of which €354 million to the Iberia and Latin America Division, and a €167 million increase in revenues from the sale of green certificates to the Energy Services Operator;
> a €173 million increase in revenues, attributable to the grant in 2011 (which regarded 2010 and 2011) for the commercial operation of unit 4 of the Torrevaldaliga Nord power plant, which was classified as a "new entrant" in the emissions trading system. These revenues were set in part by the Authority with resolutions ARG/elt 38/11 and 111/11 (€101 million) and in part by the national committee for the management of Directive 2003/87/EC (€102 million). In 2010 these revenues, amounting to €30 million, related to the emissions allowances for 2009;
> a €64 million increase in revenues from fees provided by the Authority's resolutions on the operation of the Power Exchange. More specifically, these revenues mainly relate to remuneration for capacity payments, transport capacity fees, as well as revenues from fees to cover the cost of plants essential to system security;
> a €237 million increase in income due to the fair value adjustment of the assets and liabilities of Hydro Dolomiti Enel, corresponding to the Group's remaining equity investment in that company following loss of control as a result of the change in the company's corporate governance arrangements;
> the recognition of a gain of €15 million on the acquisition of a stake in San Floriano Energy following the transfer of the associated business unit.

These positive factors were only partially offset by a decline of €122 million in revenues due to the change in the method for consolidating Hydro Dolomiti Enel.

The **gross operating margin** for 2011 came to €2,182 million, down €210 million (or 8.8%) compared with the previous year. If the gain from the fair value adjustment of the assets and liabilities of Hydro Dolomiti Enel (€237 million) is excluded, the gross operating margin would fall by €447 million. This decline is due to:

> a €444 million reduction in the generation margin essentially due to the decrease in unit margins and poorer water availability, partially offset by the revenues mentioned above concerning the classification of unit 4 of the Torrevaldaliga Nord plant as a "new entrant" in the emissions trading system and an increase of €109 million in revenues for green certificates;
> an €84 million decrease in the margin on natural gas sales and trading due mainly to the contraction in sales prices on the business market (as a result of increased competitive pressures) and on the mass market (following resolution ARG/gas 89/10);
> a €90 million decrease due to the effect of the change in the method of consolidating Hydro Dolomiti Enel;
> a decrease of €156 million in accruals to the provision for risks and charges, essentially attributable to the impact of the recognition in 2010 of provisions for risks associated with obligations under supply contracts;
> the recognition in the 4th Quarter of 2011 of the gain on the transfer of the assets of the business unit that led to the acquisition (through joint control) of San Floriano Energy (€15 million).

Operating income amounted to €1,590 million (€1,832 million in 2010) after an increase of €32 million in depreciation, amortization and impairment losses, mainly attributable to the writeback of certain trade receivables in 2010, as well as higher depreciation and amortization connected with the completion of the allocation of the purchase price for SE Hydropower.

Capital expenditure

Millions of euro

	2011	2010	Change
Generation plants:			
- thermal	285	519	(234)
- hydroelectric	119	89	30
- alternative energy resources	11	10	1
Total generation plants	415	618	(203)
Other investments in property, plant and equipment	17	30	(13)
TOTAL	**432**	**648**	**(216)**

Capital expenditure totaled €432 million, of which €415 million for generation plants. The main investments in 2011 regarded the continuation of work on thermal plants for €285 million (including the completion of the coal conversion of the Torrevaldaliga Nord plant in the amount of €42 million and sundry works at the Brindisi plant for €28 million). Capital expenditure on hydroelectric plants regarded the refurbishing/repowering of existing plants (including the refurbishing of the Ancipa dam and the renovation of the Lemie, Fucine and Soverzene plants).

3 Engineering and Innovation

The mission of the Engineering and Innovation Division is to serve the Group by managing the engineering processes related to the development and construction of power plants, ensuring achievement of the quality, temporal and financial objectives set for it. The Division also coordinates and supplements the Group's research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.

Performance

Millions of euro

	2011	2010	Change
Revenues	397	608	(211)
Gross operating margin	*12*	*14*	*(2)*
Operating income	9	10	(1)
Employees at year-end (no.)	1,327	1,339	(12)
Capital expenditure	4	5	(1)

Revenues totaled €397 million in 2011, down €211 million or 34.7% compared with the previous year. This decline is essentially due to the following:

> a €167 million decline in plant development and construction business with the Generation and Energy Management Division, related mainly to the state of completion of works for the coal conversion of the Torrevaldaliga Nord plant;

> a €43 million decline in business with E.ON España as a result of the completion of activities at a number of thermal power plants in Spain;

> a €24 million decline in plant development and construction business with the companies of the International Division, connected with a decrease in activities in Belgium (€25 million) and in Greece (€23 million), only partially offset by an increase in Slovakia (€17 mil-

lion), related to modernization work on the Mochovce 3-4 nuclear plant, and in Russia (€7 million) due to the opening of the Nevinnomysskaya plant.

The **gross operating margin** amounted to €12 million in 2011, down €2 million, due to the differences in the profitability of the business conducted during the two periods under review.

Operating income for 2011 came to €9 million, down €1 million in line with the change in the gross operating margin.

4 Infrastructure and Networks

The Infrastructure and Networks Division is responsible for operating the electricity distribution networks.
The activities are essentially carried out by:
> Enel Distribuzione for the distribution of electricity;
> Enel Sole for public and artistic lighting.

The Division's figures also include those of Deval, a company that distributes electricity in the Region of Valle d'Aosta, until the disposal date of November 30, 2011.

Operations

Electricity distribution and transport networks

	2011	2010	Change
High-voltage lines at year-end (km)	-	57	(57)
Medium-voltage lines at year-end (km)	345,586	344,029	1,557
Low-voltage lines at year-end (km)	767,341	765,024	2,317
Total electricity distribution network (km)	**1,112,927**	**1,109,110**	**3,817**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**246,037**	**246,997**	**(960)**

(1) The figure for 2010 reflects a more accurate determination of amounts transported and includes the Deval distribution grid.

The electricity distribution network increased by 3,817 km, essentially due to the sharp rise in connections of generators to distribution grids, with the number more than doubling compared with 2010 (in 2011 some 161,000 connections were installed, for a total of more than 10,000 MW). The expansion was partially offset by the disposal of Deval.

Electricity transported on Enel's distribution network in 2011 totaled 246,037 million kWh, broadly in line (down 0.4%) with the volume registered the previous year (volumes rose by 0.3% on an unchanged scope of consolidation basis, net of the electricity distributed on the Bolzano network, which was sold to a non-Group party).

Performance

Millions of euro

	2011	2010	Change
Revenues	7,460	7,427	33
Gross operating margin	*4,285*	*3,813*	*472*
Operating income	3,347	2,911	436
Employees at year-end (no.)	18,951	19,152	(201)
Capital expenditure	1,383	1,147	236

Revenues in 2011 totaled €7,460 million, up €33 million or 0.4% compared with the previous year. This change is essentially due to:

> an increase of €220 million in revenues in respect of grid connection fees (including equalization mechanisms);
> an increase of €65 million in revenues from service continuity bonuses;
> an increase of €59 million in revenues and contributions in respect of white certificates;
> an increase of €43 million in revenues from the sale of digital meters to the Spanish distribution companies belonging to the Iberia and Latin America Division;
> an increase of €21 million in sundry reimbursements;
> the recognition of income connected with the settlement with F2i Reti Italia of a number of items related to the sale of 80% of Enel Rete Gas in 2009 in the amount of €17 million;
> positive prior-year items amounting to €335 million relating to adjustments and revised estimates for previous years and the equalization of grid losses.

These positive effects were only partially offset by lower revenues from the transport of electricity (€729 million), essentially attributable to the impact of the recognition in the previous year of the rate component to remunerate the early replacement of electromechanical meters (€691 million).

The **gross operating margin** amounted to €4,285 million, up €472 million or 12.4%, essentially attributable to:

> an increase of €220 million in grid connection fees (including equalization mechanisms), as noted in the comments on revenues;
> an increase of €97 million in service continuity bonuses, also taking account of a reduction in penalties;
> a decrease of €34 million in the margin on the transport of electricity, associated with the negative effect of the updating of distribution and metering rates, as well as the change in the scope of consolidation following the sale of the Bolzano grid, only partially offset by an increase in volumes distributed;
> negative prior-year items in the amount of €319 million, which among other things reflects the recognition in 2010 of the rate component to remunerate the early replacement of electromechanical meters;
> a decline in operating expenses, mainly attributable to:
  - a decrease in personnel costs as a result of the decline in net charges for early retirement incentives (€258 million) and the positive effects of the agreement reached during the year for the elimination of electricity discounts for employees in service in Italy (€85 million). These factors were partially offset by a rise in unit labour costs (€25 million);
  - a €169 million reduction in accruals to provisions for risks and charges, relating largely to the reversal of amounts accrued in 2010 with respect to connections for producers for renewable energy plants built by December 31, 2010.

Operating income, after depreciation, amortization and impairment losses of €938 million (€902 million in 2010), amounted to € 3,347 million, up €436 million or 15.0% compared with 2010.

Capital expenditure

Millions of euro

	2011	2010	Change
Electricity distribution networks	1,334	1,101	233
Other investments in property, plant and equipment and intangible assets	49	46	3
Total	**1,383**	**1,147**	**236**

Capital expenditure in 2011 totaled €1,383 million, up €236 million on the previous year. It mainly regarded the work done on the medium and high-voltage grids for the connection of renewables plants and improvements in service quality.

5 Iberia and Latin America

The Iberia and Latin America Division focuses on developing the Enel Group's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America, formulating growth strategies in the related regional markets.

Following the integration of Enel's operations in the renewable energy sector in Spain and Portugal, the activities of Endesa Cogeneración y Renovables (ECyR, now Enel Green Power España) and its subsidiaries were transferred at the end of the 1st Quarter of 2010 from the Iberia and Latin America Division to the Renewable Energy Division. Accordingly, the performance figures for those activities for the 1st Quarter of 2010 are reflected in the Iberia and Latin America Division, while the balance sheet figures for the same business at December 31, 2010 are reported under the Renewable Energy Division.

In 2011, other minor changes in the scope of the Division were made, involving the Spanish ICT operations and the company Compostilla Re (operating in the reinsurance field), which were transferred to the Services and Other Activities area as part of activities to improve the allocation of operating units within the Division.

Operations

Net electricity generation

Millions of kWh

	2011	2010	Change
Thermal	73,549	59,238	14,311
Nuclear	25,177	27,619	(2,442)
Hydroelectric	39,855	42,920	(3,065)
Wind	132	647	(515)
Other resources	-	60	(60)
Total net generation	**138,713**	**130,484**	**8,229**

Net electricity generation in 2011 amounted to 138,713 million kWh, an increase of 8,229 million kWh compared with 2010.

More specifically, net electricity generation in Europe in 2011 amounted to 7,878 million kWh essentially due to the increase in thermal generation (up 45.5%), which more than offset the reduction in nuclear generation due to temporary shut-down of a number of plants (down 8.8%), and the decline in hydroelectric generation owing to poorer water availability in the period.

Net generation in Latin America rose by 351 million kWh, mainly as a result of higher thermal generation in Argentina, Chile and Peru, partially offset by lower hydroelectric generation (due to less favorable water availability in the period in all the Latin American countries in which the Division operates, with the exception of Colombia and Peru).

Contribution to gross thermal generation

Millions of kWh

	2011		2010		Change
High-sulfur fuel oil (S>0.25%)	8,629	8.4%	8,492	9.4%	137
Low-sulfur fuel oil (S<0.25%)	-	-	661	0.7%	(661)
Total fuel oil	**8,629**	**8.4%**	**9,153**	**10.1%**	**(524)**
Natural gas	30,626	29.9%	27,363	30.2%	3,263
Coal	30,400	29.6%	17,623	19.4%	12,777
Nuclear fuel	26,289	25.6%	28,802	31.8%	(2,513)
Other fuels	6,704	6.5%	7,736	8.5%	(1,032)
TOTAL	**102,648**	**100.0%**	**90,677**	**100.0%**	**11,971**

Gross thermal generation in 2011 amounted to 102,648 million kWh, an increase of 11,971 million kWh. The generation mix used, which was weighted towards coal in Europe, essentially reflected the entry into force of *Real Decreto de Restricciones por Garantía de Suministro* and the entry into service of new combined-cycle plants (CCGT). By contrast, the increased generation from natural gas reflects the price differential between the two periods for certain fuels, as well as the entry into service of new plants.

Net efficient generation capacity

MW

	at Dec. 31, 2011	at Dec. 31, 2010	Change	
Thermal plants	21,997	22,169	(172)	-0.8%
Hydroelectric plants	13,261	13,258	3	-
Wind plants	78	77	1	1.3%
Nuclear plants	3,526	3,514	12	0.3%
Alternative resources	-	9	(9)	-
Total net efficient capacity	**38,862**	**39,027**	**(165)**	**-0.4%**

Net efficient generation capacity at December 31, 2011 decreased by 165 MW. This decrease is essentially attributable to the decline in thermal generation capacity in Europe (down 137 MW) as a result of the reduced capacity of the San Adriàn gas plant, which more than offset the entry into service of a number of thermal combined-cycle plants.

Electricity distribution and transport networks

	2011	2010	Change
High-voltage lines at year-end (km)	30,533	30,242	291
Medium-voltage lines at year-end (km)	270,833	267,010	3,823
Low-voltage lines at year-end (km)	322,563	315,349	7,214
Total electricity distribution network (km)	**623,929**	**612,601**	**11,328**
Electricity transported on Enel's distribution network (millions of kWh)	**174,658**	**170,794**	**3,864**

At December 31, 2011, the size of the electricity distribution network of the Iberia and Latin America Division had increased by 11,328 km, with the change mainly concentrated in Latin America. Energy transported in 2011 amounted to 174,658 million kWh, an increase of 3,864 million kWh, essentially due to the increased demand for electricity in the Latin American countries.

Electricity sales

Millions of kWh

	2011	2010	Change
Free market:			
- Iberian peninsula	104,935	106,894	(1,959)
- Latin America	7,398	7,107	291
Total free market	**112,333**	**114,001**	**(1,668)**
Regulated market:			
- Latin America	48,838	43,697	5,141
Total regulated market	**48,838**	**43,697**	**5,141**
TOTAL	**161,171**	**157,698**	**3,473**
- of which Iberian peninsula	*104,935*	*106,894*	*(1,959)*
- of which Latin America	*56,236*	*50,804*	*5,432*

Electricity sales to end users in 2011 came to 161,171 million kWh, up 3,473 million kWh compared with 2010. The increase in sales in Latin America (particularly in Chile), amounting to 5,432 million kWh as a result of higher demand for electricity, was partially offset by lower sales in the Iberian peninsula (down 1,959 million kWh), essentially due to *Tarifa de Ultimo Recurso* customers.

Performance

Millions of euro

	2011	2010	Change
Revenues	32,647	31,263	1,384
Net income/(charges) from commodity risk management	28	28	-
Gross operating margin	*7,251*	*7,896*	*(645)*
Operating income	4,057	4,643	(586)
Employees at year-end (no.) (1)	22,877	24,731	(1,854)
Capital expenditure (2)	2,491	2,866	(375)

(1) Includes 113 in units classified as "Held for sale" at December 31, 2011 (1,809 at December 31, 2010).
(2) Does not include €101 million regarding units classified as "Held for sale" at December 31, 2011 (€76 million at December 31, 2010).

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Europe	22,592	21,200	1,392	3,994	4,487	(493)	2,020	2,486	(466)
Latin America	10,055	10,063	(8)	3,257	3,409	(152)	2,037	2,157	(120)
Total	**32,647**	**31,263**	**1,384**	**7,251**	**7,896**	**(645)**	**4,057**	**4,643**	**(586)**

Revenues for 2011 rose by €1,384 million due to:

> a €1,392 million increase in revenues in Europe, essentially due to increased revenues from electricity generation (of which €665 million in higher grants for extra-peninsular generation), partially offset by the decline in revenues from distribution operations as a result of the disposal of the power transmission networks in Spain and the transfer of Enel Green Power España to the Renewable Energy Division. Revenues in Europe also reflected the transfer of the Division's ICT operations and Compostilla Re to the Services and Other Activities area;

> revenues remained essentially unchanged in Latin America (down €8 million), as the negative impact of exchange rate developments with respect to the euro more than offset the increased quantities of electricity sold in all the Latin American countries (especially Chile), as well as the recognition of the gain (€15 million) on the sales of CAM and Synapsis.

The **gross operating margin** amounted to €7,251 million, down €645 million or 8.2% from 2010, as a result of:

> a decrease of €493 million in the gross operating margin in Europe, essentially due to the decline in the generation and sales margin (€449 million). Another factor was the negative impact (€384 million including the results of the disposals) of the change in the scope of consolidation attributable to the transfer of the power transmission grid, the natural gas distribution network in Spain, Enel Green Power España, ICT operations and Compostilla Re. These effects were only partially offset by a reduction in personnel costs, mainly due to lower charges for early retirement incentives and the contraction in the average workforce, as well as an improvement of €35 million in the margin associated with remuneration of the extra-peninsular system;

> a reduction of €152 million in the gross operating margin in Latin America, which reflects the recognition in 2011 of the net-worth tax (€109 million) in Colombia following the reform of tax law with the entry into force of Law 1430/2010, as well as exchange rate losses. These effects were only partially offset by higher margins on generation and distribution.

Operating income in 2011, after depreciation, amortization and impairment losses of €3,194 million (€3,253 million in 2010), amounted to €4,057 million, a decrease of €586 million compared with 2010. More specifically, the reduction in depreciation, amortization and impairment losses in 2011 includes the impact of the revision of the useful lives of the plants of Compañía de Interconexión Energética (CIEN), a company providing interconnection services between Brazil and Argentina, as well as the effect of the change in the scope of consolidation (essentially attributable to the disposal of the Spanish high-voltage grid). This reduction was partially offset by the value adjustment of €153 million recognized in 2011 in respect of electricity distribution plant in Argentina.

Capital expenditure

Millions of euro

	2011	2010	Change
Generation plants:			
- thermal	514	880	(366)
- hydroelectric	242	138	104
- nuclear	161	163	(2)
- alternative energy resources	-	2	(2)
Total generation plants	**917**	**1,183**	**(266)**
Electricity distribution networks	1,106	1,152	(46)
Other investments in property, plant and equipment and intangible assets	468	531	(63)
TOTAL (1)	**2,491**	**2,866**	**(375)**

(1) Does not include € 101 million regarding units classified as "Held for sale" at December 31, 2011 (€76 million at December 31, 2010).

Capital expenditure totaled €2,491 million, down €375 million compared with the previous year. In particular, capital expenditure in 2011 concerned work on generation plants, including: in Spain and Portugal, maintenance at nuclear plants and the construction of combined cycle plants; in Latin America, among other projects, the construction of the coal-fired Bocamina II plant and the El Quimbo hydroelectric plant in Colombia.

6 International

The mission of the International Division is to support the Group's strategies for international growth, as well as to manage and integrate the foreign businesses outside the Iberian and Latin American markets, which are managed by the Iberia and Latin America Division, monitoring and developing business opportunities that should present themselves on the electricity and fuel markets.

The chief geographical areas of operation for this Division are:

> central Europe, where the Division is active in electricity sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne), and the development of thermal power plants and support activities in Belgium (Marcinelle Energie and Enel Operations Belgium);

> south-eastern Europe, with the development of generation capacity (Enel Productie) and electricity distribution, sale and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania and Enel Servicii Comune), and the development of thermal plants in Greece (Enelco);

> Russia, with electricity sales and trading (RusEnergoSbyt), power generation and sales (Enel OGK-5) and support services (Enel Rus) in the Russian Federation.

Operations

Net electricity generation

Millions of kWh

	2011	2010	Change	
Thermal	47,316	49,743	(2,427)	-4.9%
Nuclear	14,340	13,534	806	6.0%
Hydroelectric	3,791	5,179	(1,388)	-26.8%
Other resources	25	20	5	25.0%
Total net generation	**65,472**	**68,476**	**(3,004)**	**-4.4%**

Net generation by the International Division in 2011 amounted to 65,472 million kWh, a decrease of 3,004 million kWh compared with the previous year. This reduction is attributable to the disposal of Enel Maritza East 3 AD in June 2011 (with a reduction of 2,049 million kWh), lower output by Slovenské elektrárne (down 553 million kWh), where greater nuclear generation was more than offset by lower hydroelectric output due to poorer water availability during the period, and to lower output in Russia by Enel OGK-5 (down 402 million kWh), essentially attributable to the unavailability of a number of plants for maintenance.

Contribution to gross thermal generation

Millions of kWh

	2011		2010		Change
High-sulfur fuel oil (S>0.25%)	200	0.3%	202	0.3%	(2)
Natural gas	23,242	35.5%	21,920	32.4%	1,322
Coal	26,672	40.7%	30,958	45.8%	(4,286)
Nuclear fuel	15,411	23.5%	14,574	21.5%	837
Total	**65,525**	**100.0%**	**67,654**	**100.0%**	**(2,129)**

Gross thermal generation in 2011 fell by 2,129 million kWh to 65,525 million kWh. The resources that posted increases, which included natural gas generation in Russia and nuclear generation in Slovakia, were more than offset by lower coal generation as a result of the unavailability of the Enel OGK-5 plants mentioned above and the disposal of Enel Maritza East 3.

Net efficient generation capacity

MW

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Thermal plants	10,272	10,256	16
Hydroelectric plants	2,329	2,329	-
Nuclear plants	1,818	1,818	-
Alternative resources	9	4	5
Total net efficient capacity	**14,428**	**14,407**	**21**

Net efficient generation capacity increased by 21 MW in 2011, mainly attributable to the increase in generation capacity in Russia, only partially offset by the reduction in generation capacity with the disposal of Enel Maritza East 3.

Electricity distribution and transport networks

	2011	2010	Change	
High-voltage lines at year-end (km)	6,584	6,583	1	-
Medium-voltage lines at year-end (km)	34,665	34,439	226	0.7%
Low-voltage lines at year-end (km)	48,695	48,218	477	1.0%
Total electricity distribution network (km)	**89,944**	**89,240**	**704**	**0.8%**
Electricity transported on Enel's distribution network (millions of kWh)	**14,263**	**13,827**	**436**	**3.2%**

At December 31, 2011, the size of the electricity distribution network showed an increase of 704 km, related essentially to investments in Romania.

Electricity transported increased by 3.2%, going from 13,827 million kWh to 14,263 million kWh in 2011.

Electricity sales

Millions of kWh

	2011	2010	Change	
Free market:				
- Romania	1,086	923	163	17.7%
- France	11,398	5,578	5,820	104.3%
- Russia	22,374	14,737	7,637	51.8%
- Slovakia	3,615	2,216	1,399	63.1%
Total free market	38,473	23,454	15,019	64.0%
Regulated market:				
- Romania	7,699	8,103	(404)	-5.0%
- Russia	268	6,316	(6,048)	-95.8%
Total regulated market	7,967	14,419	(6,452)	-44.7%
TOTAL	**46,440**	**37,873**	**8,567**	**22.6%**
- of which Romania	*8,785*	*9,026*	*(241)*	*-2.7%*
- of which France	*11,398*	*5,578*	*5,820*	*104.3%*
- of which Russia	*22,642*	*21,053*	*1,589*	*7.5%*
- of which Slovakia	*3,615*	*2,216*	*1,399*	*63.1%*

Electricity sold by the International Division in 2011 increased by 8,567 million kWh, mainly attributable to an increase of 5,820 million kWh in sales by Enel France as a result of greater anticipated capacity available compared with 2010 and the entry into force of the ARENH (*"Accès Régulé à l'Electricité Nucléaire Historique"*) mechanism from July 1, 2011, to the increase of 1,589 million kWh in volumes sold on the Russian market following the expansion of operations into new regions and a rise of 1,399 million kWh in sales in Slovakia. This increase was only partially offset by a decline in the sales of the Romanian companies (down 241 million kWh).

Performance

Millions of euro	2011	2010	Change
Revenues	7,715	6,360	1,355
Net income/(charges) from commodity risk management	(22)	(29)	7
Gross operating margin	*1,642*	*1,520*	*122*
Operating income	1,062	903	159
Employees at year-end (no.) (1)	13,779	14,876	(1,097)
Capital expenditure (2)	1,450	1,210	240

(1) Includes 503 in units classified as "Held for sale" at December 31, 2010.
(2) The figure does not include €4 million regarding units classified as "Held for sale" at December 31, 2011 (€10 million at December 31, 2010).

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Central Europe	3,876	2,732	1,144	863	769	94	615	447	168
South-eastern Europe	1,112	1,203	(91)	289	318	(29)	110	153	(43)
Russia	2,727	2,425	302	490	433	57	337	303	34
Total	**7,715**	**6,360**	**1,355**	**1,642**	**1,520**	**122**	**1,062**	**903**	**159**

Revenues in 2011 came to €7,715 million, up €1,355 million or 21.3%, compared with €6,360 million in 2010. This performance was related to the following factors:

> an increase of €1,144 million in revenues in Central Europe, mainly associated with the increase of revenues in Slovakia (€768 million) and France (€376 million), essentially due to an increase in volumes sold. This is accompanied by the entry into effect of the ARENH mechanism in France, which provides access to a greater capacity at regulated prices;

> an increase of €302 million in revenues in Russia, mainly attributable to the rise in unit sales prices for Enel OGK-5 and RusEnergoSbyt;

> a decrease of €91 million in revenues in south-eastern Europe as a result of the change in the scope of consolidation after the sale of Enel Maritza East 3, Enel Operations Bulgaria and their holding companies in June 2011 and the decline in revenues of the Romanian sales companies as a result of the greater opening of the market. These effects were only partially offset by the gain on the above disposal in the amount of €12 million.

The **gross operating margin** amounted to €1,642 million, an increase of €122 million, essentially as a result of the following factors:

> an increase of €94 million in gross operating margin in Central Europe, essentially attributable to the change between the two periods in the estimated liability for nuclear decommissioning and a number of contractual obligations pertaining to Slovenské elektrárne (a total of €100 million);

> an increase of €57 million in the gross operating margin in Russia, the joint effect of the rise in the margin of RusEnergoSbyt (€43 million) and Enel OGK-5 (€14 million) as a result of the rise in the average sales prices;

> a decrease in the margin in south-eastern Europe as a result of the exit of the Division's Bulgarian companies from the scope of consolidation, which more than offset the gain on their sale (€12 million).

Operating income in 2011 amounted to €1,062 million, an increase of €159 million over the previous year, taking account of a decrease of €37 million in depreciation, amortization and impairment losses.

Capital expenditure

Millions of euro

	2011	2010	Change
Generation plants:			
- thermal	473	419	54
- hydroelectric	9	1	8
- nuclear	717	498	219
- alternative energy resources	-	5	(5)
Total generation plants	**1,199**	**923**	**276**
Electricity distribution networks	228	267	(39)
Other investments in property, plant and equipment and intangible assets	23	20	3
TOTAL (1)	**1,450**	**1,210**	**240**

(1) Does not include €4 million regarding units classified as "Held for sale" at December 31, 2011 (€10 million at December 31, 2010).

Capital expenditure came to €1,450 million, up €240 million from the previous year. The change is essentially attributable to greater capital expenditure on nuclear generation plants (associated with Slovenské elektrárne) and on thermal plants (combined cycle plants in Russia).

7 Renewable Energy

The Renewable Energy Division has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration in line with the Enel Group's strategies. The geographical areas of operation for this Division are:

> Italy and the rest of Europe, with power generation from non-schedulable hydroelectric plants, as well as geothermal, wind and solar plants in Italy (Enel Green Power and other minor companies), Greece (Enel Green Power Hellas), France (Enel Green Power France), Romania (Enel Green Power Romania) and Bulgaria (Enel Green Power Bulgaria), and plant and franchising activities in Italy (Enel.si);

> Iberia and Latin America, with power generation from renewable sources in Spain and Portugal (Enel Green Power España, which merged with Enel Unión Fenosa Renovables in 2011) and Latin America (Enel Green Power Latin America);

> North America, with power generation from renewable sources (Enel Green Power North America).

Following the integration of Enel's operations in the renewable energy sector in Spain and Portugal at the end of the 1st Quarter of 2010, ECyR (now Enel Green Power España) – whose results were reported in those for Iberia and Latin America Division until the reorganization – became part of the Renewable Energy Division.

Finally, Enel Green Power Bulgaria, which was classified among "assets held for sale" at December 31, 2010, did not meet the requirements for such classification under IFRS 5 at December 31, 2011.

Operations

Net electricity generation

Millions of kWh

	2011	2010	Change	
Italy:				
Hydroelectric	5,664	6,435	(771)	-12.0%
Geothermal	5,300	5,029	271	5.4%
Wind	806	722	84	11.6%
Other resources	21	1	20	-
Total net generation in Italy	**11,791**	**12,187**	**(396)**	**-3.2%**
International:				
Hydroelectric	4,433	4,635	(202)	-4.4%
Geothermal	268	248	20	8.1%
Wind	5,336	4,204	1,132	26.9%
Other resources	652	560	92	16.4%
Total net generation abroad	**10,689**	**9,647**	**1,042**	**10.8%**
TOTAL	**22,480**	**21,834**	**646**	**3.0%**

Net electricity generation in 2011 increased by 646 million kWh (up 3.0%) to reach 22,480 million kWh. The increase is attributable to a rise of 1,042 million kWh in generation abroad, where wind output benefitted from the change in the scope of consolidation in respect of the acquisition (from the Iberia and Latin America Division) of Enel Green Power España, the opening of wind farms in the rest of Europe and greater generation by wind farms in the United States. These effects were partially offset by lower hydroelectric output due to poorer water availability during the period.

Net electricity generation in Italy in 2011 fell by 396 million kWh compared with the previous year, due to a 771 million kWh decrease in hydroelectric generation, which was only partially offset by higher geothermal and wind generation.

Net efficient generation capacity

MW

	at Dec. 31, 2011	at Dec. 31, 2010	Change	
Italy:				
Hydroelectric plants	1,511	1,509	2	0.1%
Geothermal plants	722	728	(6)	-0.8%
Wind plants	623	532	91	17.1%
Other resources	59	6	53	-
Total net efficient capacity in Italy	**2,915**	**2,775**	**140**	**5.0%**
International:				
Hydroelectric plants	1,028	1,030	(2)	-0.2%
Geothermal plants	47	47	-	-
Wind plants (1)	2,918	2,122	796	37.5%
Other resources	171	128	43	33.6%
Total net efficient capacity abroad	**4,164**	**3,327**	**837**	**25.2%**
TOTAL	**7,079**	**6,102**	**977**	**16.0%**

(1) Of which 42 MW regarding units classified as "Held for sale" at December 31, 2010.

Total net efficient capacity showed an increase of 977 MW, of which 837 MW abroad.

Performance

Millions of euro

	2011	2010	Change
Revenues	2,539	2,179	360
Net income/(charges) from commodity risk management	(10)	89	(99)
Gross operating margin	*1,585*	*1,310*	*275*
Operating income	1,080	966	114
Employees at year-end (no.) (1)	3,229	2,955	274
Capital expenditure (2)	1,557	1,065	492

(1) Includes 12 in units classified at "Held for sale" at December 31, 2010.
(2) Does not include € 11 million regarding units classified as "Held for sale" at December 31, 2010.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Italy and the rest of Europe	1,471	1,458	13	905	890	15	649	724	(75)
Iberia and Latin America	883	576	307	573	336	237	376	206	170
North America	185	145	40	107	84	23	55	36	19
Total	**2,539**	**2,179**	**360**	**1,585**	**1,310**	**275**	**1,080**	**966**	**114**

Revenues rose by €360 million (up 16.5%), going from €2,179 million to €2,539 million. This change is due to:

> an increase of €307 million in revenues in the Iberian peninsula and in Latin America due mainly to:
- the adjustment to fair value of the net assets of Sociedad Eólica de Andalucía (SEA) and TP - Sociedade Térmica Portuguesa (TP) with respect to the portion held prior to the acquisition of an additional stake in the company that gave Enel full control (€45 million), as well as the remeasurement at fair value of the net assets already held in Enel Unión Fenosa Renovables (€76 million);
- the recognition of a gain of €44 million on the sale of the assets of Enel Unión Fenosa Renovables to Gas Natural and the gain of €18 million on the sale of Explotaciones Eólicas de Aldehuelas;
- the change in the scope of consolidation for SEA and TP already mentioned and the higher average sales prices;

> an increase of €40 million in revenues in North America, mainly attributable to a number of insurance payments and the indemnity received from the Canadian authorities in settlement of a dispute, as well as higher volumes sold;

> an increase of €13 million in revenues in Italy and the rest of Europe, essentially as a result of:
- a €27 million increase in revenues from the rest of Europe;
- a decrease in revenues from generation in Italy, mainly attributable to lower hydroelectric generation, the expiry of the subsidized CIP 6 mechanism and the decline in average sales prices;
- a €78 million decrease in revenues for Enel.si, mainly associated with the reduction in sales of photovoltaic panels.

The **gross operating margin** amounted to €1,585 million, up €275 million or 21.0% compared with 2010. This increase is attributable to:

> a €237 million increase in the margin in the Iberian peninsula and in Latin America attributable to the remeasurement at fair value mentioned above and gains on sales, as noted in the comments on revenues, in addition to higher generation margins achieved in Spain as a result of higher average sales prices;

> a €23 million increase in the margin in North America, mainly attributable to the factors noted under revenues above;

> a €15 million increase in the margin achieved in Italy and the rest of Europe, due mainly to higher sales volumes and average sales prices, which more than

offset the rise in costs for personnel and services, partly associated with the expansion in installed capacity.

Operating income totaled €1,080 million, an increase of €114 million, despite an increase of €161 million in depreciation, amortization and impairment losses, essentially attributable to the change in the scope of consolidation.

Capital expenditure

Millions of euro

	2011	2010	Change
Generation plants:			
- hydroelectric	146	153	(7)
- geothermal	113	174	(61)
- alternative energy resources	1,183	712	471
Total generation plants	**1,442**	**1,039**	**403**
Other investments in property, plant and equipment and intangible assets	115	26	89
TOTAL (1)	**1,557**	**1,065**	**492**

(1) Does not include €11 million regarding units classified as "Held for sale" at December 31, 2010.

Capital expenditure in 2011 totaled €1,557 million, up €492 million compared with the previous year.
Operating investments in the period regarded wind plants in Italy and Europe, Iberia and Latin America, and North America (€948 million), solar plants in Italy, Greece and North America (€235 million), hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€146 million) and geothermal plants in Italy and Chile (€113 million).

8 Parent Company, Services and Other Activities

Millions of euro

	2011	2010	Change
Parent Company			
Revenues	762	679	83
Gross operating margin	*(38)*	*(68)*	*30*
Operating income	(52)	(75)	23
Employees at year-end (no.)	873	803	70
Capital expenditure	13	7	6
Services and Other Activities			
Revenues	1,356	1,133	223
Gross operating margin	*237*	*136*	*101*
Operating income	132	26	106
Employees at year-end (no.)	4,245	4,033	212
Capital expenditure	64	80	(16)

Parent Company

In its capacity as an industrial holding company, Enel SpA defines strategic targets for the Group and coordinates the activities of subsidiaries.
In addition, Enel SpA manages central treasury operations and insurance risk coverage, providing assistance and guidelines on organization, personnel management and labor relations, accounting, administrative, fiscal, legal and corporate matters. In addition, until December 31, 2011, Enel also held a contract with Alpiq (formerly Atel) for the import of electricity on the Swiss border.

Performance

Revenues in 2011 amounted to €762 million, an increase of €83 million over the previous year (up 12.2%), mainly attributable to:

> a €38 million increase in revenues for support and staff activities performed by the Parent Company for the Group companies;

> a €27 million increase in revenues from the sale of electricity to the Single Buyer, essentially ascribable to a rise in the average sales prices, as quantities sold were virtually unchanged;

> the effect of the recognition of the gain on the sale of 51% of Deval in 2011 (€21 million).

The **gross operating margin** in 2011 was a negative €38 million, an improvement of €30 million. This development is largely attributable to the recognition of the gain mentioned above, an improvement in operating efficiency, and to an increase in the margin on electricity (€1 million).

Operating income showed a loss of €52 million, an improvement of €23 million compared with 2010, in line with developments in the gross operating margin.

Services and Other Activities

The primary purpose of the Services and Other Activities area is to provide competitive services to the companies of the Group, such as real estate and facility management services, IT services, personnel training and administration, general administrative services, and factoring and insurance services.

Performance

Revenues for the Services and Other Activities area in 2011 came to €1,356 million, up €223 million compared with 2010. The increase essentially reflects:

> higher revenues for IT services following the transfer of ICT operations from the Iberia and Latin America Division for €157 million;
> higher revenues for telephony services for Group companies;
> higher revenues for insurance services related to the effect of the change in the scope of consolidation associated with Compostilla Re.

These increases were partially offset by a decrease in revenues for construction contracts, relating to IT projects, mainly due to the reduction in the order backlog between the two periods.

The **gross operating margin** in 2011 amounted to €237 million, up €101 million or 74.3% over the previous year, essentially as a result of:

> the positive effect of margins on contracts;
> the revised estimate of liabilities for early employee retirement incentives (€23 million);
> the reversal of the liability recognized in previous years for electricity discounts for employees in service in Italy following the agreement reached in 2011 to eliminate the benefit;
> the higher margin on insurance services, relating to the change in the scope of consolidation mentioned above.

Operating income in 2011 amounted to €132 million, up €106 million over 2010, in line with developments in the gross operating margin.

Significant events in 2011

24
January

Agreement for development of geothermal energy in Turkey

On January 24, 2011, Enel Green Power (EGP) reached an agreement with the Turkish group Uzun for the development of geothermal plants in Turkey. In particular, the agreement provides for the establishment of a research and exploration company, majority owned and managed by EGP, with a minority stake to be held by Meteor, a company 70% owned by Uzun and 30% owned by the Turkish geothermal consultancy G-Energy.

The new company will hold a package of 142 exploration licenses in the west of the country, where it will carry out surface and deep exploration activities with the aim of finding geothermal resources suitable for the generation of electricity and heat.

The licenses were acquired by Meteor under a law which allows private parties to invest in research for geothermal resources with a view to exploiting them for electricity, heating and in agriculture.

EGP will finance the initial surface exploration with a view to identifying the areas most suitable for the development of geothermal projects, resulting in what could be one of the most important centers of geothermal activity in Turkey. Meteor will participate in EGP's investments in both surface and deep exploration on a pro-rata basis.

Individual companies (with EGP again the majority shareholder) will then be formed to develop each geothermal project in the various areas involved.

31 January

Partial repayment of Credit Facility Agreement

With effect from January 31, 2011, a voluntary early repayment was made on the Credit Facility Agreement held by Enel Finance International and Enel SpA, of which:

> €1,484 million related to the tranche maturing in 2012;
> €1,042 million related to the tranche maturing in 2014;
> €474 million related to the tranche maturing in 2016.

24 February

Sale of CAM and Synapsis

On February 24, 2011, the disposal to the Peruvian company Grana y Montero of Compañía Americana de Multiservicios (CAM) was completed at a price of $20 million (€14 million at the exchange rate prevailing on the date of the transaction). On March 1, 2011, the disposal of Synapsis IT Soluciones y Servicios (Synapsis) to Riverwood Capital was completed at a price of $52 million (€38 million at the exchange rate prevailing on the date of the transaction).

2
March

Bond issue for institutional investors

On March 2, 2011, the Board of Directors of Enel SpA, as part of the strategy to extend the average maturity of the Group's consolidated debt and to optimize the profile of its medium and long-term maturities, approved the issue by December 31, 2011 of one or more bonds, to be placed with institutional investors, up to a maximum amount of €1 billion.
In execution of the Board resolution, the Dutch subsidiary Enel Finance International undertook the following placements (guaranteed by the Parent Company) with institutional investors:

> two private placements in March 2011 totaling €200 million, with a weighted average maturity of about 20 years and an average rate of about 5.78%;
> a bond issue on May 27, 2011 for a total of 250 million Swiss francs (about €205 million), with a weighted average maturity of 6.3 years and with a euro swap at an average rate of 3.96%;
> a private placement on June 6, 2011 for a total of 11.5 billion yen (about €100 million), with a maturity of 7 years and with a euro swap at a rate of 3.915%

On June 16, 2011, the Board of Directors of Enel SpA approved, as part of the maturity extension strategy, the issue of one or more bonds by December 31, 2012, for a total of up to €5 billion. The bonds will be placed with institutional or retail investors, depending upon the opportunities presented by the market. The bonds may be issued directly by Enel SpA or by its Dutch subsidiary Enel Finance International (guaranteed by the Parent Company), depending upon the opportunities this second option may present for placement of the bonds on foreign regulated markets.
At the same time, the Board of Directors also revoked its resolution of March 2, 2011, without prejudice to the validity and the effects of the issues carried out in execution of that resolution.

11
March

Acquisition of additional stakes in CESI

On March 11, 2011, Enel SpA acquired E.ON Produzione's entire holding in CESI, equal to 3.9% (134,033 shares). On March 25, 2011, additional holdings in CESI were acquired from Edison, Edipower, Iren Energia and A2A, totaling 9.6% of share capital (328,432 shares).
Finally, on November 22, 2011, Enel SpA acquired the 1% stake in CESI held by Sogin. Following the transactions, Enel SpA holds 41.94% of CESI.

31
March

Agreement for the acquisition of Sociedad Eólica de Andalucía

On March 31, 2011 Enel Green Power España signed an agreement to acquire the 16.67% stake held by DEPSA (Desarrollos Eólicos Promoción SA) in Sociedad Eólica de Andalucía (SEA).
The transaction raises Enel Green Power España's interest in SEA from 46.67% to 63.34%, giving it full control as SEA's majority shareholder.
SEA is the owner of two wind farms, Planta Eólica del Sur with 42 MW and Energía Eólica del Estrecho with 32 MW, with a total capacity of 74 MW and an annual output of 256,000 MWh. Both plants are located in the Province of Cadiz.

27
April

Agreement for the purchase of a mineral interest in Algeria

On April 27, 2011, Enel reached an agreement for the purchase of 18.375% of the mineral interest in respect of the Isarene Permit (Algeria) from Irish company Petroceltic International. The permit covers the Ain Tsila field, called by international consulting firm IHS one of the ten biggest gas finds in 2009 and by far the largest discovery in Algeria in recent years.

Petroceltic, which is engaged in hydrocarbon exploration and production in Algeria, Tunisia and Italy, will continue to operate the field. Enel and Petroceltic will conduct a joint appraisal of Isarene in order to quantify and maximize the reserves contained with the field. Once this work is completed, Enel and Petroceltic will have to present a field development plan to Sonatrach, an Algerian state-owned company and a 25% partner in the accord. They will then submit an application to Algerian authorities for authorization to develop and extract gas from the field. Gas production is expected to start in 2017.

26
May

New gas storage site at Romanengo

On May 26, 2011, Enel Stoccaggi, a joint venture between Enel (51%) and F2i (49%), received a positive environmental impact assessment subject to conditions for its "Conversion of Romanengo (Cremona) field to natural gas storage" project.

The assessment, issued by the Ministry for the Environment in conjunction with the Ministry of Cultural Heritage, with the approval of local governments and other interested agencies, follows the feasibility authorization already received by the company.

30
May

Break-up of Enel Unión Fenosa Renovables between Enel Green Power España and Gas Natural Fenosa

On May 30, 2011, Enel Green Power (EGP) and its subsidiary Enel Green Power España (EGPE) finalized the agreement signed with Gas Natural SDG (Gas Natural Fenosa) for the break-up of Enel Unión Fenosa Renovables SA (EUFER), controlled equally by EGPE and Gas Natural Fenosa until that date.

Specifically, EUFER assets have been divided in two well-balanced parts in terms of value, EBITDA, installed capacity, risk and technology mix. One part was transferred to Gas Natural Fenosa, while EGPE has retained the other part as the sole shareholder of EUFER.

The division of EUFER was finalized by means of a 50% reduction in the share capital of EUFER, in Gas Natural Fenosa's favor, through the sale of a portion of EUFER's assets to the latter.

6
June

Enel Green Power, Generali and Terrae reach agreement for the development of biomass

On June 6, 2011, Enel Green Power and Generali finalized an agreement with Terrae, a company devoted to reconverting and leveraging the beet and sugar industry, and ANB - National Association of Beet Growers, for each to acquire a 15% stake in Terrae.

The agreement also provides for Enel Green Power to take a controlling stake in the special purpose companies that will be established to develop larger-scale industrial initiatives.

Terrae will continue the process of placing its remaining treasury shares, corresponding to 18% of share capital. ANB retains a 41% stake, confirming the key role of the agricultural sector in Terrae's strategy for sourcing biomass as a raw material for electricity generation.

9
June

Acquisition of Sociedade Térmica Portuguesa (TP)

On June 9, 2011, Enel Green Power España, acting through its subsidiary Finerge, acquired an additional 50% stake in Sociedade Térmica Portuguesa SA (TP) from the other shareholder, Sonae Capital, thus becoming the only shareholder of the company.

TP holds shares in 13 cogeneration plants and 2 wind farms in Portugal as well as a direct 18% stake in ENEOP, the consortium that was granted authorization to build a total of 1,200 MW of wind power in Portugal. Enel Green Power holds an indirect 18% stake in ENEOP.

17
June

Acquisition of 51% of new wind farm in Oklahoma

On June 17, 2011, Enel Green Power North America (EGP NA) purchased a 51% stake in the Rocky Ridge wind project, where construction at the project's location in Oklahoma began in the fall.

Rocky Ridge was developed by EGP NA's partner TradeWind Energy which has a power purchase agreement with the Western Farmers Electric Cooperative. The new wind farm will have a total installed capacity of approximately 150 MW. Once fully operational, the plant will generate about 630 million kWh annually.

28
June

Disposal of Maritza

On June 28, 2011, the Dutch subsidiary Enel Investment Holding BV (EIH), executing the agreement reached on March 14, 2011 with ContourGlobal LP (ContourGlobal), closed the transaction for the sale to ContourGlobal of the entire share capital of the Netherlands–registered companies Maritza East III Power Holding and Maritza O&M Holding Netherland. These companies respectively own 73% of the Bulgarian company Enel Maritza East 3, owner of a lignite-fuelled power plant with an installed capacity of 908 MW (Maritza), and 73% of the Bulgarian company Enel Operations Bulgaria, which is responsible for the operation and maintenance of the Maritza plant. The total price paid by ContourGlobal for the equity holdings amounted to €230 million.

5
July

LaGeo dispute: international arbitration board issues ruling

On July 5, 2011, the International Chamber of Commerce notified the parties of the ruling issued by the arbitration board on May 30, 2011 in Paris, in the international arbitration proceeding initiated by Enel Green Power against its partner in LaGeo, Inversiones Energéticas (INE), for recognition of its right to finance investments in LaGeo by means of capitalization of such investments, thus achieving the majority stake in the Salvadorean company's share capital. The arbitration board recognized Enel Green Power's right to make further investments through LaGeo in geothermal energy in El Salvador and to capitalize such investments in LaGeo itself by way of the subscription of new shares in that company.

This right, which is provided for in the agreement between LaGeo shareholders of June 4, 2002, will enable Enel Green Power to acquire the majority of LaGeo's share capital. In addition, the arbitration board dismissed as unfounded a counterclaim brought by INE against Enel Green Power for alleged damages.

12
July

Bond issues on European market

On July 12, 2011, Enel SpA, acting through its subsidiary Enel Finance International, placed – in execution of the resolution of the Board of Enel SpA of June 16, 2011 – a multi-tranche bond issue totaling €1,750 million targeted at institutional investors on the European market, under its Global Medium-Term Notes program.
The transaction, led by a syndicate of banks consisting of Banca IMI, BNP Paribas, Deutsche Bank, Société Générale and UniCredit in their capacity of joint-bookrunners, received subscriptions of about €7,500 million. The issue is structured into the following tranches (all guaranteed by Enel SpA):

> €1,000 million fixed-rate 4.125% bond maturing July 12, 2017;
> €750 million fixed-rate 5% bond maturing July 12, 2021.

On October 17, 2011, Enel Finance International placed on the European market a multi-tranche bond issue totaling €2,250 million targeted at institutional investors under the Global Medium-Term Notes program. The bond issue was authorized by Enel's Board of Directors on June 16, 2011.
The operation, led by a pool of banks comprising Barclays, BNP Paribas and Deutsche Bank (as global coordinators) and Banca Imi, BBVA, Santander and UniCredit (as joint book runners) generated orders totaling over €12 billion and was structured into the following tranches (all guaranteed by Enel SpA):

> €1,250 million at a rate of 4.625%, maturing June 24, 2015;
> €1,000 million at a rate of 5.750%, maturing October 24, 2018.

15
July

Agreement to develop hydroelectric sector in the Province of Belluno

On July 15, 2011, Enel Produzione and En&En SpA, a company involved in the development of energy projects, signed an agreement to develop new hydroelectric projects in the Province of Belluno. The accord led to the establishment of ENergy Hydro Piave, held by Enel Produzione (51%) and En&En (49%), to build and operate new hydroelectric plants in the Province, in synergy with the existing Enel Produzione plants in the area and leveraging the contribution of the local business community. Enel Produzione and En&En have initiated the process of obtaining permits for two projects with a total capacity of about 60 MW, with the aim of obtaining, through ENergy Hydro Piave, the award of the first 30-year diversion concession from the Region of Veneto.

28
September

2011 interim dividend

On September 28, 2011, the Board of Directors of Enel SpA approved the financial statements at June 30, 2011 and the associated report, which indicated that the performance and financial position of the Company and the Group would allow the distribution of an interim dividend for 2011 equal to €0.10 per share. The interim dividend was paid as from November 24, 2011, with an ex-dividend date of November 21, 2011.

30
September

EIB loan to finance investments by Enel Distribuzione

On September 30, 2011 Enel Distribuzione signed an agreement with the European Investment Bank (EIB) for a €350 million loan (called "Enel Efficienza Rete III") to cover a portion of its investments to improve the efficiency of the national electricity network, a project envisaged in its 2012-2014 business plan.

The EIB also indicated its willingness to providing further funding for these investments up to a total of €1 billion.

The 20-year "Enel Efficienza Rete III" financing agreement (maturing December 15, 2031) has a 5-year grace period that runs until December 15, 2016. The funds will be disbursed by the end of 2011 and secured with a parent company guarantee provided by Enel SpA.

The loan terms provide for the application of a spread of 70 basis points over Euribor.

5
October

Revision of Enel rating by Moody's

On October 5, 2011, Moody's rating agency announced that it had lowered its long-term rating for Enel SpA to "A3" (previously "A2") and its short-term rating to "Prime-2" (previously "Prime-1"). It also issued a negative outlook.

The change in Enel SpA's rating is linked to the recent decision by Moody's to lower its rating for Italian government debt.

19
October

New loan in Romania

On October 19, 2011, Enel Green Power International BV signed an agreement with the Danish government's Export Credit Agency and Citigroup (as agent and arranger) for a 12-year loan of €112 million, guaranteed by Enel Green Power. This loan will be used to cover a portion of the investments required to build and expand Enel Green Power Romania's Moldova Noua and Corugea wind plants, which will have a total installed capacity of 118 MW.

29
November

Two lots awarded for construction of photovoltaic plants

On November 29, 2011, Enel Green Power (EGP) was awarded two of the thirteen lots offered for tender by Difesa Servizi SpA for the allocation of military land for the installation of photovoltaic systems.

The two lots assigned to EGP, the maximum permitted by the terms of the tender, are also the largest: one is located at Teulada, in the Province of Cagliari, not far from Portoscuso, where the Renewable Energy Division has nearly completed what will become the largest wind farm in Italy, and one at Serre Persano, in the Province of Salerno, site of Enel's first solar power plant, the largest in Europe and now completely renovated.

The land, which has room for some 60 MW of photovoltaic power plants, covers a total of about 190 hectares with high solar radiation levels.

The new photovoltaic plants, which will use the panels produced by the new Catania factory of 3SUN – an equal joint venture between EGP, Sharp and STMicroelectronics – will be able to generate, once fully operational, up to 80 million kWh a year, equivalent to the annual consumption of nearly 30,000 households, as well as avoiding the emission of some 58,000 metric tons of CO_2 each year.

30
November

Disposal of Deval and Vallenergie

On November 30, 2011, Enel SpA and CVA SpA executed the agreement signed on October 24, 2011, regarding the sale of Enel's 51% stakes in Deval and Vallenergie to CVA for a total of around €40 million. CVA, a company owned by the Region of Valle d'Aosta, already owns the remaining 49% stakes in both companies.

The sale was executed once clearance was received from the Italian Antitrust Authority.

8
December

Revision of Enel rating by Standard & Poor's

On December 8, 2011, Standard & Poor's placed a credit watch on its long-term credit rating for Enel SpA, currently "A-", for a possible downgrade.

The change follows a similar rating review implemented a few days previously by Standard & Poor's on the credit rating for Italian government debt and takes account of the ownership structure of Enel SpA, where the Italian government has a stake of about 31% in the Company.

5
December

Protocol between Enel and the Region of Emilia Romagna

On December 5, 2011, the Region of Emilia Romagna and Enel signed a protocol within the framework of the Regional Energy Plan for the more efficient use of energy across the region and the use of renewable resources for generation, together with a commitment to reducing CO_2 emissions.

The cooperation agreement between the Region and Enel will encompass a range of initiatives: the promotion of measures to reduce CO_2 emissions and to improve energy efficiency throughout Emilia Romagna, including the use of the most innovative technologies for public lighting, or with other specific projects for the reduction of energy consumption in public buildings. The Region and Enel will collaborate on the development of innovation and applied research into the optimal use of energy and the field of generation of power from renewables (water, wind, sun and certified biomass of vegetable origin).

Reference scenario

Enel and the financial markets

	2011	2010
Gross operating margin per share (euro)	1.88	1.86
Operating income per share (euro)	1.21	1.20
Group net earnings per share (euro)	0.44	0.47
Dividend per share (euro)	0.26	0.28
Pay-out ratio (1) (%)	59	60
Group shareholders' equity per share (euro)	4.13	4.04 (2)
Share price - 12-month high (euro)	4.83	4.23
Share price - 12-month low (euro)	2.84	3.43
Average share price in December (euro)	3.08	3.78
Market capitalization (3) (millions of euro)	28,961	35,543
No. of shares outstanding at December 31 (millions)	**9,403**	**9,403**

(1) Calculated on Group net income
(2) Takes account of restatement following completion of purchase price allocation for the SE Hydropower transaction.
(3) Calculated on average share price in December.

		Current (1)	**at Dec. 31, 2011**	at Dec. 31, 2010	at Dec. 31, 2009
Enel stock weighting in:					
- FTSE MIB index		11.01%	12.98%	10.53%	10.27%
- STOXX Europe 600 Utilities index		9.19%	8.25%	8.07%	8.26%
- Bloomberg World Electric index		2.79%	2.93%	3.16%	3.58%
Rating		Current (1)	**at Dec. 31, 2011**	at Dec. 31, 2010	at Dec. 31, 2009
Standard & Poor's	Outlook	Watch Negative	Watch Negative	Stable	Stable
	Medium/long-term	A-	A-	A-	A-
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	Negative
	Medium/long-term	A3	A3	A2	A2
	Short-term	P2	P2	P1	P1
Fitch	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	A-	A-	A-	A-
	Short-term	F2	F2	F2	F2

(1) Figures updated to March 7, 2012.

The year 2011 was characterized by high volatility. In the 1st Half of the year the world economy grew, driven above all by the emerging economies, where activity continued to expand at a rapid rate. The situation in the advanced countries was mixed: in the 1st Half GDP growth picked up in the euro area (especially in Germany), while Japan experienced a sharp contraction (as the economic impact of the earthquake was worse than expected) and the United States saw growth slow substantially.

The global macroeconomic environment deteriorated in the 2nd Half of the year, with adverse repercussions on all countries, and the European economies in particular. Beginning in the summer, the tensions surrounding the

sovereign debt of the euro-area countries intensified and spread to nearly all the economies in the area. These strains prompted a series of general downward revisions in growth forecasts for all countries on the part of the major public and private-sector economic institutions.
Italy was hit especially hard by the crisis owing to both its large public debt and the weak outlook for growth in the medium term, all of which was confirmed by a decline in electricity demand, especially in the final months of the year.

The deterioration in the economic outlook also impacted share prices. All the euro-area financial markets closed 2011 down on their levels the previous year. The Italian market registered the largest decline, with the FTSE Italia All Share closing the year down 24.3%, affected above all by the banking and financial sector, which posted heavy losses. The German equity market, represented by the DAX index, posted a decline of 14.7%, while the French CAC-40 index lost 17.9% and the Spanish IBEX-35 index dropped 13.1%.

In this context share prices in the European utilities segment performed in line with developments in the euro-area markets. The Stoxx 600 Utilities index, which groups the largest companies by capitalization listed on the various European markets, closed 2011 down 17%.

As regards Enel shares, the year ended with the stock price at €3.144 per share, down 15.9% from its level at the end of 2010. The performance was essentially in line with that of the European utilities sector as a whole and better than the performance of Enel's main European competitors (especially the performance of RWE, EDF, E.ON, Iberdrola and GDF).

On November 24, 2011, Enel paid an interim dividend on 2011 profits of €0.10 per share, which together with the dividend paid on June 23, 2011, brought total dividends paid during the year to €0.28 per share.

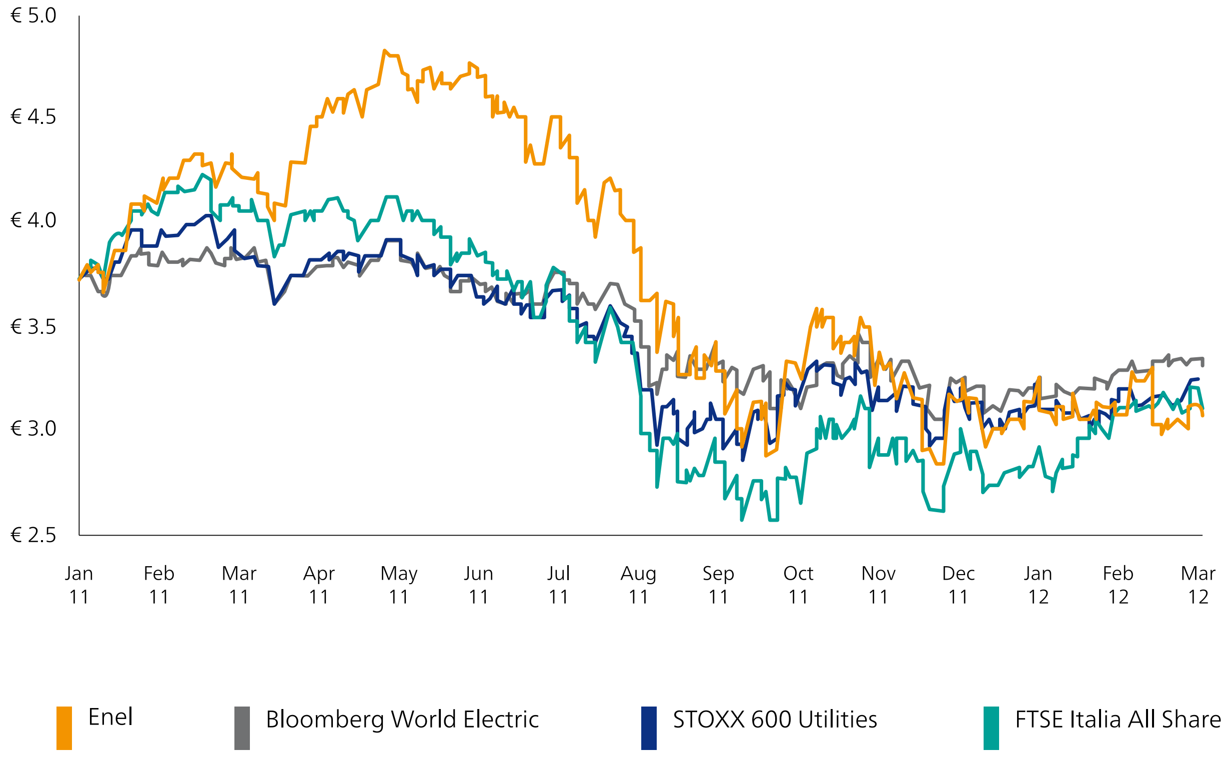
At December 31, 2011, the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors 40.3% and individual investors the remaining 28.5%.

For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/en-GB/investor/), which contains financial data, presentations, on-line updates of the share price, information on corporate bodies and the regulations of shareholders' meetings, as well as periodic updates on corporate governance issues.

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683057975; e-mail: investor.relations@enel.com).

Dividend per share of €0.26 at December 31, 2011

Performance of Enel share price and the Bloomberg World Electric, STOXX Europe 600 Utilities and FTSE Italia All Share indices as at March 7, 2012



Source: Bloomberg.

Economic and energy conditions in 2011

Economic developments

In 2011 the debt crisis in the main European countries undermined the weak signs of recovery that had first emerged in 2010 after the trough of the crisis in 2009. Industrial production began to drop significantly again, especially in the 3rd and 4th Quarters, when industrial output in the euro area contracted by 3% and 6%, respectively, from their levels in the corresponding periods in 2010. Part of the decline was closely linked with the current economic environment, characterized on the one hand by restrictive fiscal policies in the individual euro-area countries and on the other by especially low levels of consumption.
While economic indicators held their ground in early 2011, they gradually began to slow in the early part of the summer. In the euro area this was attributable to the heightened concerns about the sustainability of the government debt of a number of European countries (Greece, Ireland, Italy, Portugal and Spain). In this context, 2011 was also characterized by repeated downgrades of sovereign ratings, followed by abrupt increases in the spreads experienced by the European countries in the greatest difficulty with respect to the German bund. Towards the end of the year these spreads began to narrow thanks both to intervention at the supranational level (for Greece, Ireland and Portugal) and the subsequent adoption of major (and expected) structural reforms to boost growth in the medium and long term (Italy and Spain).

World GDP growth slowed sharply in 2011, falling from 4.1% in 2010 to 3.0% in 2011. The decline mainly reflected the crisis in the industrial countries. After growing strongly in the post-crisis period in 2010 (up 2.9%), the US economy also slowed significantly in 2011, with growth of 1.7% for the year.

As regards growth in the euro area, Germany performed the best among the major European countries, being only partly affected by the especially adverse international economic climate (with growth of 3.0% in 2011, compared with 3.6% in 2010). The countries hit the hardest in 2011 include Italy, with growth of 0.4% compared with 1.1% in 2010; Greece (a contraction of 5.5%); Spain (0.7%); and Portugal (a contraction of 1.9%).

Growth in the emerging economies was slower than forecast, although they continued to expand rapidly (China 9.2%; India 8.0%; Taiwan: 4.5%; Indonesia: 6.4%). The Latin American countries also performed well, with growth in 2011 of 4.4% (compared with 5.8% in 2010).

Developments in the foreign exchange markets in 2010 and 2011 were essentially driven by the financial market crisis. More specifically, the euro/dollar rate went from an average of 1.33 in 2010 to 1.39 in 2011, an appreciation of 4.5%. This strengthening is mainly attributable to uncertainty about the decisions of financial institutions with regard to European sovereign debt and the depreciation policies adopted for the dollar to stimulate domestic growth. The rate on main refinancing operations of the European Central Bank (fixed rate) averaged around 1.25%, after declining markedly in the last three years (the average rate was 3.15% in 2008, 1.5% in 2009 and 1.25% in 2010). Euribor averaged 1.39% in 2011.

The gradual rise in inflation in 2011 essentially reflects the rapid rise and uncertainty of prices for raw materials and agricultural products.

The following table reports GDP trends in the main countries in which Enel operates.

Annual real GDP growth

%

	2011	2010
Italy	**0.5**	**1.1**
Spain	0.7	-0.1
Portugal	-1.5	1.4
Belgium	1,9	2.1
Greece	-6.9	-4.0
France	1.7	1.5
Bulgaria	2.2	0.4
Romania	2.5	-2.0
Slovakia	3.3	4.2
Russia	4.3	4.1
Argentina	9.3	8.3
Brazil	2.7	7.7
Chile	6.3	5.3
Colombia	5.9	4.0
Mexico	3.9	5.5
Peru	6.8	9.0
Canada	2.5	2.9
USA	1.7	2.9

Source: National statistical institutes and Enel based on data from ISTAT, INE, EUROSTAT, IMF, OECD and Global Insight.

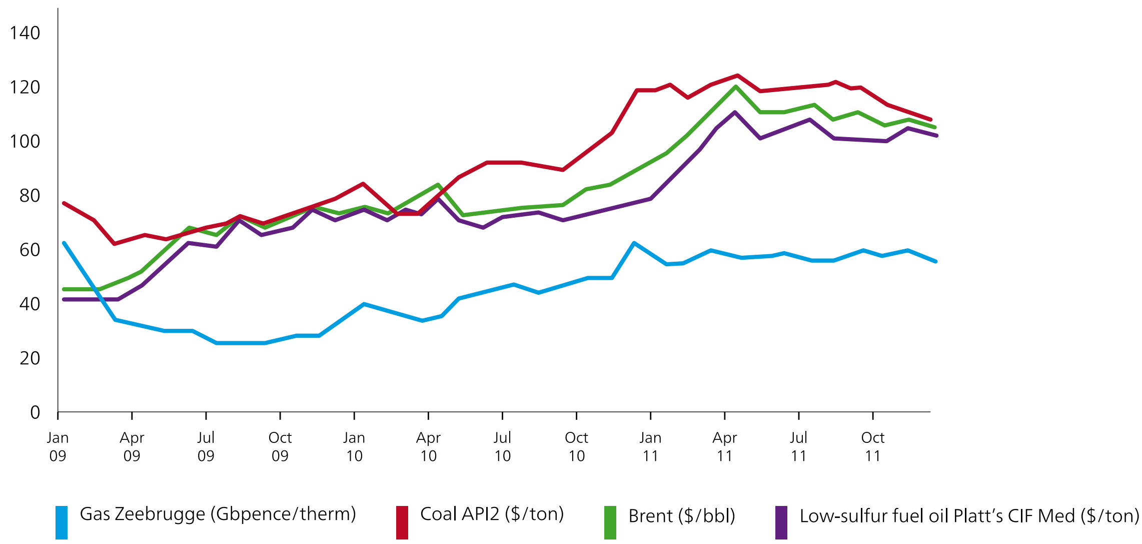
Developments in the main market indicators

Money market

International commodities prices

In 2011 the prices of energy commodities rose considerably, although they declined somewhat towards the end of the year. The rise in the price of Brent oil was driven by developments in both supply and demand. Supply-side factors included geopolitical tensions (the tumult in North Africa), while on the demand side, factors tied to the real economy played a role (rapid demand growth in the emerging countries). Conditions remain affected by considerable price uncertainties linked to financial drivers (speculation in commodity markets), political factors such as the situation in Iran (which produces about 4 million barrels of oil per day), and the constant disinvestment in production capacity in recent years (especially in Venezuela and Iran), which contribute to increasing uncertainty about oil prices in international markets.

Commodity prices



In 2011 the rapid rise in oil prices was accompanied by substantial increases in the prices of all industrial commodities. More specifically, the price of coal was impacted by flooding in Australia and Indonesia (which had already begun to generate considerable pressures in December 2010) and strong demand in Asia. By contrast, in Europe the weakness of gas prices, the constraints of take-or-pay contracts and the growth of renewable energy triggered a sharp contraction in imports of coal for thermal generation. This decline in European demand led to the redirecting of supplies of South African and Pacific coal towards Asia.
The spot price of natural gas at the Zeebrugge hub rose from 42.9 GBpence/therm in 2010 to 57.2 GBpence/therm in 2011, a rise of 33%. The price of coal, which in 2010 averaged about $92 a metric ton, rose to $121.5 a metric ton, an increase of 32%. Even greater increases were registered for Brent and fuel oil, with the average price rising in both cases above €100 a barrel ($111 a barrel for Brent, an increase of 40% compared with the average for 2010, and $102 a barrel for fuel oil, an increase of 38% on the 2010 average).
During 2011, CO_2 prices declined by a substantial 50% from the peaks registered after the Fukushima earthquake. Conditions in Europe's Emissions Trading Scheme (ETS) currently reflect a certain level of oversupply worsened by the financial crisis, the bringing forward of auctions of allowances for the third phase and the uncertainty surrounding regulatory developments (rules on efficiency, revision of targets, new control mechanisms).

Electricity and gas markets

The electricity market in Italy

Domestic electricity generation and demand

Millions of kWh

	2011	2010	Change	
Net electricity generation:				
- thermal	217,369	220,984	(3,615)	-1.6%
- hydroelectric	47,672	53,795	(6,123)	-11.4%
- wind	9,560	9,048	512	5.7%
- geothermal	5,307	5,047	260	5.2%
- photovoltaic	9,258	1,874	7,384	-
Total net electricity generation	**289,166**	**290,748**	**(1,582)**	**-0.5%**
Net electricity imports	45,626	44,160	1,466	3.3%
Electricity delivered to the network	**334,792**	**334,908**	**(116)**	**-**
Consumption for pumping	(2,518)	(4,453)	1,935	43.5%
Electricity demand	**332,274**	**330,455**	**1,819**	**0.6%**

Source: Terna - Rete Elettrica Nazionale (monthly report on electric system – December 2011).

Domestic *electricity demand* increased by 0.6% compared with 2010, reaching 332.3 TWh. Of this total, 86.3% was met by net domestic electricity generation for consumption (86.6% in 2010), with the remaining 13.7% being met by net electricity imports (13.4% in 2010).

Net electricity imports in 2011 rose by 1.5 TWh owing to developments in electricity prices in the other European markets compared with those in the domestic market.

Net electricity generation decreased by 0.5% or 1.6 TWh in 2011, essentially attributable to a decrease in hydroelectric generation (down 6.1 TWh) owing to less favorable water conditions than in the previous year, as well as a decline in thermal generation (down 3.6 TWh). These factors were only partially offset by an increase in photovoltaic generation (up 7.4 TWh) and wind and geothermal generation (up 0.8 TWh).

Developments in domestic electricity sales prices

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		2011				2010		
Power Exchange - PUN IPEX (€/MWh) (1)		72.2				64.1		
Residential user with annual consumption of 2,700 kWh (eurocents/kWh):(2)								
Price including taxes	15.6	16.2	16.5	16.5	16.3	15.8	15.7	15.6

(1) Source: Energy Markets Operator; average annual price.
(2) Source: Authority for Electricity and Gas and Single Buyer (consumption represents average Italian household with contracts for 3 kW – resident).

In Italy, the average uniform national sales price of electricity on the Power Exchange rose by 12.6% compared with 2010. The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas rose by 2.2% in 2011, mainly owing to the increase in the A3 rate component covering costs for incentives for renewable generation, the annual average value of which rose by 55%.

The gas market in Italy

Domestic gas demand

Billions of m^3

	2011	2010	Change	
Residential and other civil uses	31.4	33.8	(2.4)	-7.1%
Industrial and services	16.1	16.5	(0.4)	-2.4%
Thermal generation	28.0	30.3	(2.3)	-7.6%
Other (1)	2.1	2.4	(0.3)	-12.5%
Total	**77.6**	**83.0**	**(5.4)**	**-6.5%**

(1) Includes other consumption and losses.
Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.

Domestic demand for natural gas in Italy came to 77.6 billion cubic meters, a decrease of 6.5% on 2010. The reduction involved all types of consumption, especially that for residential and other civil uses, essentially reflecting the impact of colder weather in 2010, and use in industry and services, as a result of the slowdown in the Italian economy.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		2011				2010		
Average residential user with annual consumption of 1,400 m^3 (eurocents/m^3):								
Price including tax	75.0	76.5	79.7	84.1	69.3	71.8	74.1	74.1

Source: Authority for Electricity and Gas.

The average sales price of natural gas in Italy increased by 9% in 2011.

International electricity markets

Developments in electricity demand

TWh

	2011	2010	Change
Spain	255.3	260.6	-2.0%
Portugal	50.5	52.2	-3.3%
France	478.2	513.3	-6.8%
Greece	51.6	52.3	-1.3%
Bulgaria	33.2	31.5	5.4%
Romania	53.4	52.0	2.7%
Slovakia	26.9	26.9	-
Russia (1)	758.9	742.3	2.2%
Argentina	121.0	114.8	5.4%
Brazil	528.0	510.6	3.4%
Chile (2)	45.0	42.3	6.4%
Colombia	57.0	56.1	1.6%
Peru	36.0	33.0	9.1%
USA (3)	3,726	3,750	-0.6%

(1) Europe/Urals.
(2) Figures for the SIC - Sistema Interconectado Central.
(3) Net of grid losses.
Source: Enel based on TSO data.

Developments in prices in the main markets

eurocents/kWh

	2011	2010	Change
End-user market (residential) (1)			
France	13.8	12.8	7.8%
Portugal	16.5	15.8	4.4%
Romania	10.8	10.3	4.9%
Spain	19.5	17.3	12.7%
Slovakia	16.8	15.2	10.5%
End-user market (industrial) (2)			
France	8.5	8.5	-
Portugal	9.9	9.4	5.3%
Romania	8.0	8.5	-5.9%
Spain	11.4	11.7	-2.6%
Slovakia	12.8	11.7	9.4%

(1) Half-yearly price before tax – annual consumption of between 2,500 and 5,000 kWh.
(2) Half-yearly price before tax – annual consumption of between 500 and 2,000 MWh.
Source: Eurostat.

Spain

Electricity generation and demand in the peninsular market

	2011	2010	Change	
Gross electricity generation – ordinary regime:				
- thermal	94,223	88,526	5,697	6.4%
- nuclear	57,731	61,990	(4,259)	-6.9%
- hydroelectric	27,571	38,653	(11,082)	-28.7%
Total gross electricity generation – ordinary regime	**179,525**	**189,169**	**(9,644)**	**-5.1%**
Consumption for auxiliary services	(7,247)	(6,673)	(574)	-8.6%
Electricity generation – special regime	92,352	90,903	1,449	1.6%
Net electricity generation	264,630	273,399	(8,769)	-3.2%
Net exports	(6,091)	(8,333)	2,242	26.9%
Consumption for pumping	(3,215)	(4,458)	1,243	27.9%
Electricity demand	**255,324**	**260,608**	**(5,284)**	**-2.0%**

Source: Red Eléctrica de España (Balance eléctrico diario peninsular – December 2011 report).
Volumes at December 31, 2011 based on estimates made on February 9, 2012. The December 31, 2010 volumes reflect the final figures published on July 6, 2011.

Electricity demand in the peninsular market declined by 2.0% in 2011 compared with 2010, to 255.3 TWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in 2011 were lower than in 2010 (down 26.9%).

Net electricity generation fell by 3.2% or 8.8 TWh in 2011. The decline in hydroelectric and nuclear generation was only partially offset by the increase in thermal generation (up 5.7 TWh) and greater generation under the special regime.

Regulatory and rate issues

European regulatory framework

"Third Energy Package"

The "Third Energy Package" promotes the creation of a more competitive and transparent European energy market that will benefit end users by gradually integrating national markets, making supplies more secure and strengthening competition and, more generally, the competitiveness of the European Union.
The deadline for transposing the "Third Energy Package" into national legislation expired on March 3, 2011. With other Member States also lagging in transposing the package throughout Europe, on May 31, 2011, the Italian Government introduced the "Third Energy Package" with Legislative Decree 93/2011, published in the *Gazzetta Ufficiale* on June 28, 2011.
Among the main provisions are those involving, in the electricity sector, the unbundling of the transmission system operator (TSO), confirming the unbundling of ownership and expressly prohibiting the TSO from operating power plants. In the gas sector, an independent transmission operator (ITO) model has been adopted, with a vertically integrated ownership structure, more stringent functional separation rules and control and approval powers for the Authority for Electricity and Gas (the Authority). Moreover, in the areas of the integration of renewable resources generation, the operator of the National Transmission Network and distribution companies may install storage systems on the networks they operate in order to optimize generation from renewable resources. Finally, as to the exemption from the third-party access (TPA) obligation, in the electricity sector the length of the TPA obligation will now be set on a case-by-case basis, with the obligation lapsing if the infrastructure has not entered service or has not been completed with the time limits set in the directive.

Agency for the Cooperation of Energy Regulators (ACER)

As envisaged in the "Third Energy Package", in March 2011 the Agency for the Cooperation of Energy Regulators (ACER) began operations. ACER's mission is to further the process of integrating the European market and to coordinate the actions of national regulatory authorities whenever necessary. ACER also provides opinions and recommendations to European institutions on energy regulation issues and monitors the process of achieving an internal energy market.
Within the context of the "Third Energy Package", the European Commission has made ACER responsible for preparing Framework Guidelines (FG) that will form the basis for network codes that, once approved, will be valid in all the Member States. Finally, ACER works with network operators in drafting network development plans for energy transport.

European Commission procedures concerning regulated prices

On April 6, 2011, the European Commission sent reasoned opinions to Italy, Poland and Romania urging them to bring their national legislation on end-user energy prices into line with EU rules. The focus of the DG Energy's concern regarded end-user prices for gas in Poland, electricity in Italy and gas and electricity in Romania. Shortly thereafter, on May 9, 2011, the Commission took a similar step with Portugal concerning its end-user prices for natural gas. According to the Commission, regulated prices hinder the market access of new entrants and deprive consumers and companies of the right to choose the best service on the market.

Regulation on transparency in wholesale energy markets (REMIT)

On December 28, 2011 the regulation on wholesale energy market integrity and transparency (REMIT), proposed by the European Commission in November 2010 and formally adopted in 2011, came into force. The regulation prohibits insider trading and market manipulation and introduces the obligation for operators to publish inside information they possess in a timely and effective manner. The regulation also requires the ACER to provide data on wholesale energy market transactions, giving it a key role in market supervision and identifying instances of market abuse. The data collection obligations will take effect six months after the European Commission adopts the corresponding implementing acts setting out the timing and form for communicating such information. The data to be reported will include information on the price, volume, date and time of the transaction and the names of the seller, purchaser and beneficiary.

"Energy Roadmap 2050"

On December 15, 2011, the European Commission issued the Communication "Energy Roadmap 2050", which sets out the plan for decarbonizing the EU's energy system, while at the same time ensuring the security of energy supplies and competitiveness. The "Energy Roadmap 2050" serves as a basis for the Commission's future energy legislation initiatives.
Contrary to the usual Community practice, the Communication does not set out a list of measures for achieving certain policy aims, but rather explores various options (five decarbonization scenarios and two business-as-usual scenarios) for collecting data and further studying the ways of transitioning to decarbonization, listing ten structural changes and ten conditions required to achieve the objective (so-called "no regrets" options).

Proposal for an energy efficiency directive

On June 22, 2011, the European Commission sent the Council and the European Parliament a proposal for a new energy efficiency directive that is intended to set out a European regulatory framework for achieving energy savings targets and to make binding a number of the measures proposed in the Energy Efficiency Plan of March 8, 2011. The new energy efficiency directive would replace the earlier directives on cogeneration (2004/8/EC) and energy services (2006/32/EC).
Among its main measures, the Commission proposes to introduce an annual energy savings requirement of 1.5% for each Member State. That objective can be achieved by introducing an equivalent obligation for energy distributors or sales companies, or through alternative measures (such as, for example, financing programs or voluntary agreements). Through their own procurement policies and building renovation efforts, public bodies will also play an active role in promoting energy efficient products and services.
With regard to power generation, the Commission proposal provides for the Member States to draft a national plan for the promotion of high-efficiency cogeneration and district heating and air conditioning. In addition, while allowing a number of exemptions, the Commission proposes that the Member States should require adoption of cogeneration equipment for generation plants with a capacity of more than 20 MW.

Proposal for a revised Markets in Financial Instruments Directive (MiFID II)

The Markets in Financial Instruments Directive (MiFID) 2004/39/EC establishes a framework governing investment services with respect to financial instruments offered by banks and investment firms, and the organized execution of transactions by Exchanges and other trading and investment systems. Therefore, MiFID applies to investment firms that provide services on a professional basis and to regulated markets. To date, energy suppliers are not subject to MiFID.
On October 20, 2011, the European Commission published a proposed revision of the directive, comprising a directive (MiFID) and a regulation (MiFIR). The most important of the Commission's proposals for the energy sector are the classification of EU emission allowances as financial instruments and certain important changes to the current exemptions, including eliminating the exemption for persons who deal in commodities and commodity derivatives on their own account.

Proposed regulation on "Guidelines for trans-European energy infrastructure"

On October 19, 2011, the European Commission presented its proposed regulation on "Guidelines for trans-European energy infrastructure". The proposed regulation, cur-

rently being debated by the EU Parliament and Council, establishes European guidelines for developing a number of priority corridors for transporting energy and other energy infrastructures.
Specifically, the proposed regulation establishes rules for identifying "projects of common interest" (PCI) necessary for the construction of interconnection and transport infrastructure for electricity, gas, oil and CO_2.
The regulation falls under a much broader investment plan also announced by the Commission through its proposed regulation on the "Connecting Europe Facility" that will provide €50 billion in financing for projects to improve Europe's transport, energy and digital networks. As to the energy sector in particular, the Commission's plan calls for €9.1 billion to be invested in developing and strengthening the trans-European energy infrastructure.

Emission Trading

Since 2005, the Enel Group's plants in Europe have participated in the European Emissions Trading Scheme (EU ETS), consisting of a market-based system for reducing greenhouse gas emissions. Operators are expected to reduce their emissions by 21% by 2020 (compared with 2005 levels). The third implementation period (2013-2020) will incorporate a series of important changes introduced by Directive 2009/29/EC and subsequent regulations for improving the efficiency, transparency and effectiveness of the system.
The main change is that the allocation of emission allowances free of charge, the primary practice up until now, will be gradually replaced by an auction mechanism for purchasing allowances. Specifically, the electricity sector will have to purchase 100% of the allowances required through auction. The auctions will begin as soon as the 2nd Half of 2012 (so-called "early auctions"), with the sale of 120 million allowances in Phase III. The allowances allocated to Italy, Spain and Slovakia account for 9.4%, 8.4% and 1.5%, respectively, out of the total Phase III allowances available for Europe. The proceeds of these auctions will be managed by the Member States, although they must allocate 50% to funding for projects to develop low-carbon technologies (CCS, renewable resources, etc.).
Another important change is that the NER 300 allowances will be monetized by the European Investment Bank (EIB) and the proceeds will be used to finance pilot projects in the area of innovative renewable energy resources and CCS technology. The allowances (300 million EUAs) will be sold through the over-the-counter (OTC) market, regulated markets and by auction. The sale of the first 200 million allowances began in November 2011 and is expected to be completed by October 2012. Subsequently, the EIB will monetize the remaining 100 million allowances.
Starting from January 1, 2012, the aviation industry will be included in the ETS. Given the quantity of allowances that aircraft operators must purchase through auction (15%), it is expected that the industry will generate demand for allowances second only in percentage terms to the electricity sector. In December 2011, in response to a lawsuit brought by a number of US airlines, the European Court of Justice found that non-EU operators may be legally included in the ETS, as it is consistent with international law and the principle of state sovereignty.
In 2012, a Single European Union Registry will replace the national registries in accounting for emissions allowances. Aircraft operators will take part in the new registry starting from January 2012 (in conjunction with the industry's inclusion in the ETS), while the transition for other sectors subject to ETS will take place in 2012. A series of measures aimed at strengthening security and transparency in the European emissions allowance market will be taken alongside the switch to the new Union Registry.

The Italian market and the European regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into Italian law with Legislative Decree 79/1999. This decree provided for: the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.
The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the Decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.

The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies.

Sales

Electricity

Retail market

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard" market (for large customers not eligible for enhanced protection services).

Free-market operators are awarded contracts to provide safeguard services on a geographical basis through three-year auctions. Enel Energia was awarded contracts to provide safeguard services to five of the twelve areas subject to auction for the 2011-2013 period (Umbria and Marche, Sardinia, Campania, Basilicata and Calabria, Sicily).

By contrast, enhanced protection service is provided by sellers connected with distributors (Enel Servizio Elettrico for customers connected to Enel Distribuzione's network). The prices and related terms are set by the Authority for Electricity and Gas (the Authority) and are updated quarterly based on criteria designed to ensure that the operators' costs are covered.

Operators set their own prices for free market services, with the Authority's role limited to setting rules to protect both customers and operators.

In this role, the Authority has adopted a variety of measures aimed at containing operators' credit risk, which has risen considerably in recent years due to the economic crisis and the lack of rules barring customers from switching suppliers to avoid paying their utility bills.

Gas

Retail market

In accordance with Legislative Decree 164/2000, starting from January 1, 2003 all customers may freely choose their natural gas supplier on the free market.

However, alongside this operators must offer a safeguard service (for residential customers and non-residential customers with consumption levels below 50,000 cubic meters a year and users involved in providing public assistance services) to their customers, together with their own commercial offers, at the regulated prices established by the Authority.

If there is no company supplying this service, the supplier of last resort must provide service to safeguard customers. The supplier of last resort will be chosen annually through voluntary tenders for geographically-based contracts.

As to the regulated prices charged safeguard service customers, in 2011 the Authority revised the formula for updating the QE component (covering raw material provisioning costs). The revision will raise the QE component by about 1% compared with the previous gas year. The Authority also initiated a proceeding for a further revision of the QE component as from October 2012.

The Authority increased the QVD component (covering retail marketing costs) by about 10% for residential customers for the 2012-2013 period.

Generation and Energy Management

Electricity

Generation and the wholesale market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 (Bersani Decree) and can be performed by anyone possessing a specific permit.

The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (EMO), and through organized and over-the-counter platforms for trading forward contracts. The organized platforms include the Forward Electricity Market (FEM), managed by the EMO, in which forward electricity contracts with physical delivery are traded, and

the Electricity Derivatives Market (IDEX), managed by Borsa Italiana, where special derivative instruments with electricity as their underlying are traded.
Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at retail, and to the Single Buyer, whose duty is to ensure the supply of energy to enhanced protection service customers.
In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity is traded on a dedicated market, the Ancillary Services Market (ASM), where Terna procures the required resources from producers.
The Authority and the Ministry for Economic Development are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the Authority has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical issues for grid by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the Authority.
Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year when demand is typically high receive a special fee.
In August 2011, the Authority published a resolution that establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years. The initial auctions will be held in 2013, with producers agreeing to make their capacity available starting from 2017.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized. Gas import contracts for a duration of more than one year are subject to the approval of the Ministry for Economic Development.
According to the provisions of Legislative Decree 130/2010, operators cannot hold a market share that exceeds 40% of domestic consumption. This limit may be raised to 55% if the operator commits to creating 4 billion cubic meters in new storage capacity by 2015. Under this provision, the Ministry for Economic Development approved ENI's proposed plan to create new storage in early 2011.
In 2010, the new spot gas market trading platform ("Gas Exchange") began operations, with the EMO taking on the role of the central counterparty. The balancing market got under way in December 2011, with Snam Rete Gas taking on the role of the central counterparty, under the rules established by the Authority.

Transport, storage and regasification

Transport, storage and regasification (LNG) are subject to regulation by the Authority, which sets the rates for engaging in these activities at the start of each regulatory period (lasting 4 years) and updates them annually over the same period using established mechanisms.
Storage is carried out under concession (for a maximum of 20 years) issued by the Ministry for Economic Development to applicants that satisfy the requirements of Legislative Decree 164/2000. LNG activities are subject to the grant of a special ministerial permit.

Infrastructure and Networks

Electricity

Distribution and metering

Enel Distribuzione provides distribution and metering within the Infrastructure and Networks Division under a 30-year concession set to expire in 2030.
The distribution rates are set by the Authority at the start of each regulatory period (lasting 4 years) based on the costs of providing distribution and metering services. These rates are updated each year over the same period using mechanisms determined by the Authority.
In order to set the rates for the first year of each regulatory period, the Authority determines, based on the information obtained from the operators' unbundled financial statements, a sector-level cost that covers operating costs and depreciation and provides an appropriate return on capital.

The rate component covering operating costs is updated annually using a price-cap mechanism (i.e. based on the inflation rate and an annual rate of reduction of unit costs called the X-factor). The return-on-capital and depreciation components are revised each year to take account of new investments, depreciation and the revaluation of existing assets using the deflator for gross fixed capital formation. The fourth regulatory period (2012-2015) began on January 1, 2012. The Authority has set a return-on-capital for distribution and metering activities for the period at 7.6% for investments made through the end of 2011 (during the previous 2008-2011 regulatory period, there were two distinct rates of 7.0% and 7.2% for distribution and metering, respectively) and of 8.6% for investments made starting in 2012. Further increases were also made for certain categories of incentivized investments. The X-factor used in updating the operating costs component is 2.8% for distribution and 7.1% for metering (1.9% and 5.0%, respectively, during the previous regulatory period). While updating the rules for the fourth regulatory period, the Authority increased the standard loss rate paid to distribution companies providing medium-voltage power by 0.7%.
Electricity distribution is also subject to service quality regulation, under which the Authority establishes the annual trend levels for the following service continuity indicators for customers connected to low-voltage service:

> duration of long service interruptions;
> number of long and short interruptions.

Each year distributors receive bonuses or penalties depending on whether their actual performance as determined using these efficiency indicators is better or worse than the established trend values.

Iberia and Latin America

Spain

General information

The Spanish electricity system is mainly governed by Law 54/1997, which was amended by Law 17/2007, among other acts. The regulatory framework guidelines are as follows:

> electricity generation is conducted in under free market conditions;
> transport, distribution and technical and financial operations are regulated;
> end markets are entirely liberalized; starting from July 1, 2009, consumers that satisfy certain conditions may opt to be served by CURs *(Comercializadora de Ultimo Recurso)*, which apply the TUR *(Tarifa de Ultimo Recurso)*, set by the government, taking into consideration the cost of electricity prices based on forward markets;
> connection fees are uniform across the country and are received by distributors who perform this service on behalf of the electricity system.

Wholesale market

All sales of electricity by generating companies are conducted through the bidding system managed by the market operator, OMEL (*Operador del Mercado Eléctrico*), which was formed in December 1997, since it operates the wholesale market, MIBEL (*Mercado Ibérico de Electricidad*), that covers the entire Iberian peninsula (Spain and Portugal). Integration of the Spanish and Portuguese markets was completed in July 2007 with a market-splitting mechanism where the interconnection is operated jointly. The hourly rate corresponds to the marginal price from the intersection of the supply and demand curves. The volumes of energy sold through bilateral contracts are not used in calculating the price, although they must still be reported to OMEL. All plants with an output of more than 50 MW are required to sell their electricity on the wholesale market. REE (*Red Eléctrica de España*) is the system operator and is responsible for the technical management and monitoring of the transmission network.

National coal subsidy (intervention in the operation of the wholesale market)

In September 2010, the European Commission granted the Spanish government's request to subsidize the use of domestic coal by power plants. In February 2011, a ministerial resolution was published establishing the main parameters for application of this mechanism, which should terminate on December 31, 2014. The total volume of electricity generated from this resource between 2011 and 2014 cannot exceed 23.4 TWh per year.

Capacity Payment

The capacity payment mechanism is divided into three parts:

> reimbursement for investments in plants in service from January 1998;
> reimbursement for investments in improving the environment (installation of desulphurization technologies and other devices for reducing the environmental impact of coal plants);
> reimbursement for capacity availability.

The amount of investment compensated for the first category is equal to €26,000/MW per year for 10 years; for the second, €8,750/MW per year over 10 years; for the third and final category, €5,150/MW per year for combined-cycle (CCGT), coal and gas-fueled plants and reservoir-based hydroelectric plants and pumping plants that meet certain criteria on availability. The latter is multiplied by availability coefficients based on the technology employed (a transitional measure approved in November 2011 pending a final measure).

The cost of the capacity payments is covered by a rate component set periodically by the government and imposed on all end users.

Retail market. TUR and the social bonus

All end users have formally been participants in the free market since July 1, 2009. However, consumers with a contractual committed capacity of 10 kW or less are entitled to be charged the TUR (*Tarifa de Ultimo Recurso*), which is established and regulated by the government.

Under the provisions of Royal Decree 485/2009, published in April 2009, the Ministry sets the TUR to be charged by suppliers of last resort. The Royal Decree also designates five companies, including Endesa, with sufficient resources to act as the supplier of last resort (the other four are Iberdrola, Unión Fenosa, Hidrocantabrico and E.ON).

Royal Decree Law 6/2009 also introduced a social measure (the social bonus), available starting from July 1, 2009 to all customers who meet certain income conditions set out in the decree. The social bonus is equal to the difference between the TUR and the *Tarifa Reducida*. The social bonus is applied to customer bills by the sales companies and the related cost is borne by the generation companies based on a percentage set by the government.

Regulated costs, access rates and rate deficit

Under the current regulatory system, the main "regulated costs" of the Spanish electricity system pertain to remuneration for transport and distribution networks, financial resources for the authorities that manage the system (regulator, market operator, etc.), extra costs arising from extra-peninsular generation, subsidies for the special regime *(régimen especial*, renewable resources, electricity generation from waste and cogeneration) and for the energy savings and efficiency plan.

In order to compensate these costs, all customers pay an access rate set by the government annually (it may be adjusted quarterly to take account of changing market conditions). Royal Decree 1544/2011, published in November 2011, also requires producers to pay an access rate for energy delivered into the system of €0.5/MWh (in addition to paying for energy delivered, pumping plants pay equally for the 30% of electricity consumed).

At present, access rate receipts do not cover actual regulated system costs. This situation creates a rate deficit.

Royal Decree Law 6/2009 set out a solution for reducing the annual deficit, with the goal of completely eliminating it by 2013, through the introduction of annual ceilings. In 2010, since the access rate levels approved continued to not reflect the actual cost of regulated activities, Royal Decree Law 14/2010 introduced a new deficit reduction path with the following limits: €5.5 billion for 2010, €3 billion for 2011 and €1.5 billion for 2012.

The cumulative deficit at December 31, 2010 reached €25.8 billion, and it is estimated that it will exceed €28.8 billion at December 31, 2011, an amount that exceeds the limit set for that date.

The deficit is divided among five electric companies: Endesa, Iberdrola and Gas Natural Fenosa (responsible for 93% of the total), as well as Hidroeléctrica del Cantábrico and E.ON.

Until 2008, the companies securitized a portion of the deficit through auctions, however the outbreak of the economic and financial crisis meant that the ex-ante deficit auctions had no bidders starting from September 2008. Royal Decree Law 6/2009 established a new financing mechanism through which electric companies may sell their receivables to FADE (*Fondo de Amortización del Déficit Eléctrico*), which places them on the debt market.

In January 2011, FADE was formed with the support of the government. The initial amount of the receivables transferred to FADE by the electricity companies was €16.7

billion. Although the initial agreement requires that the amount transferred be securitized by July 2011, due to the sovereign debt crisis this has been postponed to July 2012. The amount actually securitized in 2011 came to €9.2 billion, of which €4.7 billion for Endesa.

The extra-peninsular electricity system

Article 12 of the law governing the electricity industry subjects the supply of electricity to extra-peninsular regions (the Balearic and Canary Islands) to common regulation based on the specific characteristics of their geographical location. This special regulation was established by Royal Decree 1747/2003 and the Ministerial Order of March 30, 2006, which created the implementing mechanisms.

The main feature of the extra-peninsular regulatory system is that electricity generation is subject to regulated prices, unlike on the Iberian peninsula. Other activities (distribution, transport and sale) are basically regulated in the same way as they are on the Iberian peninsula. This remuneration was set so as to cover the costs of the activity and provide a return on capital employed. In order to receive the comprehensive rate, generating companies receive an indemnity corresponding to the difference between the two values, in addition to the market price for electricity sold.

Indemnities accrued at December 31, 2008 and not yet received will be financed by the proceeds of the electricity system, while they shall become an item in the State budget starting from 2013. During the transitional period (2009-2013), Royal Decree Law 6/2009 established a hybrid system under which extra-peninsular generation is financed by gradually increasing the portion covered by the general State budget and decreasing that borne by the electricity system.

Nuclear safety

On March 16, 2011, in line with discussions occurring at the European level, the Spanish government asked the Nuclear Safety Council (CSN) to review the safety systems in place at Spanish nuclear power plants. Specifically, it was asked to perform additional seismic studies and studies on the threat posed by flooding.

On September 15, 2011, the CSN sent a preliminary report on tests conducted on the durability of nuclear power plants to the European Union. All the plants were found to comply with safety specifications.

Civil liability of nuclear plant operators

On May 28, 2011, Law 12/2011 governing the new system of civil liability for nuclear plant operators was published. The law raises the mandatory minimum liability for operators in the event of an accident to €1,200 million (previously €700 million). The law also expands the concept of "nuclear damage" to include environmental damage, restoration measures and foregone profits and extends the time limit for bringing claims for personal injury from 10 to 30 years.

Carbon emissions

In 2011, according to the best estimates available, Endesa's Spanish plants produced about 35.0 million metric tons (Mton) of CO_2 emissions, compared with an allowance of around 23.7 Mton under the National Allocation Plan.

Distribution

Royal Decree 222/2008, published in February 2008, establishes the policies for compensating distribution activities to ensure adequate service, offering incentives to improve service quality and reduce losses.

Each year, the Ministry sets the compensation to be paid based on the proposal of the *Comisión Nacional de la Energía.* The compensation is adjusted annually by comparing the investments made with the *Modelo de Red de Referencia*, a technical reference tool that calculates the grid's ideal development.

Latin America

The Division operates in Latin America (Argentina, Brazil, Chile, Colombia and Peru) through Endesa. Each country has its own regulatory framework, the main features of which are described below for the various business activities.

Generation

Under the regulations established by the competent authorities (regulatory authorities and ministries) in the various countries, operators are free to make their own decisions concerning investment in generation. Brazil is the only country where plans for new generation capacity are imposed by ministerial order, and this capacity is developed through auctions open to all.

All of the countries have a centralized dispatching system with a system marginal price. Usually, the merit order is

created based on variable production costs that are measured periodically, with the exception of Colombia, where the merit order is based on the bids of market operators.
Currently in Argentina and Peru, regulatory measures are in place governing the formulation of the spot market price. In Argentina, the measure, adopted in 2002 following the economic and energy crisis that affected that country, is based on the assumption that there are no restrictions on the supply of gas in the country. By contrast, in Peru, the measure on formulating the spot price has been in place since 2008, when the existence of restrictions in the gas and electricity transport systems caused the authorities to adopt an emergency measure for defining an "ideal" marginal cost, assuming the absence of such restrictions on transport networks.
Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generating companies, with the expectation that this encourages new investments. Long-term sales contracts are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to 4 years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets. Auctions are gradually replacing the practice of regulators setting a nodal price for supplying electricity to regulated customers.
Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Distribution and sale

Distribution is performed mainly under concession arrangements, using long-term or open-ended contracts, with regulations governing prices and network access. Distribution rates are revised every four years (Chile, Peru and the region of Brazil served by Coelce) or five years (Colombia and the region of Brazil served by Ampla). Rate reviews have never been conducted in Argentina.
In Chile, Brazil and Peru, distribution companies hold auctions to procure electricity for regulated market customers, while in Colombia sales companies negotiate prices directly with generation companies, passing through the average market price to end users.
In general, the liberalization of the end-user market is at a rather advanced stage, though not yet complete. Eligibility thresholds are set at 30 kW in Argentina (20% of volumes in 2010), 3 MW in Brazil (30% of volumes in 2010), 0.5 MW in Chile (40% of volumes in 2010), 0.1 MW in Colombia (35% of volumes in 2010) and 0.2 MW in Peru (46% of volumes in 2010). Free market customers sign bilateral contracts with generation companies for electricity. The regulatory authorities set the rates for regulated market customers.

Limits on concentration and vertical integration

In principle, existing legislation permits companies to take part in a variety of activities in the electricity sector (generation, distribution, sales). Usually, greater restrictions are imposed on participation in transmission activities so as to ensure that all operators have adequate access to the network. There are special restrictions on generation and distribution companies holding stakes in transmission companies in Argentina, Chile and Colombia. Furthermore, in Colombia companies formed after 1994 may not adopt or maintain a vertically-integrated structure.
As to concentration within the industry, Argentina, Brazil and Chile have not set any specific restrictions on vertical or horizontal integration, while in Peru business combinations require prior authorization above certain thresholds. In Colombia, no company may control more than 25% of the generation and sales markets, while in Brazil, as previously mentioned, there are no explicit restrictions on integration in the electricity sector, although administrative authorization is required for business combinations that would result in market share of over 40%, or that involve a company whose annual turnover exceeds BRL 400 million (about €177 million).

International

Russia

The process of reorganizing and privatizing the assets of RAO UES (the former state-controlled, vertically-integrated monopolist) was successfully completed, ending with the dissolution of RAO UES in July 2008. The generation assets, divided among around 20 generation companies, were sold to domestic and foreign investors (in addition to Enel, the German company E.ON and the Finnish company Fortum also participated). RusHydro (the hydroelectric genco), Rosenergoatom (the company that manages nuclear power plants), InterRAO (the company engaged in trading and generating electricity in Russia and abroad) and the grid companies remained under state control.

Wholesale electricity and capacity sales were fully regulated until 2007. The market has been liberalized in several stages, with a gradual increase in the volumes of electricity and capacity available for sale on the free market. Since January 1, 2011, all volumes for non-residential customers are sold on the free market. Electricity is mainly sold through a day-ahead market. In 2011, the temporary capacity market was replaced with the long-term capacity market (on an annual basis for 2011 and 2012 and on a multi-year basis starting from 2013) with the goal of ensuring that there is sufficient capacity available over the long-term and that generating companies' revenues are stable.

However, the government, in order to ensure stable capacity, has compiled a list of new plants (so-called DPM) that are not included in the capacity market and that will receive guaranteed remuneration (capacity payment) for ten years. In 2011, Enel OGK-5 placed two new gas combined-cycle plants in Nevinnomysskaya and Sredneuralskaya (410 MW each) into service that will take part in the DPM capacity payment system.

In the retail market, the supply of power to residential customers is ensured by Guarantee Suppliers operating on a monopoly basis, while non-residential customers are free to choose their own suppliers. However, despite the approval this year of a number of measures designed to promote competition in the non-residential market, switching is still limited since the process involved is still too complex. Market reform is expected in 2012 aimed at effectively nurturing competition.

In 2011, the government appointed a working group comprised of industry experts and market players (including Enel OGK-5) to prepare a proposal for reforming the market. With regard to the wholesale market in particular, the proposed model envisages the transition from a centralized market to a system of bilateral contracts.

Furthermore, as to capacity remuneration, except for the type of plant covered by the subsidized capacity payment system (DPM), ideas being considered include eliminating capacity remuneration mechanisms and introducing an energy-only market capable of ensuring adequate remuneration of generation assets and providing incentives for investing in modernization.

Slovakia

Under mounting pressure from commodity prices on the price of electricity, on July 2, 2008, the Slovakian government published a law to safeguard electricity sales to residential customers and small/medium enterprises (SME). Slovenské elektrárne expressed its disagreement with price regulation, arguing that prices should be freely negotiated on market terms. In December 2010, the regulator, URSO, decided to permit companies to freely set agreed prices with end users (residential and business), with a price ceiling linked to the prices developments on the German EEX market. In July 2011, URSO further liberalized sales by lifting the ceiling for electricity sales to SMEs, leaving the indexing to the German price for sales to residential customers only.

Romania

On July 1, 2007, Romania introduced European unbundling principles for electricity companies. As a result, separate companies were created for the management of the distribution grid and the sale of electricity, with separate administrative, accounting and management arrangements. All customers are also free to choose their own suppliers on the free market, again starting from that date. Customers that do not elect to choose their own suppliers are guaranteed service continuity by an implicit supplier. This service will be provided by the same companies involved in the sale of electricity.

Distribution

Electricity distribution rates are based on multi-year regulatory period (the first period of three years (2005-2007), and subsequent periods of 5 years) to which a revenue cap mechanism is applied. Regulated distribution revenues are calculated based on:

> remuneration of the regulatory asset base (RAB) through the WACC;
> recognition of operating and maintenance costs;
> recognition of grid losses;
> regulated asset depreciation.

For the second regulatory period (2008-2012), the autho-

rity applies an efficiency factor of not less than 1% to controllable operating costs. The rate for the regulated WACC is 10% and the target grid loss rate is 9.5% for 2012.
Also during the second regulatory period, a total ceiling of 12% on annual distribution rate increases was imposed (ceiling determined in real terms, net of inflation).
The third regulatory period will start in 2013 and end in 2017.

Sales to regulated-market customers

The method for determining the price for regulated-market customers is based on the principle of completely recognizing the electricity purchase cost component plus a margin of 2.5% on the cost of electricity. The Romanian regulator, ANRE, sets the energy portfolio for each supplier in terms of prices and volumes in order to arrive at a single, final tariff for the entire country.

France

Thanks to an agreement signed with EDF in 2007, Enel may generate nuclear and wind-based power and sell electricity in France. The new regulatory framework for the French market was considerably modified by the NOME Act (*Nouvelle organisation du marché de l'électricité*), the main components of which are:

> access to nuclear-generated base electricity for alternative suppliers at regulated prices (known as ARENH or *"Accès Régulé à l'Electricité Nucléaire Historique"*) for a 15-year transitional period, with volumes calculated annually on the basis of the volume of nuclear generation as a percentage of total consumption, with an annual ceiling of 100 TWh;
> alternative suppliers are required every six month to adapt requests for ARENH to the forecasts for the volume and profile of their portfolios and the share of nuclear energy used to cover consumption;
> responsibility for allocating ARENH volumes to alternative suppliers is assigned to regulator CRE;
> the French transmission network operator (RTE) is responsible for overseeing ARENH energy trades and an independent body (*Caisse des Dépôts et Consignation*) is responsible for managing cash flow/payments;
> the ARENH price will be set with a ministerial decree, using the level of the TaRTAM (*Tarif Réglementé Transitoire d'Ajustement du Marché* – a rate set by the Ministry of Energy for those customers that had initially decided to switch to the free market. The ARENH mechanism replaced the TaRTAM) at December 31, 2010 as a benchmark; as from 2013 the ARENH price will be determined directly by CRE. The ARENH price is set at €40/MWh for 2010 and €42/MWh for 2012;
> the Ministry is required, by the end of the 1st Half of 2012, to establish the regulatory framework for developing the capacity market, a mechanism that must ensure plant availability during peak periods. It is not yet certain whether interconnection capacity will be included, although it is possible that ways of incorporating it will be explored over the medium-term.

Renewable Energy

Europe

In 2009, the European Commission issued Directive 2009/28/EC on the promotion of the use of energy from renewable resources, setting mandatory national targets aimed at increasing the share of renewable energy in final consumption to 20% by 2020 in Europe. This directive and a subsequent European Commission communication of June 30, 2009 required each Member State to adopt a national renewable energy action plan, containing a description of its domestic policies on renewables, the major strategic actions to be taken, and an assessment of the contribution that each resource and sector can make to the achievement of the national targets. There are a variety of incentives used in Europe, the primary ones being feed-in tariff or premium systems, green certificates and auctions. There is no European-wide harmonized incentive system since the extent to which renewable energy has been developed varies by country.

Italy

Green certificates and comprehensive tariffs

In Italy, a variety of mechanisms, differing by resource and size of plant, are used to encourage electricity generation from renewable resources. The Energy Services Operator (ESO) is responsible for managing these incentives.
The primary incentive mechanism used is green certificates (introduced with Legislative Decree 79/1999). Under this system, electricity producers and importers are required to deliver a share of renewable energy. This obligation can be satisfied by purchasing green certificates from producers that generate electricity from renewable resources. Currently, the share is equal to 6.8% of non-renewable production.

The amount of the incentive depends upon the market value at which operators can purchase green certificates to meet their obligation. This market value is set within a range. The maximum value is equal to the price at which the ESO places the certificates it holds on the market (calculated as provided for in Article 2(148) of Law 244/2007), which came to €113.1/MWh in 2011. The minimum value is equal to the price at which the ESO withdraws green certificates from the market, which is set at the average market price for certificates for the three preceding year for the 2009-2011 withdrawal period. The minimum for 2011 was €87.38/MWh.

Power plants with an output of 1 MW or less (200 kW for wind plants) may take advantage of a 15-year comprehensive fixed tariff instead of the green certificates system. The comprehensive rate was set by Law 244/2007, and subsequently updated by Law 99/2009.

Energy account

The energy account mechanism is used to provide incentives for photovoltaic plants. It involves assigning a feed-in premium rate (excluding the cost of electricity) to encourage energy generation over a 20-year period. The rate was updated with a Ministerial Decree of May 5, 2011 (Fourth Energy Account) for the period up to 2016. This decree sets a target of 23 GW of installed capacity by 2016, with non-binding expenditure caps set every six months for the years 2013 through 2016. If these caps are exceeded, the subsidized rates for subsequent six-month periods are also reduced. For the 2011-2012 period only, large plants (roof-top installations of over 1 MW and ground installations of up to 200 kW) are subject to a binding expenditure ceiling with enrollment in a registry maintained by the ESO.

Expected developments

Legislative Decree 28/2011, transposing Directive 2009/28/EC, significantly revised the current incentive mechanisms. This revision was to have been implemented through ministerial decrees that were initially expected by September 2011, but they have not yet been issued.

Specifically, the new incentive system will replace green certificates with a tariff mechanism and Dutch auctions run by the ESO. However, incentives for photovoltaic plants will continue to be provided under the energy account system.

These new mechanisms will apply to plants entering service as from 2013. The green certificate mechanism will continue to apply through 2015 to plants that enter into service by the end of 2012, while rights to certificates will be converted into a tariff system for the rest of the incentive period.

Bulgaria

The Bulgarian incentive system primarily uses resource-based feed-in tariffs. On-shore wind plants, photovoltaic plans, hydroelectric plants of less than 10 MW and biomass plants of less than 5 MW are eligible for these incentives. The government made the following amendments to the law on renewable resources:

- reduced the incentive period from 15 to 12 years for all resources, except for photovoltaic, for which the period was cut from 25 to 20 years;
- the rates are calculated annually (June) and are held constant during the entire incentive period (without indexing);
- eligibility for incentives takes effect as from the date the work is completed.

France

Generation from hydroelectric plants, on-shore and off-shore wind power, biomass, biogas, photovoltaic and geothermal power is promoted in France with the use of a feed-in tariff system differentiated by energy resource, employing long-term contracts (15 years for geothermal, on-shore wind and biomass; 20 years for off-shore wind, photovoltaic and hydroelectric) indexed to inflation. Unlike the other renewable resources, photovoltaic power is incentivized with a more complex mechanism, with the tariff rates being revised quarterly on the basis of a coefficient that measures the level of demand in the previous quarter. In order to ensure the development of off-shore wind plants and photovoltaic systems installed on the ground or with a capacity of more than 100 kW, the French government has adopted auction mechanisms. The French system also provides for other sorts of support established each year on the basis of budget availability, such as accelerated depreciation and tax deductions of up to 33% for investments in overseas departments.

Greece

The Greek incentive system uses a feed-in tariff differentiated by energy resource. Rates for all sources are indexed annually to the rates of the Public Power Corporation if they are regulated, otherwise they are adjusted by 80% of the change in the Greek consumer price index (CPI), with the exception of photovoltaic power, which is adjusted by 25% of the CPI. The incentives are awarded through a 20-year contract for all resources, with the exception of roof-mounted photovoltaic systems with a capacity of less than 10 kW, which benefit from a 25-year contract. Resources that do not benefit from local or European investment support systems receive a rate premium of 15-20%, with the exception of solar power.

Romania

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables (8.3% in 2010, rising to 20% in 2020). Owing to a lack of certificates on the market, each year the Romanian authorities publish a mandatory share reduced to ensure balance between supply and demand. The value of certificates required varies on the basis of coefficients differentiated by resource. More specifically, these are 2 green certificates per megawatt hour (MWh) of generation from biomass, geothermal and wind until 2017 (1 certificate after 2017), 6 certificates per MWh of photovoltaic generation and 3 certificates per MWh of hydroelectric generation by new plants. The value is expressed in euro/certificate and is set by law within a specified range (cap & floor). In the case of violations, sellers are subject to a penalty equal to double the maximum value of the certificate.

Spain

The Spanish incentive system for renewables, which was updated with Royal Decree 661/2007, is mainly based on feed-in tariff and feed-in premium mechanisms. All plants in operation prior to January 1, 2008 could elect one of the two incentive schemes by January 1, 2009. Following that date the election was frozen for the entire incentive period. As regards the feed-in premium system, Royal Decree 661/2007 also provides for a minimum and maximum range (cap & floor) for the value of the incentive differentiated by resource. As from September 28, 2008, with Royal Decree 1578/2008, photovoltaic systems are only eligible for the feed-in tariff mechanism, with tariff rates being updated during four annual windows (*convocatoria*) on the basis of the capacity registered in the previous reference period. Both tariff systems are all-inclusive and premiums are adjusted annually for inflation.

In 2009 the authorities established the criteria for the creation of a pre-register for access to the incentive mechanism for projects under the special regime. Such projects are eligible for the pre-register only if they hold permits guaranteeing entry into service by a specified deadline.

In addition, Royal Decree 1614/2011, Royal Decree 1565/2011 and Law 14/2010 introduced a number of regulatory changes for existing mechanisms. The main amendments involved a reduction in the premium for some operational wind plants and a limit on the number of hours eligible for the incentive.

With Royal Decree 1/2012, the Spanish government temporarily suspended the incentive mechanisms for new renewable energy projects. The suspension did not affect projects already in the pre-register and those that had already submitted applications for the incentives. In other words, the suspension will not have retroactive effect.

Latin America

The development of renewable energy resources in Latin America is less diversified than in Europe. In particular, the territory has long had a large number of major hydroelectric plants. The main incentive approach involves long-term power purchase agreements (PPA), tax incentives and facilitated transport rates.

Brazil

The incentive system for renewable energy in Brazil was created in 2002 with the implementation of a feed-in mechanism (PROINFA), and was then harmonized with the sales system for conventional power using competitive auctions. The auctions are divided between new plants and existing plants and comprise:

> *Leilão Fontes Alternativas*, in which all technologies compete;
> *Leilão Energia de Reserva*, in which a single technology competes. These auctions are normally organized to increase reserve capacity and/or promote the development of certain technologies (such as renewables).

At present, the auctions are divided into A-1 (normally for existing plants), A-3 and A-5 auctions on the basis of the generator's obligation to supply the energy awarded after one, three or five years. An auction typically had two phases: the descending-clock phase in which the auction organizer establishes the opening price for the auction and the generators submit decreasing bids; and the pay-as-bid phase in which the remaining generators further reduce the price until the supply of power covers all the demand up for auction. The winning bidders are granted long-term contracts whose term varies by resource: 15 years for thermal biomass plants, 20 years for wind plants and 30 years for hydroelectric plants. The Brazilian auction mechanism is used for all renewable resources, with the exception of hydroelectric plants with a capacity of more than 30 MW.

Chile

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale to distributors or end users. The law sets a level of 5% of all power under contract after August 31, 2007. Between 2010 and 2014, the proportion of electricity from renewables will rise by 0.5% a year to reaching a share of 10% by 2024. The current mechanism establishes penalties for failure to achieve the mandatory share. The Chilean government is currently discussing the possibility of increasing the mandatory share from 10% in 2024 to 20% in 2020. The *Comitè Asesor para el Desarrollo Energético* (CADE), which was charged with analyzing the Chilean energy market, produced a report recommending a renewables target of 15% by 2024. The proposal to set the target at 20% by 2020 was recently approved by the Senate and is currently being examined by the Energy Committee of the lower house. All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW.

Mexico

The renewables promotion law (LAERFTE) was published in 2008 to govern the regulatory framework for the transition of the country towards clean energy technologies. In 2009 and 2010 a series of implementing measures were published. In 2011, an amendment to the LAERFTE confirmed the goal of producing 35% of the country's energy from renewable resources by 2024. Private-sector investors participate as independent power producers (IPPs, who sell all their capacity to the *Comisión Federal de Energía* using auction mechanisms), self suppliers and small-scale generators (with an installed capacity of less than 30 MW, selling their capacity on the basis of rates regulated by the *Comisión Federal de Energía*).

In December 2011 the Senate approved a major change that allows hydroelectric plants with a capacity of more than 30 MW that meet certain conditions concerning surface area and the size of reservoirs to qualify as renewable energy plants.

Peru

The renewable energy incentive system is based on auctions differentiated by renewable resource. It was introduced in 2010. The auctions are defined in terms of electricity generated for wind, solar and biomass plants, and by capacity for hydroelectric facilities. Hydroelectric plants with a capacity of more than 20 MW are not eligible for the incentive system. The auctions start with a maximum price and close depending on the bid price (a pay-as-bid mechanism). The price can be adjusted on the basis of the US consumer price index if the increase is more than 5%.

North America

The main forms of incentive provided for in North America are the Renewable Portfolio Standard (RPS) system at the state level and tax incentives at the federal level.

United States

The United States has a two-level renewables incentive system. The federal level envisages various types of support, including tax incentives for production and investment (the Production Tax Credit and the Investment Tax Credit), accelerated depreciation and federal subsidies. At the state level, the main incentive is a Renewable Portfolio Standard (RPS) mechanism, i.e. a system of mandatory percentages of generation from renewables for utilities, with targets differing from state to state. Most states have adopted systems of tradable certificates but there is no corresponding platform active at the federal level.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably market risks, credit risk, liquidity risk, operational risks and regulatory risk.
In order to limits its exposure to these risks, the Group analyzes, monitors, manages and controls them as described in this section.
From an organizational standpoint, over the last year a governance model was developed for financial, commodity and credit risks that envisages the formation of special risk committees, both at the Group level and at the Division/company level. These committees are responsible for setting risk management strategies and overseeing risk management and control activities, as well as developing policies on risk management, on management and control roles and responsibilities and on the structure of an operational limits system for the Group and, if necessary, for the individual Divisions/companies.

Risks connected with market liberalization and regulatory developments

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.
As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.
The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.
The Group often operates in regulated markets, and changes in the rules governing operations in such markets, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.
In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Risks connected with CO_2 emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO_2) represent one of the greatest challenges facing the Group in safeguarding the environment.
EU legislation governing the emissions trading scheme imposes costs for the electricity industry, costs that could rise substantially in the future. In this context, the instability of the emissions allowance market accentuates the difficulties of managing and monitoring the situation. In order to mitigate the risk factors associated with CO_2 regulations, the Group monitors the development and implementation of EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources, with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and, above all, enhances the environmental performance of its generation plants, increasing their energy efficiency.

Market risks

As part of its operations, Enel is exposed to a variety of market risks, notably the risk of changes in commodity prices, interest rates and exchange rates.
To maintain this risk within the range set out in the Group's risk management policies at the start of the year, Enel uses derivatives available in the market.

Risks connected with commodity prices and supply continuity

Given the nature of its business, Enel is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.
To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.
The Group has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives.
For more information on commodity risk management activities and managing the derivatives portfolio, please see note 6 to the consolidated financial statements.
In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas and encouraging the construction of transportation and storage infrastructure.

Exchange rate risk

The Group's exposure to exchange rate risk is mainly generated by the following types of transactions:

> cash flows in respect of the purchase or sale of fuel or electricity on international markets;
> cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign investees or cash flows in respect of the purchase/sale of equity investments;
> debt contracted by the Parent Company or its subsidiaries denominated in currencies other than the functional currency of the respective countries.

Moreover, the consolidated financial statements are subject to translation risk – connected with the strategic policy of international diversification of the Group's portfolio – as a result of translating subsidiaries' accounts denominated in currencies other than the euro.
The main exchange rate exposure of the Enel Group is in respect of the US dollar.
In order to minimize economic and transaction risks, the Group has implemented operating processes that ensure the systematic hedging of the exposures through the definition and execution of appropriate hedging strategies that normally call for the use of derivatives.
During 2011, management of exchange rate risk was pur-

sued in compliance with risk management policies, encountering no difficulties in accessing the derivatives market.
For more information, please see note 6 to the consolidated financial statements.

Interest rate risk

The main source of exposure to interest rate risk for the Enel Group is the volatility of interest flows associated with floating-rate financial debt and the need to refinance maturing debt on market terms and conditions.
Risk management policies are designed to maintain the risk profile established within the framework of the Group's formal risk governance procedures, while at the same time containing borrowing costs and limiting the volatility of results, partly through recourse to hedging transactions using derivatives. This approach makes it possible to transform flows indexed to floating rates into fixed-rate flows, and vice versa.
For more information, please see note 6 to the consolidated financial statements.

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. how the possibility that an unexpected change in the creditworthiness of a counterparty has an effect on the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).
In order to minimize credit risk, the Group has adopted a specific credit risk management policy valid at Group level that provides for an assessment of the creditworthiness of the counterparties – on the basis of information supplied by external providers and internal rating models – and organized monitoring of risk exposures to promptly discover any deterioration in credit quality below specified limits. In order to further mitigate credit risk, in certain cases a request may be made for appropriate collateral or, for certain segments of its customer portfolio, the Group may enter into insurance contracts with leading credit insurance companies. In addition, a number of assignments of receivables for specific segments of the trade portfolio were carried out. The main transactions involved the trade receivables of the Sales Division.
As to credit risk in respect of the financial transactions, including those involving financial derivatives, the risk is minimized by choosing counterparties with high credit ratings from among the leading Italian and international financial institutions, portfolio diversification, the use of margin agreements for the exchange of cash collateral, or the use of netting arrangements.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to factors connected to the perception of its riskiness by the market or to systemic crises (credit crunches, sovereign debt crises, etc.).
Enel's risk management policies provide for maintaining a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as maintaining a liquidity buffer sufficient to meet unexpected obligations. Finally, in order to ensure its long-term liquidity, Enel seeks to achieve a balanced and diversified debt structure in terms of markets and maturity profile.
Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), ensuring access to the money and capital markets. The Parent Company meets liquidity requirements primarily through cash flows generated by normal operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.
The Enel Group's access to the credit market despite the persistent strains in the financial markets was confirmed by the placement during the period of bonds for institutional investors totaling €2.25 billion.

Rating risk

The possibility of accessing the capital market and other sources of financing, and the related costs, depend, among other factors, on the rating assigned to the Group. Enel's current rating [1] is equal to: (i) "A-" (Standard & Poor's); (ii) "A-" with a stable outlook (Fitch); and (iii) "A3" with a negative outlook (Moody's, following a downgrade in October 2011). In December 2011, Standard & Poor's placed Enel SpA's long-term ratings under a credit watch with a view to assessing a possible downgrade.

Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the Group. Enel's ratings are reported in detail in the section "Enel and the financial markets".

Country risk

By now, some 50% of the revenues of the Enel Group are generated outside Italy. The major international expansion of the Group – located, among other countries, in Latin America and Russia – therefore requires Enel to assess its exposure to country risk, namely the macroeconomic, financial, regulatory, market, geopolitical and social risks whose manifestation could have a negative impact on income or jeopardize corporate assets. In order to mitigate this form of risk, Enel has adopted a country risk calculation model (using a shadow rating approach) that specifically monitors the level of country risk in the areas in which the Group operates.

The start of 2011 was characterized by the explosion of revolts in North Africa that overturned the existing authoritarian governments. Despite new elections (in Egypt and Tunisia) and the killing of Gheddafi (Libya), social tensions remain the primary source of concern regarding countries in the North African region.

The economic and financial crisis in Greece that began in 2010 was the dominant theme of world economic debate in 2011. The crisis also spread to the entire European area, triggering a wave of speculation in government bonds, which hit Italian and Spanish issues especially hard.

The rise in bond rates in the latter countries increased the burden of servicing their public debt, thereby generating a vicious circle of deteriorating country risk as a result of the increased difficulty of meeting their obligations.

In the United States, where the weak economic situation caused confidence in President Obama to fall to its lowest levels, widespread unemployment continues to dampen consumption. Together with the poor economic situation in Europe, this threatens to produce a much-feared double-dip recession.

In conclusion, the Group's average weighted country risk rose compared with its level at the end of 2010.

Other risks

Due to the nature of its business, the Group is exposed to accidents or breakdowns in its generation plants, distribution networks and upstream gas operations that can temporarily interrupt operations. In order to measure such risks and implement effective mitigation measures, the Group has adopted an integrated system for the identification, measurement and management of industrial risks, as well as implementing a range of prevention and protection strategies, preventive and predictive maintenance techniques and technology surveys to identify and control risks, and making recourse to international best practices. Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution, that may occur during the production and distribution of electricity and gas.

As part of its strategy of maintaining and developing its cost leadership in the markets in which it has generation operations, the Group is involved in numerous projects for the development, improvement and reconversion of its plants. These projects are exposed to the risks commonly associated with construction activities, which the Group

(1) Figures updated to March 7, 2012.

mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.

In regards to nuclear power generation, Enel operates in Slovakia through Slovenské elektrárne and in Spain through Endesa. It also holds a stake in the construction of the European Pressurized Reactors (EPR) in Flamanville, France. In relation to its nuclear activities, the Group is exposed to operational risk and may face additional costs because of, *inter alia*, accidents, safety violations, acts of terrorism, natural disasters, equipment malfunctions, malfunctions in the storage, movement, transport and treatment of nuclear substances and materials. In those countries where Enel has nuclear operations, there are specific laws requiring insurance coverage for strict liability for nuclear events attributable to third parties and which impose a ceiling on the nuclear operator's financial exposure. Other mitigating measures have been taken in accordance with best international practices.

Outlook

The world macroeconomic environment remains highly uncertain, and there is still little sign of economic recovery in the mature European economies, with GDP forecast to contract in Spain and Italy. In the emerging countries in Eastern Europe, in Russia and in the countries of Latin America, growth is continuing and the economy is strengthening.

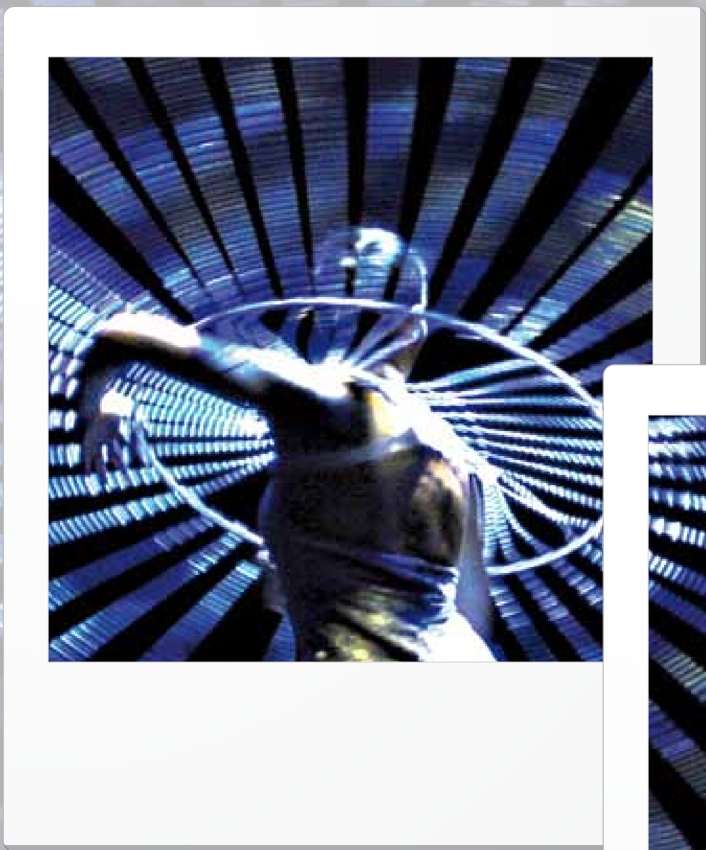
The Group will therefore continue to pursue growth in those emerging economies, as well as its commitment to renewable energy, with the goal of strengthening its world leadership position in this sector.

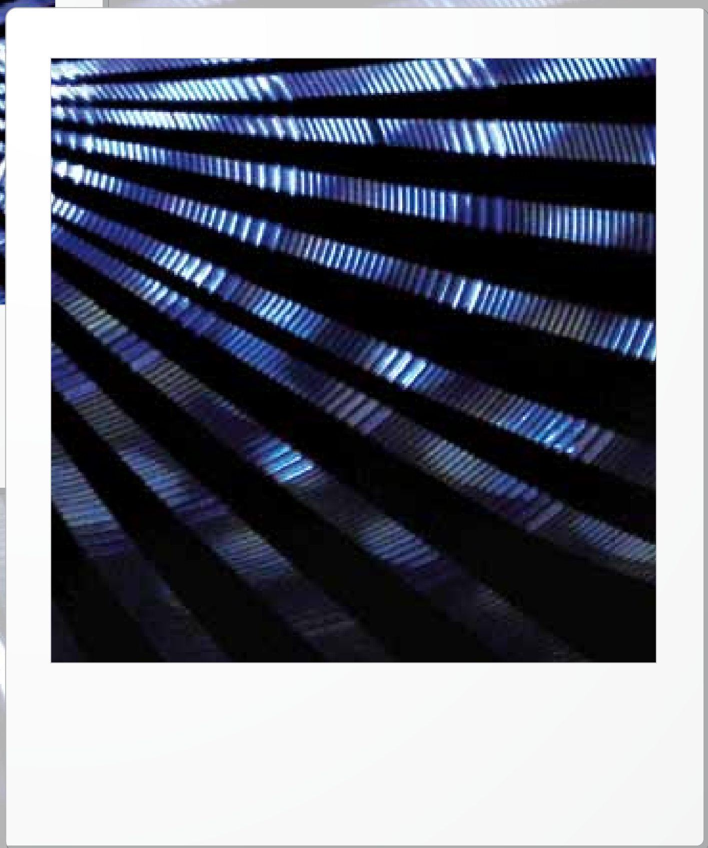
In addition, Enel confirms research and technological innovation among its strategic priorities, to make energy production and consumption more efficient and responsible. Enel will also continue to focus constant attention on the quality of service for end users and the value of relationships with local communities through a transparent policy of corporate social responsibility.

The Group will continue to implement initiatives to boost operating efficiency and maximise synergies in all the countries in which it operates, while pursuing rigorous financial discipline in investment decisions in order to improve the consolidated financial position even further.

In this context, the geographical and technological diversification achieved by the Group, together with a well-balanced portfolio of regulated and unregulated businesses, will enable Enel to largely offset the impact that the weakness of the European economies, especially Italy and Spain, could have on the Group's performance.

Sustainability





Our mission

“At Enel our mission is to create and deliver value in the international electricity market, benefiting our customers and our shareholders, fostering competition in the countries in which we operate, and meeting the expectations of all those who work with us.

Enel works to serve the community, while respecting the environment and human safety, with a commitment to leaving future generations a better world.”

Sustainability in Enel

Sustainability is an integral part of Enel's culture: it is the engine of a process of continual improvement that touches all the Group companies and is a strategic component of growth and development.
With the aim of creating and delivering value in the international energy market to the benefit of our customers, shareholders and a competitive marketplace, Enel works to improve the community while respecting the environment and human safety. Enel is closely involved with developing renewable energy and making technological advances for a better world.
Enel's fundamental ethical principles, enshrined in the Code of Ethics, are at the heart of our corporate culture and models of behavior required of all employees.

Ten years ago, Enel started upon the path to achieve the highest sustainability standards and has been rewarded through the interest of socially-responsible investment funds. Enel shares at December 31, 2011 are held by 81 socially-responsible investors (SRI), representing about 13.9% of our institutional shareholders. This figure refers to SRIs that include environmental social governance (ESG) standards among the criteria used in making investments decisions. At December 31, 2011, these investors hold around 4.7% of Enel's total shares outstanding, equal to 6.8% of the float [(1)].
In 2011, for the eighth straight year, Enel was included in the Dow Jones Sustainability Index, a market benchmark which includes the world's leading companies that meet strict economic, social and environmental criteria. During the year, Enel was readmitted to the FTSE4Good Index, which measures environmentally sustainable corporate practices, relations with stakeholders, respect for human rights, the quality of working conditions and actions taken by companies to fight corruption. Enel was also the only utility company to be ranked among the top sustainable businesses in the world under the Carbon Disclosure Project (CDP) and was included in the Carbon Performance Leadership Index (CPLI), thanks to its enormous commitment seen in its strategy, corporate governance, communication with stakeholders, and emissions reduction.

(1) As a result of changes made in 2011 in the method for identifying SRIs, the end-2011 figures are not comparable.

Commitments

Each year, Enel defines its corporate social responsibility objectives in line with the Group's strategies and in accordance with the principles of the UN Global Compact. Value generation, climate change, dialogue with the community, safety for employees and suppliers – these are some of the priorities that drive Enel. Specifically, the Group has reaffirmed its commitment to sustainable development according to specific guidelines affecting four areas.

> In 2011, for the eight straight year, Enel was included in the Dow Jones Sustainability Index

- **Ethics**: Enel is committed to forging a governance system inspired by the highest standards of transparency and fairness in corporate management.
- **People and communities**: Enel guarantees the safety of all those involved in its activities, respecting the "value" of the person, the sphere of individual and collective interests, from human rights to workplace health and safety, from training to respect for equal opportunity and multiculturalism. In the communities and markets in which it operates, Enel is committed to promoting and respecting human rights, involving various social players and continually improving the services offered.

- **Environment and Climate Strategy**: Enel has given the fight against climate change a central place among its responsibilities as a major global energy company and has long undertaken actions to reduce greenhouse gas emissions in all the countries in which it operates – a demonstration of its concern for the environment, biodiversity and future generations.
- **Research and development**: Enel works to ensure a reliable supply of electricity and to promote sustainable development by focusing on renewable sources and innovation and using the best technologies available.

The three pillars of corporate ethics: the Code of Ethics, the Compliance Model, and the Zero Tolerance of Corruption Plan

Code of Ethics

In 2002, Enel adopted a Code of Ethics which expresses its ethical commitments and responsibilities in conducting its business and corporate activities. This Code of Ethics applies in Italy and abroad, with consideration given to the cultural, social and economic diversity found in the various countries in which Enel does business.
The Code of Ethics is binding on the conduct of all Enel's employees. All of the companies in which Enel has an equity interest and the Group's major suppliers are also required to comply with the general principles contained in the Code. The Code is based on an ideal of cooperation between the parties involved and maximum transparency and fairness for all stakeholders. Any stakeholder can report a violation or suspected violation of the Code of Ethics through dedicated channels.

Compliance Model

In 2002, the Board of Directors of Enel SpA approved a Compliance Model that meets the requirements of Legislative Decree 231 of June 8, 2001, which introduced into Italian law a system of administrative (though actu-

ally criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company. This Model is another step towards acting more rigorously, providing greater transparency and developing a sense of responsibility in interacting both internally and with the outside world, while providing shareholders with adequate guarantees of efficient and proper management.
In 2010, Enel SpA also approved specific Guidelines aimed at extending the principles set out in the Compliance Model to the Group's foreign subsidiaries, in order to make them more aware of the importance of ensuring the same conditions of fairness and transparency in the conduct of their business and corporate activities and to prevent situations that could result in administrative liability pursuant to Legislative Decree 231/2001 for the Parent Company, Enel SpA, and the other Italian companies.

Zero Tolerance of Corruption Plan

In 2006, the Board of Directors approved the adoption of the Zero Tolerance of Corruption Plan (ZTC) as a concrete move marking Enel's participation in the Global Compact (a 2000 UN Program of Action) and the PACI - Partnering Against Corruption Initiative (an initiative promoted by the World Economic Forum in Davos in 2005).

The ZTC Plan does not replace or overlap the Code of Ethics or the Compliance Model, but is rather a more detailed plan for addressing the issue of corruption by following a series of recommendations for implementing principles developed by Transparency International.

Sustainability reporting

Since 2002, Enel has, with its Sustainability Report, maintained a constant commitment to measuring and reporting on corporate responsibility, ensuring transparency for all its stakeholders and continuous implementation of its sustainability strategy. The reporting process is performed by collecting and analyzing specific key financial, environmental and social performance indicators.
Internal Audit and an independent auditor review the Sustainability Report for completeness and accuracy. The Report is checked by the Internal Control Committee and submitted to Enel SpA's Board of Directors for its approval before being presented to the Shareholders' Meeting.
The Sustainability Report for 2011 was drafted in compliance with the "Sustainability Reporting Guidelines"of the Global Reporting Initiative (GRI), version G3.1, and with the supplement for the electric utilities sector issued by the GRI in 2009 ("Sustainability Reporting Guidelines & Electric Utilities Sector Supplement"). Since 2006, the year they were adopted, Enel has applied the GRI guidelines at the highest level (A+). In addition, the Sustainability Reporting adopts the principles set out in Standard AA1000 AccountAbility Assurance Standard (2008) ("AA10000APS - 2008"), issued in 2008 by AccountAbility (Institute of Social and Ethical Accountability). For more information on the scope of the indicators and the calculation method, please see the "Methodological Note" of the Sustainability Report.
In drafting the Sustainability Report, since 2006, Enel has followed the criteria and principles set out in the GRI-G3 guidelines of the Global Reporting Initiative (GRI), an international standard, coupled since 2008 with the EUSS (Electric Utility Sector Supplement) for the electricity industry, and since 2011 with G3.1. Ever since it adopted these guidelines, Enel has applied the guidelines at the highest level recognized by the GRI (A+).
Providing an accounting of corporation actions means that, in the future, there will be ever greater integration of the presentation of financial and non-financial information, in which the sustainability indicators, along with the financial indicators, will serve to link sustainability with the company's performance and financial situation, giving all stakeholders a comprehensive assessment of the Group's activities and results.
In light of this, Enel is gradually including information on sustainability in its Report on operations with the publication and discussion of select quantitative sustainability indicators provided below.
The indicators just described are the result of an analysis of issues deemed important to SRI funds, which were consulted in 2011 as part of stakeholder engagement initiatives.

Net efficient generation capacity by primary energy source

MW

	2011	2010	Change	
Net efficient thermal capacity				
Coal	17,215	18,122	(907)	-5.0%
CCGT	15,390	13,248	2.142	16.2%
Fuel oil/gas	24,454	25,852	(1,398)	-5.4%
Total	**57,059**	**57,222**	**(163)**	**-0.3%**
Net efficient nuclear capacity	**5,344**	**5,332**	**12**	**0.2%**
Net efficient renewable capacity				
Hydro	30,265	31,033	(768)	-2.5%
Wind	3,619	2,731	888	32.5%
Geothermal	769	775	(6)	-0.8%
Biomass and co-generation	172	154	18	11.7%
Other	108	34	74	-
Total	**34,933**	**34,727**	**206**	**0.6%**
Total net efficient capacity	**97,336**	**97,281**	**55**	**0.1%**

Net efficient generation capacity by geographical area

MW

	2011	2010	Change	
Italy	39,882	40,522	(640)	-1.6%
Abroad				
Iberian peninsula	23,971	23,810	161	0.7%
Latin America	16,241	16,267	(26)	-0.2%
Russia	9,027	8,198	829	10.1%
Slovakia	5,401	5,401	-	-
Ireland	1,013	1,013	-	-
North America	1,010	788	222	28.2%
Romania	269	64	205	-
Greece	191	143	48	33.6%
France	166	102	64	62.7%
Morocco	123	123	-	-
Bulgaria	42	850	(808)	-95.1%
Total	**57,454**	**56,759**	**695**	**1.2%**
Total net efficient capacity	**97,336**	**97,281**	**55**	**0.1%**

Net electricity generation by primary energy source

TWh

	2011	2010	Change	
Net thermal electricity generation				
Coal	86.1	73.1	13.0	17.8%
CCGT	47.4	38.2	9.2	24.1%
Fuel oil/gas	38.1	45.4	(7.3)	-16.1%
Total	**171.6**	**156.7**	**14.9**	**9.5%**
Net nuclear electricity generation	**39.5**	**41.2**	**(1.7)**	**-4.1%**
Net renewable generation				
Hydro	70.2	80.8	(10.6)	-13.1%
Wind	6.3	5.6	0.7	12.5%
Geothermal	5.6	5.3	0.3	5.7%
Biomass and co-generation	0.6	0.6	-	-
Other	0.1	-	0.1	-
Total	**82.8**	**92.3**	**(9.5)**	**-10.3%**
Total net electricity generation	**293.9**	**290.2**	**3.7**	**1.3%**

Net electricity generation by geographical area

TWh

	2011	2010	Change	
Italy	79.0	81.6	(2.6)	-3.2%
Abroad				
Iberian peninsula	78.9	69.9	9.0	12.9%
Latin America	66.0	66.0	-	-
Russia	42.4	42.8	(0.4)	-0.9%
Slovakia	20.4	21.0	(0.6)	-2.9%
North America	2.9	2.6	0.3	11.5%
Bulgaria	2.7	4.7	(2.0)	-42.6%
Morocco	0.8	0.7	0.1	14.3%
Greece	0.4	0.3	0.1	33.3%
France	0.2	0.1	0.1	100%
Ireland	0.1	0.3	(0.2)	-66.7%
Romania	0.1	-	0.1	-
Total	**214.9**	**208.6**	**6.3**	**3.0%**
Total net electricity generation	**293.9**	**290.2**	**3.7**	**1.3%**

Other generation ratios

	2011	2010	Change	
Generation from renewable resources (% of total)	28.2	31.8	(3.6)	-11.3%
"Zero-emission" generation (% of total)	41.6	46.0	(4.4)	-9.6%
ISO 14001-certified net efficient capacity (% of total) (1)	91.2	82.7	8 .5	10.3%
Average efficiency of thermal plants (%) (1)	39.7	39.3	0.4	1.0%
Total specific emissions of CO_2 from net generation ($gCO_2/kWh_{eq.}$) (1)	411	389	22	5.7%
Specific water withdrawal ($l/kWh_{eq.}$)	0.63	0.66	(0.03)	-4.5%

(1) The output values used in calculating the indicators do not coincide with the values for net electricity generation reported in these consolidated financial statements. For more information on the calculation method, explanations of the discrepancies and the assumptions used, please see the notes in the Sustainability Report 2011 and, for greater details, the Environmental Report 2011.

Customers by geographical area

Average no.

	2011	2010	Change	
Electricity				
Italy	28,871,639	29,362,479	(490,840)	-1.7%
Latin America	13,655,379	13,271,599	383,780	2.9%
Iberian peninsula	11,536,589	11,729,319	(192,730)	-1.6%
Romania	2,634,601	2,605,345	29,256	1.1%
Other countries	96,563	99,997	(3,434)	-3.4%
Total electricity customers	**56,794,771**	**57,068,739**	**(273,968)**	**-0.5%**
Natural gas				
Italy	3,150,968	2,902,739	248,229	8.6%
Spain	1,007,093	1,083,801	(76,708)	-7.1%
Total gas customers	**4,158,061**	**3,986,540**	**171,521**	**4.3%**

Safety rates

no.	2011	2010	Change	
Injury frequency rate	**2.4**	**2.8**	**(0.4)**	**-14.3%**
Injury severity rate	**0.11**	**0.13**	**(0.02)**	**-15.4%**
Serious and fatal injuries at Enel:				
Serious injuries (1)	11	22	(11)	-50.0%
Fatal injuries	1	3	(2)	-66.7%
Total	**12**	**25**	**(13)**	**-52.0%**
Serious and fatal injuries at contractors:				
Serious injuries (1)	39	42	(3)	-7.1%
Fatal injuries	7	19	(12)	-63.2%
Total	**46**	**61**	**(15)**	**-24.6%**

(1) A serious injury is an injury for which the prognosis is uncertain, unknown or greater than 30 days for recovery.

Personnel ratios

no.	**2011**	2010	Change	
Average hours of training per employee	44.7	36.3	8.4	23.1%
Verified violations of the Code of Ethics (1)	33	41	(8)	-19.5%

(1) In 2011, an analysis was performed of violations reported in 2010. As a result, there was a change in the number of verified violations reported in the 2010 Sustainability Report from 39 to 41.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve its mission or who have a stake in its pursuit.
The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro	**2011**	2010
Revenues	79,514	73,377
Net income/(charges) from commodity risk management	272	280
External costs	56,308	49,567
Gross global value added from continuing operations	**23,478**	**24,090**
Gross value added of discontinued operations	-	-
Gross global value added from ordinary operations	**23,478**	**24,090**
distributed to:		
Shareholders	2,635	2,350
Lenders	2,744	2,682
Employees	4,296	4,907
Government	4,475	3,711
Enterprises	9,298	10,440

People

Human resources and organization

Organization

In the business operations area:

> work continued on the implementation of Group's risk management models and systems and on strengthening the various Division units, and committees for financial risk, commodity risk and credit risk were established at the Group level;

> the business of the Upstream Gas Department was organized in accordance with the Group's strategic plan;

> for the Sales Division, the Marketing area was reorganized with the goal of making responsibilities fully centralized so as to improve the end-to-end offering of products and services, and the customer care unit for the enhanced protection service was reorganized in order to improve coordination between the front end, the back office and commercial compliance;

> in the Generation and Energy Management Division, and regarding the Generation business area in particular, a single hydroelectric value chain was established, and the plants in Italy were reorganized. In addition, the thermal and hydroelectric plant maintenance units

were reorganized in accordance with project management best practice in order to facilitate the sharing of experience amongst the plants;

> in the Renewable Energy Division, consolidation of the new organization model was completed, and Enel.si (retail business) was reorganized in order to increase the commercial effectiveness of the franchising network, so as to take best advantage of trends in local markets;
> in the Iberia and Latin America Division, the Latin American area and the various country units were reorganized using a matrix model in order to optimize investments and operate based on shared best practices;
> work continued on the integration of Enel and Endesa, which resulted in defining the governance of the centralized management of the carbon strategy in terms of procedures, powers, management control and personnel management.

With regard to integration activities:

> work began on the One Company project aimed at:
  - defining and designing a new "lean holding company" with responsibility for policy setting and strategic control and guidance of all staff processes within the Group (a phase that was completed in 2011);
  - defining three global service functions: Procurement, ICT, and Business Services;
  - implementing the new model of operations, beginning with a reorganization of staff processes in order to achieve synergies within the Group and to eliminate redundant activities with no added value;
> the new management model was implemented. This model transparently classifies the key roles within the Group and identifies the employee development and mobility processes for management, introducing a common international language independent of the contract categories used in the various countries in which the Group operates. This model underscores the multinational nature of the Enel Group, with some 50% of management positions in countries other than Italy;
> regarding the Group's Performance Improvement Program, work is continuing on the project Best Practice Sharing (BPS), the goal of which is to extract value from the multinational nature of the Group by sharing best practices and aligning processes and controls. This project has already created tangible benefits and shared technical and cultural values;
> work continued on the SAP HR Global project, which is seeking to support the convergence towards the One Company by providing technological solutions based on business priorities. The project aims to provide the Group's Human Resources function with the same processes, systems and reports and with standardized data

by creating a global system architecture based on integrated master data, while also ensuring integration with local systems. The main benefits expected include standardization of work methodologies, greater efficiency in both processes and people, the availability of consolidated data, and a reduction in costs by integrating processes and consolidating systems;

> the governance arrangements for the Global InEnel portal were consolidated for the entire Group. The project is aimed at creating a new corporate intranet in order to promote the sharing of projects, culture and best practices within the Group, thereby enhancing the sense of belonging to a team and involvement in company strategies. In 2011, the Global InEnel portal was launched in Slovakia, Romania, Russia and France.

Hiring

At Enel, the recruiting and hiring process aims to find the best talents who have the aptitudes and specialist skills that are best suited to the role to be filled. In 2011, hiring activities focused on processes related to recruiting and hiring recent secondary-school and university graduates, while a smaller proportion of new hires involved people with prior experience. The tools and channels used to attract applicants included, above all, the website, as well as relationships and other contacts established with schools and universities with which Enel has agreements in place. The selection process included phases focusing on both an assessment of aptitude and motivation and more technical and professional aspects. The evaluation of "soft skills", for both junior and senior positions, reflects the key skills expected of the various segments of the organization's personnel, as specified by the Group's leadership model. The efforts of the Hiring unit to promote and enhance Enel's image as an employer of choice within the most valued segments of the job market enabled the Company to be named a "top employer" in Italy by the CRF Institute for the third year in a row.

In order to promote the development of international career paths, emphasis has been placed on the process of mobility, which, in line with the corporate management model, resulted in the publication of 15 job postings for management positions (vice presidents and directors) and a further 35 non-management positions to be filled within the Group. The process involved a total of some 500 personnel from all Enel Divisions and various countries, who chose to submit applications for the available positions.

Development

Development efforts mainly focused on improving existing processes, namely: the performance management system; the talent management system; and making use of the results of the 2010 climate study.

The performance review process, which involved some 28,000 people, was centered around greater transparency of the process as a whole as well as of the aspects evaluated and related results achieved. The implementation of an analogous form both for self-assessment and evaluation by one's supervisor, aimed at gathering both qualitative and quantitative performance data, sought to make the evaluation purpose and criteria clearer and to facilitate discussion between employee and supervisor. In addition, in order to ensure greater equity, the balancing process has been made more effective. The content of this process is guided by the line units, and the process itself is guaranteed by Human Resources and Organization function with regard to compliance with the process guidelines and rules. Finally, the person evaluated now has full access to the entire evaluation at the end of the feedback phase.

This reformulated performance review process is the tool which the organization has used in order to deal with issues such as quality, responsibility and evaluation relevance, and this can be seen in the numbers. The percentage of evaluations completed in 2011 is very high (at over 99% of the total) and in line with the figures for 2010. More people took the opportunity to self-evaluate – about 5% more than last year (68% in 2011 vs. 63% in 2010) – and the process was found to be more efficient and of higher quality, including a significant (50%) reduction in forms changed after the balancing process.

As in 2010, the Group's first and second-line managers were involved in performance evaluations using the Feedback 360° process, with a total of 180 people being evaluated.

Regarding the assessment of technical skills and knowledge, within the Administration, Finance and Control family, employee evaluations were completed with the extension of the process to Endesa (some 900 people), and the Energy Management area was involved for the first time following completion of the professional system concerning this area (about 400 people).

Evaluation of skills and performance was conducted in the various areas in which the Enel Group is present, with a total of more than 46,000 people evaluated.

During the year, the Global Professional System (GPS) was

also launched with the goal of establishing a global catalog at the Group level of the technical/professional skills of each family and professional area, representing a tool that focuses on the skills present in the Group in an integrated, global manner.
In 2011, objectives, timeframes and working methods for the future development of the project were defined based on past experience. An initial deployment of the project will come in 2012 in two of the Group's core professional areas: Generation and Engineering and Construction. Also in 2012, the "key professional roles", i.e. the roles within the Group that will represent the top of a technical career path due to their impact on Enel's business and the high level of skills required, will be defined for each professional area.

Furthermore, the access criteria for the talent management system have been updated based, in part, on the Group's new management model, and a single system for the Group has been defined in line with the "One Company" process as follows: Pool 1, comprising up-and-coming managers who, over the medium term, may hope to become senior vice-presidents or executive vice-presidents; Pool 2, comprising aspiring managers currently in pre-managerial, coordinating roles or roles that require high levels of technical and professional skills; Pool 3, comprising younger employees who show a great deal of potential. For all targets, the access requirements include having received a very positive evaluation in recent years, having good command of English, and wanting to grow through experience in other areas of the organization and/or in other countries.
In line with previous years, the Leadership for Energy: Executive Program (LEEP), one of the most prestigious training programs organized by Enel and held at the Harvard Business School, is dedicated to Pool 1, while the Leadership for Energy: Management Program (LEMP), held at SDA Bocconi and IESE, is dedicated to Pool 2.

Finally, with regard to company climate, the latest results of the study compared with those of previous years have largely cascaded through the various Divisions of the Group, including at the micro level of the organization through the efforts of local managers.
Participation in the third climate study was high (82%), and the results, when compared like-for-like with those of the 2008 climate study, show a significant improvement in the various aspects of life within the Company, namely: involvement, alignment, operational excellence, change management, meritocracy, trust, and a sense of belonging. Overall job satisfaction was expressed by 69% of those surveyed, while 87% felt that their responsibilities are clear. In 2011, the results of the climate study and the actions for improvement were the subject of workshops, which saw the participation of 660 local managers throughout the Group in May and June.
Following this process, plans were made for 1,817 actions for improvement to be implemented from now until the next (i.e. the fourth) climate study to be conducted at the end of 2012. Of these, more than 95% were begun in 2011.

Training

The introduction of the new management model led to the need to revise the Leadership Curriculum in terms of its structure and the topics covered. Therefore, Enel University has created a new offering of training programs in order to meet the needs of the various targets of this new management model, while focusing on supporting performance and promoting adequate participation in filling the new position in the organization.
This offering now includes the existing programs, the content of which has been revised in accordance with company priorities, along with entirely new programs, which have already been defined in terms of their general content and overall structure.
For the JET International and Welcome to Enel programs (both designed for new hires) and for the programs for new professionals and resource managers, the learning modules have been updated, and the Post-Performance Review programs for middle management and office staff have been revised with updated topics and titles.

Finally, in addition to the existing technical and functional academies (Procurement, Administration, Finance and Control, Legal, Engineering), a Safety Academy has been launched, and the architecture has been designed for an Energy Management Academy.

Compensation and incentive systems

The compensation policy for 2011 remained consistent with the rationale and philosophy adopted in previous years. As is done every year, appropriate external benchmarks were chosen and the necessary steps were taken to ensure that compensation levels remained competitive.

Selective changes were made to fixed remuneration, thereby confirming a merit-based policy aimed at rewarding "high-value" skills within each professional family.
With regard to short-term incentives, management by objectives (MBO) was confirmed as the leading tool, involving about 98% of senior management and 19% of middle management in Italy. For the commercial segment, the commercial incentive system remains the primary short-term incentives mechanism.

Workplace health and safety

The strategy that Enel has adopted since 2008 to improve the standards of workplace safety is embodied in the Nine Points Safety Improvement Plan, an innovative project based on the keen commitment of the company's senior management and on the adoption of an interfunctional approach to safety. Over the last three years, the Nine Points project has produced an important shift in corporate culture and has contributed to the revision of the main company processes with a greater focus on safety. The nine project teams have identified key approaches to intervention, which have thereby become a part of Company processes and consolidated standard practice.
The lines of action that guided efforts in 2011 centered around the promotion of safe conduct, a greater emphasis on prevention in safety management, and the consolidation of safety-related aspects in tender processes.
In 2012, the Nine Points plan will continue evolving from a project to a company process following along new lines of action, and a new initiative, One Safety, will begin for all Divisions. This new project will seek to promote a coordinated, synergistic commitment to achieving significant improvement on the road towards the goal of "zero injuries". The CEO is highly committed to this project, which focuses on two main goals: the promotion of safe, responsible conduct and the strengthening of safety leadership.
In 2011, much emphasis was placed on promoting a culture of safety and safe conduct through targeted safety-awareness projects and initiatives. Prevention in safety management was enhanced with the dissemination of the "pre-job check", a meeting held before the start of a job that seeks to ensure that all team members have been informed of the risks related to the job to be performed and of the procedures to be followed in order to do the job safely. In addition, awareness videos and other campaigns have been created to promote the process of reporting and managing near misses(1) along with videos, manuals and pamphlets providing information about the various health and safety processes.
A new section of the Company intranet, Global Health and Safety, was launched in December. The site is used to disseminate information and deliver tools and services related to health and safety, so as to increase employee awareness and contribute to creating value in the area of safety through the corporate network. The new site contains a section dedicated to prevention in healthcare, diet and wellbeing, so as to promote a healthy lifestyle both at work and in our daily lives. This year, a great deal of emphasis has been placed on health in order to underscore how Enel is committed to promoting a healthy, responsible style of living.
Finally, electricity-risk campaigns have been launched in order to increase the awareness of those outside the Company who may accidently come into contact with power lines. In particular, pamphlets have been distributed to fishermen and to construction companies that use cement mixers.

The month of November 2011 featured the fourth edition of International Safety Week, a worldwide project with the organization, throughout Enel, of training and awareness campaigns related to health and safety involving Enel employees as well as contractors and the community at large, so as to promote a unified vision and single approach to safety throughout the organization and the context in which we operate. The 2011 edition featured 1,607 initiatives, an increase of 20% from the previous year, and saw the participation of 82,323 people from around the world. This fourth edition of ISW was also special for the medal given by Italian President Giorgio Napolitano to Enel CEO and General Manager Fulvio Conti in recognition of the great symbolic value of the initiative.

Another line of action of the Nine Points project in 2011 regarded the efforts to increase the importance of safety in tender processes. To that end, work continued to implement the model of evaluating and selecting suppliers, which establishes specific, strict safety requirements, and greater involvement of safety-related personnel in the evaluation and selection process has been promoted. Internationally in particular, efforts have continued to im-

(1) An unexpected work-related event that did not cause an injury or work-related illness but could have done so. Only a lucky interruption of the chain of events prevented the accident from happening.

plement and extend vendor rating systems, which make it possible to follow the same evaluation procedures for all Group suppliers.

The system of penalties for contractors for serious safety violations has also been revised to include a set of penalties that are proportionate to the seriousness of the violation as well as specific penalties in the event of accidents where the contractor is shown to be at fault. In addition, a sub-contracting policy has been established which defines the minimum safety requirements for subcontractors used in executing contracts with companies of the Enel Group and specifies the safety obligations that the contractor and subcontractor are required to observe. Safety controls to be performed when carrying out works have been enhanced throughout the Group with the preparation of specific plans at the Division level.

Beginning in 2012, the Health and Safety Policy document will be distributed to all companies that work for the Group. This document, which is also available on the Procurement portal, seeks to increase contractor awareness of the principles of health and safety that Enel aspires to when carrying out any and all activities both within and outside the organization, so as to share the same safety language with all companies involved.

Safety training efforts for Enel employees also continued throughout 2011. Alongside the more technical courses for employees involved in the company prevention system (i.e. RSPP, ASPP, RLS, CSP/CSE), safety leadership courses were conducted in collaboration with Enel University. The goal of these courses is to promote greater awareness among managers in taking responsibility for safety issues related to their roles and to promote a vision of safety as an element of competitiveness and an opportunity to improve life within the organization. Courses for new hires have also been held in order to ensure that safety becomes a part of the cultural skillset of all employees right from the moment they enter the organization. This year in particular, the “Six Months in Safety” training and development program for new hires became fully operational. This is a program that seeks to increase safety knowledge and skills through a period of six months spent in safety training with both in-class and on-the-job training.

The Safety Academy was also launched in order to create a training system aimed at increasing the technical and professional knowledge that safety employees need and to develop a number of key behaviors that are typical of the Safety professional family.

Several training initiatives regarding safe driving have

been organized as well, including an online course for all employees and a program of on-track courses designed, above all, for those who frequently use a company car in their jobs.
Finally, as part of the search for alternative training methods, the project "Play Safe: play is a serious thing" was launched in collaboration with the EXPLORA children's museum in Rome. This training program is intended for

non-operational personnel and uses games and other fun activities to discuss and better understand the key safety aspects of related laws and regulations.

Work has continued on the automation/computerization of processes within the Health and Safety Program. This project is aimed at implementing a group-wide information system, integrated with SAP HR Global, that is able to centralize the reporting, monitoring and analysis of safety data. In 2011, the project was launched in Russia (International Division) and in Enel Green Power North America (Renewable Energy Division). In 2012, the system is expected to be implemented in Romania (International Division) and in Enel Green Power Latin America (Renewable Energy Division) and then gradually throughout the rest of the Group by 2015.

In 2011, the reporting process for the leading KPIs was also consolidated in order to promote prevention in safety management processes. This year in particular, the safety KPIs being monitored were supplemented with a number of indicators that focus on safety controls and on non-compliance, so as to ensure greater standardization in the process of measuring and calculating KPIs throughout the Enel Group.

In 2011, a standardized system of safety incentives, integrated with the current forms of collective incentives, was implemented within the various Divisions and companies of the Group. This system calls for a new indicator based on near misses, which is an essential means of preventing accidents in the workplace and of improving safety standards with the goal of promoting the process of reporting and communication.
Efforts have begun to strengthen the safety controls conducted by the various Divisions and companies by creating dedicated units and strengthening existing processes, so as to continue increasing the effectiveness of the monitoring of safety standards in executing tasks and, ultimately, to prevent accidents.
This year, in order to disseminate the same safety approach in all the countries in which Enel operates, ten operating standards regarding key areas for improving safety processes have been prepared in order to establish a minimum set of measures and procedures to be applied in a consistent manner throughout the Enel Group.
Alongside the implementation of these standards, an awareness campaign is to be launched to support the planned training programs. This campaign will include posters and pamphlets reminding everyone, through high-impact graphics, the most important (golden) rules to be followed. This year, the campaign began with the golden rules for the prevention of electrical hazards.

In 2011, the nine teams of the Nine Points project were joined by a new area dedicated to international deployment in order to facilitate the implementation of the Nine Points initiatives, while also ensuring consistency in application and providing the support needed to accelerate the processes under way, particularly with regard to training, tenders and communication.
Regarding the sharing of experiences, a Best Practices Sharing process has begun between Enel and Endesa aimed at identifying and disseminating best practices within the Group in the Generation and Distribution business areas.

With regard to workplace accidents, the frequency rate fell by 57% from 2007 to 2011, reaching 2.4, while the severity rate fell by 50% from 2007 to 2011, reaching 0.11. This downward trend was also confirmed by the operational accident frequency rate, which focuses on certain types of severe accidents most closely associated with the Company's core business (electrocutions, falling from heights, blows-crushing-cuts, exposure to hazardous agents, and explosions) and which also fell by 57% from 2007.
Serious and fatal accidents [1] involving Enel personnel fell from 109 in 2007 to 12 in 2011, a decline of 89% and those involving the employees of contractors decreased from 108 in 2007 to 46 in 2011, a decline of 57%. In 2011, there was only one fatal traffic accident involving Enel personnel, in this case an employee of the Infrastructure and Networks Division, whereas 7 fatal accidents involved employees of contractor firms – 1 in Italy and 6 abroad.

Enel's excellent performance in the area of occupational health and safety was also very well received by sustainability analysts. Enel has further improved the company's score in the Occupational Health & Safety category of the Dow Jones Sustainability Index compared with 2010 (to 90/100), well above the average for the global electrical utilities industry (65/100) and coming ever closer to best-in-class for the category (98/100).

Labor relations

International operations

In 2011, the labor relations community was established at the Group level. The community created an Enel International Labor Relations Model integrated with the Code of Ethics, the Leadership Model, the Management Model and the corporate social responsibility strategies, with the overall goal of becoming a benchmark for labor relations worldwide.
In 2011, with regard to transnational information and consultation and the activities of the Enel's European Works Council, the "Joint training project for the Enel EWC and the HR managers on a suitable linkage between the national and transnational levels of dialogue within a European framework", as supported by the European Commission, was held, providing an opportunity to discuss and compare all safety and labor relations systems of the EU countries in which the Group operates.
In December, the agreement of Enel's European Works Committee was also renewed for another four years. Some of the main changes included updates to the text of the agreement based on the new Directive 2009/38/EC, the new definition of transnationality, and the establishment of a committee dedicated to safety issues.

Contracts in Italy

In May 2011, the amount of the 2010 company performance bonus was set (100% of the bonus established by trade union agreement on November 13, 2008, in the amount of €855 for the BSS category of workers). In addition, all Divisions completed their reporting on the 2010 targets within the scope of unit productivity/quality. The average overall result was 121% of the base value, which allowed for the payment of an average bonus to BSS category personnel of €1,191, which, when added to the €855 of the general performance bonus, resulted in a total performance bonus of more than one month's salary.
On December 1, 2011, Enel and the trade unions that signed the agreements of May 17, 2011 regarding electricity discounts and measures to support company-level supplemental retirement schemes (FOPEN) took steps to verify the level of employee support for these agreements. The survey found that about 80% of all employees supported them. Accordingly, the documents making the agreements operational were signed, thereby abolishing the electricity discount for employees benefitting from it (those hired prior to 1996). On the same date, measures were implemented to support and promote supplemental retirement mechanisms, both for those hired before 1996, who receive the electricity discount benefit, and for "young" employees (hired after 1996), who receive a payment of €170 a year under a sort of "generational compact".
The bylaws of the Enel Group's supplemental healthcare fund, FISDE (*Fondo Integrativo Sanitario per il Gruppo Enel*), were also revised within the framework of consolidating and further developing the welfare system. The purpose of this revision was twofold: to make the association more solid and efficient on the one hand, which was essential in order to continue ensuring payments to fund participants over time and in an increasingly effective manner; and to extend the population of potential beneficiaries on the other, so as to make FISDE the benchmark in the field of supplemental healthcare plans within the electricity industry.
In November, an agreement was also signed with the

(1) In order to enable a comparison of the figures for 2007 with those for 2011, the number of serious and total accident in 2007 includes those of Endesa. Please see the Sustainability Report 2011 for the criteria used in determining the universe considered.

trade unions regarding telecommuting, which gives Enel one of the most important, effective mechanisms within the broader concept of work-life balance.

Finally, in December, the new rules governing the financial and organizational aspects of the performance bonus were signed with the trade unions, the most significant changes to which concerned the following:

> the reallocation of funds among the two bonus components in favor of incentives for productivity/quality/competitiveness;
> a significant decentralization of management of these productivity/quality/competitiveness incentives towards the territorial units;
> the recognition of the different contributions of individual workers to achieving the collective targets.

At the national level, various activities were carried out within the Divisions, which were then implemented at the territorial level. For example, on May 11, 2011, the Infrastructure and Networks Division, together with the national trade unions and within the scope of Project VELE, aimed at recovering electricity on the grid by detecting and preventing energy fraud and theft, redefined the rules governing the financial and organizational aspects of the treatment of employees who travel for work and updated the additional bonus in order to promote the achievement of the project's results.

Finally, in 2011, within the scope of Enel's long-standing system (set out in the labor relations protocol) of proactive dialogue (with the trade unions in the event of changes in organization), numerous discussions with the trade unions regarding the adjustment, renewal or consolidation of the organizational structure of certain Divisions and companies within the Group were carried out.

Staffing levels

As at December 31, 2011, the total workforce of the Enel Group numbered 75,360 employees, of which 38,518 employed by Group companies abroad. In 2011, the workforce declined by 2,953 employees as a result of net new hires and terminations (-491) and changes in the scope of consolidation involving a number of Group companies (-2,462). In Italy, terminations were primarily the result of early retirement incentive schemes.

The most significant changes in consolidated companies for the period were as follows: the disposals of CAM, Synapsis, Enel Operations Bulgaria, Enel Maritza East 3, and 51% of Hydro Dolomiti Enel. Other factors include the change in the method used to consolidate Enel Unión Fenosa Renovables (from proportionate to full line-by-line) following the transfer of the assets classified as "Held for sale", as well as the disposal of Deval and Vallenergie in December.

Changes in the total number of employees with respect to December 31, 2010 are summarized in the table below:

Balance at Dec. 31, 2010	78,313
Changes in the scope of consolidation:	
- Acquisitions	-
- Disposals	(2,462)
Hirings	4,230
Terminations of employment	(4,721)
Balance at Dec. 31, 2011 (1)	**75,360**

(1) Includes 113 in units classified as "Held for sale".

Customers

The leadership of a company like Enel necessarily passes through customer care and attention to quality service. In Italy, since 2009, the Passion for Quality program has sought to improve every aspect of our sales service by impacting a range of areas.

During the year, the Sales Division dedicated its efforts not only to monitoring all of the traditional performance indicators, which are linked to service levels and productivity achieved by the customer service team, but also to monitoring customer perceptions of the service received. The main objective is to make the customer an integral part of the internal control and performance evaluation system for the services offered.

This prompted the implementation of the Customer Satisfaction Evolution initiative within the Passion for Quality program. The initiative is intended to revise the current approach to measuring customer satisfaction, with a particular focus on the sample being analyzed, the segmentation of information and the survey methodology.

The new model seeks, among other things, to forecast the satisfaction level of customers calling the contact center, which the Authority for Electricity and Gas measures every six months, taking advantage of the statistical correlation with the monthly "Enel" index. This correlation is useful for assessing the impact of improvement actions in terms of service quality and accessibility.

During 2011, other initiatives were put in place to improve our relationship with customers:

> numerous "self-care" services were implemented (via text messaging, the website or phone), such as requesting installment payments or viewing the state progress of the service activation process;
> "Vocal Ordering" was extended from customer acquisition processes to after-sale processes, such as account transfers, changing available capacity and product changes. This tool makes it possible to record the acceptance of contract terms by customers without having to mail in physical documentation, thus reducing processing times for requests;
> a series of initiatives aimed at the Enel retail outlets were implemented, with the aim of making this contact point for the customer more reliable, efficient and effective, not only with regard to account management but also for sales;
> simultaneous interpreting service was introduced at some retail outlets. Available in 10 languages – English, French, Spanish, Chinese, Arabic, Russian, Romanian, Punjabi, Albanian, Serbian and Croatian – the service enables customers and help staff to talk with the aid of a third party operator, who provides simultaneous interpreting remotely. During 2012, the initiative will be extended to all Enel retail contact outlets.

Constant monitoring of complaints and requests for information also continues, helping to understand and monitor customer perceptions and any problem areas. Enel analyzes all reports from customers and is committed to implementing the necessary steps to mitigate any difficulties, providing comprehensive information about the incident and the actions taken.

For further details on all the customer-related initiatives and projects throughout the Group, please see the 2011 Sustainability Report.

Alternative dispute resolution

Enel was the first energy company in Italy and Europe to adopt a joint conciliation procedure with consumer groups for billing disputes that may arise with its customers. It is a quick, completely free procedure conducted online that allows customers to resolve commercial issues with the Group companies that are involved in electricity sales in Italy (Enel Energia and Enel Servizio Elettrico) without having to go to court.
The project was initiated in 2006 with the signing of a Protocol of Conciliation between Enel and the consumers rights associations belonging to the National Council of Consumers and Users (CNCU), a body established by the Ministry for Economic Development in July 1998. After a period of testing and numerous training courses, funded by the Authority for Electricity and Gas, since 2009 the implementing rules are now in force throughout Italy, providing access to the procedure for the more than 28 million customers of Enel Servizio Elettrico and Enel Energia for disputes concerning the supply of electricity and gas for residential use, through the authorized local offices of the consumer associations.
In 2011 testing began for a similar procedure for non-residential customers, in collaboration with the six most representative confederations of small and medium-sized enterprises in Italy: Confartigianato, CNA, Confapi, Confagricoltura, Confcommercio and Confesercenti. At the end of the experimental phase, the business customers of Enel Energia and Enel Servizio Elettrico throughout Italy will have access to the online conciliation procedure.
Of the 1,392 conciliation proceedings initiated in 2011, 252 concerned electricity customers of Enel Servizio Elettrico, 725 gas customers of Enel Energia and 289 electricity customers of Enel Energia. In 70% of cases, the disputes concern complaints about the billing of energy consumption.

Society

The Enel Group's involvement in the Global Compact LEAD

The Global Compact is a United Nations action program for the private sector launched in 2000 by the Secretary General of the United Nations. The network of companies, international organizations, associations and NGOs participating in the program seeks to involve the private sector in a new approach to cooperation, with members pledging to comply with ten principles on respect for human and labor rights, environmental protection and the fight against corruption.
Since 2004 Enel has been an active member of this international network, communicating its efforts through the annual Communication on Progress report.
Since January 2011, Enel, together with Endesa, has also been participating in the Global Compact LEAD initiative, which brings together the leading corporate proponents of the ten principles, companies that are involved in lead-

ing new initiatives for global sustainability.

Within the scope of its participation in the Global Compact LEAD, during the UN Private Sector Forum held on September 20, 2011 in New York, the CEO and General Manager of Enel, Fulvio Conti, launched the Group Enabling Electricity program.

Enabling electricity

Electricity is an extraordinary engine of growth and prosperity: it can increase industrial and agricultural output, create jobs, improve education and medical care and open up new opportunities for development for all. And yet, as underscored by the International Energy Agency, 1.3 billion people around the world do not have access to electricity. This represents one of the main obstacles to reducing poverty and achieving the Millennium Development Goals of the United Nations.

To meet this challenge, the UN Secretary General, Ban Ki-moon, has dedicated 2012 to the fight against energy poverty, declaring it the "International Year of Sustainable Energy for All", and setting specific objectives for the coming years in order to narrow the energy divide.

Enel wants to contribute, ensuring access to energy where it is not yet available through the Enabling Electricity initiative. The program focuses on two targets: i) people living in isolated areas; ii) disadvantaged communities in peripheral, rural and suburban areas.

The program is based on three pillars:

- projects aimed at easing access through new technologies and infrastructure;
- project to remove economic barriers in low-income areas;
- projects to build and share key skills and knowledge through technical training and the creation of professional competences.

From this standpoint, delivering electricity is more than just a service: it can create the foundations for the very development of people and communities.

The relationship with local communities

Strengthening the Group's leadership necessarily involves forging a responsible partnership with the local communities and areas in which our power plants are located, credibility in relations with the governments and authorities in the countries in which we operate and a stable, ongoing and integrated relationship with all stakeholders, based on trust and respect for shared values.

Every infrastructure project, whether the construction of a major power plant or an electricity grid, is the product of a strategic assessment in which institutions, enterprises, associations and communities are involved from the very start, with the goal of achieving common benefits in terms of development and well-being at both the global and local levels.

This assessment is conducted through a detailed study of the territory and its inhabitants, in order to respond most effectively to any needs and problems associated with environmental protection, health, socio-economic development and maintaining a balance among all productive activities, respecting the territory's existing fabric. In this way, Enel ensures that stakeholders participate in strategic decision-making and involves them in solving what would otherwise be unsolved problems.

From the start of the authorization process, Enel identifies all the stakeholders in the project through detailed, monitored mapping that also draws on media and Internet analysis. A targeted dialogue is established with individual interest groups, institutions, the public, the business community, associations and committees in order to explain the project and its possible impact on the territory clearly and rigorously, surveying the positions, doubts and needs of the various segments of the community.

Each project is explained with the support of informational materials that clarify the needs, objectives, costs and benefits of the initiative and the process that will be followed in agreement with the actors involved. The approaches used in this dialogue are varied, and depend on the context involved: from public meetings to focus groups, meetings with community leaders and interaction through social media (Facebook, Twitter).

The constant dialogue with stakeholders is continued throughout the authorization process required for the development of a major infrastructure project, which calls for the preparation of environmental impact studies and other studies necessary to obtain an Integrated Environmental Authorization, as envisaged by law. In this context, Enel fosters a flexible and dynamic relationship with stakeholders: the consultation phase that accompanies the Environmental Impact Assessment is intended to evaluate the direct and indirect environmental effects of a project upstream of the implementation phase, and is a crucial dialogue process, during which any issues are analyzed and discussed.

Enel continues to maintain close relations with local communities during the construction and operation of its plants. Measures to control and assess environmental impact are taken, especially with regard to atmospheric emissions, and framework agreements are drafted with the regional and local governments involved in order to mitigate any adverse impacts through technical and environmental measures. Protocols are agreed with local authorities to leverage the areas where plants have an especially heavy impact, with the creation of forums devoted to safeguarding local businesses and the environment, where all the sectors at risk can discuss the issues they face.

Education, science, information

Enel has long promoted a culture of environmental sustainability and the informed use of resources, both through dedicated initiatives and investment in research and the dissemination of scientific knowledge with a broad range of target populations.
Enel introduces young people to the world of energy, helping them understand the sources of energy, generation plants and the path electricity takes to get to their home, with a view to increasing their awareness and critical skills, nudging them towards sustainable decisions and behavior.
Energy, science, technology, environment: these are the key works of the "PlayEnergy" initiative, a free project combining entertainment and education that Enel has been organizing for the last 9 years in classrooms in 10 different countries, all with the goal of disseminating a responsible energy culture among young people, starting with knowledge to enable responsible decision-making. This commitment is renewed each year, involving thousands of students of all ages with the use of on- and off-line materials and local initiatives.
Enel also publishes *Oxygen*, the quarterly magazine devoted to promoting scientific thought and debate, with a focus on the environment, energy, innovation and recent developments in these areas. The journal consists of some 100 pages that treat technical and scientific issues with extreme clarity. Above all, this means addressing issues of interest to sector professionals and the broader reading public, in order to facilitate the integration of science and society.
Numerous initiatives are targeted at families, such as "Incredible Enel", the touring exhibition that tells the story of energy in all its forms through games, events, debates, scientific experiments, musicals and interactive exhibits, representing a popular science experience without equal in Europe. Another example is the Milan flagship store, a showroom with more than 700 square meters of space dedicated to the world of energy, its sources and its technologies, renewing and expanding our relationship with customers through a variety of approaches, including advanced interactive technologies.

Sustainability Day

The issues addressed during the second Sustainability Day included the duty of enterprises to adopt and promote globally-shared ethical and social values in a world buffeted by increasingly rapid change, as well as the need to integrate business and sustainability to forge new values that sustain trust and confidence in how companies operate.
Enel's Sustainability Day is an annual opportunity to promote the culture of corporate responsibility, leading to an innovative approach to conceiving corporate sustainability at the global level. The second edition of the event was held at the Madrid headquarters of Endesa on February 15, 2011. It brought together international experts, ethical fund managers, and representatives of civil society and international institutions with the aim of developing new global strategies for sustainable growth. An exhibition of the most important sustainability projects undertaken by Enel and Endesa was held outside the auditorium: from investment in research and innovation to examples of dialogue with local communities, respect for the environment and corporate governance initiatives.
The second Sustainability Day was transmitted on line, giving the audience the chance to interact through Twitter with the many speakers representing the various stakeholders. A special issue of *Oxygen* devoted entirely to CSR was published for the occasion (info: www.enelsustainabilityday.com), and for the second year in a row the Economist Intelligence Unit was commissioned to conduct an international survey of CSR, entitled "The Sustainable Future".

Climate strategy and the environment

Climate change

Enel recognizes the importance of the fight against climate change and has long initiated action to reduce greenhouse gas emissions in all countries in which it operates. The Company participates in the European Emissions Trading Scheme (EU ETS) and, through Eurelectric, has promoted an initiative to transform the European electrical sector into a carbon neutral industry by 2050, in line with the roadmap for a low carbon economy delineated by the European Commission. Decarbonization requires the development of an integrated long-term strategy and major investment. Enel's commitment to the fight against climate change involves five lines of action:

> using the best technologies available for thermal generation;
> developing zero-emission sources (renewables and nuclear power);
> promoting energy efficiency along the entire value chain: from generation to distribution and end users;
> research and innovation;
> reducing CO_2 emissions through projects in the developing countries, using the market mechanisms introduced by the Kyoto Protocol.

Compared with 1990, Enel has reduced its CO_2 emissions per kWh generated by more than 30%. In the long term, even greater reductions will be possible if supported by a stable regulatory framework that directs more investment into low-emissions technologies.

Renewables

For Enel Green Power, the Group company dedicated to renewable energy sources, the first year after its listing on the stock exchange was marked by the consolidation of its leadership in the sector, with achievement of the operational and financial objectives announced to investors.

The growth strategy of the Renewable Energy Division has two elements: using the full range of available technologies (hydroelectric, solar, wind, geothermal and biomass) in order to avoid depending on a single resource, and geographical diversification. This approach enables Enel to

mediate between the varying economic performance of different countries and between different political/regulatory policies.
As laid out in the business plan, the Division also completed the launch of an integrated program of activities in the entire photovoltaic segment. In its joint venture with Sharp e STM, work was completed on the manufacturing facility for the production of photovoltaic panels, with full operations scheduled to begin by the end of the year.
The second joint venture with Sharp (ESSE) became fully operational and is pursuing the development of solar generation activities in the EMEA area (Europe, Middle East and Africa). In addition, the Division will directly pursue the expansion of its photovoltaic generation capacity in the geographical areas in which it operates.
During the year, the Division also completed the strategic repositioning of Enel.si in the retail photovoltaic and energy efficiency market.
In 2012, the Division will continue its efforts in research and development of innovative technologies, devoting great attention to environmental and workplace safety issues.

Nuclear power

Group nuclear policy

The Group's commitment to the safe management of its nuclear power activities was clearly underscored in December 2010 with the approval by the Board of Directors of its Nuclear Policy, which was published on the Company's website.

The policy is intended to guarantee that all nuclear power investment projects in which the Group participates as a majority or minority shareholder are conducted with overriding priority given to nuclear safety and the protection of workers, the general public and the environment, encouraging excellence in all activities and going beyond mere compliance with applicable laws and regulations, as set out in the text of the policy itself:

"Through its investments in nuclear technologies, Enel publicly commits itself as a shareholder to ensure that its nuclear facilities adopt a clear nuclear safety policy and are operated with overriding priority to nuclear safety, the protection of nuclear workers, the general public and the environment from risk of harm. The policy in respect of nuclear safety is to encourage excellence in all plant activities and to go beyond compliance with applicable laws and regulations and to adopt management approaches embodying the principles of continuous improvement and risk management.
Enel will ensure to the full extent of its powers as a shareholder that even nuclear plants where Enel has a minority interest have adopted and published suitable policies for nuclear safety, radioactive waste management, the physical security of nuclear assets, and the protection of workers, the population and the environment. Enel commits to provide sufficient resources to implement the safety policy. Enel also commits to a cooperation policy on safety in the nuclear industry worldwide".

Application of the policy is ensured by the Nuclear Safety Oversight unit. In addition, environmental performance and radioprotection of workers is monitored continuously by the Environmental Radioprotection and Authorization unit through the Radioprotection Survey Network.
In March 2011, thanks to the publication of the information on the nuclear policy, management system and performance indicators, Enel was the only multi-utility with nuclear generation assets to be readmitted to the FTSE-4Good index.
For more information on Enel's nuclear power performance, please visit http://www.enel.com/it-IT/sustainability/our_responsibility/enel_nuclear/.

Nuclear power in Italy

The referendum to repeal the law allowing nuclear power in June 2011 essentially rendered the development of a nuclear power program in Italy impracticable, at least in the short term. As a result, the purpose of the joint venture established by Enel and EDF in July 2009 (Sviluppo Nucleare Italia), consisting in the development and construction of at least four nuclear reactors (EPRs), was rendered inoperative. Accordingly, in December 2011, Enel and EDF decided to terminate all the agreements concerning the Italian nuclear power project. EDF also sold Enel its 50% stake in Sviluppo Nucleare Italia Srl, which is currently entirely owned by Enel Ingegneria e Innovazione.
There have been no changes in the national energy strategies of the other countries in which the Group operates, and so the Group's nuclear power development policy has remained substantially unchanged.

Water scarcity

Enel is aware that the efficient management of water resources is of central importance for maintaining biodiversity and for the development and welfare of society. In order to avoid potential water stress due to high consumption compared to the natural flows available locally, Enel constantly monitors all generation sites in areas at risk of water scarcity, with its activities involving the following stages:

> mapping of areas of potential "water scarcity": in the case of countries whose average per capita renewable water resources are lower than the benchmark set by FAO, special software developed by the World Business Council for Sustainable Development is used to identify any production sites located in such areas of scarcity;
> identification of "critical" production sites, i.e. those with fresh water supplies;
> more efficient management by making changes to plants or processes to maximize use of waste water and sea water;
> monitoring of climate and vegetation data for each site.

The monitoring activity found that no Group production site was affected by particular scarcity issues.

Biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy. The Group promotes a number of projects in Italy and abroad, with the aim of supporting the preservation of ecosystems and the natural habitats of the different territories in which it operates.

In most cases, strategies taken by the Group to protect biodiversity and the specific actions and plans have been voluntary or incorporated in agreements reached during the permit process for the construction of plant.

For each installation, the proximity of protected areas has been monitored, identifying for each the reasons for protection, the valuable ecosystems, biotopes and the endangered animal or plant species to be protected. Knowing what species are present in a given area makes it possible to find those on the "Red List" of the International Union for Conservation of Nature and Natural Resources and, in relation to the level of risk involved, take any necessary protective measures.

In designing plants, Enel conducts impact studies to systematically evaluate the effects of their operation on the natural environment, developing solutions to compensate for or improve the original environment. The studies also assess safeguarding ecosystems and the migratory flows of fauna, and identify the best solutions for the structure, size, materials and components of the infrastructure. For grid structures, consideration is also given to the geometry of pylons, and insulated cables, which have a lower impact on the landscape and the fauna, are gradually being adopted.

As regards plant operations, in many areas, in agreement with local authorities, independent experts perform biomonitoring studies of the land, rivers and sea in order to assess the impact of operations on biodiversity and the adequacy of the compensatory or improvement measures taken.

From an operational point of view, a range of precautions are taken, such as reducing water intake and discharge and mitigating the noise produced by equipment. Release of water from dams helps maintain more constant flows of water through intermittent streams, thereby sustaining the biodiversity of aquatic ecosystems. Reservoirs also function as wetlands, facilitating bird migration.

Within the scope of the environmental management systems adopted by Enel in conformity with the ISO 14001 standard, periodic assessments are conducted of the impact on biodiversity and analyses are performed to determine potential risks, with initiatives to raise employee awareness of the issues involved.

To date, no monitoring campaigns have found any adverse impacts on biodiversity and all have verified the appropriateness of the measures taken to avoid the negative effects of atmospheric emissions, thermal discharges and noise, and the maintenance of distribution line corridors. The ecosystems have always been found to be in excellent condition and are often actively monitored by Group companies through agreements with local agencies and organizations.

Research and development

In 2011, the Enel Group spent about €97 million on developing and demonstrating innovative technologies in the fields of fossil-fuel power generation (with a focus on CO_2 capture and storage, hydrogen, emissions reduction, and increasing power plant efficiency), renewable energy (with a focus on innovative photovoltaic and thermal solar, geothermal, wind, sea power and biomass), energy storage, energy efficiency combined with distributed power generation, smart grids, electric mobility, green ports and cybersecurity/zero accident plants.

Research and innovation efforts fall within the scope of the Technological Innovation Plan, which sets out a comprehensive framework for strategy and the research and innovation projects developed within the Group. The plan was developed in cooperation with Endesa, coordinating with all Group companies, and is intended to increase competitiveness and strengthen the Group's technological and environmental leadership.

Efficiency and reducing emissions at thermal plants

Traditional energy sources (such as coal and natural gas) will continue to play a key role in satisfying the growing global demand for electricity in the coming decades. As such, it is necessary for these power generation technologies to become increasingly compatible with environmental needs, even eventually reaching the zero-emissions goal. Enel is among the cutting-edge companies studying and

demonstrating carbon capture and sequestration (CCS) technologies, focusing on capturing coal plants' CO_2 emissions (post-combustion capture), on innovative oxygenated coal combustion technologies, and technologies for the gasification of fossil fuels (pre-combustion capture) and on CO_2 storage solutions.

Post-combustion CO_2 capture and storage

In 2010, construction was completed on the pilot integrated carbon-capture system installed at the Brindisi plant, which was inaugurated on March 1, 2011 in the presence of the EU's Energy Commissioner. This pilot system, one of the first of its scale in either Europe or the rest of the world, will enable the treatment of 10,000 Nm^3/h of emissions (equal to about 3.5 MWe) and permit optimization of the capture process, with the testing of innovative sorbents, thereby augmenting Enel's know-how in preparation for the construction of the industrial-scale demonstration plant.

Oxygenated combustion

CCS with oxygenated combustion at ordinary atmospheric pressure is primarily being developed by Endesa with its Compostilla demonstration project. The 30 MWt pilot system was completed at the end of 2011, with experimental operation to begin subsequently.

Pre-combustion capture

In the area of pre-combustion capture, which uses fossil fuel gasification technologies, Enel has focused on systems for generating power using the hydrogen produced by the separation process. In 2011, the 16 MW hydrogen-fueled plant in Fusina (Venice) operated for more than 1,000 hours. The next stage will involve the fine-tuning and testing of a new burner developed in collaboration with GE, with the goal of reducing NO_x emissions below 100 mg/Nm^3.
Coal gasification was also pursued at the Group level through the joint participation of Endesa and Enel in the Elcogas plant in Puertollano, Spain.

CO_2 storage

In addition to the characterization and preliminary selection of areas suitable for construction of the site for the permanent geological storage of the CO_2, studies were begun on its use in biochemical processes.
As regards the biological capture of CO_2 using algae and the developing the bio-refinery concept, a 500 m^2 pilot photo-bioreactor has been built at the Litoral de Almería (Andalusia) coal-fueled plant.

Improving efficiency and containing emissions

Increasing the efficiency of thermal plants is a crucial enabling factor for improving environmental performance and for developing CO_2 capture and storage technologies. The main initiative now under way is the ENCIO project, which will involve the construction of a pilot facility at the Fusina plant for the testing of innovative materials able to reach operating temperatures and pressures (700 °C and 365 bars) well in excess of current standards, to be used in future coal-fired plants with efficiency rates of up to 50%. This increase in efficiency will enable coal-fired plants to reduce CO_2 emissions by about 15% compared with the most modern plants in operation today.

Smart grids and distributed generation

As regards innovation in distribution, the main areas of interest for the Group are:

> the integration and smart management of distributed energy resources;
> the technological evolution of the grid (energy efficiency, use of the electricity infrastructure);
> standards and infrastructure (interoperability, security and privacy);
> customer empowerment.

With regard to the grid, the Isernia project was launched. The initiative provides for the implementation of a vast range of technologies and services that make it possible to build smart grids today.
In 2011, work continued on initiatives in the European ADDRESS project, of which Enel Distribuzione is the project leader and coordinator. The project envisages the development of a new business model in which the end user plays an active role. The device at the center of the Enel solution to deploy this range of services in the home is the Smart

Info. Thanks to this device, the data handled by an electronic meter can be made openly available for the development of energy efficiency services. An initial example of this potential is the Energy@home project, conducted in collaboration with Telecom Italia, Indesit and Electrolux.

As regards energy efficiency, information exchange with Endesa on the Smart City Malaga project continued. In 2011, nearly all the systems provided for in the project were installed, with completion of the demonstration phase scheduled for 2012.

As part of the Enel Home project, which is aimed at developing value-added services for efficiently managing residential energy usage, a trial of a system to increase customer awareness was begun with 1,800 customers in collaboration with Enel Energia.

With regard to energy efficiency in buildings, a monitoring system was developed and partially implemented for the buildings of the Pisa research center and the building housing the NEST laboratory at the *Scuola Normale Superiore*. The project also receives funding through the European ENCOURAGE project.

Electric mobility

The projects under way in the field of electric mobility continued in 2011, expanding their scope further.

As part of the E-mobility Italy project, developed in partnership with Daimler-Mercedes, work continued on the installation of the home and public recharging infrastructure for the first 100 customers who leased Smart Electric Drive cars in Rome, Milan and Pisa. As regards agreements with car manufacturers, cooperation with the main industry players was expanded, with a view to developing possible integrated solutions for end users.

The commercial and infrastructure development of electric mobility also continued in Spain, leveraging Group synergies to the greatest possible extent. This included the installation of the initial fast-charging infrastructure, which has been integrated, for example, in the Smart City project under way in Malaga.

Initiatives for sustainable mobility also include the Green Ports project, which involves providing an integrated suite of services to reduce emissions in port areas. During the year, the preliminary design for the electrification of the Marittima basin of the Port of Venice was delivered to the Venice Port Authority.

The agreement with Venice joins that already signed with the Civitavecchia Port Authority, for which Enel has already developed a system to supply power to cruise ships berthed at the port, and the agreements with the port authorities of La Spezia and Barcelona. The "Green Ports" initiative is also part of the Smart City projects, under agreements between Enel Distribuzione and the cities and port authorities of Genoa and Bari.

Renewable generation technologies

Thermal solar

The medium/long-term development of concentrating solar power plants (CSP) is increasingly focused on the use of molten salts as the vector fluid for capturing solar radiation and storing energy. Attention is also be devoted to the analysis of technologies that could become commercially viable in the longer term, such as direct steam generation systems or Stirling engines.

Archimede

The first stage of operational testing has been completed, performing at a level close to design specifications. The salts were heated to 540 °C and steam temperatures exceeded 520 °C. Work on optimizing the plant regulation and control system began, in preparation for the construction of large-scale industrial plants and a trial circuit to test low melting point sales (80-140 °C) and innovative components.

Integration of geothermal and thermal solar systems

Work began on the preliminary design of a thermal solar plant integrated into the Stillwater geothermal facility in Nevada in the United States. The plant will exploit the synergies between geothermal and solar power, maximizing the financial return on power generation.

Innovative photovoltaic power

The main photovoltaic research activities are being conducted at the solar power laboratory in Catania, which in 2011 obtained CEI EN 61215 and 61646 certification for the verification of the performance of innovative silicon and thin-film photovoltaic systems. The facility characterized all the main photovoltaic technologies available on the market, both in the lab and in the field, and validated models for forecasting performance in different operating conditions. Work also began under the joint research and testing venture between Enel Green Power, STM and Sharp (3SUN) to test new materials and integrate advanced electronic components.

Generation for remote customers

The design of a system to deliver electricity generated from renewable resources to people living in remote areas that are not connected to the electrical grid was completed last year. The system, the design of which is covered by an international patent obtained by Enel, integrates photovoltaic modules and storage systems. The first prototype was installed in February 2012 at Enel's research center in Pisa.

Diamante

In 2011, Roma Capitale, Enel and the University of Rome "La Sapienza" signed a protocol of understanding for the installation of Diamante, an integrated solar generation and storage system in Rome, close to the Valle Giulia premises of the Architecture Department.

Innovative geothermal

Enel is engaged in the study of a high-performance supercritical organic cycle that will make it possible to build more efficient geothermal plants where low-temperature sources are available. Construction is being completed on a prototype 500 kWe circuit at the Livorno Experimental Site, carried out in conjunction with Turboden and Politecnico di Milano.

Wind

The application of short-term output forecasting tools developed by Enel researchers to all Italian wind plants was completed. The tools are more reliable than any other market solution available today.

Marine energy

Electricity generation from wave and tidal energy has not yet achieved technological maturity and the cost levels necessary for it to be competitive with other sources. Accordingly, Enel undertook an initial study of the most promising areas in Europe and Latin America (Chile) in conjunction with Endesa. Enel also completed the scouting of the most promising technologies under development.

Energy storage

The Enel Group is monitoring and developing technologies available on the market and under development in the energy storage field, with a view to understanding their effective performance and potential for supporting the entire electrical system, from generation to transport, distribution and end users.
In 2011 analysis work was completed on the performance of the first three systems installed at the Livorno test facility (vanadium batteries, lithium ion batteries, ZEBRA). In addition, a hydrogen storage system was also installed. The system incorporates technological breakthroughs that make it a possible candidate for energy storage in the medium/long term.
In Spain, as part of the STORE program financed by the CDTi, Enel and Endesa researchers are working closely together to demonstrate the use of integrated storage systems in grids with a high level of renewable energy generation in the Canary Islands.

Sensible Plant, Zero Accident Plant, Cybersecurity

Enel researchers are studying the actual performance and potential development of advanced sensor, diagnostic and automation applications for the Group's generation plants in order to increase their reliability, safety and efficiency and to reduce accidents during construction, maintenance and ordinary operation.

Transactions with related parties

As an operator in the field of generation, transport, distribution and sale of electricity, Enel provides services to a number of companies controlled by the Italian State, Enel's controlling shareholder. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Energy Services Operator, and the Energy Markets Operator (each of which is controlled either directly or indirectly by the Ministry for the Economy and Finance).

Fees for the transport of electricity payable to Terna and certain charges paid to the Energy Markets Operator are determined by the Authority for Electricity and Gas.

Transactions relating to purchases and sales of electricity concluded with the Energy Markets Operator on the Power Exchange and with the Single Buyer are settled at market prices. In particular, companies of the Sales Division acquire electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Energy Services Operator, in addition to paying Terna fees for the use of the national transmission network. Companies that are a part of the Generation and Energy Management Division, in addition to paying fees for the use of the national transmission network to Terna, carry out electricity transactions with the Energy Markets Operator on the Power Exchange and sell electricity to the Single Buyer. The companies of the Renewable Energy Division that operate in Italy sell electricity to the Energy Markets Operator on the Power Exchange.

Enel also acquires fuel for generation and gas for distribution and sale from ENI, a company controlled by the Ministry for the Economy and Finance. All transactions with related parties are concluded on normal market terms and conditions.

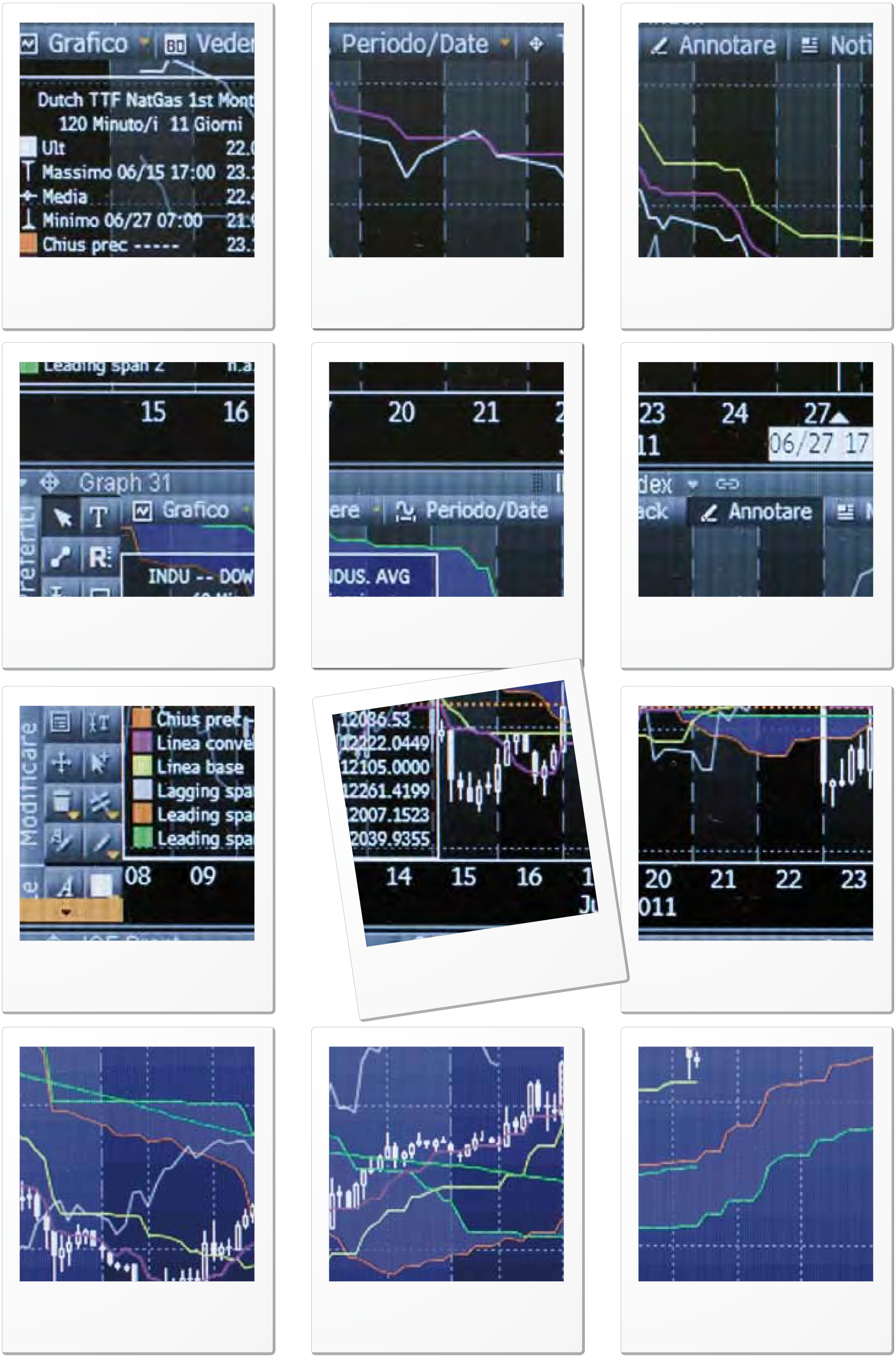
In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties undertaken by Enel SpA either directly or indirectly through its subsidiaries. The procedure (which can be found at http://www.enel.com/it-IT/group/governance/principles/related_parts/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-bis of the Italian Civil Code and the implementing rules established by CONSOB. It replaced, with effect from January 1, 2011, the rules governing transactions with related parties approved by the Board of Directors of Enel SpA on December 19, 2006, in implementation of the recommendations of the Corporate Governance Code for listed companies, the provisions of which were in effect until December 31, 2010.

For more details on transactions with related parties, please see the discussion in note 36 to these consolidated financial statements.

Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	At Dec. 31, 2011		at Dec. 31, 2010 restated	
Financial statements - Enel SpA	2,467	24,190	3,117	24.516
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	28	(77,011)	17	(77,149)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	5,289	76,032	6,864	74,794
Consolidation differences at the Group consolidation level	-	15,359	(426)	15,593
Intragroup dividends	(3,762)	-	(4,406)	-
Elimination of unrealized intragroup comprehensive income, net of tax effects and other minor adjustments	126	220	(776)	235
TOTAL GROUP	4,148	38,790	4,390	37,989
TOTAL NON-CONTROLLING INTERESTS	1,210	15,650	1,283	15,877
CONSOLIDATED FINANCIAL STATEMENTS	**5,358**	**54,440**	**5,673**	**53,866**



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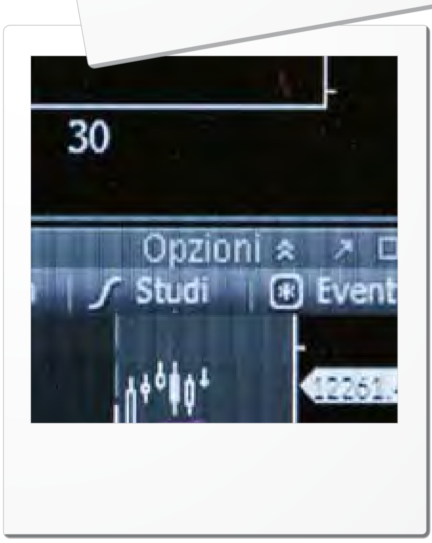
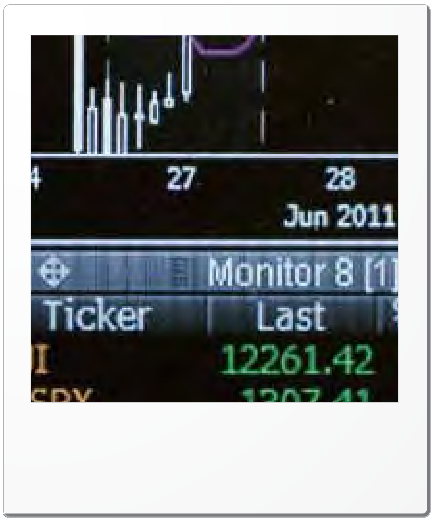
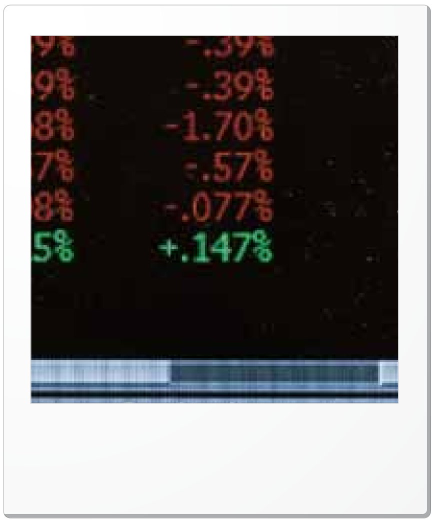
Consolidated financial statements







Consolidated Income Statement

Millions of euro	Notes	2011		2010	
			of which with related parties		*of which with related parties*
Revenues					
Revenues from sales and services	8.a	77,573	*7,455*	71,943	*7,740*
Other revenues and income	8.b	1,941	*208*	1,434	*5*
	[Subtotal]	**79,514**		**73,377**	
Costs					
Raw materials and consumables	9.a	42,901	*9,970*	36,457	*10,985*
Services	9.b	14,440	*2,287*	13,628	*1,928*
Personnel	9.c	4,296		4,907	
Depreciation, amortization and impairment losses	9.d	6,351		6,222	*8*
Other operating expenses	9.e	2,143	*26*	2,950	*3*
Capitalized costs	9.f	(1,711)		(1,765)	
	[Subtotal]	**68,420**		**62,399**	
Net income/(charges) from commodity risk management	10	**272**	*77*	**280**	*8*
Operating income		**11,366**		**11,258**	
Financial income	11	2,693	*29*	2,576	*21*
Financial expense	11	5,717	7	5,774	
Share of income/(expense) from equity investments accounted for using the equity method	12	96		14	
Income before taxes		**8,438**		**8,074**	
Income taxes	13	3,080		2,401	
Net income from continuing operations		**5,358**		**5,673**	
Net income from discontinued operations		-		-	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**5,358**		**5,673**	
Attributable to shareholders of the Parent Company		4,148		4,390	
Attributable to non-controlling interests		1,210		1,283	
Earnings per share (euro)	14	*0.44*		*0.47*	
Diluted earnings per share (euro)	14	*0.44*		*0.47*	
Earnings from continuing operations per share	14	*0.44*		*0.47*	
Diluted earnings from continuing operations per share	14	*0.44*		*0.47*	

Statement of Consolidated Comprehensive Income for the year

Millions of euro	Notes	2011	2010 restated [(1)]
Net income for the year		5,358	**5,673**
Other comprehensive income:			
Effective portion of change in the fair value of cash flow hedges		(161)	307
Income recognized in equity by companies accounted for using the equity method		(9)	16
Change in the fair value of financial investments available for sale		(61)	384
Exchange rate differences		(731)	2,323
Income/(Loss) recognized directly in equity	28	**(962)**	**3,030**
Comprehensive income for the year		**4,396**	**8,703**
Attributable to:			
- shareholders of the Parent Company		3,674	6,145
- non controlling interests		722	2,558

(1) The statement of consolidated comprehensive income was restated to provide a better presentation of the effects recognized the previous year associated with transactions in equity interests without loss of control. For more information, please see note 5 below.

Consolidated Balance Sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2011**		at Dec. 31, 2010 restated (1)	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	15	80,592		78,094	
Investment property		245		299	
Intangible assets	16	39,075		39,581	
Deferred tax assets	17	6,011		6,017	
Equity investments accounted for using the equity method	18	1,085		1,033	
Non-current financial assets	19	6,325		4,701	
Other non-current assets	20	506		1,062	
	[*Total*]	133,839		130,787	
Current assets					
Inventories	21	3,148		2,803	
Trade receivables	22	11,570	*1,473*	12,505	*1,065*
Tax receivables	23	1,251		1,587	
Current financial assets	24	10,466	*1*	11,922	*69*
Other current assets	25	2,135	*71*	2,176	*79*
Cash and cash equivalents	26	7,015		5,164	
	[*Total*]	35,585		36,157	
Assets held for sale	27	381		1,618	
TOTAL ASSETS		**169,805**		**168,562**	

1) The consolidated balance sheet has been restated in order to retrospectively incorporate the effects of the definitive allocation of the purchase price in the SE Hydropower business combination. For more information, please see note 5 below.

Millions of euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2011**		at Dec. 31, 2010 restated [1]	
			of which with related parties		*of which with related parties*
Equity attributable to shareholders of the Parent Company					
Share capital		9,403		9,403	
Other reserves		10,348		10,791	
Retained earnings / (Loss carried forward)		15,831		14,345	
Net income for the period [2]		3,208		3,450	
	[*Total*]	**38,790**		**37,989**	
Non-controlling interests		15,650		15,877	
Total shareholders' equity	28	**54,440**		**53,866**	
Non-current liabilities					
Long-term loans	26	48,703		52,440	
Post-employment and other employee benefits	29	3,000		3,069	
Provisions for risks and charges	30	7,831		9,026	
Deferred tax liabilities	17	11,505		11,336	
Non-current financial liabilities	31	2,307		2,591	
Other non-current liabilities	32	1,313		1,244	
	[*Total*]	**74,659**		**79,706**	
Current liabilities					
Short-term loans	26	4,799		8,209	
Current portion of long-term loans	26	9,672		2,999	
Trade payables	33	12,931	*3,304*	12,373	*2,777*
Income tax payable		671		687	
Current financial liabilities	34	3,668	*2*	1,672	
Other current liabilities	35	8,907	*15*	8,052	*13*
	[*Total*]	**40,648**		**33,992**	
Liabilities held for sale	27	58		998	
Total liabilities		**115,365**		**114,696**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**169,805**		**168,562**	

(1) The consolidated balance sheet has been restated in order to retrospectively incorporate the effects of the definitive allocation of the purchase price in the SE Hydropower business combination. For more information, please see note 5 below.

(2) Net income is reported net of the interim dividend (€940.3 million in both years).

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company				
	Share capital	Share premium reserve	Legal reserve	Other reserves	Other retained earnings
at January 1, 2010	9,403	5,292	1,453	2,260	11,409
Charge for stock options plans for the year	-	-	-	2	-
Dividends and interim dividends (1)	-	-	-	-	(1,410)
Allocation of net income from the previous year	-	-	428	-	4,218
Change in scope of consolidation	-	-	-	-	-
Disposal of equity interests without loss of control	-	-	-	-	-
Effect of SE Hydropower PPA	-	-	-	-	128
Comprehensive income for the year	-	-	-	-	-
of which:					
- Income/(Loss) recognized directly in equity	-	-	-	-	-
- Net income/(loss) for the year	-	-	-	-	-
at December 31, 2010 restated	9,403	5,292	1,881	2,262	14,345
Dividends and interim dividends (2)	-	-	-	-	(1,695)
Allocation of net income from the previous year	-	-	-	-	3,450
Change in scope of consolidation	-	-	-	-	(269)
Disposal of equity interests without loss of control	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-
of which:					
- Income/(Loss) recognized directly in equity	-	-	-	-	-
- Net income/(loss) for the year	-	-	-	-	-
at December 31, 2011	**9,403**	**5,292**	**1,881**	**2,262**	**15,831**

(1) Authorized by the Board of Directors on September 29, 2010, with the ex-dividend date set at November 22, 2010 and payment as from November 25, 2010.
(2) Authorized by the Board of Directors on September 28, 2011, with the ex-dividend date set at November 21, 2010 and payment as from November 24, 2011.

Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using the equity method	Net income for the year	Equity attributable to shareholders of the Parent Company	Equity attributable to non-controlling interests	Total shareholders' equity
(621)	(582)	-	-	8	4,646	33,268	12,665	**45,933**
-	-	-	-	-	-	2	-	**2**
-	-	-	-	-	(940)	(2,350)	(798)	**(3,148)**
-	-	-	-	-	(4,646)	-	-	**-**
-	-	-	-	-	-	-	1,259	**1,259**
-	-	796	-	-	-	796	-	**796**
-		-	-	-	-	128	193	**321**
1,077	662	-	-	16	4,390	6,145	2,558	**8,703**
1,077	*662*	-	-	*16*	-	*1,755*	1,275	**3,030**
-	-	-	-	-	*4,390*	*4,390*	1,283	**5,673**
456	80	796	-	24	3,450	37,989	15,877	**53,866**
-	-	-	-	-	(940)	(2,635)	(719)	**(3,354)**
-	-	-	-	-	(3,450)	-	-	**-**
-	-	-	-	-	-	(269)	(237)	**(506)**
-	-	(47)	-	-	-	(47)	-	**(47)**
-	-	-	78	-	-	78	7	**85**
(336)	(129)	-	-	(9)	4,148	3,674	722	**4,396**
(336)	*(129)*	-	-	*(9)*	-	*(474)*	(488)	**(962)**
-	-	-	-	-	*4,148*	*4,148*	1,210	**5,358**
120	**(49)**	**749**	**78**	**15**	**3,208**	38,790	15,650	**54,440**

Consolidated Statement of Cash Flows

Millions of euro	Notes	2011	of which with related parties	2010	of which with related parties
Net income for the year		5,358		5,673	
Adjustments for:					
Amortization and impairment losses of intangible assets		1,102		999	
Depreciation and impairment losses of property, plant and equipment		4,730		4,511	
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)		417		509	
Accruals to provisions		387		1,812	
Financial (income)/expense		2,219		2,319	
Income taxes		3,080		2,401	
(Gains)/Losses from disposals and other non-monetary items		(73)		476	
Cash flows from operating activities before changes in net current assets		*17,220*		*18,700*	
Increase/(Decrease) in provisions		(1,749)		(1,705)	
(Increase)/Decrease in inventories		(334)		(331)	
(Increase)/Decrease in trade receivables		335	*(408)*	(286)	*426*
(Increase)/Decrease in financial and non-financial assets/liabilities		571	*80*	190	*(131)*
Increase/(Decrease) in trade payables		567	*527*	1,256	*(64)*
Interest income and other financial income collected		1,371	*29*	1,282	*21*
Interest expense and other financial expense paid		(3,897)	*(7)*	(4,106)	
Income taxes paid		(2,371)		(3,275)	
Cash flows from operating activities (a)		**11,713**		**11,725**	
Investments in property, plant and equipment		(6,957)		(6,468)	
Investments in intangible assets		(632)		(719)	
Investments in entities (or business units) less cash and cash equivalents acquired		(153)		(282)	
Disposals of entities (or business units) less cash and cash equivalents sold		165		2,610	
(Increase)/Decrease in other investing activities		177		(51)	
Cash flows from investing/disinvesting activities (b)		**(7,400)**		**(4,910)**	
Financial debt (new long-term borrowing)	26	10,486		5,497	
Financial debt (repayments and other net changes)		(9,427)		(10,748)	
Collection (net of incidental expenses) of proceeds from sale of equity holdings without loss of control		(51)		2,422	
Dividends and interim dividends paid		(3,517)		(3,147)	
Cash flows from financing activities (c)		**(2,509)**		**(5,976)**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**(74)**		**214**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		**1,730**		**1,053**	
Cash and cash equivalents at beginning of the year		5,342		4,289	
Cash and cash equivalents at the end of the year [(1)]		7,072		5,342	

(1) Of which cash and cash equivalents equal to €7,015 million at December 31, 2011 (€5,164 million at December 31, 2010), short-term securities equal to €52 million at December 31, 2011 (€95 million at December 31, 2010) and cash and cash equivalents pertaining to assets held for sale in the amount of €5 million at December 31, 2011 (€83 million at December 31, 2010).

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA, which operates in the energy utility sector, has its registered office in Viale Regina Margherita 137, Rome, Italy. The consolidated financial statements for the period ended December 31, 2011 comprise the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the annex.
These financial statements were approved for publication by the Board on March 7, 2012.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2011 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Community pursuant to Regulation (EC) 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU". The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

Basis of presentation

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows and the related notes.
The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities associated with assets held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the twelve months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.
The consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the consolidated statement of cash flows.
The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.
The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items.
The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows report transactions with related parties, the definition of which is given in the next section.

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved, as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the consolidated income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Use of estimates

Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity and gas to retail customers are recognized at the time the electricity or gas is supplied and include, in addition to amounts invoiced on the basis of periodic (and pertaining to the year) meter readings, an estimate of the value of electricity and gas distributed during the period but not yet invoiced, which is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenues between the date of the last meter reading and the end of the year are based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pensions and other post-employment benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.

Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is reviewed periodically and wherever circumstances or events suggest that more frequent review is necessary. Goodwill is reviewed at least annually.

Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 16 below.

In the case of assets held for sale, the assessment is obviously not based on a determination of the value in use of

the assets but rather on the amount deemed recoverable through disposal, taking due account of offers already received from parties interested in acquiring the assets.
Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.
The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Recovery of deferred tax assets

At December 31, 2011, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
The assessment of recoverability takes account of the estimate of future taxable incomes and is based on prudent tax planning strategies. However, where the Group should become aware that it is unable to recover all or part of such recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.
Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Provision for doubtful accounts

The provision for doubtful accounts reflects estimates of losses on the Group's receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, current and historical arrears, eliminations and collections, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the economy and the relevant markets.
The estimates and assumptions are reviewed periodically and the effects of any changes are taken to the income statement in the year they accrue.

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of nuclear power plants and the storage of waste fuel and other radioactive materials, the estimation of future costs is a critical process in view of the fact that such costs will be incurred over a very long period of time, estimated at up to 100 years.
The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Company considers it will have to pay for the decommissioning operation.
The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.
That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework concerning the protection of health and the environment.
Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other

In addition to the items listed above, estimates were also used with regard to the valuation of financial instruments, share-based payment plans and the fair value measurement of assets acquired and liabilities assumed in business combinations. For these items, the estimates and assumptions are discussed in the notes on the accounting policies adopted.

Management judgments

Identification of cash generating units (CGUs)

In application of IAS 36 *"Impairment of assets"*, the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted.

In particular, the CGUs identified in the Iberia and Latin America Division are represented by groups of electricity/gas production, distribution and sales assets in the Iberian peninsula and certain countries in Latin America. In view of the geographical, cultural and social similarities of the countries and markets in which they operate, and technical, regulatory and operational performance aspects, many of these assets represent a single object of evaluation with closely interdependent cash flows. The CGUs identified in the Generation and Energy Management Division and the Sales Division are represented by assets resulting from business combinations involving gas regasification operations in Italy and the domestic retail gas market. The CGUs identified in the Renewable Energy Division are represented (with a number of minor exceptions made in Italy and Spain to reflect the Group organizational model) by the group of assets exclusively associated with the generation of electricity from renewable energy resources located in geographical areas considered uniform on the basis of regulatory and contractual aspects and characterized by a high degree of interdependence of business processes and substantial integration in the same geographical area. The CGUs identified in the International Division are represented by electricity generation and distribution/sales assets identified with business combinations which constitute, by geographical area and business, individual units generating independent cash flows. The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group.

Determination of the existence of control

IAS 27 *"Consolidated and separate financial statements"* defines control as power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence of control does not depend solely on ownership of a majority shareholding or the contractual form used in the acquisition. Accordingly management must use its judgment in determining whether specific situations give the Group the power to govern the financial and operating policies of the investee.

For subsidiaries consolidated on a full line-by-line basis in these financial statements for which control does not derive from ownership of a majority of voting rights, management has analyzed any agreements with other investors in order to determine whether such agreements give the Group the power of governance indicated above, even though it holds a minority share of voting rights. In this assessment process, management also took account of potential voting rights (call options, warrants, etc.) in order to determine whether they would be currently exercisable as of the reporting date. Following such analysis, the Group consolidated certain companies on a line-by-line basis even though it does not hold more than half of the voting rights, as indicated in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2011", to which the reader is invited to refer.

Application of IFRIC 12 "Service concession arrangements" to the concessions held by the Group

IFRIC 12 *"Service concession arrangements"* establishes that, depending on the characteristics of the concession arrangements, the infrastructure used to deliver public services shall be recognized under intangible assets or under financial assets, depending, respectively, on whether the concession holder has the right to charge users of the services or it has the right to receive a specified amount from the grantor agency.

In assessing the applicability of these provisions for the Group, management closely analyzed existing concessions. On the basis of that analysis, the provisions of IFRC 12 are applicable to the infrastructure used for the concessions for the distribution of electricity of a number of companies in the Iberia and Latin America Division that operate in Brazil.

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the FOPEN and FONDENEL pension funds, and the boards of auditors, key management personnel – and their close relatives – of Enel SpA and the companies over which it exercises direct or indirect control. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include company directors.

Subsidiaries

Subsidiaries comprise those entities for which the Group has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. In assessing the existence of a situation of control, account is also taken of potential voting rights that are effectively exercisable or convertible. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.
The acquisition of an additional stake in subsidiaries and the sale of holdings that do not result in the loss of control are considered transactions between owners. As such, the accounting effects of these transactions are recognized directly in consolidated equity.
Conversely, where a controlling interest is divested, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date are recognized through profit or loss.

Associated companies

Associated companies comprise those entities in which the Group has a significant influence. Potential voting rights that are effectively exercisable or convertible are also taken into consideration in determining the existence of significant influence.

These investments are initially recognized at cost, allocating any difference between the cost of the equity investment and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities of the associated company in an analogous manner to the treatment of business combinations, and are subsequently measured using the equity method. The Group's share of profit or loss is recognized in the consolidated financial statements from the date on which the Group acquires the significant influence over the entity until such influence ceases.
Should the Group's share of the loss for the period exceed the carrying amount of the equity investment, the latter is impaired and any excess recognized in a provision if the Group has a commitment to meet legal or constructive obligations of the associate or in any case to cover its losses.
Where an interest is divested and as a result the Group no longer exercises a significant influence, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date is recognized through profit or loss.

Joint ventures

Interests in joint ventures – enterprises over whose economic activities the Group exercises joint control with other entities – are consolidated using the proportionate method. The Group recognizes its share of the assets, liabilities, revenues and expenses on a line-by-line basis in proportion to the Group's share in the entity from the date on which joint control is acquired until such control ceases. The following table reports the contribution of the main joint ventures to the aggregates in the consolidated financial statements:

Millions of euro	Hydro Dolomiti Enel	RusEnergoSbyt	Nuclenor	Atacama	Tejo
			at Dec. 31, 2011		
Percentage of consolidation	49%	49.5%	50.0%	50.0%	38.9%
Non-current of assets	328	55	70	234	200
Current assets	11	71	78	69	55
Non-current liabilities	91	2	63	34	160
Current liabilities	12	47	20	58	32
Revenues	402	1,226	92	195	82
Costs	88	1,088	81	157	70

Where an interest is divested and as a result the Group no longer exercises joint control, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date is recognized through profit or loss.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2011 in accordance with the accounting policies adopted by the Parent Company.
All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group. In both cases, unrealized losses are eliminated except when representative of impairment.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate.
Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date that value was determined.
Any exchange rate differences are recognized through the income statement.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.
In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the currency of the Parent Company are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.
Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

At first-time adoption of the IFRS-EU, the Group elected to not apply IFRS 3 (Business combinations) retrospectively to acquisitions carried out prior to January 1, 2004. Accordingly, the goodwill in respect of acquisitions preceding the IFRS-EU transition date is carried at the value reported in the last consolidated financial statements prepared on the basis of the previous accounting standards (for the year ended December 31, 2003).

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004). Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities could only be calculated on a provisional basis, the business combination was recognized using such provisional values. The value of the non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition of control the net assets acquired previously were remeasured to fair value and any adjustments were recognized in equity. Any adjustments resulting from the completion of the measurement process were recognized within twelve months of the acquisition date.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 Revised hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser.

Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

In the case of business combinations achieved in stages, at the date of acquisition of control the holdings acquired previously are remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use. It is increased by the present value of the estimate of the costs of decommissioning and restoring the asset where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Borrowing costs associated with financing directly attributable to the purchase or construction of assets that require a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be reliably determined.

All other expenditure is recognized as an expense in the period in which it is incurred.

The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss, with the recognition of any capital gain or loss.

Property, plant and equipment is reported net of accumulated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

	Useful life
Civil buildings	10-61 years
Hydroelectric power plants (1)	35-65 years
Thermal power plants (1)	25-60 years
Nuclear power plants	15-40 years
Geothermal power plants	10-30 years
Alternative energy power plants	11-40 years
Transport lines	15-50 years
Distribution plant	14-40 years
Meters	6-18 years

(1) Excluding assets to be relinquished free of charge, which are depreciated over the duration of the concession if shorter than useful life.

Land, both unbuilt and on which civil and industrial buildings stand, is not depreciated as it has an undetermined useful life.

Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Leased assets

Property, plant and equipment acquired under finance leases, whereby all risks and rewards incident to ownership are substantially transferred to the Group, are initially recognized as assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concession. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For plants in Italy, the concessions terminate in 2029 (2020 only for plants located in the Autonomous Province of Trento and 2040 in the Autonomous Province of Bolzano) and 2020, respectively. If the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands will be relinquished free of charge to the State in good operating condition. The Group believes that the existing ordinary maintenance programs ensure that the assets will be in good operating condition at the termination date. Accordingly, depreciation on assets to be relinquished is calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In accordance with Spanish laws 29/85 and 46/99, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The concessions will expire in the period between 2011 and 2067.

A number of companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.

Enel also operates under administrative concessions for the distribution of electricity in Spain. The concessions give Endesa the right to build and operate distribution networks for an indefinite period of time.

The Group is a concession holder in Italy for the distribution of electricity. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance sheet value of the assets themselves and their profitability. In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over its useful lives.

Investment property

Investment property consists of the Group's real estate held to generate rental income or capital gains rather than for use in operations or the delivery of goods and services. Investment property is initially recognized at cost in the same manner as other property, plant and equipment. Subsequently, it is measured at cost net of depreciation, as calculated over a useful life of 40 years, and any impairment losses. Impairment losses are determined on the basis of the following criteria.

The fair value of investment property is determined on the basis of the state of the individual assets, projecting the valuations for the previous year in relation to the performance of the real estate market and estimated developments in the value of the assets. The fair value of investment property recognized at December 31, 2011, as determined on the basis of appraisals by independent experts, is equal to €317 million.

Investment property is derecognized either at the time of its disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits, as well as goodwill if acquired for consideration. They are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.

The cost includes any directly attributable incidental expenses necessary to make the assets ready for use. The assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below. Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use.

Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.

Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

Impairment losses

Property, plant and equipment, investment property and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any property, plant and equipment and intangible assets is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The latter is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.

If an asset's carrying amount or that of the cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in the income statement.
Impairment losses of cash generating units are first charged against the carrying amount of any goodwill attributed to it and then against the value of other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss no longer apply, the carrying amount of the asset is restored through profit or loss in an amount that shall not exceed the net carrying amount the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.
The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer apply.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value except for inventories – essentially CO_2 allowances – involved in trading activities, which are measured at fair value with recognition through profit or loss. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs or, where applicable, replacement cost.
Inventories also include purchases of nuclear fuel, whose use is determined on the basis of the energy produced.
Finally, property held for sale classified under inventories is measured at the lower of its specific cost and its market value.

Construction contracts

Construction contracts are measured on the basis of the contractual amounts accrued with reasonable certainty in respect of the stage of completion of the works as determined using the cost-to-cost method. Advances paid by customers are deducted from the value of the construction contracts up to the extent of the accrued amounts; any excess is recognized under liabilities. Losses on individual contracts are recognized in their entirety in the period in which they become probable, regardless of the stage of completion of the contract.

Financial instruments

Financial assets measured at fair value through profit or loss

This category includes debt securities and equity investments in entities other than subsidiaries, associates and joint ventures held for trading and designated as at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognized at fair value. Subsequent to initial recognition of financial assets, gains and losses from changes in their fair value are recognized in the income statement.

Financial assets held to maturity

This category comprises non-derivative financial instruments with fixed or determinable payments and that do not represent equity investments that are quoted on an active market for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.
Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.
In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market and that the entity does not originally intend to sell.
Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate. In the case of renegotiated financial assets, impairment losses are calculated

using the original effective interest rate in effect prior to the amendment of the related terms and conditions.
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category includes listed debt securities not classified as held to maturity, equity investments in other entities (unless classified as "designated as at fair value through profit or loss") and financial assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.
At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each balance sheet date, financial assets are analyzed to determine whether their value is impaired.
A financial asset is considered impaired when there is objective evidence of such impairment loss as the result of one or more events that occurred after the initial recognition of the asset that have had an impact on the reliably estimated future cash flows of the asset.
Objective evidence of an impairment loss includes observable data about events such as, for example, significant financial difficulty of the obligor; default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or other form of financial reorganization; or observable data indicating a measurable decrease in estimated future cash flows.
Where an impairment loss is found, the latter is calculated as indicated above for each type of financial asset involved. When there is no realistic chance of recovering the financial asset, the corresponding value of the asset is written off through profit or loss.

Cash and cash equivalents

This category reports assets that are available on demand or at very short term, readily convertible into a known amount of cash and subject to insignificant risk of changes in value.
In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost. Trade payables falling due in line with generally accepted trade terms are not discounted.

Financial liabilities

Financial liabilities other than derivatives are recognized when the Company becomes a party to the contractual clauses representing the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.
When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and are recognized in profit or loss only when the change in the cash flows from the hedged items to be offset actually occurs.
The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.

Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss.

Derivative financial instruments are recognized at the trade date.

Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which are separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.

Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-year exchange rates.

The Group also analyzes all forward contracts for the purchase or sale of non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they must be classified and treated in conformity with IAS 39 or if they have been entered into for physical delivery in line with the normal purchase/sale/use needs of the Company (own use exemption).

If such contracts have not been entered into in order to obtain or deliver electricity or energy commodities, they are measured at fair value.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

> the contractual right to receive the cash flows associated with the asset expires;
> the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements envisaged under IAS 39 (the "pass through test");
> the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or lapsed.

Fair value hierarchy pursuant to IFRS 7

Assets and liabilities measured at fair value are classified in a three-level hierarchy as described below, in consideration of the inputs used to determine such fair value.

In particular:

> Level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);
> Level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 but that are observable either directly or indirectly on the market;
> Level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

Post-employment and other employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date (the projected unit credit method). The liability, which is carried net of any plan assets, is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

As regards liabilities in respect of defined benefit plans, the cumulative actuarial gains and losses at the end of the previous year exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets at that date are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, they are not recognized.

Where there is a demonstrable commitment, with a formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognized as a cost and measured on the basis of the number of employees that are expected to accept the offer.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss if the benefits of the change or introduction have already

vested or amortized on a straight-line basis over the average period until the benefits become vested.
In the case of changes to or the introduction of other long-term benefits, any past service cost is recognized immediately in profit or loss in its entirety.

Share-based payments

Stock option plans

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date.
The calculation method to determine the fair value considers all characteristics of the option (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date consistent with the expected life of the plan. The pricing model used is the Cox-Rubinstein.
This cost is recognized in the income statement, with a specific contra-item in shareholders' equity, over the vesting period considering the best estimate possible of the number of options that will become exercisable.

Restricted share units incentive plans

The cost of services rendered by employees and remunerated through restricted share units (RSU) incentive plans is determined at grant date based on the fair value of the RSU granted to employees, in relation to the vesting of the right to receive the benefit.
The calculation method to determine the fair value considers all characteristics of the RSU (term, exercise conditions, etc.), as well as the price and volatility of Enel shares over the vesting period. The pricing model used is the Monte Carlo method.
This cost is recognized in the income statement, with recognition of a specific liability, over the vesting period, adjusting the fair value periodically, considering the best estimate possible of the number of RSU that will become exercisable.

Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment for the time factor is recognized as a financial expense. Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.
Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.
Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling, removal and remediation resulting from changes in the timetable and costs necessary to extinguish the obligation or a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.
Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.
For more information on the estimation criteria adopted in determining provisions for dismantling and/or restoration of property, plant and equipment, especially those associated with nuclear power plants, please see the section on the use of estimates.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar local, national or international authorities.
Grants received for specific expenditure or specific assets the value of which is recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement

over the period in which the related costs are recognized. Operating grants are recognized fully in profit or loss at the time they satisfy the requirements for recognition.

Revenues

Revenues are recognized when it is probable that the future economic benefits will flow to the Company and these benefits can be measured reliably.

More specifically, the following criteria are used depending on the type of transaction:

> revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;

> revenues from the sale and transport of electricity and gas refer to the quantities provided during the period, even if these have not yet been invoiced, and are determined using estimates as well as the fixed meter reading figures. Where applicable, this revenue is based on the rates and related restrictions established by law or the Authority for Electricity and Gas and analogous foreign authorities during the applicable period. In particular, the authorities that regulate the electricity and gas markets can use mechanisms to reduce the impact of the temporal mismatching between the setting of prices for energy for the regulated market as applied to distributors and the setting of prices by the latter for final consumers;

> revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;

> revenues accrued in the period in respect of construction contracts are recognized on the basis of the payments agreed in relation to the stage of completion of the work, determined using the cost-to-cost method, under which costs, revenues and the related margins are recognized on the basis of the progress of the project. The stage of completion is determined as a ratio between costs incurred at the measurement date and the overall costs expected for the project. In additional to contractual payments, project revenues include any payments in respect of variations, price revisions and incentives, with the latter recognized where it is probable that they will actually be earned and can be reliably determined. Revenues are also adjusted for any penalties for delays attributable to the Company;

> revenues for fees for connection to the electricity distribution grid are recognized in full upon completion of connection activities if the service provided can be recognized separately from any electricity distribution services provided on an ongoing basis.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in the fair value of derivatives connected with financial transactions.

Income taxes

Current income taxes for the period are determined using an estimate of taxable income and in conformity with the applicable regulations.

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance sheet date. Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset. The recoverability of deferred tax assets is reviewed at each period-end.

Deferred tax assets and liabilities in respect of taxes levied by the same tax authority are offset if the Company has a legal right to offset current tax assets against current tax liabilities generated at the time they reverse.

Current and deferred taxes are recognized in profit or loss, with the exception of those in respect of components directly credited or debited to equity, which are recognized directly in equity.

Dividends

Dividends from equity investments are recognized when the shareholders' right to receive them is established.

Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other balance sheet assets and liabilities. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for immediate sale.
Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS-EU applicable to the specific assets and liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement. The corresponding values for the previous period are not reclassified.
A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

> represents a major line of business or geographical area of operations;

> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

or is a subsidiary acquired exclusively with a view to resale.
Gains or losses on operating assets sold – whether disposed of or classified as held for sale – are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

3 Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from January 1, 2011:

> "IAS 24 – *Related party disclosures*": the standard replaces the previous version of IAS 24. It allows companies that are subsidiaries or under the significant influence of a government agency to provide summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements.
The retrospective application of IAS 24 did not have an impact during the period.

> "Amendments to IFRIC 14 – *Prepayments of a minimum funding requirement*": the changes clarify the accounting treatment under the so-called asset ceiling rules, in cases of prepayment of a minimum funding requirement (MFR). More specifically, the amended interpretation sets out new rules for measuring the economic benefits of reducing future MFR contributions.
The retrospective application of the amendments did not have a significant impact during the period.

> "IFRIC 19 – *Extinguishing financial liabilities with equity instruments*": the interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to the creditor. In particular, the equity instruments issued represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized through profit or loss.
The retrospective application of the interpretation did not have an impact during the period.

> Amendments to "IAS 32 – *Financial instruments: Presentation*": the amendment specifies that rights, options or warrants that entitle the holder to purchase a specific number of equity instruments of the entity issuing such rights for a specified amount of any currency shall be classified as equity instruments if (and only if) they are offered pro rata to all existing holders of the same class of equity instruments (other than derivatives).
The retrospective application of the amendments did not have a significant impact during the period.

> Improvements to *International Financial Reporting Standards:* the changes regard improvements to existing standards. The main developments applicable to the financial statements regard:
  - "IFRS 3 – *Business combinations*", as revised in 2008: specifies that non-controlling interests in an acquiree that are present ownership interests entitle their holders, in the event of the liquidation of the company, to a proportionate share of the entity's net assets. They must be measured at fair value or as a proportionate share of the acquiree's net identifiable assets. All other components classifiable as non-controlling interests but which do not have the above characteristics (for example, share options, preference shares, etc.) must be measured at fair value at the acquisition date unless other measurement criteria are provided for under international accounting standards.
    The prospective application of IFRS 3 as from the date of first-time adoption of IFRS 3 by the Group (2010 financial year) did not have an impact during the period.
  - "IFRS 7 – *Financial instruments: Disclosures*": specifies that for each class of financial instrument, disclosure of the company's maximum exposure to credit risk is mandatory only if the carrying amount of such instruments does not reflect that exposure. It also requires disclosures concerning the financial effect of collateral and other credit enhancements (e.g. a quantification of the extent to which the collateral and other credit enhancements mitigate credit risk). It also clarifies that the disclosures required for financial and non-financial assets obtained during the period by taking possession of collateral are mandatory only in the case such assets were still held at the end of the period. Finally, disclosure is no longer required on the carrying amount of financial assets that would have been past due or impaired if their terms had not been renegotiated and it is no longer necessary to quantify the fair value of the collateral and other credit enhancements of past-due financial assets that are not impaired. The retrospective application of these changes did not have a significant impact during the period.
  - "IAS 1 – *Presentation of financial statements*": specifies that the analysis of each element of "other comprehensive income" (OCI) can be presented either in the statement of changes in equity or in the notes to the financial statements.
    The retrospective application of the amendment did not have an impact on these financial statements.
  - "IFRIC 13 – *Customer loyalty programs*": the amendment regards the determination of the fair value of award credits. It specifies that when the fair value is determined on the basis of the fair value of the awards for which the award credits can be redeemed, account must be taken of the amount of discounts or incentives to customers who did not obtain award credits in conjunction with a sale (customers who are not participating in the scheme). The previous version required th,at fair value to be reduced to take account of awards offered to that type of customer.
    The retrospective application of the amendment did not have a significant impact on these financial statements.

Standards not yet adopted and not yet applicable

In 2011, the European Commission endorsed the following new accounting standards and interpretations, which will be applicable to the Group as from January 1, 2012:

> "Amendments to IFRS 7 – *Financial instruments: Disclosures*", issued in October 2010; the amendments require additional disclosures to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the company's financial position. The amended standard introduces new disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which the company has a continuing involvement as of the balance sheet date. The Group is assessing the potential impact of the future application of the measures.

In 2009, 2010 and 2011, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that as of December 31, 2011 had not yet been endorsed by the European Commission. The rules that could have an impact on the financial statements of the Group are set out below:

> "IFRS 9 – *Financial instruments*", issued in November 2009 and revised in October 2010: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets and liabilities. Financial assets must be classified based on the business model of the entity and the characteristics of the associated cash flows. The new standard requires financial assets and liabilities to be measured initially at fair value plus any transaction costs directly attributable to their assumption or issue. Subsequently, they are measured at fair value or amortized cost, unless the fair value option is applied. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure them at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss. The new standard, which was amended in December 2011 with regard to the effective date, will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IFRS 9 and IFRS 7 – *Mandatory effective date and transition disclosure*", issued in December 2011. The amendment modifies IFRS 9 – *Financial instruments*, postponing the mandatory effective date from January 1, 2013 to January 1, 2015 and establishing new rules for the transition from IAS 39 to IFRS 9. It also modifies IFRS 7 – *Financial instruments: Disclosures*, introducing new comparative disclosures, which will be mandatory or optional depending on the date of transition to IFRS 9.
The amendments establish that companies that adopt IFRS 9 for the first time always have the option of not restating prior periods. More specifically, companies that adopt IFRS 9 for reporting periods beginning before January 1, 2012 are not required to restate prior periods or provide the additional disclosures to those already provided for following the amendments made to IFRS 7 with the issue of IFRS 9; companies that adopt IFRS 9 for periods beginning from January 1, 2012 until December 31, 2012 may elect to either restate prior periods or provide the additional comparative disclosures in accordance with the amendments to IFRS 7; companies that adopt IFRS 9 for periods beginning from January 1, 2013 until January 1, 2015 are required to provide the additional comparative disclosures in accordance with the amendments to IFRS 7 regardless of whether they restate prior periods, which they may but are not required to do.
The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> "IFRS 10 – *Consolidated financial statements*", issued in May 2011; replaces SIC 12 – *Consolidation. Special purpose entities* and, for the part concerning consolidated financial statements, IAS 27 – *Consolidated and separate financial statements*, the title of which was changed to "*Separate financial statements*". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the current IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While current accounting standards give priority – where control does not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: power over the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns.
The accounting effects of a loss of control or a change in the ownership interest that does not result in a loss of control are unchanged with respect to the provisions of the current IAS 27.
Following the new approach to assessing the existence of control, previously consolidated companies could exit the scope of consolidation, and vice-versa.
The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.
"IFRS 11 – *Joint arrangements*", issued in May 2011;

replaces IAS 31 – *Interests in joint ventures* and SIC 13 – *Jointly controlled entities. Non-monetary contributions by venturers*. Unlike IAS 31, which assesses joint arrangements on the basis of the contractual form adopted, IFRS 11 assesses them on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have pro-rata rights to the assets and pro-rata obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to the net assets or results of the arrangement.

In the consolidated financial statements, accounting for an interest in a joint operation involves the recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method (proportionate consolidation is no longer permitted).

The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> "IFRS 12 – *Disclosure of interests in other entities*", issued in May 2011; IFRS 12 brings together in a single standard the required disclosures concerning interests held in subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard requires the disclosures called for in the current IAS 27, IAS 28 and IAS 31, which were amended appropriately, and introduces new disclosure requirements.
The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> "IFRS 13 – *Fair value measurement*", issued in May 2011; the standard represents a single IFRS framework to be used whenever another accounting standard requires or permits the use of fair value measurement. The standard sets out guidelines for measuring fair value and, in addition, introduces specific disclosure requirements.
The new standard will take effect prospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> "IAS 27 – *Separate financial statements*", issued in May 2011. Together with the issue of IFRS 10 and IFRS 12, the current IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group does not expect the future application of the measures to have an impact.

> "IAS 28 – *Investments in associates and joint ventures"*, issued in May 2011. Together with the issue of IFRS 11 and IFRS 12, the current IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of SIC 13 – *Jointly controlled entities. Non-monetary contributions by venturers*, describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures.
The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> "Amendment to IAS 1 – *Presentation of items of other comprehensive income*", issued in June 2011. The amendment calls for the separate presentation of items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future ("recycling") and those that will not be recycled. The amendment will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group does not expect the future application of the measures to have a significant impact.

> "IAS 19 – *Employee benefits*", issued in June 2011; the standard supersedes the current IAS 19 governing the accounting treatment of employee benefits. The most significant change regards the requirement to recognize all actuarial gains/losses in OCI, with the elimina-

tion of the corridor approach. The amended standard also introduces more stringent rules for disclosures, with the disaggregation of the cost into three components; eliminates the expected return of plan assets; no longer permits the deferral of the recognition of past service cost; provides for enhanced disclosures; and introduces more detailed rules for the recognition of termination benefits. The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> "IFRIC 20 – *Stripping costs in the production phase of a surface mine*", issued in October 2011; the interpretation sets out the accounting treatment to be applied to costs incurred for the removal of mine waste materials during the production phase, clarifying when they can be recognized as an asset. The interpretation will take effect, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. More specifically, the interpretation will apply to costs incurred as from the first year presented in the financial statements. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*", issued in December 2011. IAS 32 – *Financial instruments* establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity:
  a) has a legally enforceable right to set off the amounts; and
  b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

  The amendments to IAS 32 clarify the conditions that must be met for these two requirements to be satisfied. As regards the first requirement, the amendment expands the illustration of cases in which an entity "currently has a legally enforceable right of set-off", while as regards the second the amendment clarifies that where the entity settles the financial asset and liability separately, for set-off to be allowed the associated credit and liquidity risk should be significant and, in this regard, specifies the characteristics that gross settlement systems must have.

  The amendments will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IFRS 7 – *Offsetting financial assets and financial liabilities*", issued in December 2011, in parallel with the amendments to IAS 32; the amendments establish more extensive disclosures for the offsetting of financial assets and liabilities, with a view to enabling users of financial statements to assess the actual and potential effects on the entity's financial position of netting arrangements, including the set-off rights associated with recognized assets or liabilities.

  The amendments will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

4 Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of the following main transactions:

2010

> acquisition, on June 1, 2010, of control of SE Hydropower, which operates in the generation of electricity in the Province of Bolzano. Control was acquired with the transfer to the company of certain generation assets of Enel Produzione. Despite holding only 40% of the company, since the acquisition date the Group has consolidated it on a full line-by-line basis under specific shareholders' agreements concerning the governance of the company. Under those agreements, among other things, control will be retained by the Enel Group until the approval of the financial statements for the year ending December 31, 2013, the date from which a number of changes in the company's governance arrangements are scheduled to take effect, giving rise to a transition from exclusive Enel control to joint control by the two shareholders. As a result of this change in the scope of consolidation during the year, 2010 reflected the performance of SE Hydropower operations

for the final seven months of the year only. As regards the financial position, the Group elected the option envisaged under IFRS 3 to allocate the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed on a provisional basis. During the course of 2011, the Group completed the allocation of the transferred consideration. The effects of the definitive allocation have been retrospectively presented as from June 1, 2010, in accordance with IFRS 3;
> disposal, on July 1, 2010, of 50.01% of Endesa Hellas, a Greek company operating in the renewables generation sector;
> disposal, on December 17, 2010, of 80% of Nubia 2000 (now Endesa Gas T&D), a company owning assets (acquired during the year by Endesa Gas) in the gas transport and distribution industry in Spain. The sale also includes a 35% stake in Gas Aragon, which had previously been acquired by Nubia 2000.

2011

> disposal, on February 24, 2011, of Compañía Americana de Multiservicios (CAM), which operates in Latin America in the general services sector;
> disposal, on March 1, 2011, of Synapsis IT Soluciones y Servicios (Synapsis), which operates in Latin America in the IT services sector;
> acquisition, on March 31, 2011, of an additional 16.67% of Sociedad Eólica de Andalucía - SEA, which enabled Enel Green Power España to increase its holding from 46.67% to 63.34%, thereby acquiring control as the majority shareholder;
> loss of control of Hydro Dolomiti Enel Srl as a result of the change in that company's governance structure, as provided for in the agreements reached between the two shareholders in 2008, which provided for the transition to joint control as from the date of approval of the financial statements for 2010. As from that event, the company is consolidated on a proportionate basis (with the stake held by the Enel Group in the company remaining unchanged at 49% both before and after the change in governance arrangements) rather than on a full line-by-line basis. See the following section for more details;
> acquisition of full control (from joint control) of the assets and liabilities retained by Enel Unión Fenosa Renovables (EUFER) following the break-up of the joint venture between Enel Green Power España and its partner Gas Natural under the agreement finalized on May 30, 2011. As from the date of execution of the agreement, those assets are therefore consolidated on a full line-by-line basis, as discussed in greater detail below;
> acquisition, on June 9, 2011, of an additional 50% of Sociedade Térmica Portuguesa, as a result of which the Enel Group acquired exclusive control of the company, whereas prior to the acquisition it had exercised joint control. With the transaction, Enel Green Power España became the sole shareholder of the Portuguese company, which operates in generation from renewables;
> disposal, on June 28, 2011, to Contour Global LP of the entire capital of the Dutch companies Maritza East III Power Holding BV and Maritza O&M Holding Netherland BV. These companies respectively own 73% of the Bulgarian company Enel Maritza East 3 AD and 73% of the Bulgarian company Enel Operations Bulgaria AD;
> disposal, on November 30, 2011, of 51% of Deval and Vallenergie to Compagnia Valdostana delle Acque, a company owned by the Region of Valle d'Aosta, which already held the remaining 49% of the companies involved;
> acquisition, on December 1, 2011, of 33.33% of San Floriano Energy, a company operating in the hydroelectric generation sector, with the transfer of in-kind and cash consideration by Enel Produzione. With the transfer, the Enel Group acquired joint control of the company, together with another two partners participating in the investment;
> acquisition, on December 1, 2011, of 50% of Sviluppo Nucleare Italia, in which the Group already held a stake of 50%, giving it joint control with Eléctricité de France; as from that date the company has been consolidated on a line-by-line basis.

In the consolidated balance sheet at December 31, 2011, "Assets held for sale" and "Liabilities held for sale" include the assets and related liabilities of Endesa Ireland and other minor entities (including Wisco), as the state of negotiations for their sale to third parties qualifies them for application of IFRS 5.
Accordingly, the decrease in these items compared with December 31, 2010 essentially reflects the above disposals carried out in 2011.

Redetermination of the fair value of the assets and liabilities of Hydro Dolomiti Enel following loss of control

On May 12, 2008 Enel Produzione established Hydro Dolomiti Enel (HDE) in execution of the investment agreement concerning the "joint operation of the hydroelectric generation assets in the Autonomous Province of Trento" between Dolomiti Energia and Enel Produzione. With effect from July 15, 2008 Enel Produzione, in performance of that agreement and once certain conditions had been met, including the extension until December 31, 2020 of the duration of the major hydroelectric water diversion concessions, transferred electricity generation assets to the subsidiary HDE, consisting of the hydroelectric plants in the Autonomous Province of Trento and the associated major and small public water diversion concessions for hydroelectric purposes.

On July 25, 2008, Enel Produzione transferred 51% of HDE to Dolomiti Energia, thereby performing the terms of the agreement, which in a related shareholders' agreement established governance arrangements for the first three years of the company, i.e. until approval of the financial statements for 2010, that gave Enel control over the company, enabling Enel to consolidate its results on a full, line-by-line basis.

As from April 1, 2011, following approval of the financial statements for 2010 and the election of the new board of directors, the governance arrangements were adjusted in line with the terms of the agreement. Accordingly, as from that date HDE is subject to the joint control of Enel Produzione and Dolomiti Energia and is consolidated by Enel on a proportionate basis up to the extent of its holding (49%).

In application of the provisions of IAS 27 (Revised), this development represents the loss of control over the company, even without any actual change in the percentage interest held in the entity but only as a result of the entry into force of the new provisions of the contractual arrangements between the shareholders, with the consequent remeasurement to fair value of the related assets and liabilities to a degree amount corresponding to the holding remaining after the loss of control.

The following table summarizes the impact on the accounts of the fair value remeasurement of the assets and liabilities of HDE for the part corresponding to Enel's holding after the loss of control.

Millions of euro	Financial position at April 1, 2011	Remeasurement at fair value	New value at April 1, 2011
Property, plant and equipment	82	129	211
Intangible assets	24	108	132
Deferred tax assets	3	-	3
Non-current assets	**109**	**237**	**346**
Current assets	**61**	**-**	**61**
Total assets	**170**	**237**	**407**
Post-employment and other employee benefits	2	-	2
Provisions for risks and charges	5	-	5
Deferred tax liabilities	-	87	87
Non-current liabilities	**7**	**87**	**94**
Current liabilities	**101**	**-**	**101**
Equity pertaining to shareholders of the Parent Company	62	150	212
Non-controlling interests	-	-	-
Total shareholders' equity	**62**	**150**	**212**
Total liabilities and shareholders' equity	**170**	**237**	**407**

The impact of remeasurement at fair value, equal to €237 million, was recognized under "Other revenues and income" in the consolidated income statement. Taking account of the deferred tax effect, the initial recognition of the transaction had a total impact on the consolidated income statement and equity pertaining to the shareholders of the Parent Company of €150 million. The effects of the increase in depreciation and amortization, net of the associated tax impact, as a result of the adjustment of certain assets to their fair value, are not considered material.

Acquisition of full control (from joint control) of the assets of Enel Unión Fenosa Renovables (EUFER)

On May 30, 2011, Enel Green Power SpA and its subsidiary Enel Green Power España SL (EGPE) finalized the agreement signed with Gas Natural SDG SA (Gas Natural) on July 30, 2010 for the break-up of Enel Unión Fenosa Renovables SA (EUFER), a joint venture between EGPE and Gas Natural, subject to a number of conditions set out in the accord. For the purposes of the split, EUFER assets were divided in two parts ("Lot 1" and "Lot 2") considered equivalent in terms of value, EBITDA, installed capacity, risk and technology mix. The break-up of EUFER was finalized by means of the return by EGPE to Gas Natural of 50% of its capital, carried out through the demerger from EUFER of the net assets in Lot 2 and their transfer to Gas Natural. With this operation, EGPE acquired full control of EUFER and its remaining assets, namely Lot 1. Those assets had previously been consolidated on a proportionate basis. As at December 31, 2010, taking account of the contractual agreements with Gas Natural at that date and in compliance with IFRS 5, the Group had already classified, in view of the likelihood of the completion of the transaction, an amount corresponding to 50% of the carrying amount of the assets and liabilities comprising Lot 2 as "assets held for sale" and "liabilities held for sale". The transfer, in the 1st Half of 2011, to Gas Natural of the net assets of Lot 2, of which the Group held 50% under the previous proportionate consolidation of the company, involved the recognition of a gain of €44 million. In addition, as noted earlier, the transaction enabled Enel to acquire full control of the Spanish company, which as from the effective date of the break-up was therefore consolidated on a full line-by-line basis rather than proportionately.

As Enel acquired control of EUFER through successive transactions, the final operation, which resulted in the acquisition of control, was accounted for in accordance with IFRS 3 (Revised) for business combinations achieved in stages. In particular, the remeasurement at fair value of the assets and liabilities in respect of Lot 1 led to the recognition of a gain of €76 million, corresponding to the increase in the fair value of the 50% of the assets and liabilities already held by the Group compared with their previous carrying amount. The following table summarizes the effects of the business combination, which were recognized in 2011 on a definitive basis following completion of the price allocation process.

Calculation of goodwill

Millions of euro

Net assets acquired before allocation (1)	**15**
Fair value adjustments:	
- property, plant and equipment	101
- intangible assets	63
- deferred tax liabilities	(39)
Net assets acquired after allocation	**140**
Cost of the transaction (2)	140
Goodwill from acquisition	-
Goodwill existing in respect of 50% of EUFER already held by the Group	45
Goodwill	**45**

(1) Net assets stated in proportion to Enel's holding.
(2) Equal to the fair value of the assets transferred to Gas Natural.

Final allocation of the purchase price to the assets acquired and liabilities assumed in respect of SE Hydropower

On June 1, 2010, Enel Produzione SpA transferred to SE Hydropower Srl, a company wholly owned by Società Elettrica Altoatesina (SEL), its hydroelectric plants in the Autonomous Province of Bolzano and the associated major hydroelectric diversion concessions expiring on December 31, 2010. Prior to the transfer, SE Hydropower had been awarded renewals, as from January 1, 2011, for those concessions and a number of others all with a duration of 30 years.

Through the transfer, carried out at book values, Enel Produzione acquired 40% of SE Hydropower and, on the basis of the governance arrangements established in the shareholders' agreement, began to exercise control, enabling Enel to consolidate the results of the company on a full line-by-line basis. For the Enel Group the transaction represents a business combination carried out through the transfer to SE Hydropower of the assets noted above, over which Enel continues to exercise control, with the acquisition of an interest in the company, which holds the major diversion concessions for 2011-2040. The price of the business combination is therefore equal to 60% of the estimated fair value of the assets transferred by Enel Produzione, corresponding both to SEL's stake in SE Hydropower following the transfer and the share of the fair value of the concessions acquired by the Group following the transaction.

In compliance with the provisions of IFRS 3 (Revised), in the condensed interim consolidated financial statements at June 30, 2010, and the consolidated financial statements at December 31, 2010, the calculation of the fair value of the assets acquired and the liabilities and contingent liabilities assumed as at the acquisition date was carried out on a provisional basis as a number of valuation procedures had not yet been completed. The process of allocating the consideration to the fair value of the assets acquired and the liabilities assumed was completed during the 1st Half of 2011 by the deadline established under IFRS 3 (Revised) and involved the allocation of the entire consideration transferred in the transaction to the value of the concessions acquired, net of the related deferred tax effects.

Effect of purchase price allocation

Millions of euro

Net assets acquired before allocation	-
Fair value adjustments:	
- intangible assets (concessions renewed for the period 2011-2040)	510
- deferred tax liabilities	(189)
- non-controlling interests	(193)
Net assets acquired after allocation	**128**
Cost of the transaction (1)	128
Goodwill	-

(1) Equal to 60% of the fair value of the assets transferred to SE Hydropower and net of the theoretical tax effect.

In addition, the assets transferred by Enel Produzione were not adjusted in their measurement at fair value but continue to be recognized, even after the business combination, at their previous carrying amount since the Group retained control. The overall impact of the initial recognition of the transaction on equity pertaining to the shareholders of the Parent Company was equal to €128 million.

The following table reports the final fair values of the assets acquired and the liabilities and contingent liabilities assumed as at the acquisition date.

Financial position of SE Hydropower Srl as at the acquisition date

Millions of euro	Carrying amounts at June 1, 2010	Final fair value adjustments carried out in 2011	New carrying amounts recognized at June 1, 2010
Property, plant and equipment	48	-	48
Intangible assets	-	510	510
Deferred tax assets	1	-	1
Other current and non-current assets	1	-	1
Total assets	**50**	**510**	**560**
Equity pertaining to the shareholders of the Parent Company	**20**	**128**	**148**
Non-controlling interests	30	193	223
Deferred tax liabilities	-	189	189
Total shareholders' equity and liabilities	**50**	**510**	**560**

Final allocation of the purchase price to the assets acquired and liabilities assumed in respect of San Floriano Energy

On November 1, 2011, Enel Produzione, pursuant to the agreement signed on October 26, 2011 with Dolomiti Energia SpA and SEL Srl, acquired 33.33% of San Floriano Energy with the transfer of the "San Floriano plant" business unit, composed of the hydroelectric generation plant and a number of items of working capital of an operational nature, and cash consideration. Prior to the transfer, San Floriano Energy had been awarded the renewal, as from January 1, 2011, for a period of 30 years, of the major hydroelectric diversion concession. Taking account of the governance arrangements and its own interest, Enel exercise joint control over the company and therefore consolidates it on a proportionate basis to the extent of its percentage interest. The allocation of the purchase price to the fair value of the assets acquired and the liabilities and contingent liabilities assumed involved the allocation of the entire positive price differential to the value of the concession.

Effect of the acquisition and purchase price allocation

Millions of euro

Net assets acquired before allocation	**3**
Fair value adjustments	
- intangible assets	33
- deferred tax liabilities	12
Net assets acquired after allocation	**24**
Cost of the transaction [(1)]	24
Goodwill	**-**

(1) Equal to the fair value of the assets transferred to San Floriano Energy, over which the Group lost control.

Final allocation of the purchase price to the assets acquired and liabilities assumed in respect of Sviluppo Nucleare Italia

In 2009 Enel and EDF, with the entry into force of Law 99 of July 23, 2009 (the "Development Act") founded Sviluppo Nucleare Italia (SNI), with each company holding 50%. Following the repeal in 2011 of the provisions of the Development Act and of the subsequent Legislative Decree 31/2010, on December 1, 2011, Enel and EDF agreed to terminate all existing agreements. On that date, Enel, acting through its subsidiary Enel Ingegneria e Innovazione, acquired the 50% interest held by EDF in Sviluppo Nucleare for €10 million, acquiring full control of the company.
In the consolidated financial statements at December 31, 2011, following completion of the business combination achieved in stages, the transaction was accounted for pursuant to IFRS 3 (Revised), allocating the purchase price to the fair values of the assets acquired and the liabilities and contingent liabilities assumed with the acquisition.
In completing the allocation process, as no differences were found between the carrying amount of the assets acquired and liabilities assumed, the related fair value and the price of the transaction, no goodwill was recognized. For the same reason, the Group did not recognize any gain or loss connected with the remeasurement at fair value of the assets and liabilities held in SNI prior to the acquisition of exclusive control.

Effect of the acquisition and purchase price allocation

Millions of euro

Net assets acquired before allocation	**10**
Fair value adjustments	-
Net assets acquired after allocation	**10**
Cost of the transaction	10
Goodwill	**-**

Increase in the stake held in Ampla Energia e Serviços, Ampla Investimentos e Serviços and Electrica Cabo Blanco

In October 2011 the Group acquired from EDP Energias de Portugal an additional 7.70% of Ampla Energia e Serviços (concession holder for electricity distribution services in the state of Rio de Janeiro) and 7.70% of Ampla Investimentos e Serviços (which in turn holds an interest in Companhia Energética do Ceará-Coelce, concession holder for the same services in the state of Ceará) for a total of €85 million. In addition, in January 2011, the Group also acquired an additional 20% of Electrica Cabo Blanco, in which it already held the remaining 80%, for €8 million.
In compliance with the provisions of IFRS 3 (Revised) concerning transactions involving non-controlling interests, the difference between the price paid and the value of the assets acquired, previously attributed to non-controlling interests, were recognized in consolidated equity.
The effects of the transactions were as follows:

Effect of acquisitions

Millions of euro

Net assets acquired	**171**
Cost of the transactions	93
Reserve from transactions in non-controlling interests	**78**

Acquisition of full control of Sociedad Eólica de Andalucía and TP-Sociedade Térmica Portuguesa

On March 31, 2011, the Group acquired an additional 16.67% of Sociedad Eólica de Andalucía - SEA, raising the stake held by Enel Green Power España from 46.67% to 63.34% and giving it full control as the majority shareholder. Analogously, on June 9, 2011, Enel Green Power España acquired an additional 50% of Sociedade Térmica Portuguesa, thereby becoming the sole shareholder of the Portuguese company.

The process of allocating the purchase price in the two business combinations was completed during 2011. As the transactions qualified as business combinations achieved in stages, this also involved the remeasurement at fair value of the net assets previously held. That remeasurement, which was recognized through profit or loss pursuant to IFRS 3 (Revised), amounted to a total of €45 million.

The effects of the initial recognition of the acquisitions are set out in the following table.

Effects of acquisitions and purchase price allocation

Millions of euro	
Net assets acquired before allocation	**18**
Fair value adjustments:	
- intangible assets	34
- deferred tax liabilities	6
- non-controlling interests	9
Net assets acquired after allocation	**37**
Cost of the transaction	48
Goodwill	**11**

Other minor transactions by the Renewable Energy Division

In 2011 the Renewable Energy Division paid €10 million to acquire 100% stakes in Tecnoservice (with an impact of €1 million on goodwill) and IRIS 2006 (with an impact of €3 million on goodwill).

The Division also paid success fees in respect of a number of projects of Enel Green Power Hellas (€61 million) and Enel Green Power Romania (€38 million). Those amounts were all allocated to intangible assets during the year.

5

Restatement of comparative figures at December 31, 2010

As a result of the determination of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed as at the acquisition date (June 1, 2010) in respect of the SE Hydropower business combination discussed above, the figures for the consolidated financial statements at December 31, 2010 have been restated, with a consequent increase in consolidated equity pertaining to the shareholders of the Parent Company of €128 million and in equity pertaining to non-controlling interests of €193 million.

Since the price paid in the transaction was entirely allocated to the value of the concessions, which took effect as from January 1, 2011, it was not necessary to restate the published income statement as it was not impacted by the result for the previous year.

Similarly, in application of IAS 1, it was felt unnecessary to restate the balance sheet at January 1, 2010, as it preceeded the moment of restrospective application of the effects of the business combination and therefore had no impact on the completion of the purchase price allocation process.

Millions of euro

ASSETS		at Dec. 31, 2010	Effect of SE Hydropower PPA	at Dec. 31, 2010 restated
Non-current assets				
Property, plant and equipment		78,094	-	78,094
Investment property		299	-	299
Intangible assets		39,071	510	39,581
Deferred tax assets		6,017	-	6,017
Equity investments accounted for using the equity method		1,033	-	1,033
Non-current financial assets		4,701	-	4,701
Other non-current assets		1,062	-	1,062
	[Total]	*130,277*	*510*	*130,787*
Current assets				
Inventories		2,803	-	2,803
Trade receivables		12,505	-	12,505
Tax receivables		1,587	-	1,587
Current financial assets		11,922	-	11,922
Cash and cash equivalents		5,164	-	5,164
Other current assets		2,176	-	2,176
	[Total]	*36,157*	*-*	*36,157*
Assets held for sale		**1,618**	**-**	**1,618**
TOTAL ASSETS		**168,052**	**510**	**168,562**

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2010	Effect of SE Hydropower PPA	at Dec. 31, 2010 restated
Equity attributable to the shareholders of the Parent Company				
Share capital		9,403	-	9,403
Other reserves		10,791	-	10,791
Retained earnings (loss carried forward)		14,217	128	14,345
Net income for the period		3,450	-	3,450
	[Total]	**37,861**	**128**	**37,989**
Non-controlling interests		**15,684**	**193**	**15,877**
TOTAL SHAREHOLDERS' EQUITY		**53,545**	**321**	**53,866**
Non-current liabilities				
Long-term loans		52,440	-	52,440
Post-employment and other employee benefits		3,069	-	3,069
Provisions for risks and charges		9,026	-	9,026
Deferred tax liabilities		11,147	189	11,336
Non-current financial liabilities		2,591	-	2,591
Other non-current liabilities		1,244	-	1,244
	[Total]	**79,517**	**189**	**79,706**
Current liabilities				
Short-term loans		8,209	-	8,209
Current portion of long-term loans		2,999	-	2,999
Trade payables		12,373	-	12,373
Income tax payable		687	-	687
Current financial liabilities		1,672	-	1,672
Other current liabilities		8,052	-	8,052
	[Total]	**33,992**	**-**	**33,992**
Liabilities held for sale		**998**	**-**	**998**
TOTAL LIABILITIES		**114,507**	**189**	**114,696**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**168,052**	**510**	**168,562**

In addition, in order to present the effects recognized in the previous year associated with transactions in equity interests without loss of control, the comparative data were reclassified (in the amount of €796 million) from consolidated comprehensive income directly to equity reserves. The reclassification therefore did not have an impact on equity at December 31, 2010.

6 Risk management

Market risk

As part of its operations, the Enel Group is exposed to a variety of market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.

The nature of the financial risks to which the Group is exposed is such that changes in interest rates cause changes in cash flows associated with interest payments on long-term floating-rate debt instruments, while changes in the exchange rate between the euro and the main foreign currencies have an impact on the value of the cash flows denominated in those currencies and the consolidation value of equity investments denominated in foreign currencies.
In compliance with Group policies for managing financial risks, these exposures are generally hedged using over-the-counter derivatives (OTC).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity in the main European countries) using financial derivatives and physical contracts traded on regulated and OTC markets, exploiting profit opportunities through transactions carried out on the basis of expected market developments. These operations are conducted within the framework of formal governance rules that establish strict risk limits. Compliance with the limits is verified daily by units that are independent of those undertaking the transactions. In 2011, the risk limits for Enel's proprietary trading are set in terms of Value-at-Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits for 2011 is equal to about €34 million.
The scale of transactions in derivatives outstanding at December 31, 2011 is reported below, with specification of the fair value and notional amount of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank where denominated in currencies other than the euro.
Fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.
Where possible, contracts relating to commodities are measured using market prices related to the same regulated and unregulated market instruments.
The measurement criteria adopted for open derivatives positions at the end of the year were unchanged with respect to those used at the end of the previous year. The impact of such measurements on profit or loss and shareholders' equity is therefore attributable solely to normal market developments.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance sheet date.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.
The financial assets and liabilities associated with derivative instruments are classified as:

> cash flow hedge derivatives, related to hedging the risk of changes in cash flows associated with long-term floating-rate borrowings, hedging the exchange rate risk associated with long-term debt denominated in foreign currencies, the provisioning of fuels priced in foreign currencies, hedging revenues from the sale of electricity under a number of contracts entered into by Enel (two-way contracts for differences and other energy derivatives) and hedging the risk of changes in the prices of coal and oil commodities;
> fair value hedge derivatives, related to hedging the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk;
> derivatives hedging net investments in foreign operations from the translation risk in respect of the consolidation of equity investments denominated in a foreign currency;
> trading derivatives associated with proprietary trading in commodities or hedging interest and exchange rate risk or commodity risk which it would be inappropriate to designate as cash flow hedges/fair value hedges or which do not meet the formal requirements of IAS 39.

Interest rate risk

The twin objectives of reducing the amount of debt subject to changes in interest rates and of containing borrowing costs are pursued with the use of a variety of derivatives contracts, notably interest rate swaps, interest rate options and swaptions. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.
Interest rate options involve the exchange of interest differences calculated on a notional principal amount

once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge. Hedging strategies can also make use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).

Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to Enel's expectations for future interest rate developments. In addition, interest rate options are also considered appropriate in periods of uncertainty about future interest rate developments, in order to benefit from any decreases in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2011 and December 31, 2010 broken down by type of contract:

Millions of euro	Notional amount	
	2011	2010
Interest rate swaps	12,984	12,628
Interest rate options	2,700	4,308
Total	**15,684**	**16,936**

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2011 and December 31, 2010, broken down by designation (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives								
Interest rate swaps	10,007	9,432	(613)	(497)	6	8	(619)	(505)
Interest rate options	1,000	3,608	(8)	(64)	-	-	(8)	(64)
Fair value hedge derivatives								
Interest rate swaps	83	98	14	9	14	9	-	-
Trading derivatives								
Interest rate swaps	2,894	3,098	(122)	(163)	6	8	(128)	(171)
Interest rate options	1,700	700	(13)	(19)	-	-	(13)	(19)
Total interest rate swaps	12,984	12,628	(721)	(651)	26	25	(747)	(676)
Total interest rate options	2,700	4,308	(21)	(83)	-	-	(21)	(83)
TOTAL INTEREST RATE DERIVATIVES	**15,684**	**16,936**	**(742)**	**(734)**	**26**	**25**	**(768)**	**(759)**

The following table reports the cash flows expected in coming years from these financial derivatives:

Expected cash flows from interest rate derivatives

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond
CFH on interest rates							
Positive fair value	6	(6)	(8)	5	-	-	-
Negative fair value	(627)	(201)	(157)	(120)	(65)	(31)	(171)
FVH on interest rates							
Positive fair value	14	2	2	1	1	1	3
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on interest rates							
Positive fair value	6	3	2	1	-	-	-
Negative fair value	(141)	(71)	(28)	(16)	(6)	(5)	(50)

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2011, 31% of net long-term financial debt was floating rate (39% at December 31, 2010). Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 9% of the debt was exposed to interest rate risk at December 31, 2011 (14% at December 31, 2010). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure would be 4% (7% at December 31, 2010).

If interest rates had been 25 basis points higher at December 31, 2011, all other variables being equal, shareholders' equity would have been €68.3 million higher (€75 million at December 31, 2010) as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 25 basis point lower at that date, all other variables being equal, shareholders' equity would have been €68.3 million lower (€75 million at December 31, 2010) as a result of the decrease in the fair value of CFH derivatives on interest rates.
An equivalent increase (decrease) in interest rates, all other variables being equal, would have a negative (positive) impact on the income statement in terms of higher (lower) interest expense on the portion of debt not hedged against interest rate risk of about €4.75 million.

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

> debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;
> cash flows in respect of the purchase or sale of fuel or electricity on international markets;
> cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign companies or the purchase or sale of equity investments.

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives such as currency forwards, currency swaps, cross currency interest rate swaps and currency options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent fixed- or floating-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide for both the periodic exchange of cash flows and the final exchange of principal.
Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.
Currency swaps are combinations of spot purchases and sales (currency spot) and forward purchases and sales (currency forward) of flows denominated in different currencies and are generally used to hedge commercial paper issues.
Currency options involve the purchase (or sale) of the right to exchange, at an agreed future date, two principal amounts denominated in different currencies on specified terms (the contractual exchange rate represents the option strike price); such contracts may call for the actual exchange of the two amounts (deliverable) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

The following table reports the notional amount of transactions outstanding at December 31, 2011 and December 31, 2010, broken down by type of hedged item:

Millions of euro	Notional amount	
	2011	2010
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	14,442	13,934
Currency forwards hedging exchange rate risk on commodities	7,273	7,055
Currency forwards hedging future cash flows in currencies other than the euro	1,232	393
Currency swaps hedging commercial paper	240	334
Currency forwards hedging credit lines	201	161
Other forward contracts	-	230
Total	**23,388**	**22,107**

More specifically, these include:

> CCIRSs with a notional amount of €14,442 million to hedge the exchange rate risk on debt denominated in currencies other than the euro (€13,934 million at December 31, 2010);

> currency forwards with a total notional amount of €8,505 million used to hedge the exchange rate risk associated with purchases of fuel, imported electricity and expected cash flows in currencies other than the euro (€7,448 million at December 31, 2010);

> currency swaps with a total notional amount of €240 million used to hedge the exchange rate risk associated with redemptions of commercial paper issued in currencies other than the euro (€334 million at December 31, 2010);

> currency forwards with a total notional amount of €201 million used to hedge the exchange rate risk associated with credit lines in currencies other than the euro (€161 million at December 31, 2010).

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2011 and December 31, 2010, broken down by designation (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives:								
- currency forwards	3,751	3,014	297	(11)	304	34	(7)	(45)
- CCIRSs	13,985	13,419	(347)	(886)	1,297	671	(1,644)	(1,557)
Fair value hedge derivatives:								
- CCIRSs	457	515	18	(6)	30	15	(12)	(21)
Trading derivatives:								
- currency forwards	5,195	5,159	18	(73)	153	55	(135)	(128)
Total forwards	8,946	8,173	315	(84)	457	89	(142)	(173)
Total CCIRS	14,442	13,934	(329)	(892)	1,327	686	(1,656)	(1,578)
TOTAL EXCHANGE RATE DERIVATIVES	**23,388**	**22,107**	**(14)**	**(976)**	**1,784**	**775**	**(1,798)**	**(1,751)**

The following table reports the cash flows expected in coming years from these financial derivatives:

Expected cash flows from exchange rate derivatives

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond
CFH on exchange rates							
Positive fair value	1,601	369	174	223	86	(36)	1,295
Negative fair value	(1,651)	(251)	(96)	(228)	(341)	(175)	(755)
FVH on exchange rates							
Positive fair value	30	8	7	(1)	13	(7)	(4)
Negative fair value	(12)	(9)	1	1	1	1	1
Trading derivatives on exchange rates							
Positive fair value	153	134	13	1	-	-	-
Negative fair value	(135)	(130)	(3)	-	-	-	-

An analysis of the Group's financial debt shows that 30% of medium- and long-term debt (30% at December 31, 2010) is denominated in currencies other than the euro.
Taking account of exchange rate hedges and the portion of debt denominated in the functional currency of the country in which the Group company holding the debt position operates, the proportion of unhedged debt denominated in currencies other than the euro decreases to about 4% (2% at December 31, 2010), a proportion that is felt would not have a significant impact on the Group's income statement in the event of a change in market exchange rates.
At December 31, 2011, assuming a 10% appreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been €1,650 million lower (€1,449 million at December 31, 2010) as a result of the decrease in the fair value of CFH derivatives on exchange rates. Conversely, assuming a 10% depreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been €2,028 million higher (€1,780 million at December 31, 2010) as a result of the increase in the fair value of CFH derivatives on exchange rates.

Commodity risk

The exposure to the risk of changes in commodity prices is associated with the purchase of fuel for power plants and the purchase and sale of gas under indexed contracts as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on Power Exchange).
The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.
Various types of derivatives are used to reduce the exposure to fluctuations in energy commodity prices and as part of proprietary trading activities (mainly forwards, swaps, commodity options, futures and contracts for differences).
Enel manages the risks associated with transactions in commodities used for the Group's core business and the general risks generated by proprietary trading separately. Each company/business unit is assigned specific risk limits for each industrial or proprietary trading portfolio. Enel assesses and monitors compliance with the assigned risk limits in terms of Profit-at-Risk for the monthly exposures generated by the energy commodity industrial portfolios and in terms of Value-at-Risk with regard to the daily exposures generated by proprietary trading activities.
As regards electricity sold by the Group, Enel uses fixed-price contracts in the form of bilateral physical contracts and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case.
The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is quantified and managed on the basis of an estimation of developments in generation costs. The residual positions thus determined are aggregated on the basis of uniform risk factors that can be hedged in the market.

The following table reports the notional amount and fair value of derivative contracts relating to commodities at December 31, 2011 and December 31, 2010.

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives:								
- energy derivatives	1,753	1,862	(54)	43	18	65	(72)	(22)
- swaps on oil commodities	-	89	-	11	-	11	-	-
- derivatives on coal	880	830	(62)	173	-	175	(62)	(2)
- derivatives on gas	584	524	(10)	48	1	48	(11)	-
Trading derivatives:								
- energy derivatives	18,956	13,042	40	(55)	81	59	(41)	(114)
- swaps on oil commodities	8,488	5,934	(27)	119	1,847	350	(1,874)	(231)
- futures/options on oil commodities	1,450	229	(7)	(5)	30	3	(37)	(8)
- derivatives on coal	332	896	(2)	31	20	147	(22)	(116)
- embedded derivatives	268	432	(267)	(356)	-	8	(267)	(364)
TOTAL COMMODITY DERIVATIVES	**32,711**	**23,838**	**(389)**	**9**	**1,997**	**866**	**(2,386)**	**(857)**

Cash flow hedge derivatives refer to the physical positions in the underlying and, therefore, any negative (positive) change in the fair value of the derivative instrument corresponds to a positive (negative) change in the fair value of the underlying physical commodity, so the impact on the income statement is equal to zero. The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2011 (gross of taxes) that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
		at Dec. 31, 2011	
Fair value of derivatives on energy in cash flow hedges	93	(54)	(204)
Fair value of derivatives on coal in cash flow hedges	(148)	(62)	23
Fair value of derivatives on gas in cash flow hedges	(40)	(10)	20

The following table shows the fair value of derivatives and the consequent impact on the income statement and shareholders' equity at December 31, 2011 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
		at Dec. 31, 2011	
Fair value of derivatives on energy in trading transactions	(28)	40	85
Fair value of derivatives on oil commodities in trading transactions	(123)	(34)	64
Fair value of derivatives on coal in trading transactions	25	(2)	(32)

Embedded derivatives relate to contracts for the purchase and sale of energy entered into by Slovenské elektrárne in Slovakia. The market value at December 31, 2011 came to a negative €267 million, composed of:

a. an embedded derivative on the EUR/USD exchange rate whose fair value at December 31, 2011 was a negative €139 million;

b. a derivative on the price of gas whose fair value at December 31, 2011 was a negative €128 million.

The following tables show the fair value at December 31, 2011, as well as the value expected from a 10% increase or decrease in the underlying risk factors.

Fair value embedded derivative (a)

Millions of euro	EUR/USD exchange rate
Decrease of 10%	(150)
Scenario at Dec. 31, 2011	(139)
Increase of 10%	(129)

Fair value embedded derivative (b)

Millions of euro	Gas price
Decrease of 10%	(113)
Scenario at Dec. 31, 2011	(128)
Increase of 10%	(139)

The following table reports the cash flows expected in subsequent years from these financial derivatives on commodities.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond
Cash flow hedge derivatives							
Positive fair value	19	9	2	2	2	2	2
Negative fair value	(145)	(145)	-	-	-	-	-
Trading derivatives							
Positive fair value	1,978	1,803	169	4	1	1	-
Negative fair value	(2,241)	(1,934)	(313)	1	2	1	2

Credit risk

Enel manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any significant concentration of credit risk.

The credit risk in respect of the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks, diversifying the exposure among different institutions and constantly monitoring their credit ratings.

In addition, during the year Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

As part of activities related to purchasing fuels for thermal generation and the sale and distribution of electricity, the distribution of gas and the sale of gas to eligible customers, Enel grants trade credit to external counterparties. The counterparties selected are carefully monitored through the assessment of the related credit risk and the pledge of suitable guarantees and/or security deposits to ensure adequate protection from default risk.

In addition, for specific segments of the trade portfolio, a number of assignments of receivables were carried out. The main transactions regarded the trade receivables of the Sales Division. More specifically, in the last quarter of 2011, the Group entered into a framework agreement with two leading banks for the ongoing non-recourse assignment of invoiced receivables and receivables to be invoiced for customers in the enhanced protection market in Italy. The agreement, which has a term of five years and is structured into 3-month revolving periods, provides for a maximum assignment amount of an estimated €14.4 billion a year.

Liquidity risk

Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), ensuring access to the money and capital markets. The Parent Company meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

The Enel Group's access to the credit market despite the recent financial crisis was confirmed by the successful placement of bonds for institutional investors amounting to €1.75 billion in July 2011 and €2.25 billion in October 2011.

At December 31, 2011, the Enel Group had a total of about €7 billion in cash or cash equivalents, of which €2.7 billion held by Endesa, as well as total committed credit lines of €15.9 billion, of which €5.4 billion held by Endesa. The limits on the committed credit lines amounted to €25.5 billion (€9.6 billion drawn), of which €7.2 billion held by Endesa (€1.8 billion drawn). In addition, the Group had uncommitted credit lines totaling €2.7 billion (€0.8 billion drawn), of which €1.6 billion held by Endesa (€20 million drawn).

Finally, the Group has outstanding commercial paper programs with a maximum ceiling of about €9 billion (€3.2 billion drawn), of which €3 billion held by Endesa through its subsidiaries (€1.2 billion drawn).

6.1 Derivatives contracts classified under non-current financial assets - *€1,387 million*

The following table shows the notional amount and fair value of derivative contracts classified under non-current financial assets.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	Change
Cash flow hedge derivatives:					
- interest rates	224	1,716	6	7	(1)
- exchange rates	9,326	6,698	1,302	671	631
- commodities	30	397	10	46	(36)
Total	9,580	8,811	1,318	724	594
Fair value hedge derivatives:					
- interest rates	83	83	14	9	5
- exchange rates	262	264	30	15	15
Total	345	347	44	24	20
Trading derivatives:					
- interest rates	75	75	6	8	(2)
- exchange rates	181	109	13	5	8
- commodities	64	259	6	60	(54)
Total	320	443	25	73	(48)
TOTAL	**10,245**	**9,601**	**1,387**	**821**	**566**

At December 31, 2011, the notional amount of the cash flow hedge derivative contracts classified as non-current financial assets came to €9,580 million, with the corresponding fair value of €1,318 million.

The cash flow hedge derivatives are essentially related to transactions hedging the exchange rate risk on bond issues in currencies other than the euro using cross currency interest rate swaps and the additional private placements issued by Enel Finance International and OGK-5 during 2011. The rise in the notional amount, equal to €2,628 million, was essentially attributable to the reclassification of certain transactions that at December 31, 2010 had been reported under "Non-current financial liabilities" to "Non-current financial assets" due to a change in the sign of their fair values.

The rise in the fair value was mainly due to developments in the exchange rate of the euro against the pound sterling.

Commodity derivatives include:

> derivatives on energy with a fair value of €10 million classified as cash flow hedges and €5 million classified as trading transactions;

> trading derivatives entered into by Endesa with a fair value of €1 million.

The following table reports the fair value balances of derivatives with a positive fair value broken down by type of measurement inputs used.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Cash flow hedge derivatives:				
- interest rates	6	-	6	-
- exchange rates	1,302	-	1,302	-
- commodities	10	-	10	-
Total	**1,318**	**-**	**1,318**	**-**
Fair value hedge derivatives:				
- interest rates	14	-	14	-
- exchange rates	30	-	30	-
Total	**44**	**-**	**44**	**-**
Trading derivatives:				
- interest rates	6	-	6	-
- exchange rates	13	-	13	-
- commodities	6	-	6	-
Total	**25**	**-**	**25**	**-**
TOTAL	**1,387**	**-**	**1,387**	**-**

6.2 Derivatives contracts classified under current financial assets - *€2,420 million*

The following table reports the notional amount and fair value of the derivative contracts, grouped by type and designation.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	Change
Cash flow hedge derivatives:					
- interest rates	-	375	-	1	(1)
- exchange rates	3,571	957	299	33	266
- commodities	835	2,127	9	253	(244)
Total	**4,406**	**3,459**	**308**	**287**	**21**
Fair value hedge derivatives:					
- interest rates	-	15	-	-	-
Total	**-**	**15**	**-**	**-**	**-**
Trading derivatives:					
- exchange rates	2,604	2,157	140	50	90
- commodities	5,319	17,185	1,972	508	1,464
Total	**7,923**	**19,342**	**2,112**	**558**	**1,554**
TOTAL	**12,329**	**22,816**	**2,420**	**845**	**1,575**

Exchange rate derivatives, whether designated as trading transactions or cash flow hedges, essentially comprise transactions to hedge the exchange rate risk associated with the prices of energy commodities.
The rise in the notional amount and fair value of these derivatives is mainly associated with normal operations.

Commodity derivatives regard:
> derivatives on energy, classified as cash flow hedges, with a fair value of €8 million;
> derivatives on gas, classified as cash flow hedges, with a fair value of €1 million;
> commodity derivatives related to fuels and other commodities classified as trading derivatives, with a fair value of €1,897 million;
> trading transactions on energy, with a fair value of €75 million.

The following table reports the fair value balances of derivatives with a positive fair value broken down by measurement inputs used, as provided for under the amendments of IFRS 7.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Cash flow hedge derivatives:				
- exchange rates	299	-	299	-
- commodities	9	-	9	-
Total	**308**	**-**	**308**	**-**
Trading derivatives:				
- exchange rates	140	-	140	-
- commodities	1,972	466	1,506	-
Total	**2,112**	**466**	**1,646**	-
TOTAL	**2,420**	**466**	**1,954**	**-**

The balance for Level 1 essentially regards positions in futures on CO_2 and on Brent listed on the Intercontinental Exchange (ICE).

6.3 Derivatives contracts classified under non-current financial liabilities - *€2,307 million*

The following table reports the notional amount and fair value of the cash flow hedge, fair value hedge and trading derivatives.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	Change
Cash flow hedge derivatives:					
- interest rates	6,316	10,704	600	566	34
- exchange rates	4,314	6,806	1,495	1,557	(62)
- commodities	-	171	-	5	(5)
Total	**10,630**	**17,681**	**2,095**	**2,128**	**(33)**
Fair value hedge derivatives:					
- exchange rates	11	215	6	19	(13)
Total	**11**	**215**	**6**	**19**	**(13)**
Trading derivatives:					
- interest rates	698	3,439	66	157	(91)
- exchange rates	37	88	3	4	(1)
- commodities	166	452	137	283	(146)
Total	**901**	**3,979**	**206**	**444**	**(238)**
TOTAL	**11,542**	**21,875**	**2,307**	**2,591**	**(284)**

At December 31, 2011, the notional amount of derivatives classified under non-current financial liabilities came to €11,542 million, with a corresponding fair value of €2,307 million. Compared with December 31, 2010, these represent decreases of €10,333 million and €284 million, respectively.
The decrease in the notional amount mainly involved interest rate derivatives in cash flow hedges and trading transactions. It is mainly attributable to the reclassification to "Current financial liabilities" of the derivatives used to hedge the debt entered into by Enel SpA and Enel Finance International in 2007 in respect of the syndicated credit line with an original value of €35 billion, which matures in April 2012, and Endesa derivatives.
That reclassification includes €1,000 million in notional amount transferred from "Non-current financial liabilities – cash flow hedge derivatives" to "Current financial liabilities – trading derivatives" regarding interest rate hedges of debt entered into by Enel SpA that was overhedged following the voluntary early repayment of the underlying (Credit Facility).
Cash flow hedge derivatives on exchange rates essentially regard the hedging (using cross currency interest rate swaps) of bond issues in currencies other than the euro. The fair value reflects the change in the value of the euro against the hedged currencies.
Commodity derivatives mainly related to:

> embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €136 million;
> derivatives held by Endesa with a fair value of €1 million classified as trading derivatives.

The following table reports the fair value of derivatives with a negative fair value on the basis of the measurement inputs used.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Cash flow hedge derivatives:				
- interest rates	600	-	600	-
- exchange rates	1,495	-	1,495	-
Total	**2,095**	**-**	**2,095**	**-**
Fair value hedge derivatives:				
- exchange rates	6	-	6	-
Total	**6**	**-**	**6**	**-**
Trading derivatives:				
- interest rates	66	-	66	-
- exchange rates	3	-	3	-
- commodities	137	-	72	65
Total	**206**	**-**	**141**	**65**
TOTAL	**2,307**	**-**	**2,242**	**65**

The balance for Level 3 regards the embedded derivative (identified as embedded derivative B in note 6 to these consolidated financial statements) on the price of gas in an energy purchase contract entered into by Slovenské elektrárne in Slovakia. The contract was measured in two parts. In the first part, the market value of the electricity purchased was determined, while in the second part a Monte Carlo simulation is used to determine the value of the contract. The fair value of the contract is equal to the difference between the average values obtained from the simulation and the market value of the electricity acquired.

Changes in the latter – which include the portion classified under current liabilities (see note 6.4), equal to €63 million at December 31, 2011 – are reported in the following table.

Millions of euro	Embedded derivatives of Slovenské elektrárne
Opening balance at January 1, 2011	**158**
(Gains)/Losses in income statement	(30)
Closing balance at December 31, 2011	**128**

The gains and losses recognized through profit or loss for the period include €33 million in respect of the decrease in operating performance and €3 million in respect of higher net financial expense.

6.4 Derivatives contracts classified under current financial liabilities - *€2,645 million*

The following table shows the notional amount and fair value of the derivative contracts.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010	Change
Cash flow hedge derivatives:					
- interest rates	4,467	244	27	3	24
- exchange rates	525	1,972	156	45	111
- commodities	2,352	609	145	19	126
Total	**7,344**	**2,825**	**328**	**67**	**261**
Fair value hedge derivatives:					
- exchange rates	184	36	6	2	4
Total	**184**	**36**	**6**	**2**	**4**
Trading derivatives:					
- interest rates	3,821	284	75	33	42
- exchange rates	2,373	2,804	132	124	8
- commodities	23,945	2,637	2,104	550	1,554
Total	**30,139**	**5,725**	**2,311**	**707**	**1,604**
TOTAL	**37,667**	**8,586**	**2,645**	**776**	**1,869**

The increase in the notional amount of interest rate derivatives essentially involved the reclassification from "Non-current financial liabilities" of the derivatives used to hedge the debt entered into by Enel SpA and Enel Finance International in 2007 in respect of the syndicated credit line with an original value of €35 billion, which matures in April 2012, and Endesa derivatives.

Trading derivatives on exchange rates essentially include derivatives transactions used to hedge the exchange rate risk in respect of commodity prices. Even though the transactions were carried out for hedging purposes, they do not meet the requirements to qualify for hedge accounting.

Commodity derivatives are mainly related to:

> cash flow hedge derivatives on fuels, with a fair value of €73 million;
> derivatives on energy, classified as cash flow hedges, with a fair value of €72 million;
> trading derivatives on fuels and other commodities, with a fair value of €1,932 million;
> trading transactions in energy, with a fair value of €41 million;
> embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €131 million.

The following table reports the fair value of derivatives with a negative fair value on the basis of the measurement inputs used, as provided for under the amendments to IFRS 7.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Cash flow hedge derivatives:				
- interest rates	27	-	27	-
- exchange rates	156	-	156	-
- commodities	145	4	141	-
Total	328	4	324	-
Fair value hedge derivatives:				
- exchange rates	6	-	6	-
Total	6	-	6	-
Trading derivatives:				
- interest rates	75	-	75	-
- exchange rates	132	-	132	-
- commodities	2,104	533	1,508	63
Total	2,311	533	1,715	63
TOTAL	**2,645**	**537**	**2,045**	**63**

The balance for Level 1 essentially regards positions in futures on CO_2 and on Brent listed on the Intercontinental Exchange (ICE).

7

Segment information

The representation of divisional performance and financial position presented here is based on the approach used by management in monitoring Group performance for the two periods being compared.

For more information on developments in performance and financial position during the year, please see the appropriate section of the Report on operations.

Segment information for 2011 and 2010

Results for 2011[1]

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Elimination and adjustments	**Total**
Revenues from third parties	17,568	17,131	60	3,212	32,082	7,071	1,927	401	62	-	**79,514**
Revenues from other segments	163	6,015	337	4,248	565	644	612	361	1,294	(14,239)	-
Total revenues	**17,731**	**23,146**	**397**	**7,460**	**32,647**	**7,715**	**2,539**	**762**	**1,356**	**(14,239)**	**79,514**
Total costs	17,214	21,196	385	3,175	25,424	6.051	944	800	1,119	(14,239)	**62,069**
Net income/(charges) from commodity risk management	44	232	-	-	28	(22)	(10)	-	-	-	**272**
Depreciation and amortization	76	595	3	917	2.749	430	428	11	85	-	**5,294**
Impairment losses/reversals	344	(3)	-	21	445	150	77	3	20	-	**1,057**
Operating income	**141**	**1,590**	**9**	**3,347**	**4,057**	**1,062**	**1,080**	**(52)**	**132**	**-**	**11,366**
Operating assets	**5,209**	**16,571**	**254**	**17,479**	**76,124** [2]	**13,480**	**11,204** [6]	**1,090**	**2,166** [7]	**(5.941)**	**137,636**
Operating liabilities	**6,050**	**5,111**	**249**	**6,418**	**11.852** [3]	**5,254**	**1,475**	**1,152**	**1,613** [8]	**(6.047)**	**33,127**
Equity investments accounted for using the equity method	**-**	**7**	**-**	**132**	**124**	**305**	**486**	**2**	**29**	**-**	**1,085**
Capital expenditure	**90**	**432**	**4**	**1,383**	**2,491** [4]	**1,450** [5]	**1,557**	**13**	**64**	**-**	**7,484**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €359 million regarding units classified as "Held for sale".
(3) Of which €32 million regarding units classified as "Held for sale".
(4) Does not include €101 million regarding units classified as "Held for sale".
(5) Does not include €4 million regarding units classified as "Held for sale".
(6) Of which €4 million regarding units classified as "Held for sale".
(7) Of which €3 million regarding units classified as "Held for sale".
(8) Of which €4 million regarding units classified as "Held for sale".

Results for 2010 restated [1] [2]

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Elimination and adjustments	**Total**
Revenues from third parties	18,499	12,173	106	2,991	31,022	6,203	1,934	358	102	(11)	**73,377**
Revenues from other segments	198	5,367	502	4,436	241	157	245	321	1,031	(12,498)	-
Total revenues	**18,697**	**17,540**	**608**	**7,427**	**31,263**	**6,360**	**2,179**	**679**	**1,133**	**(12,509)**	**73,377**
Total costs	17,627	15,936	594	3,614	23,395	4,811	956	738	997	(12,491)	**56,177**
Net income/ (charges) from commodity risk management	(587)	788	-	-	28	(29)	89	(9)	-	-	**280**
Depreciation and amortization	74	570	4	891	2,807	481	340	7	98	-	**5,272**
Impairment losses/ reversals	351	(10)	-	11	446	136	4	-	12	-	**950**
Operating income	**58**	**1,832**	**10**	**2,911**	**4,643**	**903**	**966**	**(75)**	**26**	**(16)**	**11,258**
Operating assets [2]	**6,162**	**15,444**	**316**	**17,680**	**77,764** [3]	**13,103** [6]	**9,654** [9]	**1,075**	**2,529** [7]	**(5,732)**	**137,995**
Operating liabilities [2]	**5,673**	**4,467**	**374**	**5,825**	**13,500** [4]	**5,184** [7]	**1,235** [10]	**1,166**	**1,543** [8]	**(5,734)**	**33,233**
Equity investments accounted for using the equity method	**-**	**6**	**-**	**150**	**142**	**315**	**422** [11]	**-**	**15**	**-**	**1,050**
Capital expenditure	**62**	**648**	**5**	**1,147**	**2,866** [5]	**1,210** [8]	**1,065** [12]	**7**	**80**	**-**	**7,090**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) At December 31, 2010 restated. The figures were restated as a result of the completion of the process of allocating the purchase price for the SE Hydropower business combination.
(3) Of which €484 million regarding units classified as "Held for sale".
(4) Of which €145 million regarding units classified as "Held for sale".
(5) Does not include €76 million regarding units classified as "Held for sale".
(6) Of which €592 million regarding units classified as "Held for sale".
(7) Of which €26 million regarding units classified as "Held for sale".
(8) Does not include €10 million regarding units classified as "Held for sale".
(9) Of which €399 million regarding units classified as "Held for sale".
(10) Of which €14 million regarding units classified as "Held for sale".
(11) Of which €17 million regarding units classified as "Held for sale".
(12) Does not include €11 million regarding units classified as "Held for sale".

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated (1)
Total assets	**169,805**	**168,562**
Financial assets, cash and cash equivalents	24,904	22,934
Tax assets	7,265	7,633
Segment assets	**137,636**	**137,995**
- of which:		
Sales	5,209	6,162
Generation and Energy Management	16,571	15,444
Engineering and Innovation	254	316
Infrastructure and Networks	17,479	17,680
Iberia and Latin America (2)	76,124	77,764
International (3)	13,480	13,103
Renewable Energy (4)	11,204	9,654
Parent Company	1,090	1,075
Services and Other Activities (5)	2,166	2,529
Eliminations and adjustments	(5,941)	(5,732)
Total liabilities	**115,365**	**114,696**
Loans and other financial liabilities	69,153	68,683
Tax liabilities	13,085	12,780
Segment liabilities	**33,127**	**33,233**
- of which:		
Sales	6,050	5,673
Generation and Energy Management	5,111	4,467
Engineering and Innovation	249	374
Infrastructure and Networks	6,418	5,825
Iberia and Latin America (6)	11,852	13,500
International (7)	5,254	5,184
Renewable Energy (8)	1,475	1,235
Parent Company	1,152	1,166
Services and Other Activities (9)	1,613	1,543
Eliminations and adjustments	(6,047)	(5,734)

(1) The figures were restated as a result of the completion of the process of allocating the purchase price for the SE Hydropower business combination to the assets acquired and the liabilities assumed.
(2) Of which €359 million regarding units classified as "Held for sale" at December 31, 2011 (€484 million at December 31, 2010).
(3) Of which €592 million regarding units classified as "Held for sale" at December 31, 2010.
(4) Of which €4 million regarding units classified as "Held for sale" at December 31, 2011 (€399 million at December 31, 2010).
(5) Of which €3 million regarding units classified as "Held for sale" at December 31, 2011.
(6) Of which €32 million regarding units classified as "Held for sale" at December 31, 2011 (€145 million at December 31, 2010).
(7) Of which €26 million regarding units classified as "Held for sale" at December 31, 2010.
(8) Of which €14 million regarding units classified as "Held for sale" at December 31, 2010.
(9) Of which €4 million regarding units classified as "Held for sale" at December 31, 2011.

Information on the Consolidated Income Statement

Revenues

8.a Revenues from sales and services - *€77,573 million*

Millions of euro

	2011	2010	Change
Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies	68,308	64,045	4,263
Revenues from the sale and transport of natural gas to end users	3,624	3,574	50
Revenues from fuel sales	994	449	545
Connection fees for the electricity and gas networks	1,422	1,429	(7)
Revenues for contract work in progress	53	170	(117)
Other sales and services	3,172	2,276	896
Total	**77,573**	**71,943**	**5,630**

"Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies" amounted to €68,308 million (€64,045 million in 2010). Among other items, they include €33,948 million in revenues from the sale of electricity to end users (€33,823 million in 2010), €15,808 million in revenues from the sale of electricity to wholesale buyers (€13,795 million in 2010), €6,653 million in revenues from electricity trading activities (€4,792 million in 2010), and €10,098 million in revenues from the transport of electricity (€10,510 million in 2010).

"Revenues from the sale and transport of natural gas to end users" came to €3,624 million in 2011 and include €2,099 million in revenues from the sale and transport of natural gas in Italy (€2,244 million in 2010) and sales of natural gas abroad amounting to €1,525 million (€1,330 million in 2010).

"Revenues from fuel sales" came to €994 million in 2011, which includes €641 million in sales of natural gas (€179 million in 2010), while the sale of other fuels amounted to €353 million (€270 million in 2010).

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2011	2010
Italy	30,678	30,767
Europe – EU	33,552	28,607
Europe – non-EU	2,846	2,471
Americas	10,338	9,907
Other	159	191
Total	**77,573**	**71,943**

8.b Other revenues and income - *€1,941 million*

Millions of euro

	2011	2010	Change
Cost contributions and other fees	81	21	60
Sundry reimbursements	184	107	77
Gains on disposal of assets	71	127	(56)
Measurement at fair value after changes in control	358	-	358
Gains on sale of property, plant and equipment and intangible assets	57	33	24
Service continuity bonuses	158	100	58
Other revenues	1,032	1,046	(14)
Total	**1,941**	**1,434**	**507**

"Cost contributions and other fees" regard revenues on certain connections to the electricity and gas networks.
"Sundry reimbursements" are mainly accounted for by €45 million paid by customers and €87 million in insurance reimbursements.
"Gains on disposal of assets" amounted to €71 million in 2011 and largely comprise the gain on the sale of part of the assets of Enel Unión Fenosa Renovables (€44 million), Deval and Vallenergie (€21 million), Explotaciones Eólicas de Aldehuelas (€18 million), CAM and Synapsis (€15 million), Enel Maritza East 3, Enel Operations Bulgaria and the related holding companies (€12 million), as well as the gain on the disposal of a business unit that led to the acquisition of an equity interest in San Floriano Energy (€15 million). These positive effects were partially offset by the revision (about €54 million) of the sale price for the Spanish high-voltage grids and of 80% of Nubia 2000.
The gain from "measurement at fair value after changes in control" came to €358 million in 2011. The gain is the result of the adjustment to their fair value of the assets and liabilities pertaining to the Group (i) remaining after the loss of control of Hydro Dolomiti Enel as a result of the change in corporate governance arrangements (€237 million); (ii) already owned by Enel prior to acquiring complete control of Enel Unión Fenosa Renovables (€76 million), Sociedad Eólica de Andalucía (€23 million) and TP – Sociedade Térmica Portuguesa (€22 million).

Costs

9.a Raw materials and consumables - *€42,901 million*

Millions of euro

	2011	2010	Change
Electricity	29,045	24,714	4,331
Fuel and gas	11,456	9,422	2,034
Materials	2,400	2,321	79
Total	**42,901**	**36,457**	**6,444**
- of which capitalized costs for materials	*(963)*	*(1,057)*	*94*

Purchases of "electricity" comprise those from the Single Buyer in the amount of €6,096 million (€6,066 million in 2010) and purchases from the Energy Markets Operator in the amount of €6,950 million (€3,347 million in 2010). The increase is primarily attributable to bilateral contracts and the rise in the purchase cost of electricity on domestic and foreign markets.
Purchases of "fuel and gas" include €5,328 million in natural gas purchases (€4,844 million in 2010) and €6,128 million in purchases of other fuels (€4,578 million in 2010).

9.b Services - *€14,440 million*

Millions of euro

	2011	2010	Change
Electricity and gas wheeling	8,701	8,436	265
Maintenance and repairs	1,369	1,236	133
Telephone and postal costs	273	314	(41)
Communication services	160	139	21
IT services	242	177	65
Leases and rentals	571	599	(28)
Other	3,124	2,727	397
Total	**14,440**	**13,628**	**812**

Service costs for 2011 came to €14,440 million and include the contribution of Endesa in the amount of €8,927 million (€8,207 million in 2010). The item rose compared with 2010 owing to greater electricity wheeling costs as a result of higher system charges and higher costs for services connected with the electrical systems of the countries in which the Group operates.

9.c Personnel - *€4,296 million*

Millions of euro

	2011	2010	Change
Wages and salaries	3,335	3,370	(35)
Social security contributions	870	839	31
Post-employment benefits	120	116	4
Other costs	(29)	582	(611)
Total	**4,296**	**4,907**	**(611)**
- of which capitalized	*(748)*	*(708)*	*(40)*

Personnel costs amounted to €4,296 million in 2011, down €611 million compared with the previous year. The average workforce contracted by 4.6% compared with the previous year. The Group workforce decreased by 2,953 during the period, mainly due to the change in the scope of consolidation (a decline of 2,462) connected with the sales of CAM, Synapsis, Enel Operations Bulgaria, Enel Maritza East 3, Deval and Vallenergie, as well as the different method used for consolidating Hydro Dolomiti Enel. In addition to this factor, the decrease in "other costs" is connected with the completion of the early retirement incentive program as well as the positive impact of the agreement reached during the year to eliminate electricity discounts for employees in service in Italy, following which a gain from curtailment of €152 million was recognized. As a result of that agreement, the electricity discounts will continue to be applied only for employees no longer in service who already received such discounts at the time their employment relationship ended.

For more information on employee benefit plans, please see note 29 below.

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2011.

	Average number (1)			Headcount (1)
	2011	2010	Change	**at Dec. 31, 2011** (2)
Senior managers	1,219	1,336	(117)	1,190
Middle managers	13,908	14,110	(202)	14,098
Office staff	41,292	42,669	(1,377)	41,085
Workers	19,847	21,798	(1,951)	18,987
Total	**76,266**	**79,913**	**(3,647)**	**75,360**

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.
(2) Of which 113 in units classified as assets "Held for sale".

9.d Depreciation, amortization and impairment losses - *€6,351 million*

Millions of euro

	2011	2010	Change
Depreciation	4,434	4,407	27
Amortization	860	865	(5)
Impairment losses	1,057	950	107
Total	**6,351**	6,222	129

"Impairment losses" in 2011 mainly regard writedowns of trade receivables amounting to €519 million (€717 million in 2010). It also includes the adjustment of the goodwill of Endesa Ireland in the amount of €105 million (€115 million in 2010) on the basis of the status of negotiations as of the balance sheet date, as well as the impairment recognized on the value of the electricity distribution grid in Argentina (€153 million) and that on the goodwill of Enel Green Power Hellas (€70 million) and Marcinelle Energie (€26 million).

9.e Other operating expenses - *€2,143 million*

Millions of euro

	2011	2010	Change
Provisions for risks and charges	70	393	(323)
Purchase of green certificates	155	223	(68)
Taxes and duties	1,146	1,057	89
Losses on disposal of assets	7	3	4
Other	765	1,274	(509)
Total	**2,143**	**2,950**	**(807)**

Other operating expenses totaled €2,143 million in 2011, down €807 million compared with the previous year. The decrease was largely associated with a decline in provisions for risks and charges made during the year and the revision of estimates for provisions recognized in prior years. These effects were only partially offset by the recognition of the net-worth tax in Colombia (€109 million) following the tax reform introduced in that country with Law 1430/2010.

9.f Capitalized costs - *€(1,711) million*

Capitalized costs consist of €748 million in personnel costs and €963 million in materials costs (compared with €708 million and €1,057 million, respectively, in 2010).

Net income/(charges) from commodity risk management

10. Net income/(charges) from commodity risk management - *€272 million*

Net income from commodity risk management reflects €160 million in net income realized on positions closed during the year and €112 million in unrealized net income on open positions in commodity derivatives at December 31, 2011.

Millions of euro

	2011	2010	Change
Income			
Unrealized on contracts for differences	-	3	(3)
Unrealized on other contracts	1,969	588	1,381
Total unrealized income	**1,969**	**591**	**1,378**
Realized on two-way contracts for differences	42	15	27
Realized on other contracts	1,384	1,038	346
Total realized income	**1,426**	**1,053**	**373**
Total income	**3,395**	**1,644**	**1,751**
Charges			
Unrealized on other contracts	(1,857)	(653)	(1,204)
Total unrealized charges	**(1,857)**	**(653)**	**(1,204)**
Realized on other contracts	(1,266)	(711)	(555)
Total realized charges	**(1,266)**	**(711)**	**(555)**
Total charges	**(3,123)**	**(1,364)**	**(1,759)**
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	**272**	**280**	**(8)**
- of which trading/non-IFRS-IAS hedge derivatives	*236*	*265*	*(29)*
- of which ineffective portion of CFH	*(2)*	*-*	*(2)*

11. Financial income/(expense) - *€(3,024) million*

Financial income

Millions of euro

	2011	2010	Change
Interest and other income from financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	65	35	30
- financial income on non-current securities at fair value through profit or loss	-	2	(2)
- interest income at effective rate on short-term financial investments	256	223	33
Total interest and other income from financial assets	**321**	**260**	**61**
Foreign exchange gains	**729**	**735**	**(6)**
Income from derivative instruments:			
- income from cash flow hedge derivatives	568	726	(158)
- income from derivatives at fair value through profit or loss	516	332	184
- income from fair value hedge derivatives	45	76	(31)
Total income from derivative instruments	**1,129**	**1,134**	**(5)**
Income from equity investments	**44**	**97**	**(53)**
Other income	**470**	**350**	**120**
TOTAL FINANCIAL INCOME	**2,693**	**2,576**	**117**

Financial income amounted to €2,693 million, up €117 million on the previous year.

Financial income from derivatives came to €1,129 million, of which €402 million realized (€247 million in 2010) and €727 million unrealized (€887 million in 2010).

The increase on the previous year is essentially attributable to the rise in default interest relating to a decision resolving a tax dispute in the Group's favor in Spain (€63 million) and the effect of the discounting of benefits granted to employees in Spain and Latin America (€56 million).

Financial expense

Millions of euro

	2011	2010	Change
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	600	590	10
- interest expense on bonds	1,893	1,860	33
- interest expense on other loans	259	217	42
- financial expense on securities at fair value through profit or loss	1	-	1
- commissions on unused lines of credit	21	15	6
Total interest expense and other charges on financial debt	2,774	2,682	92
Foreign exchange losses	1,146	1,244	(98)
Expense on derivative instruments:			
- expense on cash flow hedge derivatives	450	514	(64)
- expense on derivatives at fair value through profit or loss	542	482	60
- expense on fair value hedge derivatives	15	13	2
Total expense on derivative instruments	1,007	1,009	(2)
Accretion of post-employment and other employee benefits	281	278	3
Accretion of other provisions	247	252	(5)
Charges on equity investments	3	1	2
Other charges	259	308	(49)
TOTAL FINANCIAL EXPENSE	**5,717**	**5,774**	**(57)**

Financial expense totaled €5,717 million, a decrease of €57 million on 2010.

More specifically, the increase in "interest expense and other charges on financial debt" resulting from the general rise in interest rates, as well as the refinancing strategy to optimize the financial structure of the Group was offset by the decline in "foreign exchange losses", which are mainly attributable to the debt denominated in currencies other than the euro, which was hedged with corresponding cross currency interest rate swaps.

"Expense on derivative instruments" came to €1,007 million, of which €623 million in realized charges (€599 million in 2010) and €384 million in unrealized charges (€410 million in 2010).

12. Share of income/(expense) from equity investments accounted for using the equity method - *€96 million*

Millions of euro

	2011	2010	Change
Income from associates	111	62	49
Expense on associates	(15)	(48)	33
Total	**96**	**14**	**82**

For more information on the composition of the balance, please see note 18.

In addition, the main differences with respect to the previous year are represented by income from Elcogas in the amount of €6 million (€28 million in expense in 2010) and by a general increase in income from investments in small companies in the Renewable Energy Division, totaling €56 million.

13. Income taxes - *€3,080 million*

Millions of euro

	2011	2010	Change
Current taxes	2,848	2,634	214
Adjustments for income taxes related to prior years	(55)	(106)	51
Deferred tax liabilities	273	(194)	467
Deferred tax assets	14	67	(53)
Total	**3,080**	**2,401**	**679**

Income taxes for 2011 came to €3,080 million, equal to 36.5% of taxable income, compared with 29.7% in 2010.

The estimated tax liability of foreign companies is €924 million (€804 million in 2010). The following table reconciles the theoretical tax rate with the effective rate. Please note that the size of the tax liability for the year was significantly impacted by the effects of the IRES surtax imposed under Decree Law 112/2008 (the so-called "Robin Hood Tax"), which following recent amendments applicable as from 2011, is levied at a rate of 10.5% and, for the first time, also applies to distribution operations.

Millions of euro

	2011		*2010*	
Income before taxes	8,438		8,074	
Theoretical tax	2,320	27.5%	2,220	27.5%
Permanent differences; effect of different foreign tax rates and minor items	(95)	-1.1%	(302)	-3.7%
IRES surtax (Decree Law 112/2008)	515	6.1%	158	2.0%
Difference on estimated income taxes from prior years for Italian companies	(16)	-0.2%	(48)	-0.6%
IRAP	356	4.2%	373	4.5%
Total	**3,080**	**36.5%**	**2,401**	**29.7%**

14. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 9,403,357,795 shares, with diluted earnings per share adjusted for the diluting effect of outstanding stock options (zero in both periods).

	2011	2010	Change
Net income from continuing operations pertaining to shareholders of the Parent Company (millions of euro)	4,148	4,390	(242)
Net income from discontinued operations pertaining to shareholders of the Parent Company (millions of euro)	-	-	-
Net income pertaining to shareholders of the Parent Company (millions of euro)	4,148	4,390	(242)
Number of ordinary shares	9,403,357,795	9,403,357,795	-
Dilutive effect of stock options	-	-	-
Basic and diluted earnings per share (euro)	0.44	0.47	(0.03)
Basic and diluted earnings from continuing operations per share (euro)	0.44	0.47	(0.03)
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-

Please note that existing stock option plans for top management could dilute basic earnings per share in the future. For more information on those plans, please see the appropriate section of these notes.

Between the balance sheet date and the date of publication of the financial statements, no events or transactions took place that changed the number of ordinary shares or potential ordinary shares in circulation at the end of the year.

Information on the Consolidated Balance Sheet

15. Property, plant and equipment - *€80,592 million*

Changes in property, plant and equipment for 2010 and 2011 are shown below:

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	**Total**
Cost	539	9,726	109,399	389	1,189	533	184	8,322	130,281
Accumulated depreciation	-	4,338	48,155	302	637	162	100	-	53,694
Balance at January 1, 2010	**539**	**5,388**	**61,244**	**87**	**552**	**371**	**84**	**8,322**	**76,587**
Capital expenditure	16	72	1,619	17	75	284	2	4,290	6,375
Assets entering service	-	102	3,587	1	36	-	12	(3,738)	-
Exchange rate differences	21	57	1,385	-	63	23	-	188	1,737
Change in scope of consolidation	3	18	115	1	1	-	-	40	178
Depreciation	-	(245)	(3,888)	(16)	(144)	(23)	(24)	-	(4,340)
Impairment losses	(7)	-	(52)	-	-	-	-	(45)	(104)
Other changes	12	(258)	179	1	(87)	(7)	(3)	91	(72)
Reclassification from/to "Assets held for sale"	(19)	(63)	(1,868)	-	6	-	-	(323)	(2,267)
Total changes	**26**	**(317)**	**1,077**	**4**	**(50)**	**277**	**(13)**	**503**	**1,507**
Cost	565	10,115	138,809	409	1,738	756	202	8,825	161,419
Accumulated depreciation	-	5,044	76,488	318	1,236	108	131	-	83,325
Balance at December 31, 2010 restated	**565**	**5,071**	**62,321**	**91**	**502**	**648**	**71**	**8,825**	**78,094**
Capital expenditure	3	78	1,668	28	69	14	4	4,981	6,845
Assets entering service	9	195	3,876	1	41	181	13	(4,316)	-
Exchange rate differences	(3)	(18)	(146)	-	(10)	9	-	(55)	(223)
Change in scope of consolidation	(1)	(2)	180	-	1	-	(1)	130	307
Depreciation	-	(219)	(3,981)	(16)	(119)	(52)	(21)	-	(4,408)
Impairment losses	(5)	(36)	(164)	-	1	-	-	(41)	(245)
Other changes	11	201	(332)	(12)	(118)	270	5	34	59
Remeasurement at fair value after changes in control	1	32	96	-	-	-	-	-	129
Reclassification from/to "Assets held for sale"	-	-	36	-	-	-	-	(2)	34
Total changes	**15**	**231**	**1,233**	**1**	**(135)**	**422**	**-**	**731**	**2,498**
Cost	580	10,564	142,608	417	1,468	1,232	223	9,556	166,648
Accumulated depreciation	-	5,262	79,054	325	1,101	162	152	-	86,056
Balance at December 31, 2011	**580**	**5,302**	**63,554**	**92**	**367**	**1,070**	**71**	**9,556**	**80,592**

"Plant and machinery" includes assets to be relinquished with a net carrying amount of €12,513 million (€11,148 million at December 31, 2010), €7,870 million of which related to power generation plants (€7,925 million at December 31, 2010) and €3,749 million to Endesa's electricity distribution network (€2,615 million at December 31, 2010).

"Leased assets" include certain assets which the Group is using in Spain, France, Greece, Latin America and Slovakia. More specifically, in Spain the assets relate to a 25-year "tolling" contract for which an analysis pursuant to IFRIC 4 identified an embedded finance lease, under which Endesa has access to the generation capacity of a combined cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%. In France and Greece, they relate to wind plants under 10/15-year leases.

In Latin America, the assets relate to leased power transmission lines and plant (Ralco-Charrúa), under a 20-year lease at a 6.5% rate, as well as a number of combined cycle plants in Peru (8/9-year lease bearing a floating rate). The leased assets in Slovakia essentially relate to the sale and lease back agreements for the V1 nuclear power plant at Jaslovske Bohunice and the hydroelectric plant at Gabcikovo. The leasing arrangements were a necessary condition for the start of the privatization of the Slovakian electricity system. The lease for the V1 plant covers the entire remaining useful life of the asset and the period between the end of generation and the start of the decommissioning process, while the lease for the Gabcikovo plant has a 30-year term as from April 2006.

The following table reports the minimum lease payments and the related present value.

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2010	
2011	70	31
2012-2015	254	102
After 2015	813	432
Total	**1,137**	**565**

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2011	
2012	90	67
2013-2016	263	161
After 2016	750	532
Total	**1,103**	**760**

The table below summarizes capital expenditure in 2011 by category. These expenditures, totaling €6,845 million, rose by €470 million compared with 2010.

Millions of euro	**2011**	2010
Power plants:		
- thermal	1,272	1,818
- hydroelectric	516	381
- geothermal	113	174
- nuclear	878	661
- alternative energy resources	1,194	729
Total power plants	**3,973**	**3,763**
Electricity distribution network	2,668	2,520
Land, buildings and other assets and equipment	204	92
TOTAL	**6,845**	**6,375**

Capital expenditure on power plants totaled €3,973 million, an increase of €210 million on the previous year. This mainly reflects increased investment in plants using alternative energy resources of the Renewable Energy Division, in nuclear power plants by the International Division and in hydroelectric plants of the Iberia and Latin America Division. These factors were partially offset by lower investment in conventional thermal plants.

Capital expenditure for the electricity distribution network totaled €2,668 million, an increase of €148 million year on year.

The "change in scope of consolidation" for the period mainly concerned the acquisitions of the Renewable Energy Division (€496 million, essentially regarding Enel Green Power España), partially offset by the partial disposal of Hydro Dolomiti Enel (following the change in the method of consolidation) and the disposal of Deval.

"Other changes" include, among other items, interest on specific loans for capital expenditure in the amount of €88 million (€29 million in 2010).

The item pertaining to remeasurement at fair value after changes in control (€129 million), is entirely attributable to the application of IAS 27 (Revised) to Hydro Dolomiti Enel in the amount corresponding to the residual interest following loss of control.

Reclassification from "Assets held for sale" essentially reports the property, plant and equipment of Enel Green Power Bulgaria after the conditions for such classification under IFRS 5 ceased to apply.

16. Intangible assets - *€39,075 million*

Changes in intangible assets for 2010 and 2011 are shown below:

Millions of euro	Development costs	Industrial patents and intellectual property right	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	Goodwill	**Total**
Cost	50	1,138	15,771	2,849	1,339	421	19,045	40,613
Accumulated amortization	15	704	432	-	742	-	-	1,893
Balance at January 1, 2010	**35**	**434**	**15,339**	**2,849**	**597**	**421**	**19,045**	**38,720**
Capital expenditure	2	119	10	350	49	178	-	708
Assets entering service	-	167	1	-	58	(226)	-	-
Exchange rate differences	-	9	1,244	333	6	2	82	1,676
Change in scope of consolidation	4	-	-	-	1	-	41	46
Amortization	-	(239)	(267)	(241)	(106)	-	-	(853)
Impairment losses	-	-	1	-	(7)	(1)	(13)	(20)
Effect of SE Hydropower PPA	-	-	510	-	-	-	-	510
Other changes	-	24	(53)	(51)	44	(23)	193	134
Reclassification to "Assets held for sale"	(28)	(10)	(425)	-	1	-	(878)	(1,340)
Total changes	**(22)**	**70**	**1,021**	**391**	**46**	**(70)**	**(575)**	**861**
Cost	13	2,087	17,293	4,611	1,442	351	18,470	44,267
Accumulated amortization	-	1,583	933	1,371	799	-	-	4,686
Balance at December 31, 2010 restated	**13**	**504**	**16,360**	**3,240**	**643**	**351**	**18,470**	**39,581**
Capital expenditure	4	120	27	258	17	206	-	632
Assets entering service	2	187	1	301	30	(521)	-	-
Exchange rate differences	-	(3)	(377)	(264)	4	(1)	(21)	(662)
Change in scope of consolidation	-	(1)	306	-	41	12	30	388
Amortization	(2)	(230)	(320)	(215)	(92)	-	-	(859)
Impairment losses	-	-	1	-	(15)	(1)	(96)	(111)
Other changes	4	(1)	66	(374)	(77)	297	(46)	(131)
Remeasurement at fair value after changes in control	-	-	229	-	-	-	-	229
Reclassification from/to "Assets held for sale"	-	-	3	-	-	-	5	8
Total changes	**8**	**72**	**(64)**	**(294)**	**(92)**	**(8)**	**(128)**	**(506)**
Cost	30	2,185	17,558	4,412	1,487	343	18,342	**44,357**
Accumulated amortization	9	1,609	1,262	1,466	936	-	-	**5,282**
Balance at December 31, 2011	**21**	**576**	**16,296**	**2,946**	**551**	**343**	**18,342**	**39,075**

The "change in scope of consolidation" for the period mainly concerned the acquisitions of the Renewable Energy Division as well as the recognition of the concession on San Floriano Energy as a result of the allocation of the price paid for 33% of the company.

The item pertaining to remeasurement at fair value after changes in control is attributable to the application of IAS 27 (Revised) to Hydro Dolomiti Enel in the amount corresponding to the residual interest following loss of control and to Enel Unión Fenosa Renovables, Sociedad Eolica de Andalucia and TP Térmica Portuguesa in an amount corresponding to the interest held prior to acquiring control.

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include costs incurred by the gas companies and the foreign electricity distribution companies to acquire customers. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions. The item includes assets with an indefinite useful life in the amount of €10,325 million (10,348 million at December 31, 2010). The forecast cash flows for each of the electricity distribution concessions in Spain and various Latin American countries are sufficient to recover the value of the intangible asset.

"Service concession arrangements", recognized pursuant to IFRIC 12, regard certain infrastructure serving electricity distribution concessions in Brazil.

"Goodwill" amounted to €18,342 million, a decrease of €128 million over the previous year.

Millions of euro	at Dec. 31, 2010 restated			Change in scope of consolidation	Exchange rate differences	Impairment losses	Reclassification from "Assets held for sale"	Other changes	**at Dec. 31, 2011**		
	Cost	Accumulated impairment	**Net carrying amount**						Cost	Accumulated impairment	**Net carrying amount**
Endesa	14,501	-	**14,501**	-	-	-	-	(242)	14,259	-	**14,259**
Enel OGK-5	1,242	-	**1,242**	-	(28)	-	-	-	1,214	-	**1,214**
Enel Green Power Group (1)	868	(2)	**866**	30	12	(70)	5	15	930	(72)	**858**
Slovenské elektrárne	697	-	**697**	-	-	-	-	-	697	-	**697**
Enel Energia	579	-	**579**	-	-	-	-	-	579	-	**579**
Enel Distributie Muntenia	406	-	**406**	-	(3)	-	-	149	552	-	**552**
Enel Energie Muntenia	89	-	**89**	-	(1)	-	-	26	114	-	**114**
RusEnergoSbyt	44	-	**44**	-	(1)	-	-	-	43	-	**43**
Nuove Energie	26	-	**26**	-	-	-	-	-	26	-	**26**
Marcinelle Energie	20	-	**20**	-	-	(26)	-	6	26	(26)	**-**
Artic Russia	10	(10)	-	-	-	-	-	-	10	(10)	**-**
WISCO (2)	7	(7)	-	-	-	-	-	-	-	-	**-**
Total	**18,489**	**(19)**	**18,470**	**30**	**(21)**	**(96)**	**5**	**(46)**	**18,450**	**(108)**	**18,342**

(1) Includes EGP España, Enel Latin America, Enel Panama, Inelec, EGP North America, EGP Hellas, EGP France, EGP Romania, EGP Bulgaria and EGP Portoscuso and other smaller companies.
(2) Classified as "Assets held for sale" at December 31, 2011.

The "change in scope of consolidation" for the period mainly concerned the acquisitions of the Renewable Energy Division in Spain, Italy and Romania.

"Impairment losses" are recognized following impairment tests, as discussed below.

The reclassification from "Assets held for sale" reports the goodwill of Enel Green Power Bulgaria after the conditions for such classification under IFRS 5 ceased to obtain.

"Other changes" essentially comprises the change in the valuation at period-end of the debt associated with the acquisition of minority stakes (including Enel Distributie Muntenia and Enel Energie Muntenia) under a number of put options granted to minority shareholders as part of the acquisitions of those companies. This factor was more than offset by the adjustment of the Endesa-Iberian peninsula cash generating unit (CGU) to take account of the more specific allocation of the purchase price paid at the time.

The criteria used to identify the CGUs were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as on the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums.

Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

> for the explicit period, from the 10-year business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices;

> for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet, with the exception of the Marcinelle Energie and EGP Hellas CGUs, which are discussed below.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC and the long-term growth rate, the outcomes of which fully supported that value. The table below reports the composition of the main goodwill values according to the company to which the CGU belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
	at Dec. 31, 2011				
Endesa – Iberian peninsula (4)	10,999	2.1%	7.5%	10 years	Perpetuity
Endesa – Latin America	3,260	4.0% (1.2%) (5)	9.4%	10 years	Perpetuity
Enel OGK-5	1,214	1.2%	13.0%	10 years	Perpetuity
Slovenské elektrárne	697	1.2%	9.1%	10 years	Perpetuity
Enel Romania (6)	666	2.8%	9.8%	10 years	Perpetuity
Enel Energia	579	0.8%	10.6%	10 years	10 years
EGP España	406	2.0%	8.3%	5 years	16 years
EGP North America	123	2.1%	7.8%	5 years	21 years
EGP Latin America	266	3.5%	9.2%	5 years	30 years
RusEnergoSbyt	43	1.2%	15.6%	12 years	
Nuove Energie	26	0.8%	9.8%	10 years	19 years
EGP France	25	2.0%	7.9%	5 years	20 years
EGP Portoscuso and other minor companies	20	2.0%	10.9%	10 years	16 years
EGP Romania	13	2.9%	11.1%	5 years	20 years
EGP Bulgaria	5	2.5%	9.2%	10 years	14 years

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Goodwill includes the portion referring to Enel Green Power España.
(5) Growth rate equal to 4.0% for the first 10 years after the explicit period, followed by a perpetuity at a growth rate of 1.2%.
(6) Includes all companies operating in Romania.

The following table reports the criteria used to determine the value of use of CGUs with impairment losses:

Millions of euro	Amount	Growth rate (1)	Discount rate pre-tax WACC(2)	Explicit period of cash flows	Terminal value (3)
	At Dec. 31, 2011				
Enel Green Power Hellas	70	2.2%	15.8%	10 years	26 years
Marcinelle Energie	26	1.4%	10.3%	25 years	-

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of an annuity with a rising yield for the years indicated in the column.

The goodwill attributed to the Marcinelle CGU is that generated by the acquisition of the interest in Marcinelle Energie SA, which operates the CCGT plant in Belgium. During impairment testing of goodwill at December 31, 2011, management wrote down the goodwill attributed to the CGU in the amount of €26 million owing to a possible decline in the future profitability of the business.

At December 31, 2011, the goodwill regarding the EGP Hellas CGU was also written off. The impairment, equal to €70 million, is attributable to the increase in the country risk factored into the discount rate.

17. Deferred tax assets and liabilities - *€6,011 million and €11,505 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2010 restated	Increase/ (Decrease) taken to income statement	Change in scope of consolidation	Other changes	Exchange rate differences	Reclassification from/to "Assets held for sale"	**at Dec. 31, 2011**
Deferred tax assets:							
- differences in the value of intangible assets, property, plant and equipment	1,154	(82)	-	107	2	-	1,181
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,718	(187)	-	(158)	(7)	-	2,366
- tax loss carried forward	133	(15)	4	(44)	(3)	-	75
- measurement of financial instruments	415	9	-	240	(5)	-	659
- other items	1,597	261	-	(114)	(16)	2	1,730
Total	**6,017**	**(14)**	**4**	**31**	**(29)**	**2**	**6,011**
Deferred tax liabilities:							
- differences on non-current and financial assets	9,247	(33)	-	(56)	(33)	-	9,125
- income subject to deferred taxation	29	(1)	-	-	-	-	28
- measurement of financial instruments	216	37	-	93	-	-	346
- other items	1,844	270	(10)	(5)	(97)	4	2,006
Total	**11,336**	**273**	**(10)**	**32**	**(130)**	**4**	**11,505**

Non-offsettable deferred tax assets	865
Non-offsettable deferred tax liabilities	4,018
Excess net deferred tax liabilities after any offsetting	2,341

As of December 31, 2011, "deferred tax assets" totaled €6,011 million, (€6,017 million at December 31, 2010).
It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,138 million because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered. More specifically, the losses are essentially attributable to the holding companies located in the Netherlands (€697 million).

"Deferred tax liabilities", which totaled €11,505 million at December 31, 2011, (€11,336 million at December 31, 2010), essentially include the determination of the tax effects of the value adjustments to net assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets.
The amendment of the rules governing the "Robin Hood Tax" (Article 7 of Decree Law 138/2011 ratified with Law 148/2011), which extended the scope of the tax and increased the rate from 6.5% to 10.5% for the 2011-2013 tax period, produced a positive impact on net deferred tax assets recognized in profit or loss in 2011 in the amount of €163 million.

18. Equity investments accounted for using the equity method - *€1,085 million*

Investments in associated companies accounted for using the equity method are as follows:

Millions of euro		% holding	Change in scope of consolidation	Income effect	Other changes		% holding
	at Dec. 31, 2010 restated					**at Dec. 31, 2011**	
SeverEnergia	300	19.6%	-	(3)	(8)	289	19.6%
Enel Rete Gas	149	19.9%	-	7	(25)	131	19.9%
Elica 2	166	30.0%	-	-	2	168	30.0%
LaGeo	87	36.2%	-	18	(14)	91	36.2%
Endesa Gas T&D (formerly Nubia 2000)	30	20.0%	-	(3)	2	29	20.0%
Elcogas	-	45.2%	-	6	(4)	2	45.3%
Tecnatom	22	45.0%	-	3	-	25	45.0%
CESI	15	25.9%	9	5	-	29	41.9%
Other	264		(5)	63	(1)	321	
Total	**1,033**		**4**	**96**	**(48)**	**1,085**	

The holdings in SeverEnergia and Enel Rete Gas are accounted for using the equity method in view of the governance mechanisms of those companies, which give Enel a significant influence over company operations. In addition, Enel Distribuzione has a call option for 80% of Enel Rete Gas that will vest, subject to certain conditions, as from 2014 (the year in which the 5-year lock-up period applicable to both Enel Distribuzione and F2i Reti Italia expires) until 2018.

The main income statement and balance sheet data for the principal equity investments in associates are reported in the following table.

Millions of euro	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income/ (loss)
			at Dec. 31, 2011			
SeverEnergia	2,483	113	360	784	-	(13)
Enel Rete Gas	2,369	270	1,568	219	501	12
Elica 2	12	5	-	2	-	-
LaGeo	258	66	6	22	118	51
Endesa Gas T&D (formerly Nubia 2000)	1,128	96	963	113	111	(16)
Elcogas	120	103	7	214	148	5
Tecnatom	57	61	33	29	102	5
CESI	47	82	17	45	59	9

Millions of euro	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income/ (loss)
			at Dec. 31, 2010			
SeverEnergia	2,314	131	378	569	-	25
Enel Rete Gas	1,830	256	1,095	255	397	19
Elica 2	10	3	-	2	-	-
LaGeo	249	65	5	21	96	34
Endesa Gas T&D (formerly Nubia 2000)	919	122	372	459	5	4
Elcogas	132	179	3	303	73	(47)
Tecnatom	56	44	26	26	82	5
CESI	45	74	18	42	82	10

19. Non-current financial assets - *€6,325 million*

Millions of euro	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Equity investments in other companies	993	1,036	(43)
Receivables and securities included in net financial debt (see note 26.3)	3,576	2,567	1,009
Derivative contracts	1,387	821	566
Service concession arrangements	317	195	122
Prepaid non-current financial expense	52	82	(30)
Total	**6,325**	**4,701**	**1,624**

"Equity investments in other companies" includes investments measured at fair value in the amount of €817 million, while the remainder of €176 million regarded investments whose fair value could not be readily determined and, in the absence of plans to sell the holdings, were therefore recognized at cost less impairment losses. In particular, the fair value of listed companies was determined with reference to the market value of their shares at the end of the period, whereas the fair value of unlisted companies was determined on the basis of what is felt to be a reliable valuation of their significant balance sheet items.

The following table breaks down the item discussed above on the basis of the hierarchy of inputs used in determining fair value, as specified in the amendments to IFRS 7.

Millions of euro	Fair value	Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Equity investments in other companies	817	791	19	7

The following table shows changes in equity investments measured using Level 3 inputs:

Millions of euro	
Balance at January 1, 2010	**8**
Net income / loss in income statement	-
Other changes	(1)
Balance at December 31, 2010	**7**

Equity investments in other companies break down as follows:

Millions of euro		% holding		% holding	
	at Dec. 31, 2011		at Dec. 31, 2010 restated		Change
Bayan Resources	511	10.00%	500	10.00%	11
Terna	266	5.12%	325	5.12%	(59)
Echelon	11	7.36%	23	7.36%	(12)
Other	205		188	-	17
Total	**993**		**1,036**		**(43)**

For more information on "receivables and securities included in net financial debt", please see note 26.3.

For more information on derivatives classified under non-current assets, please see note 6.1.

"Service concession arrangements" regard fees due from the grantor for the construction and/or improvement of infrastructure used to provide public services on a concession basis and recognized in application of IFRIC 12.

20. Other non-current assets - *€506 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Receivables due from Electricity Equalization Fund and similar bodies	85	142	(57)
Net assets of employee benefit programs	97	112	(15)
Other receivables	324	808	(484)
Total	**506**	**1,062**	**(556)**

"Receivables due from Electricity Equalization Fund and similar bodies" include at December 31, 2011 only the receivable in respect of the Electricity Equalization Fund claimed by the Italian distribution companies.

"Net assets of employee benefit programs" reports assets backing a number of employee benefit plans for Endesa employees, net of actuarial liabilities.

In 2010, "other receivables" included receivables for the extraordinary costs incurred for the early replacement of electromechanical meters with digital meters. The receivables were reclassified to "non-current financial assets" in compliance with the provisions of Authority Resolution ARG/elt 199/11 of December 29, 2011, which establishes a new reimbursement mechanism for extraordinary costs (see note 26.3).

21. Inventories - *€3,148 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Raw materials, consumables and supplies:			
- fuel	2,024	1,847	177
- materials, equipment and other inventories	1,032	844	188
Total	3,056	2,691	365
Buildings available for sale	82	87	(5)
Advances	10	25	(15)
TOTAL	**3,148**	**2,803**	**345**

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for plant operation, maintenance and construction. They also include CO_2 emissions allowances totaling €293 million at December 31, 2011 (€314 million at December 31, 2010).

The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings. The decrease is essentially related to sales made during the period.

22. Trade receivables - *€11,570 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Customers:			
- sale and transport of electricity	8,756	10,343	(1,587)
- distribution and sale of natural gas	1,353	1,788	(435)
- other activities	1,353	264	1,089
Total	**11,462**	**12,395**	**(933)**
Trade receivables due from associates	61	45	16
Receivables for contract work in progress	47	65	(18)
TOTAL	**11,570**	**12,505**	**(935)**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €1,661 million at the end of the year, as compared with an opening balance of €1,349 million. The table below shows the changes in these allowances.

Millions of euro

Total at January 1, 2010	**934**
Accruals	717
Utilization	(214)
Other changes	(88)
Total at December 31, 2010 restated	**1,349**
Accruals	519
Utilization	(449)
Other changes	242
Total at December 31, 2011	**1,661**

Trade receivables that had not been written down at December 31 2011, break down by maturity as follows:

Millions of euro

Not past due	**7,020**
Past due:	
- from 0 to 6 months	2,618
- from 6 to 12 months	601
- from 12 to 24 months	559
- more than 24 months	772
Total at December 31, 2011	**11,570**

23. Tax receivables - *€1,251 million*

Tax receivables at December 31, 2011 totaled €1,251 million and are essentially related to income tax credits in the amount of €512 million (€819 million at December 31, 2010), credits for indirect taxes in the amount of €406 million (€446 million at December 31, 2010), and receivables for other taxes and tax surcharges in the amount of €225 million (€211 million at December 31, 2010).

24. Current financial assets - *€10,466 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Current financial assets included in net financial position (see note 26.4)	7,954	10,993	(3,039)
Derivative contracts	2,420	845	1,575
Other	92	84	8
Total	**10,466**	**11,922**	**(1,456)**

For more information on "current financial assets included in net financial position", please see note 26.4.

For more information on "derivative contracts", please see note 6.2.

25. Other current assets - *€2,135 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Receivables due from Electricity Equalization Fund and similar bodies	959	630	329
Receivable due from employees	41	41	-
Receivables due from others	985	1,289	(304)
Accrued operating income and prepaid expenses	150	216	(66)
Total	**2,135**	**2,176**	**(41)**

"Receivables due from Electricity Equalization Fund and similar bodies" include receivables in respect of the Italian system in the amount of €833 million (€479 million at December 31, 2010), and the Spanish system in the amount of €126 million (€151 million at December 31, 2010). Including the portion of receivables classified as long-term (€85 million), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2011 amounted to €1,044 million (€772 million at December 31, 2010), offset by payables of €2,782 million (€2,519 million at December 31, 2010). The increase in the item compared with the previous year is attributable to a rise in receivables associated with equalization mechanisms in respect of electricity purchases.

26. Net financial position and long-term financial receivables and securities - *€44,629 million*

The following table reports the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2011**	at Dec. 31, 2010 restated	Change
Long-term loans	26.1	48,703	52,440	(3,737)
Short-term loans	26.2	4,799	8,209	(3,410)
Current portion of long-term loans	26.2	9,672	2,999	6,673
Non-current financial assets	26.3	(3,576)	(2,567)	(1,009)
Current financial assets	26.4	(7,954)	(10,993)	3,039
Cash and cash equivalents	26.5	(7,015)	(5,164)	(1,851)
Total		**44,629**	**44,924**	**(295)**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2011, and December 31, 2010, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Cash and cash equivalents on hand	1,068	6	1,062
Bank and post office deposits	5,947	5,158	789
Securities	52	95	(43)
Liquidity	**7,067**	**5,259**	**1,808**
Short-term financial receivables	1,900	1,289	611
Factoring receivables	370	319	51
Short-term portion of long-term financial receivables	5,632	9,290	(3,658)
Current financial receivables	**7,902**	**10,898**	**(2,996)**
Short-term bank debt	(888)	(281)	(607)
Commercial paper	(3,204)	(7,405)	4,201
Short-term portion of long-term bank debt	(6,894)	(949)	(5,945)
Bonds (short-term portion)	(2,473)	(1,854)	(619)
Other loans (short-term portion)	(305)	(196)	(109)
Other short-term financial payables	(707)	(523)	(184)
Total short-term financial debt	**(14,471)**	**(11,208)**	**(3,263)**
Net short-term financial position	**498**	**4,949**	**(4,451)**
Debt to banks and financing entities	(9,918)	(15,584)	5,666
Bonds	(37,461)	(34,401)	(3,060)
Preference shares	(180)	(1,474)	1,294
Other loans	(1,144)	(981)	(163)
Long-term financial position	**(48,703)**	**(52,440)**	**3,737**
NET FINANCIAL POSITION as per CONSOB communication	**(48,205)**	**(47,491)**	**(714)**
Long-term financial receivables and securities	**3,576**	**2,567**	**1,009**
NET FINANCIAL DEBT	**(44,629)**	**(44,924)**	**295**

There are no transactions with related parties for these items.

26.1 Long-term loans (including the portion falling due within 12 months) - *€58,375 million*

The aggregate includes long-term liabilities in respect of bonds, bank loans and other loans in euro and other currencies, including the portion falling due within twelve months.

The following table shows long-term debt and repayment schedules at December 31, 2011, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
		at Dec. 31, 2011		at Dec. 31, 2010			2013	2014	2015	2016	Beyond
Bonds:											
- listed, fixed rate	2012 - 2097	25,042	25,251	21,224	1,168	23,874	1,863	462	2,724	3,689	15,136
- unlisted, floating rate	2012 - 2031	6,521	6,559	6,690	1,067	5,454	88	1,251	1,472	1,182	1,461
- unlisted, fixed rate	2012 - 2039	6,606	6,613	6,426	180	6,426	772	1,051	-	120	4,483
- unlisted, floating rate	2012 - 2032	1,765	1,765	1,915	58	1,707	59	61	63	64	1,460
Total		39,934	40,188	36,255	2,473	37,461	2,782	2,825	4,259	5,055	22,540
Bank loans:											
- fixed rate	2012 - 2046	900	911	735	93	807	45	39	42	62	619
- floating rate	2012 - 2035	10,514	10,562	13,962	3,128	7,386	641	2,158	657	1,178	2,752
- use of revolving credit lines	2012 - 2016	5,398	5,398	1,836	3,673	1,725	50	500	1,000	175	-
Total		16,812	16,871	16,533	6,894	9,918	736	2,697	1,699	1,415	3,371
Preference shares: (1)											
- floating rate	2013	180	181	1,474	-	180	180	-	-	-	-
Total		180	181	1,474	-	180	180	-	-	-	-
Non-bank loans:											
- fixed rate	2012 - 2035	931	931	773	178	753	83	87	62	63	458
- floating rate	2012 - 2029	518	518	404	127	391	85	64	41	41	160
Total		**1,449**	**1,449**	**1,177**	**305**	**1,144**	**168**	**151**	**103**	**104**	**618**
TOTAL		**58,375**	**58,689**	**55,439**	**9,672**	**48,703**	**3,866**	**5,673**	**6,061**	**6,574**	**26,529**

(1) The preference shares issued by Endesa Capital Finance LLC are perpetual, with an option for early redemption at par as from 2013.

The balance for bonds is stated net of €520 million relating to the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio, while Enel.Re holds bonds issued by Enel SpA totaling €30 million.

The table below reports long-term financial debt by currency and interest rate.

Long-term financial debt by currency and interest rate

Millions of euro	Balance	Nominal value	Balance	Current average interest rate	Current effective interest rate
	at Dec. 31, 2011		at Dec. 31, 2010	**at Dec. 31, 2011**	
Euro	**40,608**	**40,824**	**38,699**	**3.50%**	**3.50%**
US dollar	8,795	8,822	8,444	5.86%	5.96%
Pound sterling	4,483	4,536	4,350	5.83%	5.87%
Colombian peso	1,299	1,299	1,156	8.70%	8.70%
Brazilian real	1,090	1,093	1,073	11.13%	11.13%
Chilean peso/UF	712	728	765	9.29%	12.73%
Peruvian sol	356	356	366	6.47%	6.47%
Russian ruble	335	335	220	7.50%	7.74%
Japanese yen	314	314	184	2.43%	2.46%
Other currencies	383	382	182		
Total non-euro currencies	**17,767**	**17,865**	**16,740**		
TOTAL	**58,375**	**58,689**	**55,439**		

Long-term financial debt denominated in currencies other than the euro increased by €1,027 million. The change is largely attributable to new borrowing in currencies other than the euro and the general weakening of the euro against the other main currencies. However, that change is essentially figurative as it was generated by debt denominated in currencies other than the euro (hedged by corresponding cross currency interest rate swaps) and the debt of Group companies whose functional currency is not the euro.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	New financing	Exchange rate differences	Nominal value
	at Dec. 31, 2010						**at Dec. 31, 2011**
Bonds	36,512	(1,808)	(84)	-	5,224	344	40,188
Bank loans	16,650	(4,763)	-	200	4,795	(11)	16,871
Preference shares	1,500	(1,319)	-	-	-	-	181
Other loans	1,177	(202)	-	19	467	(12)	1,449
Total financial debt	**55,839**	**(8,092)**	**(84)**	**219**	**10,486**	**321**	**58,689**

Compared with December 31, 2010, the nominal value of long-term debt at December 31, 2011 increased by €2,850 million, which is the net effect of €8,092 million in repayments, repurchases of €84 million of own bonds, €219 million arising from changes in the scope of consolidation, €10,486 million in new loans, and €321 million in exchange rate differences.

Repayments for the period concerned:

> bonds totaling €1,808 million, including:
  - €750 million in respect of a fixed-rate bond issued by Enel SpA maturing in May 2011;
  - €300 million in respect of a floating-rate bond issued by Endesa Capital maturing in November 2011;
  - €195 million in respect of a fixed-rate bond issued by Slovenské elektrárne maturing in June 2011;
  - €120 million in respect of a fixed-rate bond issued by Enel OGK-5 maturing in September 2011;
  - €105 million in respect of a fixed-rate bond issued by Endesa Internacional BV maturing in February 2011;

> bank loans amounting to €4,763 million, of which:
  - €3,000 million in voluntary repayments of the 2007 and 2009 Credit Facilities, of which €1,484 million in respect of the tranche falling due in 2012, €1,042 million in respect of the tranche falling due in 2014 and €474

million in respect of the tranche falling due in 2016;
  - €700 million in early voluntary repayments of floating-rate bank loans of Endesa following collections on the rate deficit;
  - €426 million in respect of floating-rate bank loans of Endesa;
  - €637 million in respect of other bank loans of Group companies falling due in 2011;
> preference shares issued by Endesa Capital Finance, repaid voluntarily thanks in part to collection of part of the receivables in respect of the Spanish rate deficit with a nominal value of €1,319 million;
> other loans totaling €202 million.

The change in the scope of consolidation mainly includes the long-term bank loans of Enel Unión Fenosa Renovables with a nominal value of €221 million.

The main financing operations carried out in 2011 include:
> in January 2011, a bond in Colombian pesos issued by Emgesa for a total of €290 million;
> in March and June 2011, the issue, under the Global Medium-Term Notes program, of bonds by Enel Finance International in the form of private placements and public placements (for those denominated in Swiss francs), with the following characteristics:
  - €150 million fixed-rate 5.6% maturing in 2031;
  - €50 million fixed-rate 5.65% maturing in 2030;
  - 150 million Swiss francs fixed-rate 2% maturing in 2015;
  - 100 million Swiss francs fixed-rate 3% maturing in 2020;
  - 11,500 million yen fixed-rate 1% maturing in 2018;
> in June and October 2011, bonds in Brazilian reais by Ampla and Coelce totaling €311 million;
> on July 12, 2011, the issue, under the Global Medium-Term Notes program, of a bond by Enel Finance International for institutional investors totaling €1,750 million, structured into the following two tranches:
  - €1,000 million fixed-rate 4.125% maturing July 12, 2017;
  - €750 million fixed-rate 5% maturing July 12, 2021;
> on October 24, 2011, the issue, under the Global Medium-Term Notes program, of a bond by Enel Finance International for institutional investors totaling €2,250 million, structured into the following two tranches:
  - €1,250 million fixed-rate 4.625% maturing June 24, 2015;
  - €1,000 million fixed-rate 5.750% maturing October 24, 2018;
> on October 26, 2011, the drawing by Enel Green Power International on a credit facility granted by the Danish government's Export Credit Agency in the amount of €112 million;
> an increase in drawings by Enel SpA on bilateral credit facilities in the amount of €2,000 million;
> an increase in drawings by Slovenské elektrárne on committed revolving credit facilities in the amount of €440 million;
> the drawing by Enel Distribuzione on a facility granted by the European Investment Bank (EIB) in the amount of €350 million;
> the drawing by Enel Distribuzione on a facility granted by Cassa Depositi e Prestiti with EIB funds in the amount of €200 million;
> the drawing on finance leases obtained by the Renewable Energy Division totaling €138 million;
> an increase in drawings by Enel OGK-5 on revolving credit facilities in the amount of €120 million;
> the issue of a bond denominated in rubles by Enel OGK-5 in the amount of €120 million.

In addition, the 5-year €10 billion syndicated credit facility was drawn by Enel Finance International in the amount of €1,000 million.

The main financing contracts finalized in 2011 included:
> on June 30, 2011, Slovenské elektrárne obtained a bilateral credit line of €165 million, maturing in December 2017;
> on November 23, 2011, the Global Medium-Term Notes program was increased from €25 billion to €30 billion, with Enel SpA and Enel Finance International as issuers and Enel SpA as guarantor;
> during 2011, the renegotiation and signing of revolving credit lines totalling €3,242 million;
> on December 21, 2011, Enel Green Power, acting through "ENROP" (Eolicas de Portugal SA), agreed a project financing initiative with the EIB in the amount of €260 million to build wind farms.

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within twelve months, broken down by category. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year, including the associated credit spreads.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2011		at Dec. 31, 2010	
Bonds:				
- fixed rate	31,648	30,701	27,650	29,291
- floating rate	8,286	7,874	8,605	8,789
Total	**39,934**	**38,575**	**36,255**	**38,080**
Bank loans:				
- fixed rate	900	851	735	728
- floating rate	15,912	13,332	15,798	15,968
Total	**16,812**	**14,183**	**16,533**	**16,696**
Preference shares:				
- floating rate	180	181	1,474	1,500
Total	**180**	**181**	**1,474**	**1,500**
Non-bank loans:				
- fixed rate	931	957	773	792
- floating rate	518	560	404	405
Total	**1,449**	**1,517**	**1,177**	**1,197**
TOTAL	**58,375**	**54,456**	**55,439**	**57,473**

The following tables show the changes in long-term loans for the period, distinguishing current amounts from amounts falling due at more than twelve months.

Long-term loans (excluding current portions)

Millions of euro	Carrying amount		
	at Dec. 31, 2011	at Dec. 31, 2010	Change
Bonds:			
- fixed rate	30,300	26,459	3,841
- floating rate	7,161	7,942	(781)
Total	**37,461**	**34,401**	**3,060**
Bank loans:			
- fixed rate	807	702	105
- floating rate	9,111	14,882	(5,771)
Total	**9,918**	**15,584**	**(5,666)**
Preference shares:			
- floating rate	180	1,474	(1,294)
Total	**180**	**1,474**	**(1,294)**
Non-bank loans:			
- fixed rate	753	699	54
- floating rate	391	282	109
Total	**1,144**	**981**	**163**
TOTAL	**48,703**	**52,440**	**(3,737)**

Current portions of long-term loans

Millions of euro	Carrying amount		
	at Dec. 31, 2011	at Dec. 31, 2010	Change
Bonds:			
- fixed rate	1,348	1,191	157
- floating rate	1,125	663	462
Total	**2,473**	**1,854**	**619**
Bank loans:			
- fixed rate	93	33	60
- floating rate	6,801	916	5,885
Total	**6,894**	**949**	**5,945**
Non-bank loans:			
- fixed rate	178	74	104
- floating rate	127	122	5
Total	**305**	**196**	**109**
TOTAL	**9,672**	**2,999**	**6,673**

The Group's main long-term financial debts are governed by covenants containing undertakings by the borrowers (Enel, Endesa and the other Group companies) and in some cases the Parent Company as guarantor that are commonly adopted in international business practice. The main covenants regard the bond issues carried out within the framework of the Global Medium-Term Notes program, loans granted by the EIB and Cassa Depositi e Prestiti, the Credit Agreement 2007, the Credit Agreement 2009 and the €10 billion revolving line of credit agreed in April 2010. To date none of the covenants have been triggered.

The commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;

- pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer itself;
- specification of default events, whose occurrence (e.g. insolvency, failure to pay principal or interest, initiation of liquidation proceedings, etc.) constitutes a default; under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
- early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants governing the loans granted to a number of Group companies by the EIB can be summarized as follows:

- negative pledge clauses, under which Enel undertakes not to establish or grant to third parties additional guarantees or privileges with respect to those already established in the individual contracts by the Company or other subsidiaries of the Group, unless an equivalent guarantee is extended equally or pro rata to the loans in question;
- clauses that require the guarantor (whether Enel SpA or banks acceptable to the EIB) to maintain its rating above a specified grade; in the case of guarantees provided by Enel SpA, the Group's equity may not fall below a specified level;
- material changes clauses, under which the occurrence of a specified event (mergers, spin-offs, disposal or transfer of business units, changes in company control structure, etc.) gives rise to the consequent adjustment of the contract, without which the loan shall become repayable immediately without payment of any commission;
- requirements to report periodically to the EIB;
- requirement for insurance coverage and maintenance of property, possession and use of the works, plant and machinery financed by the loan over the entire term of the agreement;
- contract termination clauses, under which the occurrence of a specified event (serious inaccuracies in documentation presented in support of the contract, failure to repay at maturity, suspension of payments, insolvency, special administration, disposal of assets to creditors, dissolution, liquidation, total or partial disposal of assets, declaration of bankruptcy or composition with creditors or receivership, substantial decrease in equity, etc.) triggers immediate repayment.

In 2009 Cassa Depositi e Prestiti granted a loan to Enel Distribuzione that was amended in 2011. The main covenants governing the loan and the guarantee issued by the Parent Company can be summarized as follows:

- a termination and acceleration clause, under which the occurrence of a specified event (such as failure to pay principal or interest installments, breach of contract obligations or occurrence of a substantive prejudicial event, etc.) entitles Cassa Depositi e Prestiti to terminate the loan;
- a clause forbidding Enel or its significant subsidiaries (defined in the contract and the guarantee as subsidiaries pursuant to Article 2359 of the Civil Code or consolidated companies whose turnover or total gross assets are at least 10% of consolidated turnover or consolidated gross assets) from establishing additional liens, guarantees or other encumbrances except for those expressly permitted unless Cassa Depositi e Prestiti gives it prior consent;
- clauses requiring Enel to report to Cassa Depositi e Prestiti both periodically and upon the occurrence of specified events (such as a change in Enel's credit rating, or breach in an amount above a specified threshold in respect of any financial debt contracted by Enel, Enel Distribuzione or any of their significant subsidiaries). Violation of such obligation entitles Cassa Depositi e Prestiti to exercise an acceleration clause;
- a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

The main covenants for the Credit Agreement 2007, the Credit Agreement 2009 and the €10 billion revolving line of credit are substantially similar and can be summarized as follows:

- negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain

(with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
> pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
> change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to
  - the renegotiation of the terms and conditions of the financing;
  - compulsory early repayment of the financing by the borrower;
> specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;
> cross-default clauses, under which the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries, i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liabilities in question, which become immediately repayable;
> periodic reporting requirements.

The Credit Agreement 2007 and the Credit Agreement 2009 also provide for the following covenants:
> mandatory early repayment clauses, under which the occurrence of a specified event (e.g. the issue of instruments on the capital market, new bank loans, stock issues or asset disposals) obliges the borrower to repay the related funds in advance at specific declining percentages based on the extent to which the line of credit has been drawn;
> a gearing clause, under which, at the end of each measurement period (half yearly), the Enel Group's net financial debt shall not exceed 6 times annual consolidated EBITDA;
> a "subsidiary financial indebtedness" clause, under which the net aggregate amount of the financial debt of Enel's subsidiaries (with the exception of the debt of "permitted subsidiaries") must not exceed 20% of total gross consolidated assets.

For the Credit Agreement 2009 only, as from 2012, at the end of each measurement period (half yearly), the gearing clause requires:
(i) that the Enel Group's net financial debt shall not exceed 4.5 times annual consolidated EBITDA;
(ii) that the ratio of annual consolidated EBITDA to net consolidated interest expense shall not be less than 4.

The undertakings in respect of the bond issues carried out by Endesa Capital under the Global Medium-Term Notes program can be summarized as follows:
> cross-default clauses, under which debt repayment would be accelerated in the case of failure to make payment (above specified amounts) on any financial liability of Endesa or Endesa Capital that is listed or could be listed on a regulated market;
> negative pledge clauses, under which the issuer may not establish mortgages, liens or other encumbrances on all or part of its assets to secure any financial liability that is listed or could be listed on a regulated market, unless an equivalent guarantee is extended equally or pro rata to the bonds in question;
> pari passu clauses, under which the securities and guarantees have at least the same seniority as all other present and future unsecured and unsubordinated securities issued by Endesa Capital or Endesa.

Finally, the loans granted to Endesa, International Endesa BV and Endesa Capital do not contain cross-default clauses regarding the debt of subsidiaries in Latin America.

Undertakings in respect of project financing granted to subsidiaries regarding renewables and other subsidiaries in Latin America contain covenants commonly adopted in international business practice. The main commitments regard clauses pledging all the assets assigned to the projects in favor of the creditors.

A residual portion of the debt of Enersis and Endesa Chile (both controlled indirectly by Endesa) is subject to cross-default clauses under which the occurrence of a default event (failure to make payment or breach of other obligations) in respect of any financial liability of a subsidiary of Enersis or Endesa Chile constitutes a default in respect of the liability in question, which becomes immediately repayable.

In addition, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets.

In addition to the foregoing, a number of loans provide for early repayment in the case of a change of control over Endesa or the subsidiaries.

26.2 Short-term loans - *€4,799 million*

At December 31, 2011 short-term loans amounted to €4,799 million, a decrease of €3,410 million compared with December 31, 2010. They break down as follows.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2011		at Dec. 31, 2010 restated			Change
Short-term amounts due to banks	888	888	281	281	607	607
Commercial paper	3,204	3,204	7,405	7,405	(4,201)	(4,201)
Cash collateral and other financing on derivatives	650	650	343	343	307	307
Other short-term financial payables	57	57	180	180	(123)	(123)
Short-term financial debt	**4,799**	**4,799**	**8,209**	**8,209**	**(3,410)**	**(3,410)**

Short-term amounts due to banks totaled €888 million. The payables represented by commercial paper relate to issues outstanding at the end of December 2011 in the context of the €6,000 million program launched by Enel Finance International and guaranteed by Enel SpA, as well as the €3,309 million program of Endesa Internacional BV (now Endesa Latinoamérica) and Enersis and the €45 million Pagares program of Sociedade Térmica Portuguesa SA.

At December 31, 2011, the issues in respect of the above programs totaled €3,204 million, of which €2,016 million for Enel Finance International and €1,188 million for Endesa Internacional BV (now Endesa Latinoamérica).

The nominal value of the commercial paper is €3,211 million and is denominated in the following currencies: euros (€2,967 million); US dollars (the equivalent of €191 million); yen (the equivalent of €24 million) and Swiss francs (the equivalent of €29 million).

The exchange rate risk in respect of commercial paper in currencies other than the euro is fully hedged by currency swaps.

26.3 Non-current financial assets included in debt - *€3,576 million*

Millions of euro	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Securities held to maturity	68	93	(25)
Financial investments in funds or portfolio management products at fair value through profit or loss	10	11	(1)
Securities available for sale	2	-	2
Other financial receivables	3,496	2,463	1,033
Total	**3,576**	**2,567**	**1,009**

"Securities held to maturity" are bonds. The following table reports the breakdown of the above item on the basis of the measurement inputs used, as provided for under the amendments to IFRS 7.

Millions of euro	Fair value at Dec. 31, 2011	Level 1	Level 2	Level 3
Securities held to maturity	68	68	-	-
Financial investments in funds or portfolio management products at fair value through profit or loss	10	10	-	-
Securities available for sale	2	2	-	-

At December 31, 2011, "other financial receivables" include, among other things:

> receivables in respect of the State Decommissioning Fund of Slovakia in the amount of €568 million (€507 million at December 31, 2010);

> receivables in respect of the Electricity Equalization Fund in the amount of €591 million for reimbursement of the extraordinary costs incurred for the early replacement of electromechanical meters with digital meters, which were reclassified to "Other non-current financial assets" following the issue of Authority Resolution ARG/elt 199/11 of December 29, 2011. The latter establishes a new procedure for reimbursing such extraordinary costs. The amount is no longer based on the ordinary equalization system but is instead paid annually by the Electricity Equalization Fund through reimbursements to Enel Distribuzione SpA in specified periodic amounts at specified dates over a period of 16 years. The new reimbursement mechanism also provides for the option of asking the Electricity Equalization Fund to pay the first four annual instalments as a definitive lump-sum advance

26.4 Current financial assets included in debt - *€7,954 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Short-term portion of long-term financial receivables	5,632	9,290	(3,658)
Receivables for factoring advances	370	319	51
Securities:			
- securities at fair value through profit or loss	-	8	(8)
- securities available for sale	51	56	(5)
- securities held to maturity	1	31	(30)
Financial receivables and cash collateral	1,076	718	358
Other financial receivables	824	571	253
Total	**7,954**	**10,993**	**(3,039)**

"Short-term portion of long-term financial receivables" consists of the financial receivable in respect of the Spanish electricity system deficit in the amount of €5,379 million (€9,186 million at December 31, 2010). The change for the period essentially reflects new receivables accrued in 2011 and collections received (€6,091 million including the effects of reimbursements in respect of extra-peninsular generation), including the assignment of the receivables to the special securitization fund as established by the Spanish government.

The following table provides a breakdown of "securities" on the basis of the measurement inputs used, as provided for under the amendments to IFRS 7.

Millions of euro	Fair value	Level 1	Level 2	Level 3
	at Dec. 31, 2011			
Securities available for sale	51	51	-	-
Securities held to maturity	1	1	-	-

26.5 Cash and cash equivalents - *€7,015 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €160 million (€171 million at December 31, 2010) primarily in respect of deposits pledged to secure transactions.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Bank and post office deposits	5,947	5,158	789
Cash and cash equivalents on hand	1,068	6	1,062
Total	**7,015**	**5,164**	**1,851**

27. Assets and liabilities held for sale - *€381 million and €58 million*

Changes in assets held for sale during the year are reported in the following table:

Millions of euro

	at Dec. 31, 2010 restated	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2011**
Property, plant and equipment	1,017	(34)	(793)	59	249
Intangible assets	45	(3)	(40)	(1)	1
Goodwill	258	(5)	(57)	(105)	91
Deferred tax assets	15	-	(13)	(1)	1
Other non-current assets	26	3	(3)	(17)	9
Cash and cash equivalents	83	5	(97)	14	5
Inventories, trade receivables and other current assets	174	2	(158)	7	25
Total	**1,618**	**(32)**	**(1,161)**	**(44)**	**381**

"Assets held for sale" amounted to €381 million at December 31, 2011. They essentially include the assets of Endesa Ireland and certain assets held by Endesa Generación, in the amount of €360 million. "Reclassification from/to current and non-current assets" mainly regards Enel Green Power Bulgaria, which in 2011 ceased to meet the requirements set out in IFRS 5 for classification under this item. This factor was only partially offset by the inclusion of the asset of WISCO here. "Other changes" reports the impairment loss on the goodwill of Endesa Ireland in the amount of €105 million and investments made, mainly in Ireland.

At December 31, 2010, the item reported certain assets of the Bulgarian companies (€722 million), certain assets held by Endesa in Ireland and Latin America (€521 million), as well as the assets of Enel Unión Fenosa Renovables (€355 million)

Liabilities held for sale amounted to €58 million at December 31, 2011. They comprised the liabilities of Endesa Ireland and certain liabilities held by Endesa Generación in the amount of €54 million, and other liabilities of minor companies. At December 31, 2010, the item reported certain liabilities of Enel Unión Fenosa Renovables (€328 million) and certain liabilities held in Ireland and Latin America (€188 million).

Changes in liabilities held for sale during the year are as follows:

Millions of euro

	at Dec. 31, 2010 restated	Reclassification from current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2011**
Long-term loans	400	-	(399)	-	1
Post-employment and other employee benefits	4	-	(3)	-	1
Provisions for risks and charges	62	-	(16)	(16)	30
Deferred tax liabilities	30	-	(11)	-	19
Other non-current liabilities	32	-	(31)	(1)	-
Short-term loans	330	-	(329)	-	1
Trade payables and other current liabilities	140	3	(112)	(25)	6
Total	**998**	**3**	**(901)**	**(42)**	**58**

The decrease in all items of assets and liabilities held for sale compared with December 31, 2010 essentially reflects assets and liabilities classified as held for sale in 2010 and then disposed of in 2011.

28. Shareholders' equity - *€54,440 million*

28.1 Equity attributable to the shareholders of the Parent Company - *€38,790 million*

Share capital - *€9,403 million*

At December 31, 2011 (as at December 31, 2010), the share capital of Enel SpA – considering no options were exercised as part of stock option plans in 2011 – amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each. At the same date, based on the shareholders' register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 31.24%, BlackRock Inc., which holds a 2.74% stake wholly owned by its subsidiaries, and Natixis SA (with 2.66%).

Other reserves - *€10,348 million*

Share premium reserve - *€5,292 million*

Legal reserve - *€1,881 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company. Pursuant to Article 47 of the Uniform Tax Code (Testo Unico Imposte sul Reddito), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€120 million*

The decrease in this aggregate for the year is attributable to the appreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of financial instruments - *€(49) million*

This item includes net losses recognized directly in equity resulting from the measurement of cash flow hedging derivatives, as well as net unrealized losses arising in respect of the fair value measurement of financial assets.

Reserve from disposal of equity interests without loss of control - *€749 million*

This item reports the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal and the related taxation. The change in the year reflects the distribution of bonus shares to shareholders who held their investment in Enel Green Power for a year, as provided for in the public offering in 2010.

Reserve from transactions in non-controlling interests - *€ 78 million*

The reserve includes the gain on the acquisition from third parties of additional interests in companies already controlled in Latin America (Ampla Energia e Serviços, Ampla Investimentos e Serviços and Electrica Cabo Blanco).

Reserve from equity investments accounted for using the equity method - *€15 million*

The reserve reports the share of comprehensive income to be recognized directly in income for companies accounted for using the equity method.

The table below shows the changes in gains and losses recognized directly in equity, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2010 restated			Change						**at Dec. 31, 2011**		
	Total	*Of which shareholders of Parent Company*	*Of which non-controlling interests*	Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*Of which shareholders of Parent Company*	*Of which non-controlling interests*	**Total**	*Of which shareholders of Parent Company*	*Of which non-controlling interests*
Reserve from translation of financial statements in currencies other than euro	1,340	*456*	*884*	(731)	-	-	(731)	*(336)*	*(395)*	609	*120*	*489*
Reserve from measurement of financial instruments	48	*80*	*(32)*	(351)	74	55	(222)	*(129)*	*(93)*	(174)	*(49)*	*(125)*
Share of OCI of equity investments accounted for using the equity method	24	*24*	-	(9)	-	-	(9)	*(9)*	-	15	*15*	-
Total gains/(losses) recognized in equity	**1,412**	***560***	***852***	**(1,091)**	**74**	**55**	**(962)**	***(474)***	***(488)***	**450**	***86***	***364***

28.2 Non-controlling interests - *€15,650 million*

The following table reports the composition of non-controlling interests by Division.

Millions of euro	**2011**	2010 restated	Change
Iberia and Latin America	11,528	11,959	(431)
International	1,958	1,839	119
Renewable Energy	1,952	1,754	198
Generation and Energy Management	212	311	(99)
Other minor	-	14	(14)
Total	**15,650**	**15,877**	**(227)**

29. Post-employment and other employee benefits - *€3,000 million*

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts and similar benefits. More specifically:

> for Italy, the item "pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives, while for companies abroad it covers post-employment benefits;
> the item "electricity discount" comprises a number of benefits regarding residential electricity supply. Until last year the discount was granted to current and retired employees, but, following an agreement with the unions, has now been converted into other forms of remuneration for current employees and therefore remains in effect only for retired employees;
> the item "health insurance" reports benefits for current or retired employees covering medical expenses;
> "other benefits" comprise liabilities in respect of defined-benefit plans not included in the previous items.

The table below reports the change for the year in actuarial liabilities and the fair value of plan assets, as well as a reconciliation of the actuarial liabilities, net of assets, with the carrying amount of liabilities recognized as at December 31, 2011 and December 31, 2010.

Millions of euro	2011					2010				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
Changes in actuarial liability:										
Actuarial liability at the beginning of the year	3,175	1,750	225	119	**5,269**	2,938	1,789	182	110	**5,019**
Service cost	25	14	2	34	**75**	31	17	2	12	**62**
Interest cost	154	66	14	8	**242**	160	70	11	7	**248**
Benefits paid	(207)	(83)	(17)	(35)	**(342)**	(217)	(89)	(14)	(14)	**(334)**
Curtailments / settlements	(538)	(162)	-	(7)	**(707)**	-	-	-	-	**-**
Other changes	25	3	1	71	**100**	(19)	(8)	-	-	**(27)**
Actuarial (gains)/losses	(161)	(88)	32	3	**(214)**	193	(30)	36	2	**201**
Foreign exchange (gains)/ losses	(57)	-	(7)	(1)	**(65)**	93	1	8	2	**104**
Liabilities held for sale	-	-	-	-	**-**	(4)	-	-	-	**(4)**
Actuarial liability at the end of the year	**2,416**	**1,500**	**250**	**192**	**4,358**	**3,175**	**1,750**	**225**	**119**	**5,269**
Changes in plan assets:										
Fair value at the beginning of the year	1,575	-	-	-	**1,575**	1,442	-	-	-	**1.442**
Expected return on plan assets	93	-	-	-	**93**	104	-	-	-	**104**
Actuarial gains/(losses)	(75)	-	-	-	**(75)**	4	-	-	-	**4**
Contributions paid by company	153	83	17	20	**273**	155	89	14	13	**271**
Curtailments / settlements	(418)	-	-	-	**(418)**	-	-	-	-	**-**
Other changes	21	-	-	-	**21**	22	-	-	-	**22**
Foreign exchange (gains)/ losses	(48)	-	-	-	**(48)**	65	-	-	-	**65**
Benefits paid	(207)	(83)	(17)	(20)	**(327)**	(217)	(89)	(14)	(13)	**(333)**
Fair value at the end of the year	**1,094**	**-**	**-**	**-**	**1,094**	**1,575**	**-**	**-**	**-**	**1,575**
Reconciliation with carrying amount:										
Net actuarial liability	1,322	1,500	250	192	**3,264**	1,600	1,750	225	119	**3,694**
Net unrecognized (gains)/ losses	123	95	35	11	**264**	368	217	28	12	**625**
Carrying amount of liability	**1,199**	**1,405**	**215**	**181**	**3,000**	**1,232**	**1,533**	**197**	**107**	**3,069**

The employees of the Endesa Group in Spain included in the framework agreement of October 25, 2000 participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined-benefit plan which is covered by appropriate insurance policies. In addition, the company has certain obligations to retired ex-workers, mainly concerning the supply of electricity. Outside Spain, defined-benefit pension plans are also in force, notably in Brazil.

The liabilities recognized at the end of the year are reported net of the fair value of the plan assets (where this is not greater than that of the related liabilities), which are attributable entirely to Endesa, in the amount of €1,094 million at December 31, 2011, and of the net unrecognized actuarial losses in the amount of €264 million.

As regards plan assets, which at December 31, 2011 amounted to €1,191 million (of which €1,094 million adjusting the liability for pension benefits and €97 million recognized under non-current financial assets), 52% of the market value of such assets regards assets located in Spain (65% at December 31, 2010) and 48% regards assets in Brazil (35% at December 31, 2010). The assets break down as follows:

	2011	2010
% composition		
Shares	**22**	25
Fixed-income securities	70	69
Property and other	8	6
Total	**100**	**100**

At December 31, 2011, these assets included shares or bonds issued by Endesa Group companies in the amount of €17 million (€10 million at December 31, 2010). The expected return on the assets was estimated on the basis of forecasts for the main equity and fixed-income markets and using a weighting for the various asset classes similar to that adopted the previous year. The real return for 2011 was equal to 1.34% in Spain and 13.47% in other countries (0.4% in Spain and -1.9% in other countries in 2010).

The following table reports the impact of employee benefits on the income statement.

Millions of euro	2011					2010				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
Service cost	25	14	2	34	**75**	31	17	2	12	**62**
Interest cost	154	66	14	8	**242**	160	70	11	7	**248**
Expected return on plan assets	(93)	-	-	-	**(93)**	(104)	-	-	-	**(104)**
Amortization of actuarial (gains)/losses	54	26	22	2	**104**	19	22	1	(4)	**38**
(Gains)/Losses for curtailment/settlement of plans	(18)	(152)	-	(5)	**(175)**	(11)	(7)	-	-	**(18)**
Other changes	4	-	-	-	**4**	11	-	-	-	**11**
Total	**126**	**(46)**	**38**	**39**	**157**	**106**	**102**	**14**	**15**	**237**

Employee benefit expenses recognized in 2011 came to €157 million (€237 million in 2010), of which €149 million in respect of net accretion cost recognized under financial expense (€144 million in 2010) and €8 million recognized under personnel costs.

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets are set out in the following table.

	Italy	Iberian peninsula	Latin America	Other	Italy	Iberian peninsula	Latin America	Other
	2011				2010			
Discount rate	4.70%	2.74% - 4.66%	5.50% - 10.50%	5.25% - 8.64%	4.30%	2.49% - 4.50%	5.50% - 10.50%	4.50% - 7.75%
Rate of wage increases	2.0%- 4.0%	2.3%	0%- 6.59%	2.50% - 7.00%	2.0%- 4.0%	2.3%	0% - 6.35%	2.5% - 7.50%
Rate of increase in healthcare costs	3.00%	3.5%	3.00% - 10.50%	-	3.00%	3.5%	3.00% - 10.50%	-
Expected rate of return on plan assets	-	3.94% - 5.21%	11.1%	-	-	2.87% - .94%	12.1%	-

If, at December 31, 2011, the twelve-month rate of change in healthcare costs had been 1 basis point higher, all other variables being equal, the liability for healthcare benefits would have been €14 million higher, with an overall negative impact on the income statement in terms of service cost and interest cost of €1 million. If, at December 31, 2011, the twelve-month rate of change in healthcare costs had been 1 basis point lower, all other variables being equal, the liability for healthcare benefits would have been €12 million lower, with a positive impact on the income statement in terms of service cost and interest cost of €1 million.

The amount of contributions that is expected to be paid into defined-benefit plans in the subsequent year is equal to €33 million.

30. Provisions for risks and charges - *€7,831 million*

Millions of euro	at Dec. 31, 2010 restated	Taken to income statement	Change in scope of consolidation	Utilization and other changes	at Dec. 31, 2011	
Provision for litigation, risks and other charges:						*of which short term*
- nuclear decommissioning	3,020	34	-	(108)	2,946	*35*
- non-nuclear plant retirement and site restoration	466	21	1	50	538	*3*
- litigation	896	101	-	(151)	846	*61*
- CO_2 emissions charges	12	(20)	-	11	3	*3*
- taxes and duties	723	(116)	(5)	(256)	346	*19*
- other	1,689	(11)	(6)	(68)	1,604	*584*
Total	**6,806**	**9**	**(10)**	**(522)**	**6,283**	***705***
Provision for early-retirement incentives	2,220	(146)	(1)	(525)	1,548	*477*
TOTAL	**9,026**	**(137)**	**(11)**	**(1,047)**	**7,831**	***1,182***

Nuclear decommissioning provision

The nuclear decommissioning provision includes the following:

> €2,513 million (€2,618 million at December 31, 2010) for the V1 and V2 plants at Jasklovske Bohunice and the EMO 1 and 2 plants at Mochovce, and also includes the provision for nuclear waste disposal in the amount of €117 million (€196 million at December 31, 2010), the provision for spent nuclear fuel disposal in the amount of €1,578 million (€1,571 million at December 31, 2010), and the provision for nuclear plant retirement in the amount of €818 million (€851 million at December 31, 2010). The estimated timing of the outlays described above takes account of current knowledge of environmental regulations, the operating time used in estimating the costs, and the difficulties presented by the extremely long time span over which such costs could arise. The charges covered by the provisions are reported at their present value using discount rates of between 4.15% and 4.55%;

> €433 million (€402 million at December 31, 2010) for the costs that will be incurred at the time of decommissioning of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/03 and Law 24/2005. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (post-operational costs).

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel.

Other provisions

"Other" provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees.

Provision for early-retirement incentives

The "provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. In addition to ordinary utilization, the change for the year reflects the termination of the early-retirement incentive program for the personnel of the Italian companies.

31. Non-current financial liabilities - *€2,307 million*

The item reports the fair value of derivatives only. For more information, please see note 6.3.

32. Other non-current liabilities - *€1,313 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Accrued operating expenses and deferred income	929	994	(65)
Other items	384	250	134
Total	**1,313**	**1,244**	**69**

At December 31, 2011, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets.

33. Trade payables - *€12,931 million*

The item, which amounts to €12,931 million, includes payables in respect of energy supplies, fuel, materials, equipment associated with tenders and other services.

34. Current financial liabilities - *€3,668 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Deferred financial liabilities	796	711	85
Derivative contracts	2,645	776	1,869
Other items	227	185	42
Total	**3,668**	**1,672**	**1,996**

For more information on "derivative contracts", please see note 6.4

35. Other current liabilities - *€8,907 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 restated	Change
Payables due to customers	1,599	1,500	99
Payables due to Electricity Equalization Fund and similar bodies	2,782	2,519	263
Payables due to employees	484	512	*(28)*
Other tax payables	888	717	171
Payables due to social security institutions	218	207	11
Payables for put options granted to minority shareholders	820	655	165
Other	2,116	1,942	174
Total	**8,907**	**8,052**	**855**

"Payables due to customers" include €1,049 million (€882 million at December 31, 2010) in security deposits related to amounts received from customers as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the Company does not have an unconditional right to defer repayment beyond twelve months.
"Payables due to Electricity Equalization Fund and similar bodies" include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €1,797 million (€1,507 million at December 31, 2010) and on the Spanish market amounting to €985 million (€1,012 million at December 31, 2010).
The item "Payables for put options granted to minority shareholders" at December 31, 2011 mainly regards the liability to Enel Distributie Muntenia in the amount of €661 million (€512 million at December 31, 2010), Enel Energie Muntenia in the amount of €115 million (€89 million at December 31, 2010) and Marcinelle Energie in the amount of €43 million (€37 million at December 31, 2010). These liabilities, which are estimated at fair value on the basis of Level 3 inputs, are determined on the basis of the exercise conditions specified in the contracts; the change for the year produced an increase of the same amount in the goodwill of the subsidiaries.

36. Related parties

As an operator in the field of generation, transport, distribution and sale of electricity, Enel provides services to a number of companies controlled by the Italian State, Enel's controlling shareholder. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Energy Services Operator, and the Energy Markets Operator (each of which is controlled either directly or indirectly by the Ministry for the Economy and Finance).
Fees for the transport of electricity payable to Terna and certain charges paid to the Energy Markets Operator are determined by the Authority for Electricity and Gas.
Transactions relating to purchases and sales of electricity concluded with the Energy Markets Operator on the Power Exchange and with the Single Buyer are settled at market prices. In particular, companies of the Sales Division acquire electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Energy Services Operator, in addition to paying Terna fees for the use of the national transmission network. Companies that are a part of the Generation and Energy Management Division, in addition to paying fees for the use of the national transmission network to Terna, carry out electricity transactions with the Energy Markets Operator on the Power Exchange and sell electricity to the Single Buyer. The companies of the Renewable Energy Division that operate in Italy sells electricity to the Energy Markets Operator on the Power Exchange.
Enel also acquires fuel for generation and gas for distribution and sale from ENI, a company controlled by the Ministry for the Economy and Finance. All transactions with related parties are concluded on normal market terms and conditions.
The following table summarizes transactions with related parties and with associated companies outstanding at December 31, 2011 and carried out during the period, respectively.

Millions of euro	Related parties Single Buyer	EMO	Terna	ENI	ESO	Italian Post Office	Other	**Total**
Balance sheet:								
Trade receivables	75	836	362	9	73	-	57	**1,412**
Current financial assets	-	-	1	-	-	-	-	**1**
Other current assets	-	49	15	-	1	-	-	**65**
Trade payables	1,139	600	466	141	651	101	69	**3,167**
Current financial liabilities	1	-	1	-	-	-	-	**2**
Other current liabilities	2	-	11	-	-	-	2	**15**
Income statement:								
Revenues from sales	1,259	4,431	890	440	319	-	54	**7,393**
Other revenues and income	-	-	207	-	-	-	1	**208**
Raw materials and consumables	6,096	2,741	346	489	-	-	100	**9,772**
Services	-	157	1,514	59	24	141	46	**1,941**
Other operating expenses	2	-	5	-	-	-	14	**21**
Net income from commodity risk management	(8)	-	85	-	-	-	-	**77**
Financial income	-	-	22	-	-	-	-	**22**
Financial expense	1	-	2	-	-	2	2	**7**

In compliance with the Enel Group's rules of corporate governance, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety. With a view to assuring substantive propriety – in order to ensure fairness in transactions with related parties, and to account for the special nature, value or other characteristics of a given transaction – the Board of Directors may ask independent experts to value the assets involved in the transaction and provide financial, legal or technical advice.

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties undertaken by Enel SpA either directly or indirectly through its subsidiaries. The procedure (which can be found at http://www.enel.com/it-IT/group/governance/principles/related_parts/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB. It replaced, with effect from January 1, 2011, the rules governing transactions with related parties approved by the Board of Directors of Enel SpA on December 19, 2006 in implementation of the recommendations of the Corporate Governance Code for listed companies, the provisions of which were in effect until December 31, 2010.

Associated companies								
SeverEnergia	Enel Rete Gas	Elica 2	CESI	Other	**Total**	**Overall total**	**Total balance-sheet item**	**% of total**
1	18	2	-	40	**61**	**1,473**	**11,570**	**12.7%**
-	-	-	-	-	**-**	**1**	**10,466**	**-**
-	-	1	-	5	**6**	**71**	**2,135**	**3.3%**
-	73	-	29	35	**137**	**3,304**	**12,931**	**25.6%**
-	-	-	-	-	**-**	**2**	**3,668**	**0.1%**
-	-	-	-	-	**-**	**15**	**8,907**	**0.2%**
-	45	2	-	15	**62**	**7,455**	**77,573**	**9.6%**
-	-		-	-	**-**	**208**	**1,941**	**10.7%**
-	-	-	-	198	**198**	**9,970**	**42,901**	**23.2%**
-	283	-	15	48	**346**	**2,287**	**14,440**	**15.8%**
-	1	-	4	-	**5**	**26**	**2,143**	**1.2%**
-	-	-	-	-	**-**	**77**	**272**	**28.3%**
5	-	-	-	2	**7**	**29**	**2,693**	**1.1%**
-	-	-	-	-	**-**	**7**	**5,717**	**0.1%**

37. Contractual commitments and guarantees

The commitments entered into by the Enel Group and the guarantees given to third parties are shown below..

Millions of euro

	at Dec. 31, 2011
Guarantees given:	
- sureties and other guarantees granted to third parties	4,766
Commitments to suppliers for:	
- electricity purchases	54,708
- fuel purchases	69,008
- various supplies	3,153
- tenders	1,936
- other	2,458
Total	**131,263**
TOTAL	**136,029**

Guarantees granted to third parties amounted to €4,766 million and include €500 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months from July 2004. The value of such guarantees is reduced annually by a specified amount.

The expected cash flow of the lease contracts, including forecast inflation, is as follows:

> 2012: €53 million;
> 2013: €54 million;
> 2014: €54 million;
> 2015: €55 million;
> 2016: €55 million.

The expected cash flow of the operating lease contracts of Endesa is as follows:

> 2012: €50 million;
> 2013-2014: €60 million;
> 2015 and beyond: €211 million.

Commitments for electricity amounted to €54,708 million at December 31, 2011, of which €21,604 million refer to the period 2012-2016, €11,692 million to the period 2017-2021, €7,321 million to the period 2022-2026 and the remaining €14,091 million beyond 2026.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at December 31, 2011 was €69,008 million, of which €38,100 million refer to the period 2012-2016, €23,653 million to the period 2017-2021, €5,758 million to the period 2022-2026 and the remaining €1,497 million beyond 2026.

Various supply commitments include €274 million in respect of those under the cooperation agreement with EDF of November 30, 2007 for the construction of the Flamanville nuclear plant. The amount represents Enel's share of 12.5% of the cost of construction of the plant, which is scheduled to begin operation in 2012.

38. Contingent liabilities and assets

Environmental litigation

Litigation regarding environmental issues primarily concerns the installation and operation of electrical plant of Enel Distribuzione. Enel Distribuzione is involved in various civil and administrative suits relating to requests, often using urgent procedures, for the precautionary transfer or modification of operations on power lines by some persons living near them on the basis of their alleged potential to cause harm, despite the fact that the company believes that they have been installed in compliance with current regulations. In a number of proceedings claims for damages for physical harm caused by electromagnetic fields have been lodged. The outcome of litigation on these issues is normally favorable to the company. In a decision in February 2008, the Court of Grosseto ruled that compliance with the statutory limits on exposure to electrical and magnetic fields, as supported by the most authoritative studies in the field and evidence arising at the European level, ensures that health will not be jeopardized. There have been sporadic adverse precautionary rulings, which have all been appealed. At present there are no final adverse rulings, and no damages for physical harm have ever been granted, although a ruling in February 2008 (appealed) found that harm had been caused by the "stress" associated with living near power lines and the fear of possible health problems. The next hearing has been scheduled for July 9, 2014.

There have also been a number of proceedings concerning electromagnetic fields generated by medium- and low-voltage transformer substations within buildings, in which the equipment, according to the company's technical staff, has always been in compliance with induction limits set by current regulations. Recent rulings have confirmed that compliance with the applicable regulations is sufficient guarantee of protection from harm.

In August 2008, the Court of Cassation (the supreme court of appeal) issued a ruling concerning a 380 kW power line (Forlì-Fano) no longer owned by Enel that, in conflict with current scientific knowledge in this area, accepted the existence of a causal relationship between the headaches suffered by a number of parties and exposure to electromagnetic fields. As discussed in previous reports, the situation concerning litigation has evolved thanks to the clarification of the legislative framework following the entry into force of the framework law on electromagnetic emissions (Law 36 of February 22, 2001) and the related implementing regulations for power lines (Prime Minister's Order of July 8, 2003). The rules introduced with these measures have harmonized regulation of the field at the national level. Among other issues, we are still awaiting implementation of the program provided for by Law 36/2001 for the upgrading of power lines, with the possibility of recovering, in part or in full, costs incurred by the owners of power lines and substations through electricity rates, in accordance with criteria to be set by the Authority for Electricity and Gas, pursuant to Law 481/1995, as they represent costs incurred in the public interest. At present, the Prime Minister has not issued the Order setting the criteria for the upgrading of power lines (Article 4, paragraph 4, of Law 36/2001), which is necessary for distribution companies to submit the associated plans to the regional governments (Article 9, paragraph 2, of Law 36/2001).

An Order of the Director General for environmental protection of May 29, 2008 of the Ministry for the Environment approved the procedures for measuring and assessing magnetic induction, pursuant to Article 5, paragraph 2, of the Prime Minister's Order of July 8, 2003, and another Order issued by the same Ministry on May 29, 2008 approved the calculation methods for determining the distance restrictions for power lines, pursuant to Article 4, paragraph 1(h), of Law 36/2001.

A number of urban planning and environmental disputes regarding the construction and operation of certain power plants and distribution lines are also pending. Based on an analysis of individual cases, Enel believes the possibility of adverse rulings is remote. For a limited number of cases, an unfavorable outcome cannot be ruled out completely, however. The consequences of unfavorable judgments could, in addition to the possible payment of damages, also include the costs related to work required to modify electrical equipment and the temporary unavailability of the plant.

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees - Damages for environmental harm

The Court of Adria, in a ruling issued on March 31, 2006, convicted former Directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and local authorities. Damages for a number of mainly private parties were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (the Regions of Veneto and Emilia Romagna, the Province of Rovigo and various municipalities) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and on March 12, 2009 the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the

Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities, the Company has already made payment under a settlement agreement reached in 2008. With a suit lodged in July 2011, the Ministry for the Environment and a number of public entities asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses is about €100 million, which Enel has contested.

In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of former directors, officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. At a hearing on November 22, 2011, the case was adjourned further.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. About two thirds of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione, based upon both the lack of proof of the loss claimed and the recognition that the company was not involved in causing the event. The few adverse rulings against Enel Distribuzione have been appealed to the Court of Cassation, which has consistently ruled in favor of Enel, confirming the position established in orders 17282, 17283 and 17284 of July 23, 2009, which in finding for the appellant found no liability on the part of Enel Distribuzione.

In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings.

In court, Cattolica involved a number of reinsurance companies in the proceedings, including Enel.re. During testimony, Enel.re found the claim of Enel SpA to be well-founded, while other reinsurers, including Zurigo, challenged the claim. The case will continue before the Court of Rome in the hearing for submission of final pleadings on January 24, 2013.

Many blackout rulings are still pending despite the position taken by the Court of Cassation, partly owing to the difficulties faced by the court clerks of a number of courts in publishing rulings that have already been made and partly to substantial work load of the individual offices, which has slowed judges' decisions

As of November 2011, pending cases concerning the blackout had fallen to about 50,000 due to Court decisions as well as abandonment of suits by the plaintiffs or joinder of proceedings, while the flow of new claims has essentially come to a halt in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation.

Litigation concerning free bill payment procedures

In its ruling 2507/2010 of May 3, 2010, the Council of State granted the appeal of the Authority for Electricity and Gas (the Authority) against ruling 321/08 of February 13, 2008 with which the Lombardy Regional Court had voided Resolution 66/07. With the latter, the Authority had fined Enel Distribuzione €11.7 million for violation of the provisions of Resolution 55/2000 concerning the transparency of invoices. Enel Distribuzione lodged an appeal with the Council of State asking for it to revoke the ruling but the appeal was denied on February 24, 2011.

The appeal lodged on October 29, 2010 with the European Court of Human Rights in Strasbourg is pending. In Enel's view, with the ruling the Council of State adopted an interpretation of the legal concept of legality that differs from that usually adopted in the case law of the European court. If the appeal is successful, the Italian State would be ordered to pay damages in the amount of the fine paid.

Finmek/Enel.Factor litigation

On April 29, 2009 Enel.Factor was issued a summons to appear before the Court of Padua by Finmek SpA, a company under special administration. The dispute concerns a factoring relationship involving the assignment from Finmek to Enel.Factor of receivables in respect of a contract between Finmek and Enel Distribuzione SpA for the supply of remote-readable digital meters to Enel Distribuzione. The assignments began in 2001 and continued until April 2004, when Finmek SpA entered special administration. With the summons, Finmek asked the court to ascertain the unenforceability of assignments carried out between May 7, 2003 and March 23, 2004 and to revoke or declare inoperative the assignments carried out in that period. Finmek's overall claim amounts to about $50 million. The next hearing has been scheduled for March 13, 2012, to examine the findings of the official technical expert.

Developments in the inquiries of the Milan Public Prosecutor's Office and the State Audit Court into former senior managers

In February 2003, the Milan Public Prosecutor's Office initiated a criminal investigation of former directors and top managers of Enelpower and other individuals for alleged offences to the detriment of Enelpower, including payments made by contractors to receive certain contracts. In January 2008, the investigating magistrate allowed Enel SpA, Enelpower SpA and Enel Produzione SpA to join the case as injured parties. On April 27, 2009, the investigating magistrate announced a plea bargain for a number of the defendants, while the former managing directors of Enel Produzione and Enelpower and the executive of Enelpower were committed for trial before the Court of Milan. After the start of the trial in January 2010, on April 20, 2010 the judge ruled that the trial could not proceed against the former managers for the offences of corruption and embezzlement as the period of limitation had expired. The trial continued against the former managers for the offence of criminal conspiracy, but it too was concluded on September 20, 2011 with a ruling that the period of limitation had run out. Enelpower, Enel Produzione and Enel SpA are taking civil action to recover damages for the harm caused by the conspiracy conducted by the former managers.

Following extinguishment of the grounds for seeking damages for pecuniary losses and as a result of the Court of Cassation' s ruling 26806/09 of December 19, 2009 – which ruled that the State Audit Court lacked jurisdiction – Enel, Enelpower and Enel Produzione filed two civil suits with the courts of Monza and Udine seeking tortious damages for the losses caused by the actions of Enel former directors and senior managers being pursued through the State Audit Court and the criminal court. In addition, Enel Produzione and Enelpower have undertaken revocatory actions against the former directors and senior managers, voiding certain transfers of assets. On May 25, 2011, a settlement agreement was signed with the former managing director of Enel Produzione under which Enel is to receive damages, including in the interest of the Group companies involved, totaling €2 million and the waiver by the former managing director of the claim to receive payment of the value of the stock options that was pending before Labor Court in the amount of €4 million. As part of the agreement, the companies of the Enel Group have revoked – solely with respect to the Enel Produzione managing director – their status as injured parties in the criminal proceedings mentioned above and will abandon the revocatory and enforcement actions undertaken against said director.

Finally, as regards Enelpower's participation in the appeal of the ruling on money-laundering charges against the former managing director and senior manager of Enelpower, in a ruling published on November 8, 2011, the criminal law section of the Swiss Federal Supreme Court upheld the ruling of the Federal Criminal Court of Bellinzona ruling that since the injured parties were already seeking the same damages in Italy, they could not seek damages in Switzerland as well. Enelpower is taking steps to appeal that ruling. Again in Switzerland, Enelpower obtained a precautionary seizure order for amounts deposited on the Swiss current accounts of the defendants.

BEG litigation

This litigation is being conducted on two fronts, one in Italy, the other in Albania. In Italy, with its ruling of October 20, 2010, the Court of Cassation upheld the decision of the Rome Court of Appeal of April 7, 2009, which rejected BEG's appeal of the unfavorable arbitration ruling of December 6, 2002. The ruling of the Court of Cassation regarded the complaint filed by BEG SpA before the Rome Arbitration Chamber in November 2000 against Enelpower with regard to alleged breach of a collaboration agreement governed by Italian law concerning the construction of a hydroelectric power station in Albania. BEG asked for damages from Enelpower of about €120 million. The arbitration board ruled that Enelpower was not in breach.

In Albania, with a ruling of March 7, 2011, the Albanian Court of Cassation denied the appeal lodged by Enelpower and Enel SpA against the ruling of the Albanian Court of Appeal, which on April 28, 2010 had upheld the decision of the Court of Tirana awarding Albania BEG Ambient (a subsidiary of BEG) tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. In a letter of April 26, 2011, Albania BEG Ambient, referring to the above ruling of the Albanian court, requested payment of more than €430 million.

Enelpower and Enel SpA replied to the request, on April 28 and 29 respectively, strongly challenging legitimacy of both the foundation of the claim and the amount and filed a request with the Albanian Court of Cassation for the Court of Tirana's ruling in first instance to be revoked for conflict with the ruling of the Italian Court of Cassation. In a ruling dated June 17, 2011, and announced on July 7, the Albanian Court of Cassation upheld the ruling of the court of first instance. Enel and Enelpower then filed suit against the Republic of Albania with the European Court of Human Rights for violation of the right to a fair trial and the rule of law, asking the Court to order Albania to provide *restitutio in integrum* and pay damages for financial and non-financial losses incurred by Enel and Enelpower, including amounts that might have to be paid under the ruling of the Albanian Court of Cassation of March 7, 2011.

In addition, proceedings continued in Italy in the suit lodged by Enelpower and Enel SpA against BEG SpA with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower on December 6, 2002, having its subsidiary Albam take legal action in Albania against Enelpower and Enel. With this action, Enelpower and Enel are asking the Court to find BEG liable and order it to pay damages to Enelpower (contractual and tortious) and to Enel (tortious) in the amount that one or the other could be required to pay to Albania BEG Ambient in the event of the enforcement of the sentence issued by the Albanian courts. The next hearing is scheduled for March 22, 2012.

Extension of municipal property tax (ICI)

Article 1-*quinquies* of Decree Law 44 of March 31, 2005 containing urgent measures concerning local authorities (added during ratification with Law 88 of May 31, 2005) stated that Article 4 of Royal Decree Law 652 of April 13, 1939 (governing the land registry) shall be interpreted with regard to power plants alone in the sense that the buildings and permanent constructions consist of the land and those parts that are structurally attached to it, even temporarily, which may be joined by any means of connection with movable parts for the purpose of creating a single complex asset. The Regional Tax Commission of Emilia Romagna, in Ordinance 16/13/06 (filed on July 13, 2006), referred the case to the Constitutional Court on the issue of the constitutionality of Article 1-*quinquies* of the Decree Law, finding it relevant and not manifestly unfounded.

On May 20, 2008, the Constitutional Court, in judgment 162/08, ruled that the issues raised by the RTC of Emilia Romagna had no foundation and, therefore, confirmed the legitimacy of the new interpretation, whose primary effects on the Group are as follows:

> the inclusion of the value of the "turbines" in the land registry valuation of the plants;

> the power for local Land Registry Offices to modify, without a time limit, the imputed property incomes proposed by Enel.

The ruling also affirmed that "... the principle that the determination of imputed property income shall include all the elements constituting a plant ... even if not physically connected to the land, holds for all of the buildings referred to in Article 10 of Royal Decree Law 652 of 1939" and not only power plants.

We also note that to date no valuation criterion has been introduced for the movable assets considered relevant for the determination of land registry values with regard to either the valuation method or the effective identification of the object of the valuation, and the above ruling does not appear to provide any guidance on this issue.

Accordingly, with regard to pending litigation, Enel Produzione and Enel Green Power will continue to pursue the case to request a substantial reduction of the values originally assigned by the Land Registry Offices to these parts of the plant. They have, however, allocated an adequate amount to the "Provisions for risks and charges" to cover fully the potential charges that would result from an unfavorable outcome, including the information that has emerged from new assessments. At the same time, they do not feel that further provisions are necessary to take into account possible retroactive application of the rule on imputed rent proposals, which to date have not been the subject of comments by the Land Registry Offices and, in any event, primarily concern small plants.

Spain

In March 2009, Josel SL sued Endesa Distribución Eléctrica SL to withdraw from the contract for the sale of several buildings due to changes in their zoning status, requesting the restitution of about €85 million plus interest. Endesa Distribución Eléctrica SL opposed the request for withdrawal. On May 9, 2011, the court granted the request to permit withdrawal from the contract and ordered Endesa to repay the amounts paid for the sale plus interest and costs. Endesa has appealed the ruling.

On May 19, 2009, the town of Granadilla de Abona fined Endesa €72 million for the construction of the Centrale Generadora de Ciclo Combinato 2 power plant. On July 13, 2009, Endesa lodged an appeal with the administrative courts against the fine. On September 18, 2009, a precautionary suspension of payment of the fine was obtained. Hearing of the case began on September 1, 2010. In a ruling of September 12, 2011, Endesa's appeal was granted.

Brazil

In 2005, the Brazilian tax authorities notified Ampla of an assessment that was subsequently appealed. The tax authorities argued for the non-applicability of the tax exemption for interest received by subscribers of fixed-rate notes issued by Ampla in 1998. On December 6, 2007, Ampla was successful in the second level of the administrative appeals, but the Brazilian authorities appealed the ruling to the Superior Council for Tax Appeals. The amount involved in the dispute is about €325 million.

In 2002 the State of Rio de Janeiro ruled that the ICMS (*Impuesto a la Circulación de Mercaderías y Servicios*) should be calculated and paid on the 10th, 20th and 30th of the same month in which the tax accrues. Nevertheless, Ampla continued to pay the tax in compliance with the previous system (up to the 5th day of the subsequent month). Despite an informal agreement with the State of Rio de Janeiro and two tax amnesties, in October 2004 Ampla was fined for late payment of the ICMS, which the company appealed. The ruling at first instance was in favor of the State of Rio de Janeiro and Ampla appealed but the appeal was denied on August 26, 2010. Ampla then filed a further appeal with the "*Consejo Pleno de Contribuyentes*" of the State of Rio de Janeiro, which is still pending. The amount involved in the dispute is about €68 million.

The Brazilian construction company Meridional held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As a consequence of the transfer of assets from CELF to Ampla Energia e Serviços, the Brazilian construction company complained that the transfer had infringed its creditor rights in respect of CELF (deriving from the contract for civil works) and, in 1998, filed suit against Ampla. In March 2009, the Brazilian court granted the complaint and Ampla and the State of Rio de Janeiro appealed the decision. In December 2009 the appeals court granted the appeals.
The Brazilian construction company appealed that decision to the Court of Cassation, which declined to grant the petition. The construction company then lodged a new appeal ("*de Agravo Regimental*") with the *Superior Tribunal de Justiça do Brasil*, which was rejected at the end of August 2010 for lack of grounds. Following that decision, the company requested a "*mandado de segurança*" to obtain a ruling establishing the alleged right of the construction company to recover its claim. The request for the "*mandado de segurança*" was denied in June 2011. Meridional nevertheless lodged a new appeal with the *Superior Tribunal de Justiça in Brasilia*. The amount involved in the dispute is about €317 million.

In 1998 CIEN signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. As part of the dispute, Tractebel has expressed its intention to acquire 30% of the transmission line involved. The case is continuing.

For analogous reasons in June 2010 the company Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about €235 million in addition to unspecified damages. CIEN's defense is similar to the earlier case. The evidentiary stage of the trial has been completed and the ruling at first instance is pending.

39. Subsequent events

Disposal of investment in Terna

On February 2, 2012, Enel completed the disposal, launched late the previous afternoon, of 102,384,037 ordinary shares (equal to 5.1% of share capital) of Terna SpA. The proceeds of the sale totaled €281 million and will generate a consolidated capital gain of €178 million for Enel, net of incidental expenses. The amount sold represented the entire interest held by Enel in Terna, whose shares are traded on the *Mercato Telematico Azionario* (MTA) operated by Borsa Italiana SpA.

The transaction, which was carried out through an accelerated bookbuilding with Italian and international institutional investors, was priced at €2.74 per share. The transaction was settled with the delivery of shares and payment of the price on February 7, 2012. Enel engaged Banca IMI, JP Morgan, Mediobanca and UniCredit as joint bookrunners to carry out the transaction.

Purchase of mineral interest in Algeria

On February 3, 2012, following ratification by the Algerian authorities, the contract for the purchase of 18.375% of a mineral interest in respect of the Isarene exploration permit from the Irish company Petroceltic International took full effect, and Enel Trade paid Petroceltic an initial price of about $100 million.

Bond issue for Italian retail investors

On February 13, 2012, Enel's public offering of fixed and floating-rate bonds for retail investors was closed. During the offer period, Enel increased the nominal value of the offering from the initial amount of €1.5 billion to the maximum of €3 billion, while demand amounted to more than €5 billion.

The total amount issued came to €2.5 billion for the fixed-rate bonds and €500 million for the floating-rate bonds.

The fixed-rate bonds (maturing February 20, 2018) will pay a nominal annual gross interest rate equal to 4.875% and were issued at a price equal to 99.95% of their nominal value. Accrued interest will be paid to investors annually in arrears.

The floating-rate bonds (maturing February 20, 2018) will pay interest to investors semi-annually in arrears. The nominal annual floating rate will be calculated as the sum of 6-month Euribor and a spread of 310 basis points. The floating-rate bonds were issued at a price equal to 100% of their nominal value.

Partnership between Enel Distribuzione and General Electric

On February 27, 2012, General Electric, one of the largest and most diversified companies in the world, and Enel Distribuzione, the company that manages over 85% of Italy's distribution network, reached a strategic partnership agreement, lasting until December 31, 2014, to develop projects for energy efficiency and cutting CO_2 emissions throughout Italy. The integrated approach to the projects, the synergies between the technical and financial expertise of the General Electric group, combined with Enel Distribuzione's experience with the white certificate mechanism, will make it possible to carry out complex projects to customer specifications in an operationally effective manner. The two companies will soon begin carrying out the first large-scale projects to develop solutions that are technologically, operationally and financially innovative, taking advantage of the opportunities presented by recent regulatory changes designed to encourage energy efficiency in Italy and involving a variety of partners from throughout Italy specializing in certain technologies or target customers.

Enel rating revised by Standard & Poor's

On March 8, 2012, the rating agency Standard & Poor's announced that it had lowered its long-term rating for Enel SpA to "BBB+" (from "A-"). The agency also announced that it had confirmed its short-term rating of "A-2" for Enel. Following the removal of the negative creditwatch, the outlook was rated as stable.

The change in the Enel rating mainly reflects the deterioration in the macroeconomic situation in Italian and Spanish markets and the higher volatility of margins in the power generation sector. The downgrade was accompanied by an analogous revision of the stand-alone rating of the Company and follows Standard & Poor's downgrade of its rating of the Italian sovereign debt.

Finally, the agency noted that the measures the Company is taking to counter the impact of the economic crisis will help improve the financial risk profile of the Enel Group despite the weakness of the economic outlook that Standard & Poor's has projected for the Italian and Spanish markets.

40. Stock incentive plans

Between 2000 and 2008, Enel implemented stock incentive plans (stock option plans and restricted share units plans) each year in order to give the Enel Group – in line with international business practice and the leading Italian listed companies – a means for fostering management motivation and loyalty, strengthening a sense of corporate team spirit in our key personnel, and ensuring their enduring and constant effort to create value, thus creating a convergence of interests between shareholders and management.

The remainder of this section describes the features of the stock incentive plans adopted by Enel and still in place in 2011.

2008 stock option plan

The 2008 plan provides for the grant of personal, non-transferable inter vivos options to subscribe a corresponding number of newly issued ordinary Enel shares to senior managers selected by the Board of Directors. The main features of the 2008 plan are discussed below.

Beneficiaries

The beneficiaries of the plan – who include the CEO of Enel is his capacity as General Manager – comprise the small number of managers who represent the first reporting line of top management. The head of the Infrastructure and Networks Division does not participate but has received other incentives linked to specific objectives regarding the Division's business area. The exclusion was motivated by the obligation for Enel – connected with the full liberalization of the electricity sector as from July 1, 2007 – to implement administrative and accounting unbundling so as to separate the activities included in the Infrastructure and Networks Division from those of the Group's other business areas.

The beneficiaries have been divided into two brackets (the first includes only the CEO of Enel in his capacity as General Manager) and the basic number of options granted to each has been determined on the basis of their gross annual compensation and the strategic importance of their positions, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession mortis causa) specifically governed by the regulations.

The vesting of the options is subject to achievement of two operational objectives, both calculated on a consolidated, three-year basis: (i) earnings per share (EPS, equal to Group net income divided by the number of Enel shares in circulation) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years and (ii) the return on average capital employed (ROACE, equal to the ratio between operating income and average net capital employed) for the 2008-2010 period, also determined on the basis of the amounts specified in the budgets for those years. Depending on the degree to which the objectives are achieved, the number of options that can actually be exercised by each beneficiary is determined on the basis of a performance scale established by the Enel Board of Directors and may vary up or down with respect to the basic option grant by a percentage amount of between 0% and 120%.

Exercise procedures

Once achievement of the operational objectives has been verified, the options can be exercised as from the third year after the grant year and up to the sixth year as from the grant year. The options can be exercised at any time, with the exception of two blocking periods lasting about one month before the approval of the draft annual financial statements of Enel SpA and the half-year report by the Board of Directors.

Strike price

The strike price was originally set at €8.075, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2008. The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €7.118 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares. Subscription of the shares is charged entirely to the beneficiaries, as the plan does not provide for any facilitated terms to be granted in this respect.

Shares serving the plan

In June 2008, the Extraordinary Shareholders' Meeting granted the Board of Directors a five-year authorization to carry out a paid capital increase in the maximum amount of €9,623,735.

Developments in the 2008 stock option plan

The Board of Directors has determined that in the 2008-2010 period both EPS and ROACE exceeded the levels set out in the budgets for those years, thereby enabling the options to vest in an amount equal to 120% of those originally granted to the beneficiaries, in application of the performance scale established by the Enel Board of Directors.

The following table reports developments in the 2008 stock option plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options exercised at Dec. 31, 2010	Options lapsed at Dec. 31, 2010	Options lapsed in 2011	Options outstanding at Dec. 31, 2011
8,019,779 (1)	16 Group executives	€8.075 (2)	Rights vested	None	None	None	9,623,735

(1) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) had been achieved, a total of 9,623,735 options have vested.
(2) The strike price was changed to €7.118 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.

Payment of a bonus connected with the portion of the dividends attributable to asset disposals, to be made in conjunction with the exercise of stock options

In March 2004, the Board of Directors voted to grant a special bonus, beginning in 2004, to the beneficiaries of the various stock option plans who exercise the options granted to them, establishing that the amount is to be determined each time by the Board itself when it adopts resolutions concerning the allocation of earnings and is based on the portion of the "disposal dividends" (as defined below) distributed after the granting of the options.
The rationale underlying this initiative is that the portion of dividends attributable to extraordinary transactions regarding the disposal of property and/or financial assets ("disposal dividends") should be considered a form of return to shareholders of part of the value of the Company, and as such capable of affecting the performance of the shares.
The beneficiaries of the bonus are thus the beneficiaries of the stock option plans who – either because they choose to do so or because of the restrictions imposed by the exercise conditions or the vesting periods – exercise their options after the ex-dividend date of the "disposal dividends" and therefore could be penalized. The bonus is not paid, however, for the portion of other kinds of dividends, such as those generated by ordinary business activities or reimbursements associated with regulatory measures.
Essentially, when beneficiaries of the stock option plans have exercised the options granted to them, as from 2004 they have been entitled to receive a sum equal to the "disposal dividends" distributed by Enel after the options have been granted but before they have been exercised. The bonus will be paid by the company of the Group that employs the beneficiary and is subject to ordinary taxation as income from employment.
Under these rules, to date the Board of Directors has approved: (i) a bonus amounting to €0.08 per option exercised, with regard to the dividend (for 2003) of €0.36 per share payable as from June 24, 2004; (ii) a bonus amounting to €0.33 per option exercised, with regard to the interim dividend (for 2004) of the same amount per share payable as from November 25, 2004; (iii) a bonus amounting to €0.02 per option exercised, with regard to the balance of the dividend (for 2004) of €0.36 per share payable as from June 23, 2005; and (iv) a bonus amounting to €0.19 per option exercised, with regard to the interim dividend (for 2005) of the same amount per share payable as from November 24, 2005.
It should be noted that the overall dilution of share capital as at December 31, 2011 attributable to the exercise of the stock options granted under the various plans amounts to 1.31% and that further developments in the plans could, in theory, increase the dilution up to a maximum of 1.41%.
The following table summarizes developments over the course of 2009, 2010 and 2011 in the Enel stock option plans, detailing the main assumptions used in calculating their fair value.

Developments in stock option plans

Number of options	2008 plan
Options granted at December 31, 2009	8,019,779 (1)
Options exercised at December 31, 2009	-
Options lapsed at December 31, 2009	-
Options outstanding at December 31, 2009	8,019,779 (1)
Options lapsed in 2010	-
Options outstanding at December 31, 2010	8,019,779 (1)
Options lapsed in 2011	-
Options outstanding at December 31, 2011	9,623,735 (2)
Fair value at grant date (euro)	0.17
Volatility	21%
Option expiry	December 2014

(1) If the degree of achievement of the two operational objectives (EPS and ROACE) set for the 2008 plan should reach the highest level of the performance scale, a maximum of 9,623,735 options would vest.
(2) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 9,623,735 options have vested (120% of the 8,019,779 options originally granted).

Restricted share units plan 2008

In June 2008 Enel's Ordinary Shareholders' Meeting approved an additional incentive mechanism, a restricted share units plan. The plan – which is also linked to the performance of Enel shares – differs from the stock option plans in that it does not involve the issue of new shares and therefore has no diluting effect on share capital. It grants the beneficiaries rights to receive the payment of a sum equal to the product of the number of units exercised and the average value of Enel shares in the month preceding the exercise of the units.

Beneficiaries

The plan covers the management of the Enel Group (including the managers already participating in the 2008 stock option plan, which includes the Enel CEO in his capacity as General Manager), with the exception of the managers of the Infrastructure and Networks Division for the reasons discussed with the 2008 stock option plan.
The beneficiaries have been divided into brackets and the basic number of units granted to each has been determined on the basis of the average gross annual compensation of the bracket, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

Exercise of the units – and the consequent receipt of the payment – is subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit of the company at which the beneficiary is employed from the Group or succession *mortis causa*) specifically governed by the Regulations.
As regards other exercise conditions, the plan first establishes a suspensory operational objective (a "hurdle target"): (i) for the first 50% of the basic number of units granted, Group EBITDA for 2008-2009, calculated on the basis of the amounts specified in the budgets for those years; and (ii) for the remaining 50% of the basic number of units granted, Group EBITDA for 2008-2010, calculated on the basis of the amounts specified in the budgets for those years.
If the hurdle target is achieved, the actual number of units that can be exercised by each beneficiary is determined on the basis of a performance objective represented by:

> for the first 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2009 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and that of a specific benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric Index (weight: 50%); and

> for the remaining 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2010 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and the benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced in 2009 with the FTSE Italia All Share index as indicated above – and the Bloomberg World Electric Index (weight: 50%).

The number that can be exercised may vary up or down with respect to the basic unit grant by a percentage amount of between 0% and 120% as determined on the basis of a specific performance scale.
If the hurdle target is not achieved in the first two-year period, the first tranche of 50% of the units granted may be recovered if the same hurdle target is achieved over the longer three-year period indicated above. It is also possible to extend the validity of the performance level registered in the 2008-2010 period to the 2008-2009 period, where performance was higher in the longer period, with the consequent recovery of units that did not actually vest in the first two-year period because of the lower performance level and on the condition that the first 50% of the basic unit grant has not yet been exercised.

Exercise procedures

Once achievement of the hurdle target and the performance objectives has been verified, of the total number of units granted, 50% may be exercised as from the second year subsequent to the grant year and the remaining 50% as from the third year subsequent to the grant year, with the deadline for exercising all the units being the sixth year subsequent to the grant year.

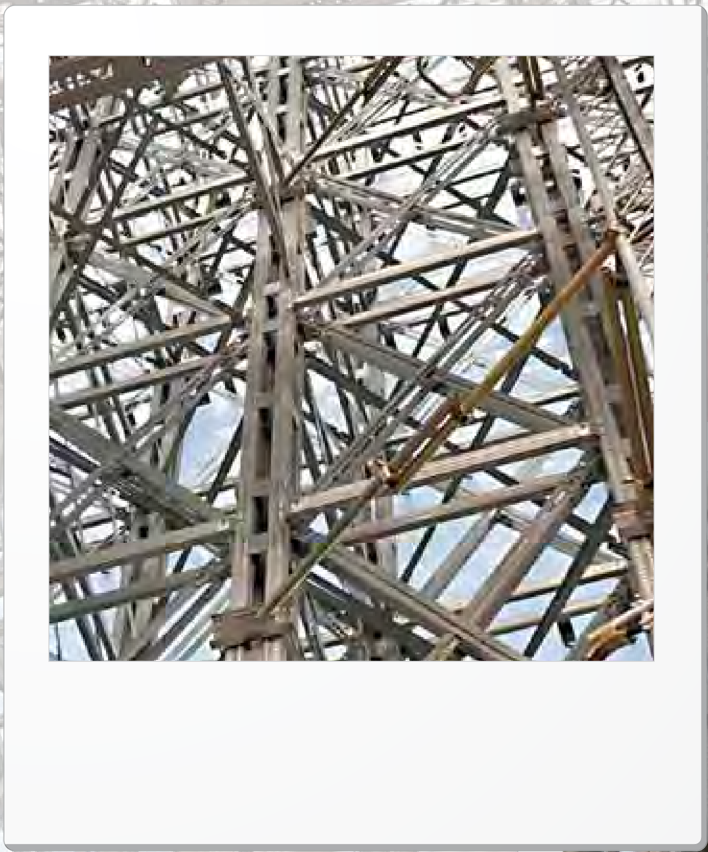
In any event, each year the units can only be exercised during four time windows of ten business days each (to be announced by Enel over the course of the plan) in the months of January, April, July and October.

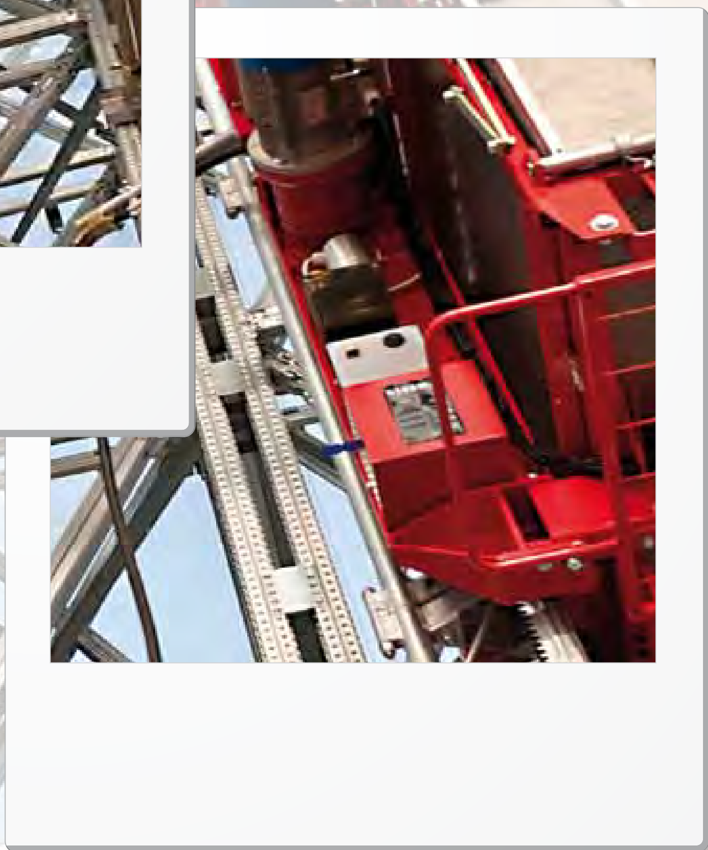
Developments in the 2008 restricted share units plan

The review conducted by the Board of Directors to verify satisfaction of the exercise conditions found the following.
For the first 50% of the basic units granted, in 2008-2009 the hurdle target for Group EBITDA had been achieved and Enel shares had slightly outperformed the benchmark index, meaning that according to the performance scale 100% of the units originally granted had vested.
For the remaining 50% of the basic grant awarded, in 2008-2010 the hurdle target for Group EBITDA had been achieved and Enel shares significantly outperformed the benchmark index, meaning that according to the performance scale an amount equal to 120% of the units originally granted had vested.
In view of the fact that the level of achievement of the performance targets over the 2008-2010 period was higher than that achieved in 2008-2009, it is therefore possible to recover the units that did not vest in 2008-2009 as a result of the lower level of achievement of the performance targets for beneficiaries who had not yet exercised the first 50% of the basic units granted before achievement of the targets for 2008-2010 had been ascertained.

The following table reports developments in the 2008 restricted share units plan.

Number of RSU	2008 plan
RSU outstanding at December 31, 2009 (equal to 100% of the base number of unlapsed RSU)	1,755,325
of which vested at December 31, 2009	*887,662*
RSU lapsed in 2010	9,648
RSU exercised in 2010	472,588
New RSU granted and vested under the "recovery clause" (applicable to first 50% of base number of RSU)	77,950
New RSU granted and vested in respect of the remaining 50% of the base number of RSU	176,667
RSU outstanding at December 31, 2010	1,527,706
of which vested at December 31, 2010	*1,527,706*
RSU lapsed in 2011	10,500
RSU exercised in 2011	1,159,460
RSU outstanding at December 31, 2011	357,746
of which vested at December 31, 2011	*357,746*
Fair value at the grant date (euro)	3.16
Fair value at December 31, 2011 (euro)	3.70
Expiry of the restricted share units	December 2014





Corporate governance

Report on corporate governance and ownership structure

Section I: Governance and ownership structure

Introduction

The corporate governance structure of Enel SpA (hereinafter, also "Enel" or the "Company") and of the group of companies that it controls (hereinafter, for the sake of brevity, the "Enel Group" or the "Group") complies with the principles contained in the edition of the Self-regulation Code of listed companies promoted by Borsa Italiana, published in March 2006 (1) (hereinafter, for the sake of brevity, the "Self-regulation Code"), as well as with the amendments introduced in March 2010 to Article 7 of the same Code, regarding the remuneration of directors (2).
Furthermore, the aforementioned corporate governance structure takes inspiration from CONSOB's recommendations on this matter and, more generally, from international best practice.

In December 2011, a new edition of the Self-Regulation Code has been published; such edition has introduced some significant amendments and integrations to the 2006 edition. In accordance with the transitory rules set forth under such new edition, Enel shall comply with the new recommendations during 2012, and shall inform the public thereof through the report on corporate governance and ownership structure which shall be published in 2013.
The corporate governance system adopted by Enel and its Group is essentially aimed at creating value for the shareholders in the medium/long term, taking into account the social importance of the Group's activities and the consequent need, in carrying them out, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The capital stock of the Company consists exclusively of ordinary shares entitled to full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. At the end of 2011 (and still as of the date of this report), Enel's share capital amounted to €9,403,357,795, divided into the same number of ordinary shares with a par value of €1 each.

Since November 1999, the Company's shares have been listed on the Electronic Stock Exchange organized and managed by Borsa Italiana.

(1) The code is available on Borsa Italiana's website at
http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en_pdf.htm.
(2) The new Article 7, as amended in March 2010, is available on Borsa Italiana's website at
http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corpgovart7eng.en_pdf.htm.

Major shareholdings and shareholders' agreements

According to the entries in Enel's stock register, the reports made to the CONSOB and received by the Company, and the other available information, as of the date of this report no shareholder – with the exception of the Ministry for the Economy and Finance of the Italian Republic, which owns 31.24% of the share capital, and of the group controlled by BlackRock Inc. which owns 2.74% of the share capital as asset management – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any shareholders' agreements indicated in the Unified Financial Act regarding Enel's shares exist. Please note that, as of the end of 2011, also Natixis SA, on the basis of Enel's stock register, owned a shareholding equal to 2.66% of the share capital, which during January 2012 fell below the 2% threshold.

The Company is therefore subject to the de facto control of the Ministry for the Economy and Finance, which has sufficient votes to exercise a dominant influence at Ordinary Shareholders' Meetings of Enel. However, the aforesaid Ministry is not in any way involved in managing and coordinating the Company, in accordance with the provisions of Article 19, paragraph 6, of Decree Law 78/2009 (subsequently converted into Law 102/2009), which clarified that the regulations contained in the Italian Civil Code regarding the management and coordination of companies do not apply to the Italian government.

Limit to the ownership of shares and to voting rights

In implementing a provision of the regulations regarding privatizations, the Company's bylaws provide that – except for the government, public bodies, and parties subject to their respective control – no shareholder may own, directly or indirectly, Enel shares that constitute more than 3% of the share capital.

The voting rights attaching to the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties concerned by the limit to share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders concerned. In case of noncompliance, resolutions of Shareholders' Meetings may be challenged in court if it is assessed that the majority required would not have been attained without the votes expressed in excess of the aforesaid limit.

According to the regulations regarding privatizations and subsequent modifications, the provisions of the bylaws concerning the limit to share ownership and to voting rights will lapse if the limit of 3% is exceeded following a takeover bid in consequence of which the bidder holds shares amounting to at least 75% of the capital with the right to vote on resolutions regarding the appointment or removal of directors.

Special powers of the Italian government

In implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) some special powers, which are exercisable regardless of the number of shares owned by the aforesaid Ministry.

Specifically, the Minister of the Economy and Finance, in agreement with the Minister of Productive Activities (currently the Minister of Economic Development), has the following special powers, to be used according to the criteria established by the Decree of the President of the Council of Ministers of June 10, 2004:

a) opposition to the acquisition of significant shareholdings (that is to say, amounting to or exceeding 3% of Enel's share capital) by parties to whom the aforesaid limit to share ownership applies. Grounds for the opposition must be given and the opposition may be expressed only in cases in which the Ministry considers the transaction to be in actual fact detrimental to vital national interests;
b) opposition to shareholders' agreements referred to in the Unified Financial Act if they concern 5% or more of Enel's share capital. In this case too, grounds must be given for the opposition, which may be expressed only in cases in which the shareholders' agreements are liable to cause concrete detriment to vital national interests;
c) veto to the adoption of resolutions liable to have a major impact on the Company (by which is understood resolutions to wind-up, transfer, merge, or split-up the Company or to move its headquarters abroad or change its corporate purpose, as well as those aimed at abolishing or changing the content of the special pow-

ers). Grounds for the veto must in any case be given and the veto may be exercised only in cases in which such resolutions are liable to cause concrete detriment to vital national interests;

d) appointment of a Director without the right to vote (and of the related substitute in case he or she leaves the office).

It should be noted that, on March 26, 2009, the Court of Justice of the European Communities declared that, by adopting the provisions stated in Article 1, paragraph 2, of the aforesaid Decree of the President of the Council of Ministers of June 10, 2004 containing the criteria for exercising the special powers, Italy failed to meet its obligations under Articles 43 (*freedom of establishment*) and 56 (*free circulation of capital*) of the institutive Treaty of the European Community.

Thereafter, Decree of the President of the Council of Ministers dated May 20, 2010 abrogated the provision of the aforesaid Decree of the President of the Council of Ministers of June 10, 2004 censured by the Court of Justice of the European Communities, which contained the circumstances in which the special powers provided under letters a), b) and c) could be effectively exercised. Article 1, paragraph 1, of the Decree of the President of the Council of Ministers of June 10, 2004, according to which the special powers may be exercised "*only in the event of relevant and unavoidable reasons of general interest, with particular reference to public order, security, health and defense, in the form and through means which are suitable and proportional to safeguard such interests, also through the possible provision of appropriate time constraints, without prejudice to national and EU rules, and among those, in first instance, the non-discrimination principle*", remains applicable.

In order to ensure that Italian laws regarding Italian government's special powers in privatized companies fully comply with EU principles, a new regulation on this matter has been recently drawn up and is meant to replace the regulations described above. In fact, Decree Law 21/2012 (which, as of the date of this report, has not been converted into law yet) provides for new rules on special powers concerning the governance structures of companies which operate in the defense and national security areas as well as of companies which carry out strategic activities in the areas of energy, transportation and communications.

In particular, as far as Enel is concerned, Article 2 of such Decree provides above all that the networks and the plants, the assets and the interests which have a strategic importance in the areas of energy, transportation and communications, shall be identified by means of one or more Decrees of the President of the Council of Ministers. Such decrees shall be updated at least every three years.

It is therefore provided that any resolutions, acts or transactions, adopted by a company which has one or more of the above mentioned assets and that may result in changes of the ownership, the control or the availability of the same assets or that may modify their destination, shall be notified by the company to the Presidency of the Council of Ministers (or to the Ministry of Economy and Finance if the latter holds a shareholding in the company) within 10 days and, in any case, before their execution. Resolutions concerning the transfer of subsidiaries which own the said assets shall be notified within the same term. Within 15 days from the notification, the President of the Council of Ministers, by means of a Decree consistent with the relevant resolution of the Council of Ministers: (i) may exercise its veto whenever the resolutions, the acts or the transactions may represent an extraordinary situation of a real threat of serious prejudice for public interests regarding the safety and the functioning of networks and plants as well as the continuity of supply; or (ii) may provide for specific conditions whenever it deems such conditions sufficient to protect the said public interests.

After 15 days from the notification date, the aforementioned resolutions, acts or transactions become effective, if no orders have been enacted by the President of the Council of Ministers within the same term.

Furthermore, it is provided that the purchase by a non-EU person, for any reason, of controlling shareholdings in companies which have assets identified as strategic shall be notified to the Presidency of the Council of Ministers (or to the Ministry of Economy and Finance if the latter holds a shareholding in the company) within 10 days. In the event that such purchase represents a real threat of serious prejudice for public interests regarding the safety and the functioning of networks and plants as well as the continuity of supply, it is provided that, within 15 days from the notification, the President of the Council of Ministers, by means of a Decree consistent with the relevant resolution of the Council of Ministers: (i) may impose a condition precedent to the purchase, whereby the purchaser shall assume certain undertakings aimed at protecting the said interests; or (ii) in extraordinary cases of risk for the protection of the same interests, which cannot be removed by the assumption of the foregoing undertakings, may oppose the purchase. After 15 days from the notification date, the purchase may be executed, if no orders have been enacted by the President of the Council of Ministers within the same term.

Article 2 of Decree Law 21/2012 also provides that the special powers set forth under the same Article may be used only on the basis of objective and non-discriminatory criteria, with particular regard to: (i) the existence, also taking into consideration the official position of the European Union, of objective reasons which suggest the possible existence of links between the purchaser and third countries that do not recognize the principles of democracy or of the rule of law (*Stato di diritto*), that do not respect the rules of international law or who have taken risky behaviors towards the international community inferred from the nature of their alliances, or that have relationships with terrorist or criminal organizations or with persons anyhow connected to them; (ii) the capacity of the structure resulting from the act or the transaction – taking into account the financing modalities of the acquisition, and of the economic, financial, technical and organizational capacity of the purchaser – to guarantee the safety and continuity of the supplies and/or the maintenance, the safety and the functioning of networks and plants.

Should the Decree Law 21/2012 be converted into law without any amendments, starting from the date of entry into force of the first Decree of the President of the Council of Ministers that identifies the strategic assets, Italian privatization laws (currently in force) would be automatically cancelled and Enel bylaws provisions set forth under such laws would automatically become ineffective.

However, pursuant to the same Decree Law 21/2012, Enel bylaws provisions concerning limits to the ownership of shares and to voting rights (as well as law provisions on this matter), as described in the paragraph above, shall remain effective.

Employee shareholdings: mechanism for exercising voting rights

The Unified Financial Act sets forth specific rules regarding voting proxies in listed companies, which partially deviate – for such companies – from the provisions set forth in the Civil Code and which were significantly amended following the implementation in Italy of Directive 2007/36/EC (relating to the exercise of certain rights of the shareholders of listed companies) by Legislative Decree 27 of January 27, 2010.

The foregoing specific rules govern the solicitation of proxies, which is defined as the request for proxies addressed to more than two-hundred shareholders on specific voting proposals, or accompanied by recommendations, declarations and other indications suitable for the purpose of influencing the vote. However, the Unified Financial Act clarifies that the request for proxies accompanied by recommendations, declarations and other indication suitable for the purpose of influencing the vote, which is addressed by associations of shareholders to their affiliates – including those associations which put together employees who are shareholders – is not to be considered as solicitation of proxies – and, thus, is not subject to the relevant specific discipline – if such associations comply with the specific requirements set forth by the Unified Financial Act.

At the same time, the Unified Financial Act continues to hope for the bylaws of listed companies to contain provisions aimed at simplifying the exercise of voting rights through proxy by the employees who are shareholders, thus fostering their participation to the decision-making process of Shareholders' Meetings.

In such respect, since 1999, Enel's bylaws expressly provide that, in order to simplify the collection of proxies by the employees-shareholders of the Company and of its subsidiaries, which are affiliated to associations of shareholders which comply with the requirements prescribed by applicable laws, facilities for communication and for the collection of proxies shall be made available to such associations, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.

In March 2008 the establishment of an employee-shareholders' association called *ADIGE – Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) which possesses the requirements prescribed by the Unified Financial Act has been notified to the Company; the above rules provided by the bylaws of the Company apply therefore to such association.

Appointment and replacement of directors and amendments of the bylaws

The rules that regulate the appointment and replacement of directors are examined in the second section of this document (under "Board of Directors – Appointment, replacement, composition, and term).

As far as the rules applicable to amendments of the bylaws are concerned, Extraordinary Shareholders' Meetings resolve thereon according to the majorities provided for by the law.
As allowed by the law, however, the Company's bylaws assign to the authority of the Board of Directors the resolutions concerning:
> mergers by absorption of entirely or at least 90% owned companies, as well as de-mergers corresponding to the latter;
> the establishment or closing of secondary headquarters;
> which directors are entrusted with representing the Company;
> the reduction of the share capital in the event one or more shareholders withdraw;
> the harmonization of the bylaws with provisions of law;
> moving the registered office within Italy.

Furthermore, in implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) the special power of veto on the adoption of several resolutions – which are specified in detail in the above paragraph "Special powers of the Italian government" – liable to have a major impact on the Company and, at the same time, to entail the amendment of its bylaws.

Authorizations to increase the share capital and to buy back shares

As of the date of this report, the bylaws contain three authorizations of the Board of Directors to increase the share capital for as much stock option plans addressed to the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.
However, two of such authorizations concern stock option plans (relating to years 2006 and 2007) in relation to which the Board of Directors has verified the failure to achieve the objectives upon which the exercise of the option rights was conditioned; therefore the said options and the relevant share capital increase authorizations have expired.
The only authorization still effective is the one according to which, in June 2008, the extraordinary session of the Shareholders' Meeting has authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of €9,623,735 for the 2008 stock option plan, which had been approved by the ordinary session of the same Shareholders' Meeting, and in relation to which the Board of Directors has then verified the achievement of the objectives upon which the exercise of the option rights was conditioned. It is pointed out that unit exercise price of the stock options assigned under the 2008 stock option plan is equal to €7.118 and that the amount of the authorization indicated above could entail a potential maximum total dilution amounting to 0.10% of the share capital as recorded as of the date of the present report. For a detailed description of the characteristics of the 2008 stock option plan please see the comments indicated into the financial statements of the Company and the consolidated financial statements of Enel Group regarding the financial year 2011.
For the sake of completeness, it should be pointed out that the total actual dilution of the share capital as of the end of 2011 as a consequence of the exercise of the stock options assigned through the plans preceding the aforesaid ones amounted to 1.31%.
As of the date of this report, there are no authorizations for the Board of Directors to either issue financial instruments granting shareholding or to buy back shares.

Change-of-control clauses

A) The Credit Agreement for purchasing Endesa shares

In order to finance the purchase of the shares of the Spanish company Endesa SA, as part of the takeover bid on the entire share capital of the said company by Enel, its subsidiary Enel Energy Europe Srl and the Spanish companies Acciona SA and Finanzas Dos SA (the latter controlled by Acciona SA), in April 2007 Enel and its subsidiary Enel Finance International SA (subsequently merged in Enel Finance International NV) entered into a syndicated term and guarantee facility agreement (hereinafter, for the sake of brevity, the "Credit Agreement") with a pool of banks for a total amount of €35 billion. In April 2009, Enel and Enel Finance International negotiated with a pool of 12 banks an extension of the Credit Agreement amounting to an additional €8 billion and an extension (with respect to the deadlines provided for by the aforesaid Credit Agreement) of the period established for the repayment of this additional sum, with the intention of financing the acquisition by the subsidiary Enel Energy Europe Srl of the 25.01% of Endesa SA's share capital held by Acciona SA and Finanzas Dos SA. Specifically, it was agreed that of the additional €8 billion obtained through the extension of the Credit Agreement, €5.5 billion may be paid back in 2014 and the remaining €2.5 billion in 2016. Following the acquisition by the subsidiary Enel Energy Europe Srl of the 25.01% of Endesa SA's capital held by Acciona SA and Finanzas Dos SA, in June 2009 the aforesaid extension of the Credit Agreement, amounting to €8 billion, was entirely used. As of December 2011, following the repayments made, the remaining amount of the Credit Agreement – including the aforesaid additional €8 billion – is equal to €3.9 billion.

The Credit Agreement makes specific provisions for the cases (hereinafter, for the sake of brevity, the "cases of change of control") in which (i) control of Enel is acquired by one or more parties other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, so that the Group's creditworthiness is significantly compromised in the opinion of the pool of banks.

Specifically, if one of the aforesaid hypothetical cases of change of control occurs:

> each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention of withdrawing from the contract;
> Enel and its subsidiary Enel Finance International may decide to advance the repayment of the sums received and to cancel without penalties the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has communicated its intention to withdraw from the contract;
> each of the latter banks belonging to the pool may demand the early repayment of the sums paid out and the cancellation of the entire financial commitment it assumed;
> in the event that none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the Credit Agreement or communicates its intention to withdraw from the contract, the Credit Agreement remains fully effective according to the terms and conditions originally agreed on.

B) The Revolving Credit Facility Agreement

In order to meet general treasury requirements, in April 2010 Enel and its subsidiary Enel Finance International SA (subsequently merged in Enel Finance International NV) entered into a revolving credit facility agreement with a pool of banks for a total amount of €10 billion and, at the same time, terminated a previous agreement having the same subject, entered into in 2005, for an amount of €5 billion.

This contract, which is currently in force, provides, as in the contract which was terminated, for rules regarding changes of control and the related effects that are essentially the same as those in the Credit Agreement described in paragraph A) above.

C) The revolving credit facility agreement entered into with UniCredit

In order to satisfy specific treasury requirements, in December 2010 Enel entered into a revolving credit facility agreement with UniCredit SpA for a total amount of €500 million and a term of about 18 months from the signing date. This contract also provides that in the event that the control of Enel is acquired by one or more parties other than the Italian government, such change of control shall be timely notified to UniCredit SpA; in the event that UniCredit SpA deems that the change of control may adversely affect the capacity of Enel to fulfill its obligations under the revolving credit facility agreement, it may request the suspension of the use by Enel of the funds provided under the facility agreement and the reimbursement of the amounts already drawn.

D) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007 the subsidiary Enel Produzione SpA entered into a loan agreement with the European Investment Bank (hereinafter, for the sake of brevity, "EIB") for up to €450 million, which expires in July 2027.

This agreement provides that both Enel Produzione SpA and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione SpA or Enel, EIB may demand additional guarantees, changes in the agreement, or alternative measures that it considers satisfactory. If Enel Produzione SpA does not accept the solutions it proposes, EIB has the right to unilaterally terminate the loan agreement in question.

E) The EIB loans to Enel Distribuzione

In order to expand its plan for installing digital meters, in December 2003 the subsidiary Enel Distribuzione SpA entered into a loan agreement with the EIB in the amount of €500 million, which expires in December 2018.
Subsequently, in order to develop the process of making its electricity network more efficient, in November 2006 the aforesaid Enel Distribuzione SpA entered into another loan agreement with the EIB in the amount of €600 million, which expires in December 2026.
Both such agreements are accompanied by a guarantee agreement entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the aforesaid loans, is obliged to inform the EIB of any changes in its control structure. After receiving such information, the EIB will examine the new situation in order to decide on a possible change in the conditions regulating the aforesaid loans to Enel Distribuzione SpA.

F) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, the same Enel Distribuzione SpA entered into a framework loan agreement with Cassa Depositi e Prestiti SpA (hereinafter, for the sake of brevity, "CDP") for an amount of €800 million, which will expire in December 2028 and is also aimed at developing the process of making the power network of said subsidiary more efficient. During 2011 the parties have entered into two extensions of the framework loan agreement for a total amount of €540 million.
This agreement is also accompanied by a guarantee agreement entered into by CDP and Enel, according to which the Company, as the surety for the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione SpA that could entail the loss of the control of said company, as well as (ii) of any significant deterioration of the situation or prospects of Enel Distribuzione SpA's and/or Enel's balance sheet, income statement, cash flow, or operations. The materialization of such cases may entail the obligation for Enel Distribuzione SpA to repay immediately to CDP the loan received.

Compensation of the directors in case of early termination of the relationship, also following a takeover bid

The payment arrangements with the persons who currently hold, respectively, the positions of Chairman and Chief Executive Officer (as well as General Manager) of Enel provide for forms of compensation in case of early termination of the relationship following their resignation or dismissal without a just cause.
For a detailed description of such compensations please make reference to paragraph 1.2.9 of the first section of the remuneration report approved by the Board of Directors on April 5, 2012, upon proposal of the Compensation Committee, which is available at the Company's registered office, on the Company's website and on Borsa Italiana's website.
There are no agreements providing for specific compensation in the event the relationship of any member of the Board of Directors is terminated following a takeover bid.

Organizational structure

In compliance with the current regulations applicable in Italy to companies with listed shares, the organizational structure of the Company includes:

> a Board of Directors entrusted with the management of the Company;

> a Board of Statutory Auditors responsible for (i) supervising the Company's compliance with the law and bylaws, as well as the observance of correct management principles in the carrying out of the Company's activities, (ii) supervising the financial information process and the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system, (iii) supervising the audit of the annual financial statements and of the consolidated financial statements and the independence of the external auditor and, finally (iv) ascertaining how the corporate governance rules provided by the Self-regulation Code are actually implemented;

> Shareholders' Meetings, called to resolve – in either an ordinary or an extraordinary session – on, among other things, (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors, as well as their compensation and responsi-

bilities, (ii) the approval of the financial statements and the allocation of net income, (iii) the purchase and sale of own shares, (iv) stock-based compensation plans, (v) amendments of the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm registered with the CONSOB and expressly appointed, after the Board of Statutory Auditors has made a grounded proposal, by a Shareholders' Meeting.

Section II: Implementation of the recommendations of the Self-regulation Code and additional information

Board of Directors

Role and powers

The Board of Directors plays a central role in the Company's governance structure. In consideration of its role, the Board of Directors meets regularly and works so as to ensure the effective performance of its duties.

In particular, and in accordance with the provisions of the law and specific resolutions of the Board itself (and, in particular, with the one lately adopted in May 2011), the Board of Directors:

> establishes the corporate governance system for the Company and the Group;

> constitutes the Board's internal committees, appoints their members and, by approving their internal regulations, defines their duties;

> delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the powers in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by the law or by the Company's bylaws or which are reserved to the Board of Directors according to resolutions of the latter, which are described below;

> receives, together with the Board of Statutory Auditors, constant and exhaustive information from the Chief Executive Officer regarding the activities carried out in the exercise of his powers, which are summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the Board of Directors), the Chief Executive Officer reports to the board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;

> determines, on the basis of the proposals made by the dedicated committee and after consulting the Board of Statutory Auditors, the compensation of the Chief Executive Officer and of the other directors who hold specific offices; and determines the compensation of the members of its internal committees;

> establishes, on the basis of the analysis and proposals made by the dedicated committee, the policy for the compensation of the Company's directors and of the executives with strategic responsibilities of the Company and of the Group and decides with regard to the adoption of the incentive plans addressed to all the executives;

> on the basis of the information received, evaluates the adequacy of the Company's and the Group's organizational, administrative, and accounting structure and resolves on the changes in the general organizational structure proposed by the Chief Executive Officer;

> establishes the corporate structure of the Group and checks if it is appropriate;

> examines and approves the strategic, business, and financial plans of the Company and the Group. In this regard, the current division of powers within the Com-

pany specifically provides for the Board of Directors to resolve on the approval of:

- the annual budget and the long-term plan of the Group (which reports the annual budgets and long-term plans drafted by the Group companies);
- strategic agreements, also determining – upon proposal by the Chief Executive Officer and after consulting the Chairman – the strategic objectives of the Company and the Group;

> examines and approves beforehand the transactions of the Company and the Group that have a significant impact on their strategy, balance sheets, income statements, or cash flows, particularly in cases where they are carried out with related parties or are otherwise characterized by a potential conflict of interest.
In particular, all financial transactions of a significant size – by which is meant taking on loans exceeding the value of €50 million, as well as granting loans and issuing guarantees in favor of third parties exceeding the value of €25 million – must be approved beforehand (if they concern the Company) or evaluated (if they regard the Group companies) by the Board of Directors.
In addition, the acquisition and disposal of equity investments amounting to more than €25 million must be approved beforehand (if they are carried out directly by the Company) or evaluated (if they concern Group companies) by the Board of Directors. Finally, the latter approves agreements (with ministries, local governments, etc.) that entail expenditure commitments exceeding €25 million;

> provides for the exercise of voting rights at Shareholders' Meetings of the main companies of the Group and designates the directors and statutory auditors of the aforesaid companies;

> appoints the General Manager and grants the related powers;

> evaluates the general performance of the Company and the Group, with particular reference to conflicts of interest, using the information received from the Chief Executive Officer and verifies periodically the achievement of the objectives set;

> formulates proposals to submit to Shareholders' Meetings and reports during the latter on the activities that have been carried out and planned, seeing that the shareholders have adequate information on the elements necessary for them to participate in a well-informed manner in the decisions that are within the authority of such meetings.

Appointment, replacement, composition, and term

Pursuant to the provisions of the Company's bylaws, the Board of Directors consists of from three to nine members, who are appointed by an Ordinary Shareholders' Meeting (which determines their number within such limits) for a term not exceeding three accounting periods and may be reappointed at the expiration of their term. To them may be added a non-voting director, whose appointment is reserved to the Italian government by virtue of the legislation regarding privatizations and a specific provision of the bylaws (as explained in the first section of this report under "Governance and ownership Structure – Special powers of the Italian government"). To date, the Italian government has not exercised such power of appointment yet.
According to the current legislation, all the directors must possess the requisites of honorableness required for statutory auditors of listed companies, and for the company representatives of entities participating in the equity of financial intermediaries.
In compliance with the legislation regulating privatizations and in accordance with the amendments made at the end of 2005 to the Unified Financial Act, the bylaws also provide for the appointment of the entire Board of Directors to take place according to the slate-vote system aimed at ensuring the presence in the Board of Directors of members nominated by minority shareholders amounting to three-tenths of the directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.
Each slate must include at least two candidates possessing the requisites of independence established by the law (i.e. those provided for the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them first on the slate.
Furthermore – pursuant to the amendments of the Unified Financial Act introduced in July 2011, aiming at ensuring the balance between genders in managing and supervisory boards of companies with listed shares, and to the relevant CONSOB's regulations, and in compliance with the bylaws amendments that, accordingly, shall be submitted to the approval of the Shareholders' Meeting called for the approval of the 2011 Company's financial statements – on the occasion of the next three renewals of the Board of Directors following to August 12, 2012, those slates which contain a number of candidates equal to or above three shall also include candidates belonging to different gen-

ders, as indicated in the notice of the meeting. With regard to the modalities of appointment of the Board of Directors, the said bylaws amendments shall introduce in the Company's bylaws a correction mechanism ("sliding clause") to be used in the event that, following the vote, the balance between genders, as provided for by the applicable laws, is not fulfilled.

The slates must list the candidates in progressive order and may be presented by the outgoing Board of Directors or by shareholders who, individually or together with other shareholders, own the minimum percentage of the share capital of the Company indicated by CONSOB with regulation (i.e. considering Enel's market capitalization; as of the date of this report, the minimum percentage required is equal to at least 0.5% of the share capital). The slates must be filed at the Company's registered office, by those who present them, at least 25 days before the date on which the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Directors is called; such slates shall be published by the Company on its internet website and on the website of Borsa Italiana, as well as made available to the public at Enel's registered office at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the Board of Directors.

A report with exhaustive information regarding the personal and professional characteristics of the candidates, accompanied by a statement as to whether or not the latter qualify as independent according to the provisions of law and of the Self-regulation Code, must be filed at the Company's registered office together with the slates, as well as published promptly on both the Company's and Borsa Italiana's websites.

For the purposes of identifying the directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (i.e. as of the date of this report, 0.25% of the share capital).

For the appointment of directors who, for whatever reason, are not elected according to the slate-vote system, a Shareholders' Meeting resolves in accordance with the majorities required by the law, ensuring in any case:

> the presence of the necessary number of directors possessing the requirements of independence established by the law (that is to say, at least one director if the Board consists of no more than seven members or two Directors if the Board consists of more than seven members);
> the compliance with the applicable laws on balance between genders (accordingly to the aforesaid bylaws amendments that shall be submitted to the Company's Shareholders' Meeting called for the approval of the 2011 financial statements); and
> the principle of a proportional representation of minorities in the Board of Directors.

The replacement of directors is regulated by the provisions of the law. In addition to such provisions, the bylaws provide that:

> if one or more of the directors leaving their office vacant were drawn from a slate also containing candidates who were not elected, the replacement must be made by appointing, in progressive order, persons drawn from the slate to which the directors in question belonged, provided that said persons are still eligible and willing to accept the office;
> in any case, in replacing directors who leave their office vacant, the Board of Directors must ensure the presence of the necessary number of directors possessing the requirements of independence established by the law, and ensuring the compliance with the applicable laws on balance between genders (accordingly to the aforesaid bylaws amendments that shall be submitted to the Company's Shareholders' Meeting called for the approval of the 2011 financial statements);
> if the majority of the directors appointed by a Shareholders' Meeting leaves the office vacant, the entire board is to be deemed to have resigned and the directors still in office must promptly call a Shareholders' Meeting to elect a new Board.

The Board of Directors has decided – most recently in May 2011 – to defer the creation within itself of a special Nomination Committee, because to date there has been no evidence that it is difficult for shareholders to find suitable candidates, so as to achieve a composition of the Board of Directors that conforms to the provisions of the law and is in line with the recommendations of the Self-regulation Code.

It should be noted that the Company has not adopted specific plans for the succession of the executive directors, since as of the date hereof, in consideration of Enel's shareholding structure, (i) the person to be appointed as Chief Executive Officer, considering the specific professional and managerial experiences required by such office, is de facto easily identifiable among the candidates of the slate presented by the main shareholder, the Ministry of Economy and Finance, whilst (ii) the Chairman of the

Board of Directors is appointed directly by the Shareholders' Meeting, upon proposal and with the decisive vote of the main shareholder.
As resolved by the Ordinary Shareholders' Meeting of April 29, 2011, the Board of Directors in office is composed of nine members, whose term expires when the 2013 financial statements are approved. As a result of the appointments made by the aforesaid Shareholders' Meeting, as of the date of this Report the Board of Directors is composed of the members indicated here below, together with the specification of the slates on which they were nominated. The slates were presented by the Ministry for the Economy and Finance (which at the time owned 31.24% of the Company's share capital) and by a group of 20 institutional investors (which at the time owned a total of 0.98% of the Company's share capital).

> Paolo Andrea Colombo, 51 years, Chairman (designated in the slate presented by the Ministry for the Economy and Finance);
> Fulvio Conti, 64 years, Chief Executive Officer and General Manager (designated in the slate presented by the Ministry for the Economy and Finance);
> Alessandro Banchi, 65 years, director (designated in the slate presented by institutional investors);
> Lorenzo Codogno, 52 years, director (designated in the slate presented by the Ministry for the Economy and Finance);
> Mauro Miccio, 56 years, director (designated in the slate presented by the Ministry for the Economy and Finance);
> Fernando Napolitano, 47 years, director (designated in the slate presented by the Ministry for the Economy and Finance);
> Pedro Solbes Mira, 69 years, director (designated in the slate presented by institutional investors);
> Angelo Taraborelli, 63 years, director (designated in the slate presented by institutional investors);
> Gianfranco Tosi, 64 years, director (designated in the slate presented by the Ministry for the Economy and Finance).

A brief description of the professional profiles of the members of the Board of Directors above mentioned is contained in the Attachment 1 to this report.
The directors are aware of the duties and responsibilities connected with the office they hold and are constantly informed by the relevant corporate departments of the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be able to perform their role even more effectively, they also participate to initiatives aimed at increasing their knowledge of the structure and dynamics of the Company. The directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for the shareholders within a medium/long time frame.

Remuneration

Shareholders' Meetings determine the remuneration of the members of the Board of Directors. The Board of Directors sets the additional remuneration for the members of the committees with consultative and proposing functions instituted within the Board of Directors, upon proposal of the Compensation Committee, after consulting the Board of Statutory Auditors. The total remuneration of the Chairman and of the Chief Executive Officer/General Manager is also established by the Board of Directors, upon proposal of the Compensation Committee and after consulting the Board of Statutory Auditors.
For a detailed description of the structure and of the amount of the remuneration here above related to the financial year 2011, please make reference to the second section of the remuneration report, approved by the Board of Directors on April 5, 2012, upon proposal of the remuneration committee, which is available at the Company's registered office, on the Company's website and on Borsa Italiana's website.

Limit to the number of offices held by directors

The directors accept their office and maintain it when they deem that they can devote the necessary time to the diligent performance of their duties, taking into account both the number and the nature of the offices they hold in the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other professional activities they carry out and the offices they hold in associations.
In this regard, it should be noted that in December 2006 the Board of Directors approved (and formalized in a specially provided document, which has been amended and updated in August 2011) a policy regarding the maximum number of offices that its members may hold in the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure

that the persons concerned have sufficient time available to effectively perform the role they have on the Board of Directors of Enel.
In accordance with the recommendations of the Self-regulation Code, the aforesaid policy considers significant to this end only the offices held on the boards of directors and the boards of statutory auditors of the following kinds of companies:

a) companies with shares listed on regulated markets, including foreign ones;
b) Italian and foreign companies with shares not listed on regulated markets and operating in the fields of insurance, banking, securities intermediation, mutual funds, or finance;
c) other Italian and foreign companies with shares not listed on regulated markets that, even though they operate in fields other than those specified under letter b) above, have assets exceeding €1 billion and/or revenues exceeding €1.7 billion according to their latest approved financial statements.

In accordance with the recommendations of the Self-regulation Code, the policy formulated by the Board of Directors thus establishes differentiated limits to the number of offices (made measurable by a system of specific weights for each kind of office), depending on (i) the commitment connected with the role performed by each director, both in the Board of Directors of Enel and in the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed in Enel's subsidiaries and affiliates.
On the basis of the information provided by the directors of the Company upon implementation of the aforesaid policy – and taking into account the inquiry carried out by the Board of Directors most recently in January 2012 – each of Enel's Directors currently holds a number of offices in the boards of directors or boards of statutory auditors of other companies of significant size that is compatible with the limit established by the aforesaid policy.

Board meetings and the role of the Chairman

In 2011, the Board of Directors held 16 meetings, which lasted an average of about 3 hours each. The directors' participation was regular and the meetings were also attended by the Board of Statutory Auditors and by a magistrate representing the Court of Accounts. For the financial year 2012, 13 Board's meetings have been scheduled, 4 of which have already been held.
The activities of the Board of Directors are coordinated by the Chairman, which has a proactive and supervisory role on the functioning of the Board. In particular, the Chairman calls the meetings of the Board, establishes their agenda, and presides over them, ensuring that – except in cases of urgency and necessity – the necessary documents and information are provided to the Board members in time for the Board to express its informed opinion on the matters under examination. He also ascertains whether the Boards resolutions are implemented, chairs Shareholders' Meetings, and – like the Chief Executive Officer – is empowered to represent the Company legally.
In addition to the powers set forth in the law and bylaws regarding the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors), the Chairman is also entrusted – according to a Board resolution adopted in May 2011 – with the duties of (i) participating in the formulation of corporate strategies in agreement with the Chief Executive Officer, without prejudice to the powers granted to the latter by the Board of Directors in this regard, as well as (ii) overseeing internal auditing in agreement with the Chief Executive Officer, with the related corporate department remaining under the latter. In this regard, however, it is provided that decisions concerning the appointment and removal of the head and top executives of the aforesaid department are to be made jointly by the Chairman and the Chief Executive Officer.
Finally, in agreement and coordination with the Chief Executive Officer, the Chairman maintains relations with institutional bodies and authorities.

Evaluation of the functioning of the Board of Directors and its committees

During the end of 2011, the Board of Directors, with the assistance of a specialized consultancy firm, which does not have any other professional or business relationship with Enel or with the other companies of Enel Group, began (and completed in February 2012) an evaluation of the size, composition, and functioning of the Board itself and its committees (so-called Board review), in accordance with the most advanced practices of corporate governance disseminated abroad that have been adopted by the Self-regulation Code. This Board review follows similar initiatives yearly undertaken by the Board of Directors starting from 2004.

Conducted by means of a questionnaire filled out by each director during individual interviews carried out by the consultancy firm, the analysis was intended to represent an overview of the activities of the Board of Directors during the first months of its mandate, and, as usual, it focused on the most significant issues regarding the Board of Directors, such as: (i) the structure, composition, role, and responsibilities of such body; (ii) the conduct of Board meetings, the related information flows and the decision-making processes adopted; (iii) the composition and functioning of the committees instituted within the Board; (iv) the evaluation of the adequacy of the organizational structures that support the works of the Board of Directors and of its committees.

Among the strengths that emerged from the 2011 Board review there are, above all, the commitment of all directors to quickly reach the maximum cohesion within the Board, in order to favor the building of the same cooperative climate and team spirit which characterized the former Board of Directors, accordingly to the results of the previous Board review; the information flows on which the Board's decision-making process is based, that the directors consider to be complete, effective and usually timely; the minutes of the meetings recording the debates and the resolutions of the Boards, that are considered to be precise and accurate. The size of the Board of Directors, the expertise among its members, the number and the duration of the Board's meetings are considered to be appropriate. The activities carried out by the Chairman and the ways he coordinates the works of the Board of Directors are very positively assessed by the other directors, which have also expressed a positive assessment on the transparency of the information provided by the top management during the Board's meetings and on the contributes and analysis on the most significant issues which have been provided by the top managers during the Board's meetings and that have given the chance to enrich the Board's debate with other information. With regard to the committees set up within the Board, it has been expressed a large consensus on the adequacy of their composition, their role and the effectiveness of the activities carried out, as well as for the support given by the dedicated corporate functions. The overall picture here above induces to affirm that – as pointed out by the consultancy firm, that is based also on a benchmark analysis specially provided – Enel's Board of Directors and its internal committees work in an efficient and transparent way, in full compliance with corporate governance best practices.

With reference to the auspice represented during the previous Board review regarding the presence, within the Board, of one or more non-executive members with competence in the field of the energy business and experience on the international scene, also in order to strengthen the Group's multinational profile, it has been noted that such auspice has been fulfilled on the occasion of the renewal of the Board of Directors in April 2011; it has also been noted the approval of the suggestion – made during the previous Board review – to dedicate more time during Board's meetings to understand the business and the areas at risk connected with the internationalization of the Group.

Continuing an initiative introduced after the first Board review (conducted in 2004), the annual meeting of the Strategic Committee was again organized also in 2011, in October, and was dedicated to the analysis and in-depth study by the members of the Board of Directors of the long-term strategies in the different business sectors of the Group. At the conclusion of the Board review, the directors highlighted the great usefulness of such meeting as part of their training.

Among the few areas of improvement pointed out by some directors, it has been suggested the opportunity, on the one side, to add to the most voluminous and complex documents submitted to the Board's attention some synthetic notes which summarize the most significant contents of the same documents, and, on the other side, to accelerate as much as possible the delivery of the documents to the directors, which, in any case, is already considered to be well-timed; furthermore, it has been underlined the need for the Board of Directors to achieve a right balance between the time and attention to dedicate to the exam of business strategies and the time and attention to dedicate to corporate governance issues, in consideration of the fact that the legal framework on these latter issues is becoming more and more complex.

Executive and non-executive directors

The Board of Directors consists of executive and non-executive directors.

In accordance with the recommendations of the Self-regulation Code, the following are considered executive directors:

> the Chief Executive Officer of the Company (or of strategically significant Group companies), as well as the related Chairman who has been granted with individual powers of management or who has a specific role in the formulation of the Company's strategies;
> directors who hold executive positions in the Company (or in strategically significant Group companies) or in the controlling entity, if the position also regards the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive.

According to the analysis carried out in May 2011 by the Board of Directors in office as of the date of the present Report, with the exception of the Chairman and the Chief Executive Officer/General Manager, the other 7 members of the same Board of Directors (Alessandro Banchi, Lorenzo Codogno, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi) are non-executive directors.

As far as the Chairman is concerned, it should be noted that the characterization of the latter as an executive director derives from the specific role that the current division of powers assigns him with regard to the formulation of the Company's strategies, while the person concerned does not have any individual powers of management.

The number, expertise, authoritativeness, and availability of time of the non-executive directors are therefore sufficient to ensure that their judgment can have a significant influence on the decisions made by the Board.

The non-executive directors bring their specific expertise to the Board's discussions, so as to facilitate an examination of the questions under discussion from different perspectives and consequently the adoption of well-considered and well-informed decisions that correspond to the corporate interest.

Independent directors

Basing itself on the information provided by the individual persons concerned or, in any case, at the Company's disposal, immediately after the appointment (May 2011) and, subsequently, during January 2012, the Board of Directors attested that directors Alessandro Banchi, Mauro Miccio, Pedro Solbes Mira, Angelo Taraborrelli, and Gianfranco Tosi are independent pursuant to the Self-regulation Code. Specifically, directors were considered independent if they neither have nor have recently had relations, not even indirectly, with the Company or with parties connected with the Company that could currently condition the autonomy of their judgment.

As usual, the procedure followed in this regard by the Board of Directors began with an examination of a document with information showing the offices held and the relations maintained by the non-executive directors that could be significant for the purpose of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-executive directors regarding his personal position, after which came the final assessment made collectively by the Board of Directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive directors, the Board of Directors took into account the cases in which, according to the Self-regulation Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by the aforesaid Code. In this regard, it is pointed out that, during the aforesaid evaluations of May 2011 and January 2012 on the independence of the non-executive directors, the Board of Directors, in compliance with the above mentioned principle of the prevalence of substance over form, has qualified as independent, pursuant to the Self-regulation Code, also the director Gianfranco Tosi, having decided to more properly evaluate his independence on the basis of the independent judgment shown by Mr. Tosi towards the Company, its executive directors and its main shareholder, the Ministry of Economy and Finance, that presented his candidature, rather than on the basis of the fact that Mr. Tosi has been one of the directors of Enel for more than nine years during the last twelve years.

Furthermore, the Board of Directors has confirmed the validity of the specific quantitative parameters – adopted for the first time during the independence evaluation carried out in February 2010 – applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between directors and the Company. Unless there are specific circumstances, to be evaluated on a case by case basis, the exceeding of such parameters (specified in the Table 1 attached to the present report, together with the cases in which, according to the Self-regulation Code, the requisites of independence must be considered lacking) should, in principle, preclude the possession by the non-executive director in question of the requisites of independence provided for by the aforesaid Code. In this regard, please note that, during the aforesaid evaluations of May 2011 and January 2012 on the independence of the non-executive directors, the Board of Directors acknowledged that no business, financial or professional relationships, direct or indirect, exist nor have existed during the previous financial year, between the above mentioned independent directors and the Company or persons connected to the Company.

During the reviews carried out in May 2011 and January 2012, the Board of Directors ascertained that the foregoing five non-executive directors – i.e. Alessandro Banchi, Mauro Miccio, Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi – also possessed the requisite of independence provided by law (namely by the Unified Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in the Table 1 attached to this report).

During the months of May 2011 and February 2012, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Self-regulation Code, following for such purpose a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.

Even though the judgment independence characterizes the activities of all directors, executive and non-executive, an adequate presence of directors (both with respect to their number and competences) who can be qualified as independent according to the definition above – having a significant role in the Board of Directors as well as in the committees – ensures a proper balance of the interests of all shareholders.

The independent directors have met, without the presence of the other directors, in December 2011. On that occasion, they shared their evaluations on the functioning of the Board of Directors and appointed the director Mauro Miccio as their coordinator for the next meetings.

Since December 2006, the Board of Directors also ascertained the absence of the conditions that, according to the Self-regulation Code, require the institution of a lead independent director, in consideration of the fact that at Enel the Chairman of the Board of Directors is not the Chief Executive Officer, nor owns a controlling interest in the Company.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up as part of itself a Compensation Committee and an Internal Control Committee, assigning them both consultative and proposing functions and entrusting them with issues that are sensitive and sources of possible conflicts of interest.

Each of such committees consists of at least 3 non-executive directors, the majority of whom are independent, and are appointed by the Board of Directors, which appoints one of them as Chairman and also establishes the duties of the committee by a special resolution.

In December 2006, the Board of Directors approved special organizational regulations (amended and integrated in June 2011) that govern the composition, tasks, and working procedures of the Compensation Committee and the Internal Control Committee.

In carrying out their duties, the committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of external consultants at the Company's expense within the limits of the budget approved by the Board of Directors. In this regard it should be noted that, in the event that the Compensation Committee decides to have recourse to external consultants in order to obtain information on the market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may actually jeopardize his judgment independence.

Each committee appoints a secretary, who needs not to be one of its members, to whom the task of drawing up the minutes of the meetings is entrusted.

The Chairman of the Board of Statutory Auditors, or another designated auditor, attends the meetings of each committee. Upon invitation by the chaiman of the relevant committee, meetings may also be attended by other members of the Board of Directors or representatives of the Company's functions or third parties whose presence may support the performance of the committee's duties.

The meetings of the Compensation Committee are normally attended also by the head of the "Human Resources and Organization" function, and the meetings of the Internal Control Committee are also normally attended by the person in charge of the internal control; the meetings of the latter committee may be attended by the Chairman of the Board of Directors and by the executive director charged with the supervision of the functionality of the

Internal Control System, upon express invitation of the chairman of the internal control committee or when they are in the condition to provide the committee with proper in-depth examinations on specific items of the agenda.
In November 2010, the Board of Directors, during the approval of a new procedure for transactions with related parties, in compliance with the requirements prescribed by CONSOB with regulation adopted in March, 2010, established a new Internal Committee; this committee is called to release specific opinions about transactions with related parties carried out by Enel, directly or through its subsidiaries, in the cases described and in compliance with the procedure above.
Subsequently, in May 2011, the Board of Directors established another Internal Committee with consultative and proposing functions regarding corporate governance matters, with the duty of supervising the procedures and the regulations adopted in this respect within the company and to formulate amendment proposals in order to adjust their contents to the national and international best practices, considering the changes of the related applicable laws.
The organizational regulations of the Committee for Transactions with related parties and of the Corporate Governance Committee regulate the functioning of such committees basically in accordance with the principles contained in the organizational regulations of the Compensation Committee and of the Internal Control Committee.

Compensation Committee

The compensation of the directors and of the executives with strategic responsibilities is established in an amount that is sufficient to attract, retain, and motivate people gifted with the professional qualities required for successfully managing the Company.
In this regard, the Compensation Committee must ensure that the compensation of the executive directors and of the executives with strategic responsibilities is defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in the medium/long term. In particular, a significant portion of the compensation of the executive directors and executives with strategic responsibilities is linked to achieving specific performance objectives, also including non-economic objectives, identified in advance and determined in line with the guidelines set forth in the remuneration policy.
The compensation of non-executive directors is commensurate with the commitment required to each of them, taking into account their participation to the committees. It should be noted in this regard that, in line with the recommendations of the Self-regulation Code, this compensation is in no way linked to the economic results achieved by the Company and the Group and that the non-executive directors are not beneficiaries of stock-based incentive plans.
No directors may attend those meetings of the committee that are called to resolve upon the proposals regarding their remuneration, to be submitted to the Board of Directors, except in case of proposals concerning all the members of the committees established within the Board of Directors.
Specifically, the Compensation Committee is entrusted with the following consultative and proposing tasks (as lastly amended and integrated by the Board of Directors in June 2011 upon implementation of the amendments of Article 7 of the Self-regulation Code):

- to present proposals to the Board of Directors for the compensation of the directors and the executives with strategic responsibilities, evaluating periodically the adequacy, the overall consistency and the concrete application of the adopted policy and on the basis of the information provided by the Chief Executive Officer concerning the implementation of such policy with respect to the executives with strategic responsibilities;
- to submit to the Board of Directors proposals for the remuneration of the executive directors and the other directors who hold particular offices, as well as for the identification of performance objectives related to the variable component of such remuneration, monitoring the implementation of the resolutions adopted by the Board and verifying, particularly, the actual achievement of performance objectives;
- to examine in advance the annual report on remuneration to be made available to the public in view of the annual Shareholders' Meeting called for the approval of the financial statements.

As part of its duties, the Compensation Committee also plays a central role in elaborating and monitoring the performance of the incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate ability and experience and developing their sense of belonging and ensuring their constant, enduring effort to create value.

In addition to those recommended by the Self-regulation Code, the Compensation Committee also performs the task of assisting the Chief Executive Officer and the relevant corporate departments in developing the potential of the Company's managerial resources, recruiting talented people, and promoting related initiatives with universities.
During 2011, the Compensation Committee consisted of directors Augusto Fantozzi (acting as chairman), Giulio Ballio, and Fernando Napolitano in the period between January and April, whilst starting from May until the end of the year it consisted of directors Fernando Napolitano (acting as chairman), Alessandro Banchi and Pedro Solbes Mira. The Board of Directors verified that they all have an adequate experience and expertise in financial matters.
Also during 2011, the Compensation Committee held 8 meetings, characterized by the regular attendance of its members (and of the Chairman of the Board of Statutory Auditors) and by an average duration of 1 hour and 30 minutes each; the committee recurred to external consultants, at Company's expenses.
During 2011, the Compensation Committee started to elaborate the guidelines of the remuneration policy of the directors and of the executives with strategic responsibilities, then set forth in detail during the first months of 2012, in order to permit to the Board of Directors to resolve upon the approval of such policy on April 5, 2012.
The Compensation Committee – in addition to elaborating the long-term incentive plan for the year 2011 and carrying out a review of the performance of the existing incentive plans – worked on defining the remuneration of the Chairman and the Chief Executive Officer/General Manager for the mandate 2011-2013; in this respect, the committee also worked on the implementation aspects of the variable component of the compensation of the Chairman and the Chief Executive Officer/General Manager, in particular setting the annual economic and managerial objectives to assign them (as well as verifying the attainment of the objectives of the previous year). Lastly, the committee submitted to the Board of Directors the proposals concerning the compensation of the members of all the internal committees and monitored the evolution of the national applicable laws concerning the compensation of directors and top managers of listed companies, in the light of the implementation process of the relevant EU's recommendations of 2004 and 2009.

Internal Control Committee

The Internal Control Committee has the task of assisting the Board of Directors in the latter's evaluations and decisions regarding the internal control system, the approval of the financial statements and the half-year report, and within the Board competences, the relations between the Company and the external auditor by preliminarily gathering the relevant facts.
Specifically, the Internal Control Committee is entrusted with the following consultative and proposing tasks (as lastly defined by the Board of Directors, in June 2011):

- to assist the Board of Directors in performing the tasks regarding internal control entrusted to the latter by the Self-regulation Code;
- to evaluate, together with the executive in charge of preparing the corporate accounting documents and the external auditors, the proper use of accounting principles and their uniformity for the purpose of drawing up the consolidated financial statements;
- to express opinions, at the request of the executive director who is assigned the task, on specific aspects regarding the identification of the Company's and the Group's main risks, as well as the planning, implementation, and management of the internal control system;
- to examine the work plan prepared by the head of internal auditing, as well as the latter's periodical reports;
- to assess the results indicated in the report of the external auditors and in the letter of suggestions, if any;
- to perform the additional tasks assigned to the committee by the Board of Directors, with particular regard to the assessment of the adequacy of the commitment dedicated to the issues related to social responsibility of companies, and the completeness and transparency of the information provided in this regard through the sustainability report (the latter task having been assigned to the committee starting from February 2010);
- to report to the Board of Directors at least once every six months on the work performed and on the adequacy of the internal control system.

During 2011, the Internal Control Committee consisted of directors Gianfranco Tosi (acting as chairman), Lorenzo Codogno (to whom the Board of Directors at that time had acknowledged the requisite of appropriate experience in accounting and finance), Renzo Costi, and Alessandro Luciano during the period between January and April, whilst starting from May until the end of the year it consisted of directors Gianfranco Tosi (still acting as chairman), Lorenzo

Codogno (with reference to whom the Board of Directors confirmed the adequate experience in accounting and finance matters), Mauro Miccio and Angelo Taborelli.
Also during 2011, the Internal Control Committee held 13 meetings, which were characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors) and an average duration of 2 hours each.
During 2011, the activity of the Internal Control Committee focused first of all on the evaluation of the work plan prepared by the head of internal auditing, on the results of the audits performed during the preceding year, as well as on the examination of an amendment made by the Company's "Audit" function, concerning the identification of the main risks within the Group (so called risk assessment); the committee thus formulated, within its competences, a positive assessment of the adequacy, efficiency and effective functioning of the internal control system during the previous exercise. During 2011, the committee also expressed a favourable opinion, within the limits of its authority, on the assignment of some specific additional tasks to entities belonging to the network of the Group's main external auditor (pursuant to the relevant procedure, adopted in 2009, concerning the assignment of engagements to the auditing firms which operate within the Group) and examined the effects of new legislative developments and the new international accounting standards on Enel Group's 2010 consolidated financial statements and 2011 half-year financial report. In 2011 the committee also supervised the preparation of the sustainability report and has been updated on the main activities carried out by the Group concerning corporate social responsibility, assessed the reports received during the previous financial year on the basis of the provisions of the Code of Ethics, examined the comments made by the Court of Accounts in the report on the management for the year 2009 and examined the considerations made by the competent Company's functions in this regard, monitoring moreover the observance of the compliance program adopted pursuant to Legislative Decree 231 of June 8, 2001 (and also seeing to the updating of the aforesaid program). Finally, the committee acknowledged the permanent compliance within the Group with the laws and regulations on accounting transparency, the appropriateness of the organizational structure and of the internal control systems of the subsidiaries set up under and governed by the laws of non-EU countries.

Related Parties Committee

The Related Parties Committee is composed of at least 3 independent directors, appointed by the Board of Directors, which appoints a chairman between them and resolves moreover upon the duties assigned to the committee itself, in accordance with the provisions of the specific procedure for the discipline of the transactions with related parties, adopted by the same Board of Directors in November 2010 (in compliance with the requirements set forth under CONSOB's specific regulation approved on March 2010), which rules have become effective starting from January 2011.
According to the provisions contained in the said procedure and in the organizational regulation, the Related Parties Committee, basically, has the duty to formulate specific reasoned opinions on the interest of Enel – as well as of Enel's direct or indirect controlled companies that may be concerned, time by time – in the completion of transactions with related parties, expressing an assessment concerning the convenience and substantial fairness of the relevant conditions, subject to prior receiving of timely and adequate information. In connection to transactions of major importance (as defined in the aforementioned procedure), such committee may also require information and make comments to the Chief Executive Officer and those persons in charge of the negotiations or the inquiry regarding aspects connected to the information received. Lastly, the committee decides upon those cases, submitted to its attention by the advisory board established pursuant to the same procedure, in relation to which the identification of a related party is disputed. In the exercise of its duties the committee may avail itself, at the expense of Enel, of the assistance of one or more experts chosen by the committee among people of proven expertise and competence on the subject matters of the transactions in relation to which the committee is called to give its opinion, after having verified their independence and the absence of conflicts of interests.
During 2011, the committee was composed of directors Augusto Fantozzi (acting as chairman), Giulio Ballio and Renzo Costi during the period between January and April, whilst starting from May until the end of the year it was composed of directors Alessandro Banchi (acting as chairman), Pedro Solbes Mira, Angelo Taborrelli and Gianfranco Tosi.
Moreover, during 2011 the committee held 2 meetings, characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors) and an average duration of 1 hour and 15 minutes each.

During 2011 the Related Parties Committee expressed its favourable opinion on the proposal of the Compensation Committee regarding the remuneration of the Chairman and of the Chief Executive Officer/General Manager for the mandate 2011-2013, before such proposal was examined by the Board of Directors and submitted to the Board of Statutory Auditors for its approval. Furthermore the committee carried out an accurate examination of the contents of CONSOB's regulations and of the specific Company's procedure for the regulation of transactions with related parties, in order to verify terms and conditions of the application of such documents in light of the actual activity of the Company.

Corporate Governance Committee

The Corporate Governance Committee is composed of at least 3 directors, most of them non executive, of which at least one in possession of independence requirements; the members of the committee are appointed by the Board of Directors, which also appoints, among them, the chairman of the committee and establishes the duties of the same committee.

According to the provisions contained in its organizational regulation, the Corporate Governance Committee, which has preliminary, consultative and proposing functions, shall assist the Board of Directors with respect to the assessments and decisions related to the corporate governance of the Company and of the Group. Within these duties, the committee has the following specific tasks:

> to monitor the evolution of laws, as well as national and international best practices, in relation to corporate governance, updating the Board of Directors in case of significant changes;
> to verify that the corporate governance system adopted by the Company and the Group is compliant with applicable laws, recommendations set forth under the Self-regulation Code and national and international best practices;
> to submit to the Board of Directors proposals for the adjustment of the aforementioned corporate governance system, if it is deemed necessary or appropriate;
> to prepare the Board review process, submitting to the Board of Directors proposals regarding the engagement of a consultancy firm specialized in this sector, identifying the issues that shall be the subject-matter of the assessment and determining the timing and conditions of the same process;
> to previously examine the annual report on corporate governance to be included in the documentation of the annual financial statements;
> to perform additional tasks assigned it by the Board of Directors.

During 2011 the Corporate Governance Committee was composed of directors Andrea Colombo (acting as chairman), Lorenzo Codogno, Mauro Miccio and Fernando Napolitano.

During 2011 the Corporate Governance Committee held 5 meetings since its establishment (occurred in May), characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors) and an average duration of 1 hour and 15 minutes each; the committee recurred to external consultants, at Company's expenses.

During 2011 the Corporate Governance Committee, first of all, has carried out a precise examination of the implementation level and modalities within Enel of the recommendations set forth under the Self-regulation Code in order to ensure the continuing observance of high corporate governance standards by the Company and the Group. Moreover, the committee updated a few important policies and Company's procedures, in particular with regard to (i) the guidelines regarding the maximum number of offices that Enel's directors may hold in the boards of directors and the boards of statutory auditors of companies of a significant size, in order to ensure that those concerned dispose of sufficient time to effectively perform the role they have in the Board of Directors of Enel, as well as to (ii) the regulations for the internal management and handling of confidential information and for the publication of documents and information concerning the Company and the Group, with specific reference to privileged information. Lastly, the Corporate Governance Committee worked on the preparation of the board review process, identifying, by means of a specific selection procedure, a consultancy firm to be entrusted with the task of supporting the Board of Directors and its committees in the self-assessment procedure regarding the financial year 2011.

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three regular auditors and two alternates, who are appointed by an Ordinary Shareholders' Meeting for a period of three accounting periods and may be re-appointed when their term expires.

In order to ensure that the Board of Statutory Auditors can effectively perform its duties and in accordance with the recommendations of the Self-regulation Code, since December 2006, the Board of Directors, within the limits of its authority, expressly granted the Board of Statutory Auditors:

> the power to oversee the independence of the external auditor, monitoring both compliance with the relevant regulatory provisions and the nature and extent of the services other than auditing that the external auditor and the firms belonging to the relevant network performed for the Company and the Group (this power was expressly granted to the Board of Statutory Auditors by Legislative Decree 39 of January 27, 2010, which implemented in Italy Directive 2006/43/EC, concerning the auditing of the annual and consolidated financial statements);

> the power – which may also be exercised individually by the statutory auditors – to request the Company's "Audit" function to perform checks on specific corporate operating areas or transactions;

> the power to promptly exchange information relevant for performing their respective duties with the Internal Control Committee.

According to the legislation in force, the members of the Board of Statutory Auditors must possess the requisites of honourableness provided for the company representatives of entities which participate into the equity of financial intermediaries, in addition to those established for the statutory auditors of listed companies. They must also possess the requisites of professional competence required by the law of statutory auditors of listed companies, as supplemented by special provisions of the bylaws. Finally, they must possess the requisites of independence specified by the law for statutory auditors of listed companies.

In accordance with the provisions of the Unified Financial Act, the limit to the number of offices on the boards of directors and the boards of statutory auditors that the members of Enel's Board of Statutory Auditors may hold in Italian corporations was established by the CONSOB with specific regulation.

As in its provisions for the Board of Directors – and in compliance with the Unified Financial Act – the bylaws provide that the appointment of the entire Board of Statutory Auditors take place according to the slate vote system, which aims to ensure the presence on the Board of a regular auditor (who is entitled to the office of chairman) and an alternate auditor (who will take the office of chairman if the incumbent leaves it before the end of his term) designated by minority shareholders.

This electoral system provides that the slates, in which the candidates must be listed in progressive order, may be presented by shareholders that, alone or together with other shareholders, own the minimum equity interest in the Company, as determined by CONSOB with regulation, for the presentation of slates of candidates to the office of director (specifically, pursuant to the stock exchange capitalization of the shares of Enel, at the date of this report the equity interest requested is equal to at least 0.5% of the share capital).

Moreover – in implementing the amendments to the Unified Financial Act introduced in July 2011 with the purpose to ensure the balance between genders in the management and control bodies of listed companies, as well as in compliance with the relevant CONSOB's regulations, and according to the amendments to the bylaws that will be consequently submitted to the Company's Shareholders' Meeting called to resolve upon the approval of the financial statements 2011 – at the first three renewals of the Board of Statutory Auditors subsequent to August 12, 2012, the slates that contain an overall number of candidates (both regular and alternate members) equal or higher than three shall include, both in the first two positions of the slate's section related to the regular auditors and in the first two positions of the slate's section related to alternate auditors, candidates of different genders.

The slates of candidates to the office of statutory auditor (as for the slates of candidates to the office of director) must be filed at the Company's registered office by those who present them, at least 25 days before the date of the Shareholders' Meeting convened to resolve upon the election of the members of the Board of Statutory Auditors; they are then published by the Company in its internet website and in the website of Borsa Italiana, as well as filed in the Company's registered office, at least 21 days before the day set for the Shareholders' Meeting, together with exhaustive information on the personal and professional characteristics of the candidates, in order to guarantee a clear procedure for the election of the controlling body.

When less than the entire Board of Statutory Auditors is being elected, the Shareholders' Meeting resolves in accordance with the majorities required by the law and without following the aforesaid procedure, but in any case in such a way as to ensure:

> the observance of the principle of the representation of minority shareholders on the Board of Statutory Auditors; as well as
> the observance of the applicable laws concerning the balance of genders (on the basis of the above mentioned bylaws amendments which will be submitted to the Company's Shareholders' Meeting called for the approval of the financial statements 2011).

In any case, the statutory auditors act autonomously and independently, including with regard to the shareholders who elected them.

Having been elected by the Ordinary Shareholders' Meeting of April 29, 2010, the term of the current Board of Statutory Auditors will expire when the 2012 financial statements are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, at the date of this report, the Board of Statutory Auditors consists of the regular members indicated here below, together with the slates on which they were appointed. Such slates were presented by the Ministry for the Economy and Finance (which at the time owned 13.88% of the Company's share capital) and by a group of 20 institutional investors (which at the time owned a total of 1.19% of the Company's share capital).

> Sergio Duca, 64 years, chairman (designated in the slate presented by institutional investors);
> Carlo Conte, 64 years, regular auditor (designated in the slate presented by the Ministry of Economy and Finance);
> Gennaro Mariconda, 69 years, regular auditor (designated in the slate presented by the Ministry of Economy and Finance).

A brief professional profile of the above mentioned regular auditors is described under Attachment 2 to this report.

The Shareholders' Meeting determines the remuneration of the regular members of the Board of Statutory Auditors. Specifically, in April 2010 the Ordinary Shareholders' Meeting set the remuneration to which the chairman of the Board of Statutory Auditors is entitled at €85,000 gross a year and the remuneration to which each of the other regular statutory auditors is entitled at €75,000 gross a year, in addition to the reimbursement of the expenses necessary for the performance of their duties.

During 2011, the Board of Statutory Auditors held 22 meetings, lasting an average of about 2 hours each, which were regularly attended by the regular auditors and the magistrate representing the Court of Accounts.

During February 2012, the Board of Statutory Auditors established that the chairman, Sergio Duca, and the regular auditor Gennaro Mariconda possess the requisites of independence provided for by the Self-regulation Code with regard to directors. As far as the regular auditor Carlo Conte is concerned, the Board of Statutory Auditors established that, even though he does not possess the aforesaid requisites of independence (because he is a General Manager at the Ministry for the Economy and Finance, the reference shareholder of the Company), he does possess the characteristics of independence provided for by the Unified Financial Act (and the related implementation regulations) with regard to statutory auditors of listed companies.

At the date of this report, with respect to the abovementioned CONSOB's rules on the limits to the number of offices on the boards of directors and the boards of statutory auditors that the members of Board of Statutory Auditors may hold in Italian corporations (which set a maximum limit of 6 points to the offices that may be hold by a statutory auditor), the regular statutory auditors have communicated to the Authority the following data regarding the number of offices held as well as the points there of:

> Sergio Duca: 4 offices amounting to 3.35 points;
> Carlo Conte: 5 offices amounting to 2.15 points;
> Gennaro Mariconda: 1 office amounting to 1.0 point.

Auditing firm

The external audit of Enel's financial statements and the Group's consolidated financial statements is entrusted to Reconta Ernst & Young SpA.

The assignment was awarded to such firm by the Ordinary Shareholders' Meeting of April 29, 2011, upon proposal of the Board of Statutory Auditors, with reference to the fiscal years from 2011 until 2019 and for a total consideration of €3.5 million.

Since 2009, a special procedure was formalized for regulating the appointments of auditing firms that do business with the Group. According to this procedure, the Internal Control Committee and the Board of Statutory Auditors shall express a preliminary binding opinion on the assignment of each additional task – other than the main task of auditing and for which no incompatibility is provided for by the law – to the Group's main external auditor or to entities belonging to the auditor's network. The assignment of such additional tasks is allowed only in determined circumstances of demonstrated necessity, from the legal or economic point of view or in terms of service quality.

Oversight of the Court of Accounts

The Court of Accounts oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. During 2011 this role was performed, at first, during the period from January to April, by the substitute delegated judge Igina Maio, and starting from May by the delegated judge Francesco Paolo Romanelli. In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Accounts an attendance allowance of €1,000 for each meeting of corporate bodies attended. This position has been confirmed by the Board of Directors in June 2011.
The magistrate appointed by the Court of Accounts attends the meetings of the Board of Directors and the Board of Statutory Auditors. The Court of Accounts presents an annual report on the results of the oversight performed to the office of the President of the Senate and the office of the President of the House of Deputies.

Executive in charge of preparing the corporate accounting documents

In compliance with the provisions of the Unified Financial Act and of the Company's bylaws, starting from June 2006 the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, appointed the head of the Company's Accounting, Planning, and Control Department (renamed "Accounting, Finance, and Control" in June 2009), in the person of Luigi Ferraris, to the position of executive in charge of preparing the corporate accounting documents. As ascertained by the Board of Directors in June 2007, such executive possesses the professional qualifications introduced in the Company's bylaws on May 2007 in compliance with the Unified Financial Act.
The duty of this executive is to establish appropriate administrative and accounting procedures for the preparation of the separate financial statements and the consolidated financial statements, as well as all other financial documents.
The Board of Directors ensures that this executive has adequate powers and means, seeing that the administrative and accounting procedures that he establishes are actually observed.
The executive in question issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that such information corresponds to what is recorded in the Company's documents, account books, and book entries.
Together with the Chief Executive Officer, the aforesaid executive also certifies in a specially provided report regarding the separate financial statements, the consolidated financial statements, and the half-year financial report: (i) the adequacy and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer; (ii) the compliance of the contents of these documents to the international accounting standards applicable within the European Union; (iii) the correspondence of the aforesaid documents to the accounting records and their suitability for providing a true and fair view of the Company's and the Group's balance sheet, income statements, and cash flows; (iv) that the Report on operations accompanying the separate financial statements and the consolidated financial statements contain a reliable analysis of the performance and results of the year, as well as of the situation of the Company and the Group, together with a description of the main risks and uncertainties to which they are exposed; (v) that the Report on operations included in the half-year financial report contains a reliable analysis of the most important events that occurred during the first six months of the period, together with a description of the main risks and uncertainties in the remaining six months of the period and information on the significant transactions with related parties.
The contents of the certification that the executive in question and the Chief Executive Officer must issue in accordance with the foregoing are set by CONSOB with a specific regulation.

Internal control system

With regard to internal control, since several years the Group has been adopting a special system aimed at (i) checking the appropriateness of Group procedures in terms of effectiveness, efficiency, and costs, (ii) ensuring the reliability and correctness of accounting records, as well as the safeguard of Company and Group assets, and (iii) ensuring that operations comply with internal and external regulations, as well as with the corporate directives and guidelines for sound and efficient management.

The Group's internal control system is divided into three distinct areas of activity:

> line auditing (or first level), which consists of all the auditing activities that the individual operating units or Group companies carry out on their own processes. Such auditing activities are primarily the responsibility of operating executives and are considered an integral part of every corporate process;

> the second level controls, which are assigned to (i) the management control function (which is part of Enel's "Administration, Finance and Control" function) with regard to the monitoring of the business-financial trend of the Company and of the Group, and (ii) the "Group Risk Management" function with regard to the elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk);

> internal auditing, which is entrusted to the Company's "Audit" function and is aimed essentially at the identification and containment of corporate risk of any kind. This objective is pursued through the monitoring of line auditing, in terms of both the appropriateness of the audits themselves and the results actually achieved by their application. This activity under consideration is therefore applied to all the corporate processes of the Company and of the Group companies. The personnel in charge of said activity is responsible for indicating both the corrective actions deemed necessary and for carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors, which to this end and availing itself of the Internal Control Committee:

> establishes the guidelines of such system, so that the main risks regarding the Company and its subsidiaries are correctly identified, as well as properly measured, managed, and monitored, and then ensures the compatibility of such risks with sound and correct corporate management. It should be observed in this regard that since December 2006, the Board of Directors acknowledged the identification of the main risks regarding the Group (so called risk assessment) and of specific criteria for measuring, managing, and monitoring the aforesaid risks – in accordance with the content of a special document drawn up by the Company's "Audit" function – and agreed on the compatibility of the aforesaid risks with sound and correct corporate management. Subsequently, in February 2008 and lastly in February 2012, the Board of Directors examined and shared specific updates on the Group risk assessment, prepared by the Company's "Audit" function;

> appoints one or more executive directors to supervise the functioning of the internal control system. During 2011 such office was first jointly held by the Chairman and the Chief Executive Officer in the period from January until June, as determined by the Board of Directors since December 2006. Starting from July 2011 the Board of Directors entrusted this role exclusively to the Chief Executive Officer, in light of the powers' structure adopted within the Company and in consideration of the instructions provided by the Self-regulation Code on this matter (which provides that such office is usually assigned to the Chief Executive Officer);

> evaluates the appropriateness, efficiency, and actual functioning of the internal control system at least once a year. It should be noted that in March 2011 and, most recently, in February 2012, the Board of Directors expressed a positive evaluation in this respect;

> appoints, and removes, one or more persons to be in charge of the internal control system, establishing the related compensation in line with the relevant corporate policies. In this regard, in January 2008, the Board of Directors, having acknowledged that there was a new head of the Company's "Audit" function (in the person of Francesca Di Carlo), confirmed the latter as the person in charge of the internal control system and confirmed her compensation as the same as she was already receiving.

The executive director assigned to supervise the functioning of the internal control system in turn:

> oversees the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and then submits them periodically to the Board of Directors for examination;

- carries out the guidelines established by the Board of Directors, seeing to the planning, implementation, and management of the internal control system and constantly monitoring its overall adequacy, effectiveness, and efficiency. He also supervises the adaptation of this system to the dynamics of operating conditions and to the legislative and regulatory framework;
- makes proposals to the Board of Directors regarding the appointment, removal, and compensation of one or more persons to be in charge of the internal control system.

The person in charge of the internal control system:

- is entrusted with ensuring that the internal control system is always adequate, fully operative and functioning;
- is not the head of any operating area;
- has direct access to all the information that is useful for the performance of his or her duties;
- has adequate means at his or her disposal for performing the assigned tasks;
- reports on his or her activities to the executive director assigned to supervise the functioning of the internal control system, to the Internal Control Committee, and to the Board of Statutory Auditors. Specifically, he or she reports on the procedures through which risk management is conducted, as well as on the observance of the plans devised to limit them, and expresses his or her evaluation of the suitability of the internal control system for achieving an acceptable level of overall risk.

In line with the most advanced corporate governance practices, in June 2009 the Company created a specific "Group Risk Management" function, whose mission is to ensure the effective implementation at the Group level of the process of managing all financial, operating, strategic, and business risks with a significant impact, as well as the main risks that, for whatever reason, may affect the Company's and the Group's balance sheet, income statement, and cash-flow statement.

During 2011, the main activities carried out by the "Group Risk Management" function were:

- the preparation and the first implementation of the risk governance of the Group, upon agreement with the operative Divisions and the personnel of the interested functions;
- the drafting of the guidelines for the management of the financial risks, commodity and credit, comprising the definition of the operative limit system;
- the definition of the enterprise risk management model of the Group, the start-up and completion of the first assessment of the main risk sources with potential impact on the achievement of the strategic and business purposes, the analysis of the results and the presentation of the most significant outcomes to the top management;
- the start-up of the activities of some local risk management structures;
- the definition of report formats on the different risk categories and the activation of a periodic communication flow with the operative divisions and the top management;
- the establishment and the start-up of special risk committees, established both on central level and in the different countries where the Group operates; the definition by such committees of the qualitative and quantitative risk limits assigned to the risk owners and of the procedure aimed at monitoring their observance;
- the development of an integrated model (so called business plan @risk) aimed at the analysis (i) of the quantitative risks related to the achievement of the targets of the budget and of the industrial plan and (ii) of the economic and financial profitability of the huge investments, through appropriate sensitiveness, scenario and probabilistic analysis; that with the purpose of evaluating the effects of the amendments of exogenous variables (i.e. prices, rates, inflation, energy demand, gross domestic product, etc.) on the expected results in terms of cash flow of the Group and financial sustainability, and on the overall portfolio risk;
- the individuation, the purchase, the parameterization and the implementation of the software solutions for the industrial risk management and enterprise risk management activities;
- the development of specific methodologies for the analysis and the measuring of the different risks.

The system of risk management and internal control of financial information

As part of the internal control system, the Group has had for several years a specific system of risk management and internal control regarding the process of financial information (in the present section, for the sake of brevity, referred to as the "System").

Overall, this system is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system ("Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of the credibility, accuracy, reliability, and timeliness of financial information ("Internal Control System").

The executive in charge of preparing the corporate accounting documents supervised the development and execution of a specific model for assessing the system and adopted a special set of procedures – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the system in question. Specifically, the Group issued a procedure that regulates the reference model of the control system and a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The controls adopted have been monitored to check both their design (i.e. that the control, if operative, is structured in order to mitigate the identified risk in an acceptable way) and their actual effectiveness.

The management responsible for the activities, risks and controls and the Company's "Audit" function are entrusted with responsibilities regarding the periodic testing of the system.

The assessment of the controls on financial information was based on the criteria established in the model "Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "COSO Report"), supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT"). Furthermore, the internal controls concerning the correct book-keeping provided for in section 404 of the Sarbanes-Oxley Act are applied by some Latin-American companies of the Group having ADS (American Depositary Shares) listed on the New York Stock Exchange.

The process of assessment of the system, defined in Enel as Management Assessment Process (and in the rest of the present section referred to, for the sake of brevity, as "MAP"), which is progressively extended to newly acquired subsidiaries of a material significance, is divided into the following macro-phases:

> definition of the perimeter and identification of the risks;
> assessment of the design and effectiveness of the controls (the so-called line monitoring);
> independent monitoring, entrusted to the Company's "Audit" function;
> reporting, internal certifications, consolidation, and summary of the assessments;
> certification of the Chief Executive Officer and of the executive in charge of preparing the corporate accounting documents regarding separate financial statements, consolidated financial statements, the half-year financial report.

The perimeter of the Group companies to include in the assessment is determined with regard to the specific level of risk, in both quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the system, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both the entity level and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability of such impact. Process-level risks, on the other hand, are assessed – regardless of relevant controls (so called *"valutazione a livello inerente"*) – in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the risk connected with the failure to achieve the objectives of the system, at both the entity and the process level.

Controls at entity level are catalogued in compliance with the five sections provided in the COSO Report: control environment, risk assessment, control activities, information & communication and communication, monitoring activities. Within the scope of the companies identified as significant, the processes at greatest risk were defined and assessed and the top-down risk-based approach was applied. In accordance with this approach, the Company then identified and assessed the risks with the greatest impact and the related controls, both general and specific, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.

In order to assess the appropriateness of the system, provision has been made for, every six months, a specific phase of the MAP, which consists in the monitoring by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of each of the controls identified.

For each corporate process assessed, an appropriate documentation is kept for the purpose of describing roles and responsibilities and the flows of data and information, as well as the key points of control (administrative and accounting procedures).

The Company's "Audit" function is entrusted with the task of performing an "independent" assessment of the effectiveness of the MAP.

The results of the assessments performed by both the line management and the "Audit" function of the Company are communicated to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so called "reporting"), which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies. In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.

These flows are also used for the periodic information about the adequacy of the system, provided by the executive in charge with regard to the Board of Statutory Auditors, to the Internal Control Committee, and to the external auditor.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned by the MAP, the executive in charge, together with the Chief Executive Officer, issues a special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the separate financial statements, the consolidated financial statements, or the half-year report, according to the document concerned each time.

Non-EU foreign subsidiaries

During 2011, the Internal Control Committee checked that the Group was consistently complying with the regulations, established by CONSOB as part of its Market Regulation, regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of subsidiaries set up and regulated under the law of non-EU countries (hereinafter, for the sake of brevity, referred to as "non-EU foreign subsidiaries").

In particular, the following should be noted in this regard:

> according to the data contained in the financial statements as of December 31, 2010 and in application of the parameter concerning material significance for consolidation purposes introduced in the CONSOB's Market Regulation with effect from July 1, 2008, 14 non-EU foreign subsidiaries were identified within the Enel Group to which the regulations were applicable for 2011. Reference is made, in particular, to the following companies, 11 of which were already subject to the governing law during the fiscal year of 2010, are: 1) Ampla Energia e Serviços SA (a Brazilian company); 2) Chilectra SA (a Chilean company); 3) Compañía Distribuidora y Comercializadora de Energia SA (a Colombian company); 4) Companhia Energetica do Cearà SA (a Brazilian company); 5) Edegel SA (a Peruvian company); 6) Emgesa SA ESP (a Colombian company); 7) Empresa de Distribución Electrica de Lima Norte SAA (a Peruvian company); 8) Empresa Distribuidora de Energia Sur SA (an Argentinian company); 9) Empresa Nacional de Electricidad - Endesa Chile SA (a Chilean company); 10) Endesa Brasil SA (a Brazilian company); 11) Endesa Capital Finance LLC (a US company); 12) Enel Green Power North America Inc. (an American company); 13) Enersis SA (a Chilean company); and 14) Enel OGK-5 OJSC (a Russian company);

> the balance sheet and income statement for 2011 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's consolidated financial statements for 2011, will be made available to the public by Enel at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2011 financial statements of Enel, together with the summary reports regarding

the main data of the last financial reports of the subsidiaries and affiliated companies (according to the procedures described in CONSOB's Issuers Regulation);

> the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel and are available to CONSOB, in updated form, where the latter should so request for supervisory purposes;

> Enel has ensured that all the above companies: (i) provide the external auditor of the Parent Company with the information necessary to perform the annual and interim audits of Enel; (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of Enel of the income statement, balance sheet and financial data necessary for the preparation of the Group's consolidated financial statements.

Transactions with related parties

Starting from December 2006, the Board of Directors – implementing the provisions of the Italian Civil Code (which, until then, the CONSOB had not specifically adopted), as well as the recommendations of the Self-regulation Code – has adopted an internal regulation aimed at identifying the procedures for approving and carrying out transactions undertaken by the Company or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions. Such regulation was applied until the end of 2010, and since January 1, 2011 a new procedure for transactions with related parties, whose main contents are described here below and that has been approved by the Board of Directors in November 2010 and in compliance with the requirements provided by CONSOB with a specific regulation adopted in March 2010, implementing the provisions of the Civil Code, finds full application.

According to such procedure, the transactions with related parties can be divided in the following three categories:

> transactions of major importance, which are those exceeding a specific quantitative threshold (equal to 5%) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity which is the target of the transaction and of the liabilities of the entity acquired. Such transactions, if not subject to the approval of the Shareholders' Meeting pursuant to the bylaws or applicable laws, are necessarily subject to the Board of Director's examination and approval;

> transactions of minor importance, which are defined as those transactions other than the transactions of major importance and transactions for small amounts. Such transactions, if not subject to the approval of the Shareholders' Meeting pursuant to the bylaws or applicable laws, are approved by the competent person/body in accordance with the applicable Company's powers structure;

> transactions for small amounts, that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for small amounts.

In order to allow the Related Parties Committee to express a previous reasoned opinion on Enel's interest in the completion of transactions with related parties, as well as the convenience and substantial fairness of the relevant conditions, the procedure determines specific information flow. In particular:

> for transactions of minor importance, the Company's Chief Executive Officer or the proposing function, through the "Corporate Affairs" function provide the Related Parties Committee, in reasonable advance and, in any case, in general, at least 10 days before the date of the issue of the opinion released by the committee itself, with complete and adequate information about each transaction of minor importance, providing any appropriate updates thereof;

> for transactions of major importance, the Company's Chief Executive Officer, through the "Corporate Affairs" function, provides the Related Parties Committee, promptly – and, in any case within the day following the date in which the Board of Directors of Enel has been informed for the first time – complete and adequate information regarding each transaction of major importance, providing any appropriate updates thereof. The Related Parties Committee, or one or more of its delegated members, may require information and make comments to the Chief Executive Officer of Enel and to those persons in charge of the negotiations or the inquiry regarding aspects which are the subject-matter of the information flows, as well as require any other information deemed to be useful for the assessment of the transaction.

With regard to the nature of the opinion issued by the Related Parties Committee the procedure provides that:

> for the transactions of minor importance, such opinion is not binding. Nevertheless, Enel shall make available to the public, within fifteen days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of minor importance approved in the reference quarter in the presence of a negative opinion of the Related Parties Committee, as well as of the reasons why it was deemed suitable not to share that opinion;
> for the transactions of major importance, if the Related Parties Committee issues a negative opinion, the Board of Directors of the Company, if set forth in the bylaws of the Company (introduced during the Extraordinary Shareholders' Meeting of April 29, 2011), may submit the transaction of major importance to the Ordinary Shareholders' Meeting for its authorization. The Shareholders' Meeting, without prejudice to the majorities required by law, bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders (so called whitewash). In any case, the completion of major importance transactions is prevented only if the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights.

In compliance with applicable laws and the procedure, if the relation exists with a director of the Company or with a party related by means of him, the interested director shall promptly notify the Board of Directors of the nature, the terms, the origin and the range of its interest, leaving the Board of Directors' meeting during the adoption of the resolution if this does not jeopardize the permanence of the constitutive quorum and if the Board of Directors does not decide differently.

If the relation exists with the Chief Executive Officer of the Company or with a related party by means of him, in addition to the above he will abstain from the execution of the transaction, and entrust the Board of Directors with executing the transaction.

If the relation exists with one of the regular statutory auditors of the Company or with a related party by means of them, the interested auditor promptly notifies the other auditors and the Chairman of the Board of Directors of the nature, the terms, the origin and the range of its interest.

The procedure provides that the minutes of the resolutions with which the Board of Directors of the Company approves the transactions with related parties, both of major importance and of minor importance – or, in the latter case, the decisions of the competent delegated body – shall bear adequate reasons about the convenience of Enel in the completion of the transactions and the convenience and substantial correctness of their underlying terms. Furthermore, the procedure sets that the Chief Executive Officer of Enel, in the periodical report concerning the activities carried out in execution of the powers granted to him, provides the Board of Directors and the Board of Statutory Auditors, at least quarterly, with specific information regarding the execution of transactions of both major importance and minor importance.

A specific procedure is prescribed for transactions with related parties carried out by Enel not directly but through subsidiaries. In such cases it is set forth that the Board of Directors of the Company, or the competent delegated body on the basis of the powers in force, make – with the prior non binding opinion of the Related Parties Committee – a previous assessment of the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel which fall within one or more of the following categories:

> atypical or unusual transactions, by which is meant ones that because of their significance/importance, nature of the counterparties, their object, the way in which the transfer price is determined, the timing of the events (i.e. proximity of the closing of the financial year) may give rise to doubts with regard to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguard of the Company's assets, or the protection of minority shareholders of Enel;
> transactions whose equivalent-value exceeds €25 million, with the exception of those transactions excluded from the scope of application of the procedure (details follow below).

As observed above with reference to the transactions of minor importance carried out directly by Enel, also for the transactions carried out through subsidiaries it is provided that, if the Board of Directors of the Company, or the competent delegated body on the basis of the applicable powers, has issued a favourable opinion concerning the carrying out of transactions of subsidiaries which are relevant for the purposes of the procedure, although the Related Parties Committee issued a negative opinion, Enel shall make available to the public a specific document containing the reasons for disregarding such opinion.

Pursuant to CONSOB regulations, the following transactions with related parties are excluded from the scope of application of the procedure:

a) Shareholders' Meetings resolutions in relation to the establishment of the compensation due to all the members of the Board of Directors and of the Board of Statutory Auditors;
b) the transactions for small amounts, as identified in the procedure itself;
c) the compensation plans based on financial instruments, approved by the Shareholders' Meeting pursuant to the provisions of the Unified Financial Act and its executive operations;
d) resolutions other than those indicated under letter a), in relation to the remuneration of the Company's directors holding a special office, together with the remuneration of executives with strategic responsibilities of companies of the Group, provided that:
   - Enel has adopted a remuneration policy;
   - in the definition of the remuneration policy, a committee consisting solely of non-executive directors – the majority of whom shall be independent – has been involved;
   - a report illustrating the remuneration policy has been submitted for advisory vote of the Shareholders' Meeting of Enel;
   - the remuneration awarded is consistent with this policy;
e) regular transactions completed at market-equivalent or standard terms;
f) transactions with or between companies controlled, even jointly, by Enel, as well as transactions with companies affiliated with Enel, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel's related party exist.

Lastly, a simplified procedure for the approval of related parties transactions, that are not attributed to the Shareholders' Meeting, is also provided in case of urgency, it being understood that a subsequent non binding vote concerning such transactions by the first Ordinary Shareholders' Meeting of the Company is required.

Processing of corporate information

As early as February 2000, the Board of Directors approved special rules (supplemented in March 2006 and, lastly, amended and updated in September 2011) for the internal management and processing of confidential information, which also contain the procedures for the external circulation of documents and information concerning the Company and the Group, with particular reference to privileged information. The directors and statutory auditors of the Company are obliged to comply with the provisions contained in such rules and, in any case, to maintain the confidentiality of the documents and information acquired in carrying out their duties.

The rules are aimed at keeping confidential information secret, while at the same time ensuring that the information regarding the Company and the Group made available to the market is correct, complete, adequate, timely, and non-selective.

The rules entrust Enel's Chief Executive Officer and the Chief Executive Officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the dissemination of information regarding individual subsidiaries must in any case be agreed upon with the Enel's Chief Executive Officer.

The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on privileged information – and carefully regulate the ways in which Company and Group representatives enter into contact with the press and other mass media (or financial analysts and institutional investors).

Following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the implementing regulations issued by CONSOB, in April 2006 the Company established (and began to regularly update) a Group register recording the persons, both legal and natural, who have access to privileged information through the exercise of his or her employment, profession or duties on behalf of the Company or Group companies. The purpose of this register is to make the persons recorded therein aware of the value of the privileged information at their disposal, while at the same time facilitating CONSOB's supervision of compliance with the regulations provided to safeguard market integrity.

Following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the implementing regulations issued by CONSOB, as from April 2006 significant changes were introduced regarding internal dealing, that is, the transparency of transactions involving the Company's shares and financial instruments connected with them carried out by the largest shareholders, Company's representatives, and persons closely connected with them.
During 2011, the regulations regarding internal dealing applied to the purchase, sale, subscription and exchange of the shares of Enel and of the subsidiaries Endesa SA and Enel Green Power SpA, and of financial instruments connected with them, by important persons. This category includes shareholders who own at least 10% of the Company's share capital, the directors and regular statutory auditors of Enel, the directors of the subsidiary Endesa SA, as well as 28 other managerial positions identified in Enel and Endesa SA in accordance with the relevant regulations, insofar as they have regular access to privileged information and are authorized to make managerial decisions that could influence Enel's evolution and prospects.
The obligations of transparency apply to all the aforesaid transactions whose total value is at least €5,000 in a given year, even if carried out by persons closely connected with the important persons.
In enacting measures to implement the aforesaid regulations, the Board of Directors considered it advisable to provide that important persons (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking periods, lasting approximately one month each, around the time the Board of Directors approves the Company's proposed separate financial statements and the half-year report.
This initiative of the Board of Directors was prompted by the will to improve the Company's governance standards with respect to the relevant regulations, through the adoption of a measure aimed at preventing the carrying out of transactions by important persons that the market could perceive as suspect, because they are carried out during periods of the year that are especially sensitive to corporate information.

Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest, as well as its duty with respect to the market, to establish an ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the divulgation of privileged information.
In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.
The Company therefore created (i) an investor relations unit, which is currently part of its "Accounting, Finance, and Control" function, and (ii) a unit within the "Corporate Affairs" function in charge of communicating with shareholders in general.
It was also decided to further enhance communication with investors through the creation of a special section of the Company's website (www.enel.com, investor section), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the securities issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel's boards, the Company's bylaws and Shareholders' Meetings regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to Legislative Decree 231/2001, as well as a general chart of the organization of the Group).

Shareholders' Meetings

The recommendation contained in the Self-regulation Code to consider Shareholders' Meetings as important occasions for discussion between a company's shareholders and its Board of Directors (even considering a wide range of different communication channels between companies with listed shares and shareholders, institutional investors, and the market) was carefully assessed and fully accepted by the Company, which, in addition to ensuring the regular attendance of its directors at Shareholders' Meetings, deemed it advisable to adopt specific measures to adequately enhance such meetings; in particular, reference is made to the provision of the Company's bylaws aimed at enhancing proxy solicitation among the employee shareholders of the Company and its subsidiaries and at facilitating their participation in the decision-making process of the Shareholders' Meeting (this provision is specifically described in the first part of the report, under "Governance and ownership structure" – "Employee shareholdings: mechanism for exercising voting rights").

The applicable law regarding the functioning of the Shareholders' Meetings of listed companies, provided in the Civil Code, in the Unified Financial Act and in the implementing regulations adopted by CONSOB, was significantly amended after the enactment of Legislative Decree 27 of January 27, 2010, which implemented in Italy Directive 2007/36/EC (concerning the enforcement of certain shareholders' rights in listed companies) and that modified, among others, the laws regarding the terms for the Shareholders' Meetings, the number of the meetings, the quorums, the exercise of the right to convene the meeting and to put items on the agenda by minority shareholders, the information before the meeting, the representation at the meeting, the identification of the shareholders and the introduction of the record date with the aim of identifying the title to participate and vote in the meeting.

Some of the most significant new regulations introduced by Legislative Decree 27/2010 are synthetically illustrated below, together with some articles of Enel's bylaws dedicated to Shareholders' Meetings.

It should be preliminarily noted that the Shareholders' Meeting is competent to resolve, in both ordinary and extraordinary session, upon, among other things (i) the appointment and removal of members of the Board of Directors and of the Board of Statutory Auditors, determining their compensation and liability, (ii) the approval of the financial statements and the allocation of the net income, (iii) the purchase and sale of own shares, (iv) the stock-based compensation plans; (v) the amendments to the bylaws, (vi) the issue of convertible bonds.

On the basis of the Enel's bylaws, Ordinary and Extraordinary Shareholders' Meetings are held in single session, are convened and resolve with the majorities prescribed by applicable laws and are normally held in the municipality where the Company's registered office is located; the Board of Directors may determine otherwise, provided the venue is in Italy. The Ordinary Shareholders' Meeting must be convened at least once per year within one hundred and eighty days after the end of the accounting period, for the approval of the financial statements.

The Unified Financial Act provides that the title to participate and to vote in the Shareholders' Meeting must be certified by a notice in favour of the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting (so called "record date").

Shareholders may ask questions on the items on the agenda before the Shareholders' Meeting; questions submitted before the meeting will be answered no later than during the meeting.

Shareholders may also notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of the meeting. Shareholders may also be represented in the meeting by a representative in conflict of interest, provided that (i) the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and (ii) specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the Unified Financial Act and the Enel's bylaws, shareholders are also entitled to grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the Shareholders' Meeting; this proxy, whose costs shall not be born by the shareholders and that must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Unified Financial Act, in the end of 2010 CONSOB issued the provisions governing the participation in the Shareholders' Meeting by electronic means, which are applicable only when expressly referred to by the bylaws. In consideration of the evolution and reliability of technical devices, Enel's bylaws empowers the Board of Directors to provide, with respect to single Shareholders' Meetings, the participation by electronic means, specifying the conditions for such participation in the notice of the meeting.

Shareholders' Meetings are governed, in addition to the law and bylaws, by a specific regulation approved at the Ordinary Shareholders' Meeting of May 25, 2001 (as subsequently amended and integrated in 2010). The contents of such regulation are in line with the models for companies with listed shares expressly drawn up by several professional associations (Assonime and ABI).

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, if it happens that he or she is not available, by the Deputy Chairman if one has been appointed, or if both are absent, by a person designated by the Board, failing which the meeting shall elect its chairman. The chairman of a Shareholders' Meeting shall be assisted by a secretary, except if the drafting of the minutes is entrusted to a notary public.

The chairman of a Shareholders' Meeting, among other things, verifies the regular constitution of the meeting, assesses the identity and legitimacy of those attending, regulates the proceedings and ascertains the results of the vote.

The resolutions of the meeting shall be recorded in minutes signed by the chairman and the secretary or public notary. The minutes of Extraordinary Shareholders' Meetings shall be drafted by a public notary.

As regards the right of each shareholder to request the floor to speak on the matters in the agenda, the Shareholders' Meetings regulation provides that the chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting the floor and the possible questions asked by shareholders before the Shareholders' Meeting to which no reply was given by the Company, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter – in order to ensure that the meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on each of the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the chairman sets a different deadline – until the chairman closes the discussion of the matter concerned. The chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's Code of Ethics, which was approved by the Company's Board of Directors in March 2002 and updated in March 2004 and, most recently, in September 2009 and February 2010.

The code expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behaviour in accordance with standards requiring maximum transparency and fairness with respect to all stakeholders. Specifically, the Code of Ethics consists of:

- general principles regarding relations with stakeholders, which define the reference values guiding the Group in the carrying out of its activities. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;
- criteria of behaviour towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- implementation mechanisms, which describe the control system devised to ensure observance of the code of ethics and its continual improvement.

The revision of the Code of Ethics carried out in September 2009 and ended in February 2010 was prompted by the necessity of updating this document in the light of the legal and organizational changes that had taken place since its previous version was published, as well as by the intention to further align its content with international best practice. Among the most significant amendments made at that time were (i) the updating of the corporate mission, (ii) adoption of the prohibition of intimidation, mobbing, and stalking in the workplace, and (iii) an express provision of the obligation for suppliers to comply with regulations regarding health and safety in the workplace, as well as (iv) the exclusion in principle of the possibility for Group companies to grant requests for contributions for the same kind of activities in which Enel Cuore Onlus is engaged.

Compliance program pursuant to Legislative Decree 231 of June 8, 2001

Since July 2002, the Company's Board of Directors has adopted a compliance program in accordance with the requirements of Legislative Decree 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest or to the benefit of the companies themselves.

The contents of the aforesaid program is consistent with the guidelines on the subject established by industry associations and with the best practice of the United States and represents another step towards strictness, transparency, and a sense of responsibility in both internal relations and those with the external world. At the same time, it offers shareholders adequate assurance of efficient and fair management.

The compliance program in question consists of a general part (in which are described, among other things, the content of Legislative Decree 231/2001, the objectives of the program and how it works, the duties of the control body responsible for supervising the functioning of and compliance with the program and seeing to its updating, the information flow, the training of the employees and the penalty regime) and separate special parts concerning the different kinds of crimes provided for by Legislative Decree 231/2001, which the aforesaid program aims to prevent.

In particular, the special parts elaborated so far concern crimes against the public administration, corporate crimes, crimes related to terrorism or subversion of democratic order, crimes against individual personality, market abuse crimes and administrative torts, manslaughter and serious or very serious injuries committed by breaching the applicable laws on protection of health and safety at work, crimes of receiving stolen goods, money laundering and using of laundered money, illegal goods or utilities the origin of which is unknown, computer crimes and illegal data handling and organized crimes.

Over the years the compliance program has been periodically updated and amended in order to take into account, mainly (i) the new cases introduced by the legislation as precondition crimes (*"reati presupposto"*) of the liability regulated under Legislative Decree 231/2001, (ii) case law on this matter, (iii) the expertise matured and the evolution of the Company's organizational structure, (iv) the need to rationalize some contents of the text of compliance program and to coordinate the different special parts.

The compliance program adopted by Enel is also implemented by the subsidiaries subject to Italian law, which are responsible for adapting its contents in light of the specific activities which they carry out.

Enel also approved specific guidelines aimed at rendering the principles of the compliance program applicable to the most significant international subsidiaries of the Group (identified also in consideration of the kind of activity carried out) in order to make such companies aware of the importance of ensuring correct and transparent business conditions, and to prevent the risk of administrative liability of Enel or of any of its Italian subsidiaries, pursuant to Legislative Decree 231/2001, due to the illegal conduct of the aforesaid international subsidiaries in their business activities.

Enel has appointed a collective body to supervise the functioning and observance of the said program and to update it (so-called "supervisory body"); in particular, such supervisory body can be composed of a number of members between three and five, appointed by the Board of Directors. Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the "Audit" function of the Company). During 2011, the supervisory body was composed of an external member with expertise on corporate organization matters (Matteo Guiliano Caroli), acting also as chairman of the body, and of the heads of the following Enel's functions: "Audit", "Legal Affairs" and "Corporate Affairs", since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The duration of the office of the members of the supervisory body is aligned to the office of the Board of Directors of the Company and therefore their term will expire at the date of approval of the financial report 2013.

During 2011, the supervisory body, while monitoring the functioning and the observance of the program:

> held 14 meetings, during which it discussed: (i) the analysis, carried out also with the assistance of the Company's management, of the main business areas

of the Company which are significant for the program and the exam of the control procedures of such areas; (ii) the proposals for the updating of the program; (iii) the approval of the monitoring and supervisory activity plan for the year 2011 and the examination of the activities effectively carried out;

> promoted the amendment of the program, particularly with reference to the general part and to the special part concerning the prevention of organized crimes;
> verified the implementation of the guidelines in the main international controlled companies;
> promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance program;
> constantly reported its activities to the Chairman of the Board of Directors and to the Chief Executive Officer and, on a regular basis, to the Internal Control Committee and to the Board of Statutory Auditors.

Zero tolerance towards corruption plan

In June 2006, the Board of Directors approved the adoption of the zero tolerance towards corruption plan ("ZTC plan") in order to give substance to Enel's adherence to the Global Compact (an action program sponsored by the UN in 2000) and to the PACI - Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).

The ZTC plan supplements the Code of Ethics and the compliance program adopted pursuant to Legislative Decree 231/2001, representing a more significant step regarding corruption and aimed at adopting a series of recommendations for the implementation of the principles formulated by Transparency International.

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Attached below are the professional profiles of the members of the Board of Directors and of the regular auditors in office at the date of the present report, together with three tables that summarize some of the most significant information contained in the second section of the report.

ATTACHMENT 1: Biography of the members of the Board of Directors

Paolo Andrea Colombo, 51 years, Chairman (designated in the slate presented by the Ministry for the Economy and Finance).

A graduate with full marks of the "Bocconi" University in Milan with a degree in business economy in 1984, where he was tenured professor from 1989 until 2010 of accounting and financial statements and where he actually is tenured senior contract professor. Starting from 1985 he carried out professional activities as certified chartered accountant and auditor.

Since 2006 he is founding member of Borghesi Colombo & Associati, an Italian independent consulting company which offers a broad range of services in corporate finance and business consultancy to Italian and international clients.

He held the office of member of the Board of Directors of several and significant industrial and financial companies, which include ENI, Saipem, Telecom Italia Mobile, Pirelli Pneumatici, Publitalia '80 (Mediaset Group), RCS Quotidiani, RCS Libri, RCS Broadcast and Fila Holding (RCS Mediagroup), Sias, Interbanca and Aurora (Unipol Group). Furthermore, he held the office of chairman of the Board of Statutory Auditors of Saipem, Stream and Ansaldo STS, and of member of the Board of Statutory Auditors of Winterthur and Credit Suisse Italy, Banca Intesa, Lottomatica, Montedison, Techint Finanziaria, HDPNet and Internazionale FC. Currently he is director of Mediaset and Versace, and chairman of the Board of Statutory Auditors of GE Capital Interbanca and of Aviva Vita and member of the Board of Statutory Auditors of A. Moratti Sapa and of Humanitas Mirasole. Chairman of the Board of Directors of Enel since May 2011.

Fulvio Conti, 64 years, Chief Executive Officer and General Manager (designated in the slate presented by the Ministry for the Economy and Finance).

A graduate of the University of Rome "La Sapienza" with a degree in Economics, in 1969 he joined the Mobil Group, where he held a number of executive positions in Italy and abroad and in 1989 and 1990 he was in charge of finance for Europe. Head of the accounting, finance and control department for Europe of the American company Campbell in 1991.

After having been head of the accounting, finance, and control department of Montecatini (from 1991 to 1993), he subsequently held the office of head of finance of Montedison-Compart (between 1993 and 1996), responsible for the financial restructuring of the group. General Manager and chief financial officer of the Italian National Railways between 1996 and 1998, he also held important positions in other companies of the Group (including Metropolis and Grandi Stazioni). Deputy chairman of Eurofima in 1997, he held the office of General Manager and chief financial officer of Telecom Italia from 1998 until 1999, holding also in this case important positions in other companies of the group (including Finsiel, TIM, Sirti, Italtel, Meie and STET International). From 1999 to June 2005 he was Enel's chief financial officer. He has been Chief Executive Officer and General Manager of Enel since May 2005. He is currently also a director of Barclays Plc and of AON Corporation, chairman of Eurelectric and deputy chairman of Endesa, as well as director of the Accademia Nazionale di Santa Cecilia and of the Italian Technology Institute.

Alessandro Banchi, 65 years, director (designated in the slate presented by institutional investors).

Graduate in Chemical Engineering at the University of Bologna in 1969, he started his professional career in the pharmacology industry in 1971. In 1973 he joined the Italian branch office of the chemical-pharmaceutical multinational Boehringer Ingelheim, holding different management positions both in Italy and abroad, up to becoming Italy's country manager from 1992 until 1999. In the Boehringer Ingelheim group he held the office of managing director of Pharma Marketing and Sales (which operates worldwide) from 2000 until 2008, where he also held the office of chairman (CEO) of its executive committee starting from 2004. In 2009 he left the Boehringer Ingelheim group to carry out professional advice on pharmaceutical matters. Officer of the Republic of Italy, he held offices in Italian and foreign sector associations of chemical and pharmaceutical industry; in this regard, he was chairman of AESGP and ANIFA (respectively, European and Italian Association of pharmaceutical industries of counter products), member of the Board of Directors of Federchimica and of the board of Farmindustria, as well as in the G10 at the European Commission in Brussels. He is member of Enel's Board of Directors since May 2011.

Lorenzo Codogno, 52 years, director (designated in the slate presented by the Ministry for the Economy and Finance).

After studying at the University of Padua, he completed his studies in the United States, where he earned a master's degree in Finance (1986-87) at Syracuse University (New York). He was deputy manager of Credito Italiano (now UniCredit), where he worked in the research department. Subsequently, from 1995 to 2006, he worked for Bank of America, first in Milan and from 1998 in London, where he held the position of managing director, senior economist and the co-head of economic analysis in Europe. In 2006 he joined the Ministry for the Economy and Finance, where he is currently general director in the Treasury Department and head of the Economic and Financial Analysis and Planning Directorate. This directorate is in charge of macroeconomic forecasting, cyclical and structural analysis of the Italian and international economy, and analysis of monetary and financial issues. He is also chairman of the European Union's Economic Policy Committee (a body of which he was deputy chairman from January 2008 to December 2009 and head of the Italian delegation from May 2006 to December 2009), as well as head of the Italian delegation to the OECD's Economic Policy Committee and Working Party 1 (of which he has been deputy chairman since October 2007). Within the European Union's Economic Policy Committee, he was also chairman (from November 2006 to January 2010) of the Lisbon Methodology Working Group, whose purpose is to develop methodological approaches to track, analyse and model structural reforms. In addition, he is the author of numerous scientific publications and of articles in the specialised press. Before joining the Ministry, he was economic commentator on the main international economic and financial networks. He was a director of MTS (a company that manages markets for bond trading, now part of the London Stock Exchange group) from 1999 to 2003 and is currently a member of the administrative committee of the ISAE (an economic research institute), as well as of the scientific committee of the "Fondazione Masi" and a member of the Board of Directors of the "Fondazione universitaria economia Tor Vergata CEIS". He has been a director of Enel since June 2008.

Mauro Miccio, 56 years, director (designated in the slate presented by the Ministry for the Economy and Finance).

Graduate with full marks in Law at "La Sapienza" University of Rome in 1978, he started his professional career in the publishing group Abete as managing director for the publishing sector (1981) and Chief Executive Officer of the press agency ASCA. He has been director of Ente Cinema (currently Cinecittà Luce) from 1993 until 1996, and chairman of Cinecittà Multiplex, director of Rai from 1994 until 1996 and Acea from 2000 until 2002. Furthermore he held the office of managing director of AS Roma from 1997 until 2000 and Chief Executive Officer of Rugby Roma from 1999 until 2000, of Agenzia per la Moda from 1998 until 2001 and Eur SpA from 2003 until 2009.

Former chairman of FERPI (Federazione Relazioni Pubbliche), ICI (Interassociazione della Comunicazione di Impresa), of the National Rugby League and of the organization committee of the "Baseball World Cup 2009", he has been deputy chairman of the European Rugby League. He was several times member of the Superior Communication Council at the Ministry of Communication and consultant of AGCOM, with whom he collaborated for the definition of the frequency sharing plan for the digital terrestrial television. He held and holds significant offices inside the Confindustria system, he is managing director of Assoimmobiliare, is member of the executive Committee of the "S.O.S. – il Telefono Azzurro onlus" association and of the "Fondazione San Matteo" for the promotion of the social doctrine of the Catholic Church and the realization of humanitarian projects in the developing countries.

Professor of matters related to the communication sector at the University of Catania (from 1999 until 2002) and "Roma Tre", where he currently teaches communication sociology, he collaborates furthermore with other Communication Science university faculties and with various journalistic headlines as expert of communication and marketing and he is author of several publications related to this matter. Currently he is director of Sipra. He was a member of the Board of Directors of Enel from 2002 until 2005, and now holds again the office since May 2011.

Fernando Napolitano, 47 years, director (designated in the slate presented by the Ministry for the Economy and Finance).

A graduate in economics and commerce (1987) of the University of Naples, he completed his studies in the United States, first earning a master's degree in management at Brooklyn Polytechnic University and later attending the advanced management program at Harvard Business School. He began his career by working in the marketing division of Laben (Finmeccanica Group) and then that of Procter & Gamble Italia; in 1990 he joined the Italian office of Booz Allen Hamilton (now named Booz & Company Italia), a management and technology consulting firm, where he was appointed partner and vice-president in 1998. Within this office he was in charge of developing activities in the fields of telecommunications, media, and aerospace, while also gaining experience in Europe, the United States, Asia and the Middle East; in Booz & Company he was Chief Executive Officer until June 2011, with assignments also of an international scope.

From July 2011 he is founding member of WIMW (*Why Italy Matters to the World*), with registered office in New York, with the purpose of facilitating the meeting of Italian SME with US investors.

From November 2001 to April 2006 he served in the committee for surface digital television instituted by the Ministry of Communication and from July 2002 to September 2006 he was director of the Italian Centre for Aerospace Research. He has been a director of Enel since May 2002 and held the same office at Data Service (currently B.E.E. Team) from May 2007 to October 2008.

Pedro Solbes Mira, 69 years, director (designated in the slate presented by institutional investors).

A graduate in Law at the Complutense University of Madrid and Ph.D in Politics Sciences at the same university, he carried out advanced studies in European economy at the l'Université Libre de Bruxelles.

He began his political career in 1968 as officer at the Ministry of Economics of Spain, holding prestigious offices at Spanish and European institutions. In particular, he held the office of Deputy Minister of International Affairs in Spain from 1986 until 1991 as responsible for the relations with the European Community, from 1991 until 1993 he was Minister of Agriculture, Nutrition and Fishing, while from 1993 until 1996 and from 2004 until 2009 he was Minister of Economic and Financial Affairs. Within the European area he was officer of Business and Monetary Affairs from 1999 until 2004. He was member of the Spanish Parliament in 1996 and 2007, and left the parliamentary office in 2009.

He is currently head of the Supervisory Board of EFRAG (*European Financial Reporting Advisory Group*), member of the *Conseil de Garants de Notre Europe Foundation*, head of the executive committee of FRIDE (Spanish private foundation for international relations and foreign communication) and head of the Spanish section of the Hispanic-Chinese Forum.

Before holding ministerial offices, he was member of the Board of Directors of a number of Spanish companies as representative of the public shareholder. Currently, he is director of Barclays Bank Espana. He holds the office of Enel's director since May 2011.

Angelo Taraborrelli, 63 years, director (designated in the slate presented by institutional investors).

A graduate with full marks in Law at the University of Siena in 1971, he obtained a master degree in hydrocarbon business at the High School of Hydrocarbon "Enrico Mattei". He began his professional activity at ENI in 1973, where he held various management offices, up to the role of director of planning and control of Saipem. Then he held the office of the holding's deputy head of strategic control and up-stream development and Gas (in 1996) and, subsequently (in 1998), the office of deputy head of planning and industrial control. Subsequently he held the office of deputy chairman of Snamprogetti (from 2001 until 2002) and has been Chief Executive Officer for AgipPetroli's business (2002). From the beginning of 2003, after the incorporation of the aforementioned company in the holding, he was deputy General Manager of the marketing area at the Refining & Marketing Division. From 2004 until 2007 he was General Manager of ENI with responsible for the Refining & Marketing Division. Until September 2007, he was director of Galp (a Portuguese oil company), deputy chairman of Unione Petrolifera (association of the oil companies operating in Italy), director of ENI Foundation and chairman of ENI Trading & Shipping. From 2007 until 2009 he held the office of Chief Executive Officer and General Manager of Syndial, ENI's company operating in chemicals and environmental intervention fields.

In 2009 he left ENI in order to carry out consultancy in oil industry matters; then he was appointed as distinguished associate of Energy Market Consultants (consultancy firm in oil industry matters with legal office in London) in 2010. He is Enel's director since May 2011.

Gianfranco Tosi, 64 years, director (designated in the slate presented by the Ministry for the Economy and Finance).

A graduate in mechanical engineering (1971) of the Polytechnic Institute of Milan, since 1972 he has held a number of positions at the same institute, becoming professor of iron metallurgy in 1982 and from 1992 also giving the course on the technology of metal materials (together with the same position at the University of Lecco). Author of more than 60 publications, he has been extensively involved in scientific activities. Member of the Board of Directors of several companies and consortia, he has also held positions in associations, including the vice-presidency of the Gruppo Giovani Federlombarda (with duties as regional delegate on the Comitato Centrale Giovani Imprenditori instituted within Confindustria) and the office of member of the executive committee of the Unione Imprenditori of the Province of Varese. From December 1993 to May 2002 he was mayor of the city of Busto Arsizio. President of the Center for Lombard Culture, established by the Lombardy Region to defend and develop the local culture, he is also a member of the association of journalists. He has been a director of Enel since May 2002.

ATTACHMENT 2: Biography of the members of the Board of Statutory Auditors

Sergio Duca, 64 years, chairman (designated in the slate presented by institutional investors).

Sergio Duca graduated cum laude in Economics and Business from the "Bocconi" University in Milan. A certified chartered accountant and auditor, as well as auditor authorized by the UK Department of Trade and Industry, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of important Italian listed companies, including Fiat, Telecom Italia, and Sanpaolo IMI. He was the chairman of PricewaterhouseCoopers SpA from 1997 until July 2007, when he resigned from his office and ceased to be a shareholder of that firm because he had reached the age limit provided for by the bylaws. After serving as, among other things, member of the Edison Foundation's advisory board and the Bocconi University's development committee, as well as chairman of the Bocconi Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the Board of Statutory Auditors of Tosetti Value SIM and an independent director of Sella Gestione SGR until April 2010. Member of the Ned Community, an association of non-executive directors, he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian companies, associations, and foundations, serving as chairman of the Board of Statutory Auditors of the Lottomatica Group, chairman of the Board of Directors of Orizzonte SGR, an independent director of Autostrada Torino-Milano, a member of the supervisory board of Exor instituted pursuant to Legislative Decree 231/2001, and chairman of the board of auditors of the Silvio Tronchetti Provera Foundation and the Compagnia di San Paolo, as well as a member of the boards of auditors of the Intesa San Paolo Foundation Onlus, and the ISPI (Institute for the Study of International Politics). He has been chairman of Enel’s Board of Statutory Auditors since April 2010.

Carlo Conte, 64 years, regular auditor (designated in the slate presented by the Ministry for the Economy and Finance).

After graduating with a degree in Economics and Commerce from “La Sapienza” University in Rome, he remained active in the academic world, teaching at the University of Chieti (1988-1989) and the LUISS Guido Carli in Rome (1989-1995). He currently teaches public accounting at the latter’s School of Management, the Civil Service School, and the Economy and Finance School, as well as administration and governmental accounting at Bocconi University in Milan. Certified public accountant, he is also the author of a number of publications. In 1967 he started his career in the Civil Service at the Government Accounting Office, becoming a general manager in 2002. He currently represents the Office on a number of commissions and committees and in various research and work groups, as well as representing Italy on several committees of the OECD. A statutory auditor of Enel since 2004, he has also performed and still performs the same duties in a number of other bodies, institutions, and companies.

Gennaro Mariconda, 69 years, regular auditor (designated in the slate presented by the Ministry for the Economy and Finance).

He has been a notary public since 1970 and a notary public in Rome since 1977. From 1995 to 2001 he was a member of the National Council of Notaries, of which he was president from 1998 to 2001. As part of his activity as a notary, he has taken part in the most important reorganizations, transformations, and mergers of banks and other Italian companies, such as Banca di Roma, Medio Credito Centrale, Capitalia, IMI-San Paolo, Beni Stabili, and Autostrade. Since 1966 he has taught at a number of Italian universities and is currently a professor of private law at the University of Cassino’s School of Economics and Commerce. He has served as a director of RCS Editori, Beni Stabili, as well as of the Istituto Regionale di Studi Giuridici Arturo Carlo Jemolo. He is currently a member of the editorial board of the journals “Notariato” and “Rivista dell’esecuzione forzata”. A statutory auditor of Enel since 2007, he is the author of numerous technical legal studies – mainly on civil and commercial law – and he has also published articles, interviews, and essays in the most important Italian newspapers and magazines.

Table 1: Structure of Enel's Board of Directors and Committees

Office	Members	In office since	In office until	Slate (M/m) (*)	Executive	Non Executive	Indep. pursuant SC (*****)	Indep. pursuant UFA (******)	(****) (%)	Other offices (**)	Internal Control Committee (***)	Internal Control Committee (****)	Compensation Committee (***)	Compensation Committee (****)	Related Parties Committee (***)	Related Parties Committee (****)	Corporate Governance Committee (***)	Corporate Governance Committee (****)	Executive Committee (if any)
Board of Directors																			
Chairman	Colombo Paolo Andrea	5/2011	12/2011	M	X				100%	3							X	100%	Non existent
CEO / General Manager	Conti Fulvio	1/2011	12/2011	M	X				100%	2									
Director	Banchi Alessandro	5/2011	12/2011	m		X	X	X	91%	-			X	100%	X	100%			
Director	Codogno Lorenzo	1/2011	12/2011	M		X			75%	-	X	92%					X	100%	
Director	Miccio Mauro	5/2011	12/2011	M		X	X	X	91%	-	X	100%					X	100%	
Director	Napolitano Fernando	1/2011	12/2011	M		X			100%	-			X	88%			X	60%	
Director	Solbes Mira Pedro	5/2011	12/2011	m		X	X	X	100%	1			X	80%	X	100%			
Director	Taraborrelli Angelo	5/2011	12/2011	m		X	X	X	100%	-	X	100%			X	100%			
Director	Tosi Gianfranco	1/2011	12/2011	M		X	X	X	100%	-	X	100%			X	50%			
Directors expired during 2011																			
Chairman	Gnudi Piero	1/2011	5/2011	M	X				100%	2									Non existent
Director	Ballio Giulio	1/2011	5/2011	m		X	X	X	100%	-			X	100%	X	N.A.			
Director	Costi Renzo	1/2011	5/2011	m		X	X	X	100%	1	X	100%			X	N.A.			
Director	Fantozzi Augusto	1/2011	5/2011	m		X	X	X	100%	5			X	100%	X	N.A.			
Director	Luciano Alessandro	1/2011	5/2011	M		X	X	X	80%	-	X	100%							

Quorum required for the presentation of slates for the appointment of the Board of Directors: 0.5% of the share capital. (*****)
Number of Meetings held during the fiscal year 2011 - BoD: 16; Internal Control Committee: 13; Compensation Committee: 8; Related Parties Committee: 2; Corporate Governance Committee: 5.

NOTES

* This column shows M/m depending on whether the director has been drawn from the slate voted by the majority (M) or by the minority (m) of the shareholders who attended the Meeting.

** This column shows the number of offices held by the interested person in the management and control bodies (offices) of other relevant companies, identified through the policy adopted in this respect by the Board of Directors. In this regard, it should be noted that, at the date of the present report, the current directors of Enel hold the following offices whose importance shall be considered to this purpose:
1) Paolo Andrea Colombo: director of Mediaset SpA; chairman of the Board of Statutory Auditors of GE Capital Interbanca SpA and Aviva Vita SpA;
2) Fulvio Conti: director of Barclays Plc and of AON Corporation;
3) Pedro Solbes Mira: director of Barclays España SA.

*** In these columns, an "X" indicates the committee(s) of which each director is a member.

**** These columns show the percentage of the meetings of, respectively, the Board of Directors and the committee(s) attended by each director. All absences were appropriately explained.

***** In this column, an "X" indicates the possess of the requisite of independence provided by Article 3 of the Self-regulation Code. Specifically, according to applicative criterion 3.C.1 of the Self-regulation Code, a director should normally be considered lacking the requisites of independence in the following cases:
a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties – he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative [1] of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;

(1) It should be noted that, according to applicative criterion 3.C.2 of the Self-regulation Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the chairman of the Board of Directors, the executive directors, and the executives with strategic responsibilities of the company or organization under consideration.

c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:
- with the issuer, a subsidiary of it, or any of the related important representatives;
- with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives; or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities;

In this regard, in February 2010 the Company's Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:
- commercial or financial relations: (i) 5% of the annual turnover of the company or organization of which the director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;
- professional services: (i) 5% of the annual turnover of the company or organization of which the director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments;

In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Self-regulation Code:

d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he holds the office of Chief Executive Officer in another company in which an executive director of the issuer holds a directorship;
g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
h) if he or she is a close family member ([2]) of a person who is in one of the conditions referred to in the preceding items.

****** In this column, an "X" indicates the possess of the requisite of independence provided for the statutory auditors of listed companies by Article 148, Subsection 3, of the Unified Financial Act, applicable to the directors pursuant to Article 147-*ter*, Subsection 4, of the Unified Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Unified Financial Act, the following do not qualify as independent:

a) persons who are in the situations provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);
b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;
c) persons who are connected with the company. its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

Table 2: Enel's Board of Statutory Auditors

Office	Members	In office from	In office until	Slate (M/m) (*)	(**)	Number of offices (***)
Chairman	Duca Sergio	1/2011	12/2011	m	100%	4
Regular Auditor	Conte Carlo	1/2011	12/2011	M	100%	5
Regular Auditor	Mariconda Gennaro	1/2011	12/2011	M	95%	1
Alternate Auditor	Salsone Antonia Francesca	1/2011	12/2011	M	-	-
Alternate Auditor	Tutino Franco	1/2011	12/2011	m	-	-
Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: 0.5% of the share capital (****)						
Number of meetings held in the fiscal year 2011: 22						

NOTE

* This column shows M/m depending on whether the auditor has been drawn from the slate voted by the majority (M) or by the minority (m) of the shareholders who attended the Meeting.

** This column shows the percentage of participation of each regular auditor at the Board of Statutory Auditors' meetings. All absences were appropriately explained.

*** This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations. The entire list of the offices is published by CONSOB and is available on its internet website, pursuant to Article 144-*quinquiesdecies* of CONSOB's Regulation on Issuers.

**** This quorum applies with effect from the meetings whose notice of call is published after October 31, 2010. For the meetings convened until that date, the quorum was equal to 1% of the share capital.

(2) The comment on Article 3 of the Self-regulation Code states in this regard that, "in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner more uxorio, and co-habitant family members of a person who could not be considered an independent director".

Table 3: Other provisions of the Self-regulation Code

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Delegation system and transactions with related parties			
Has the Board of Directors delegated powers and established:	X		
a) their limits	X		
b) how they are to be exercised	X		
c) and how often it is to be informed?	X		
Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the Company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the Board of Directors established special procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
Procedures of the most recent election of the Board of Directors and of the Board of Statutory Auditors			
Were the candidacies for the office of director filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of director accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Were the candidacies for the office of director accompanied by a statement that the candidates qualify as independent?	X		
Were the candidacies for the office of statutory auditor filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of statutory auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Shareholders' Meetings			
Has the Company approved regulations for Shareholders' Meetings?	X		
Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)?	X		

continued →

(*) It should be noted that in the 2006 edition of the Self-regulation Code the recommended deadline for filing slates of candidates for the offices of director and statutory auditor was increased from 10 to 15 days. The deadline of 10 days was applicable to the Company under the provisions of the regulations regarding privatizations (Article 4, Law 474 of July 30, 1994) with effect from the meetings whose notice of call has been published within October 31, 2010. For the meetings whose notice of call is published after October 31, 2010, the Unified Financial Act (as amended by Legislative Decree 27 of January 27, 2010) provides that the slates must be files at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Directors or of the Board of Statutory Auditors and must be published by the Company at least 21 days before the date set for the same Meeting.

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Internal control			
Has the Company appointed the person in charge of internal control?	X		
The person in charge is not head of an operating area?	X		
Organizational position of the person in charge of internal control	Head of the Company's Internal Audit Department		
Investor relations			
Has the Company appointed a head of investor relations?	X		
Organizational unit of the head of investor relations and related contact information	Relations with institutional investors: Investor Relations Viale Regina Margherita, 137 - 00198 Rome, Italy tel. ++39 06/83057975 - fax ++39 06/83053771 e-mail: investor.relations@enel.com Relations with retail shareholders: Department of Corporate Affairs Viale Regina Margherita, 137 - 00198 Rome tel. ++39 06/83054000 - fax ++39 06/83055028 e-mail: azionisti.retail@enel.com		

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial reports of the Enel Group at December 31, 2011, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Fulvio Conti and Luigi Ferraris, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2011 and December 31, 2011.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system did not identify any material issues.

3. In addition, we certify that consolidated financial statements of the Enel Group at December 31, 2011:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the Report on operations accompanying the financial statements of the Enel Group at December 31, 2011 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 7, 2012

Fulvio Conti

Chief Executive Officer of Enel SpA

Luigi Ferraris

Officer responsible for the preparation of the financial reports of Enel SpA


Enel
Green Power
Molti credono che l'energia
sia qualcosa di straordinario.
Anche noi.
Enel
Enel:
Research and Innovation
Enel
Il Diamante
Centrale
fotovoltaica
innovativa.
Enel

Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2011

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2011, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.
The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parent Company									
Enel SpA	Rome	Italy	9,403,357,795.00	EUR	Holding company				
Subsidiaries									
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Black River Inc	50.00%	69.17%
							Hydro Development Group Inc	50.00%	
3SUN Srl	Catania	Italy	180,030,000.00	EUR	Development, design, construction and operation of solar panel manufacturing plants	Proportionate	Enel Green Power SpA	33.33%	23.05%
Adria Link Srl	Gorizia	Italy	325,000.00	EUR	Design, construction and operation of merchant lines	Proportionate	Enel Produzione SpA	33.33%	33.33%
Aes Distribuidores Salvadorenos Ltda De Cv	San Salvador	El Salvador	200,000.00	SVC	Electricity generation from renewable resources	Equity	Grupo Egi SA De Cv	20.00%	13.83%
Aes Distribuidores Salvadorenos Y Compania S En C De Cv	San Salvador	El Salvador	200,000.00	SVC	Electricity generation from renewable resources	Equity	Grupo Egi SA De Cv	20.00%	13.83%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	15.35%
Aguas Santiago Poniente SA	Santiago	Chile	6,601,120,747.00	CLP	Water services	Line-by-line	Construcciones Y Proyectos Los Maitenes SA	53.06%	30.70%
							Inmobiliaria Manso De Velasco Ltda	25.82%	
Aguilon 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	51.00%	39.95%
Aioliki Martinou SA	Maroussi	Greece	3,950,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Aioliko Voskero SA	Heraklion, Crete	Greece	955,600.00	EUR	Construction and use of renewables generation plants	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Alpe Adria Energia SpA	Udine	Italy	450,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	40.50%	40.50%
Altomonte Fv Srl	Cosenza	Italy	10,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.59%
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Ampla Energía E Serviços SA	Rio de Janeiro	Brazil	998,230,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Chilectra Inversud SA	21.02%	57.85%
							Enersis SA	13.68%	
							Endesa Latinoamerica SA	7.70%	
							Endesa Brasil SA	46.89%	
							Chilectra SA	10.34%	
Ampla Investimentos E Serviços SA	Rio de Janeiro	Brazil	120,000,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Chilectra Inversud SA	21.02%	57.85%
							Enersis SA	13.68%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
							Endesa Latinoamerica SA	7.70%	
							Endesa Brasil SA	46.89%	
							Chilectra SA	10.34%	
Andaluza De Energia Solar Primera SL	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Energias Especiales De Andalucía SL	76.00%	50.60%
Andaluza De Energia Solar Quinta SL	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Energias Especiales De Andalucía SL	75.00%	49.93%
Andaluza De Energia Solar Tercera SL	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Energias Especiales De Andalucía SL	75.00%	49.93%
Andorra Desarrollo SA	Teruel	Spain	901,520.00	EUR	Regional development	Line-by-line	Endesa Generación SA	100.00%	92.06%
Apamea 2000 SL	Madrid	Spain	3,010.00	EUR	Services	Line-by-line	Endesa SA	100.00%	92.06%
Apiacàs Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Aplicaçoes Hidroelectricas Da Beira Alta Ltda	Lisbon	Portugal	399,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	35.71%	27.97%
Aprovechamientos Eléctricos SA	Madrid	Spain	420,700.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Aquenergy Systems Inc	Greenville (South Carolina)	USA	10,500.00	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc	100.00%	69.17%
Aquilae Solar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Aragonesa De Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%
Argyri Energiaki SA	Athens	Greece	3,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Aridos Energias Especiales SL	Villalbilla	Spain	600,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	41.05%	32.15%
Artic Russia BV (formerly ENI Russia Bv)	Amsterdam	Netherlands	100,000.00	EUR	Holding company	Proportionate	Enel Investment Holding BV	40.00%	40.00%
Asin Carbono Usa Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation	Line-by-line	Endesa Carbono Usa LLC	100.00%	75.95%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Operation and maintenance of generation plants	Proportionate	Endesa Generación SA	85.41%	78.63%
Asoleo SL	Madrid	Spain	320,000.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.01%	39.17%
Atacama Finance Co	Cayman Islands	Cayman Islands	6,300,000.00	USD	Holding company	Proportionate	Gas Atacama SA	0.10%	16.74%
							Inversiones Gasatacama Holding Ltda	99.90%	
Atelgen - Produção De Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	51.00%	39.95%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Aysèn Transmisiòn SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Proportionate	Centrales Hidroeléctricas De Aysén SA	99.00%	17.07%
							Empresa Nacional De Electricidad SA	0.51%	
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity	Proportionate	Centrales Hidroeléctricas De Aysén SA	99.00%	17.07%
							Empresa Nacional De Electricidad SA	0.51%	
Azucarera Energias SA	Madrid	Spain	570,600.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Barbao SA	Madrid	Spain	284,878.74	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc	100.00%	69.17%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings Ltd	67.50%	46.69%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	100.00%	69.17%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	100.00%	69.17%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000.00	EUR	Marketing of projects for electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	51.00%	39.95%
Black River Hydro Assoc	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	(Cataldo) Hydro Power Associates	75.00%	51.88%
Blue Line Valea Nucarilor SRL	Sat Rusu de Sus	Romania	600	RON	Electricity generation	Line-by-line	Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	100.00%	69.17%
Boiro Energia SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Bolonia Real Estate SL	Madrid	Spain	3,008.00	EUR	Real estate	Line-by-line	Endesa SA	100.00%	92.06%
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Hydropower Inc	100.00%	69.17%
Boott Hydropower Inc	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	69.17%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Finance Holding Company Inc	100.00%	69.17%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Idaho Inc	100.00%	69.17%
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Fulcrum Inc	24.08%	69.17%
							Bp Hydro Associates	75.92%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Bypass Limited	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	El Dorado Hydro	1.00%	69.17%
							Chi West Inc	29.65%	
							Northwest Hydro Inc	69.35%	
Bypass Power Company	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc	100.00%	69.17%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Research and testing	Equity	Enel SpA	41.94%	41.94%
Calizas Elycar SL	Huesca	Spain	1,803,000.00	EUR	Combined-cycle generation plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	25.00%	19.58%
Campos - Recursos Energéticos ACE	Barroselas	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	74.41%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	69.17%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	69.17%
Carboex SA	Madrid	Spain	24,040,480.00	EUR	Fuel supply	Line-by-line	Endesa Generación SA	100.00%	92.06%
Carbones De Berga SA	Barcelona	Spain	649,090.00	EUR	Mining	Line-by-line	Minas Y Ferrocarril De Utrillas SA	100.00%	92.06%
Carbopego - Abastecimientos E Combustiveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Proportionate	Endesa Generación Portugal SA	0.01%	46.03%
							Endesa Generación SA	49.99%	
Carvemagere - Manutençao E Energias Renováveis Lda	Barcelos	Portugal	84,700.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	65.00%	50.91%
Castle Rock Ridge Limited Partnership	Wilmington (Delaware)	USA	1,000.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc	100.00%	69.17%
Cefeidas Desarrollo Solar SL	Puerto Del Rosario	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	289,340,000.00	BRL	Electricity generation and sale	Line-by-line	Endesa Brasil SA	99.61%	54.78%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Inversora Dock Sud SA (formerly Sociedad Inversora Dock Sud SA)	69.99%	36.82%
Central Eólica Canela SA	Santiago	Chile	12,284,740,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Endesa Eco SA	75.00%	25.10%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Endesa Brasil SA	100.00%	54.99%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Operation of hydro-electric plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.30%	26.08%
Central Térmica De Anllares AIE	Madrid	Spain	595,000.00	EUR	Management of thermal plants	Equity	Endesa Generación SA	33.33%	30.68%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Proportionate	Central Dock Sud SA	6.40%	9.92%
							Hidroeléctrica El Chocón SA	33.20%	
							Endesa Costanera SA	1.30%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Centrales Hidroeléctricas De Aysén SA	Santiago	Chile	14,497,566,518,200.00	CLP	Design	Proportionate	Empresa Nacional De Electricidad SA	51.00%	17.07%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Management of nuclear plants	Equity	Endesa Generación SA	23.57%	22.02%
							Nuclenor SA	0.69%	
Centrum Pre Vedu a Vyskum Sro	Mochovce	Slovakia	6,639.00	EUR	Research and development on natural sciences and engineering	Line-by-line	Slovenské Elektrárne AS	100.00%	66.00%
Chepei Desarollo Solar L	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Chi Acquisitions Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Black River Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Highfalls Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Hydroelectric Company Inc	St. John (Newfoundland)	Canada	6,834,448.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	69.17%
Chi Idaho Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Chi Acquisitions Inc	100.00%	69.17%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Operations Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Power Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi Power Marketing Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Chi S F LP	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Chi Hydroelectric Company Inc	100.00%	69.17%
Chi West Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Chi Acquisitions Inc	100.00%	69.17%
Chilectra Inversud SA	Santiago	Chile	569,020,000.00	USD	Holding company	Line-by-line	Chilectra SA	100.00%	55.30%
Chilectra SA	Santiago	Chile	36,792,868,194.00	CLP	Holding company. Electricity distribution	Line-by-line	Enersis SA	99.08%	55.30%
							Inmobiliaria Manso De Velasco Ltda	0.01%	
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Edegel SA	80.00%	16.73%
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	69.17%
Chladiace Veze Bohunice Spol Sro	Bohunice	Slovakia	16,598.00	EUR	Engineering and construction	Equity	Slovenské Elektrárne AS	35.00%	23.10%
Codensa SA ESP	Bogotá D.C.	Colombia	13,209,330,000.00	COP	Electricity distribution and sale	Line-by-line	Enersis SA	12.47%	36.67%
							Endesa Latinoamerica SA	26.66%	
							Chilectra SA	9.35%	
Cogeneración El Salto SL	Zaragoza	Spain	36,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	20.00%	15.67%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Cogeneración Hostalrich AIE	Girona	Spain	781,300.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.00%	25.85%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	20.00%	15.67%
Comercializadora Eléctrica De Cádiz SA	Cádiz	Spain	600,000.00	EUR	Electricity generation and sale	Equity	Suministradora Eléctrica De Cádiz SA	100.00%	30.84%
Compagnia Porto Di Civitavecchia SpA	Rome	Italy	20,516,000.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Companhia Energética Do Ceará SA	Fortaleza	Brazil	442,950,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	2.27%	32.96%
							Investluz SA	56.59%	
Companhia Térmica Do Beato ACE	Lisbon	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	65.00%	50.91%
Companhia Térmica Do Serrado ACE	Paços De Brandão	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	51.00%	39.95%
Companhia Térmica Hectare ACE	Alcochete	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	60.00%	47.00%
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	74.41%
Companhia Térmica Oliveira Ferreira ACE	Riba De Ave	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	74.41%
Companhia Térmica Ponte Da Pedra ACE	Maia	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	74.41%
Companhia Térmica Ribeira Velha ACE	S. Paio De Oleiros	Portugal	-	EUR	Electricity generation	Line-by-line	Pp - Co-Geração SA	49.00%	78.33%
							TP - Sociedade Térmica Portuguesa SA	51.00%	
Companhia Térmica Tagol Lda	Algés	Portugal	5,000.00	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	74.41%
Compañía De Interconexión Energética SA	Rio de Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	100.00%	54.99%
Compañía De Transmisión Del Mercosur SA	Buenos Aires	Argentina	14,175,999.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía De Interconexión Energética SA	100.00%	54.99%
Compañía Eléctrica San Isidro SA	Santiago	Chile	39,005,900,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional De Electricidad SA	100.00%	33.47%
Compañía Eléctrica Tarapacá SA	Santiago	Chile	103,099,640,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Endesa Inversiones Generales SA	0.06%	33.47%
							Empresa Nacional De Electricidad SA	99.94%	
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	35.63%	27.91%
Compañía Transportista De Gas De Canarias SA	Las Palmas De Gran Canaria	Spain	800,003.00	EUR	Natural gas transport	Equity	Unión Eléctrica De Canarias Generación SAU	47.18%	43.43%
Compostilla Re SA	Luxembourg	Luxembourg	12,000,000.00	EUR	Reinsurance	Line-by-line	Enel.Re NV	100.00%	96.03%

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Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Ingegneria e Innovazione SpA	49.00%	100.00%
							Enel Produzione SpA	51.00%	
Coneross Power Corporation Inc	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Aquenergy Systems Inc	100.00%	69.17%
Conexion Energetica Centroamericana El Salvador SA De Cv	San Salvador	El Salvador	7,950,600.00	SVC	Electricity generation from renewable resources	Line-by-line	Grupo Egi SA De Cv	40.86%	69.17%
							Enel Green Power International BV	59.14%	
Consolidated Hydro New Hampshire Inc	Wilmington (Delaware)	USA	130	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Consolidated Hydro New York Inc	Wilmington (Delaware)	USA	200	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Consolidated Hydro Southeast Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	95.00%	69.17%
							Gauley River Power Partners LP	5.00%	
Consolidated Pumped Storage Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	80.00%	55.34%
Consorcio Ara-Ingendesa Ltda	Santiago	Chile	1,000,000.00	CLP	Design and consulting services	Proportionate	Empresa De Ingeniería Ingendesa SA	50.00%	16.74%
Consorcio Ara-Ingendesa Sener Ltda	Santiago	Chile	1,000,000.00	CLP	Design and consulting services	Equity	Empresa De Ingeniería Ingendesa SA	33.33%	11.16%
Consorcio Eólico Marino Cabo De Trafalgar SL	Cádiz	Spain	200,000.00	EUR	Wind plants	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Consorcio Ingendesa-Minmetal Ltda	Santiago	Chile	2,000,000.00	CLP	Engineering services	Proportionate	Empresa De Ingeniería Ingendesa SA	50.00%	16.74%
Consorzio Sviluppo Solare in liquidation	Rome	Italy	100,000.00	EUR	-	-	Enel Produzione SpA	30.00%	78.42%
							Enel.Si - Servizi Integrati Srl	70.00%	
Construcciones Y Proyectos Los Maitenes SA	Santiago	Chile	40,139,442,730.00	CLP	Engineering and construction	Line-by-line	Inmobiliaria Manso De Velasco Ltda	55.00%	30.69%
Copenhagen Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	50.00%	69.17%
							Enel Green Power North America Inc	50.00%	
Corporación Eólica De Zaragoza SL	Zaragoza	Spain	2,524,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	25.00%	19.58%
Cte - Central Termica Do Estuário Lda	Porto	Portugal	563,910.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Depuracion Destilacion Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Desarollo Photosolar SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Diseño de Sistemas en silicio SA	Valencia	Spain	578,000.00	EUR	Photovoltaic systems	-	Endesa Servicios SL	14.39%	13.25%
Distribución Y Comercialización De Gas Extremadura Dicogexsa SA	Badajoz	Spain	21,632,400.00	EUR	Gas distribution	Proportionate	Endesa Gas SAU	47.00%	43.27%
Distribuidora De Energía Eléctrica Del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA	55.00%	92.06%
							Hidroeléctrica De Catalunya SL	45.00%	
Distribuidora Eléctrica De Cundinamarca SA ESP	Bogotá D.C.	Colombia	1,000,000.00	COP	Electricity distribution and sale	Proportionate	Codensa SA ESP	49.00%	17.97%
Distribuidora Eléctrica Del Puerto De La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchasing, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Enersis SA	27.19%	28.42%
							Empresa Nacional De Electricidad SA	0.89%	
							Chilectra SA	23.42%	
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	69.17%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	69.17%
Enel Green Power Emiliana Eolica Sa	Rio de Janeiro	Brazil	13,509,360.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eolico Curva Dos Ventos Ltda	1.00%	69.17%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Jeotermal Enerji Yatirimlari As	Istanbul	Turkey	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International Bv	98.99%	68.47%
Enel Green Power Joana Eolica Sa	Rio de Janeiro	Brazil	13,067,280.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eolico Curva Dos Ventos Ltda	1.00%	69.17%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Pau Ferro Eólica Sa	Rio de Janeiro	Brazil	14,520,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eolico Curva Dos Ventos Ltda	1.00%	69.17%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Pedra Do Gerônimo Eólica Sa	Rio de Janeiro	Brazil	13,998,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eolico Curva Dos Ventos Ltda	1.00%	69.17%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Tacaicó Eólica Sa	Rio de Janeiro	Brazil	8,972,400.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eolico Curva Dos Ventos Ltda	1.00%	69.17%
							Enel Brasil Participações Ltda	99.00%	
Energiaki Polymyloy Sa	Athens	Greece	45,553,352.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
ENergy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Purchasing and sale of electricity	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Edegel SA	Lima	Peru	2,064,301,735.00	PEN	Electricity generation, distribution and sale	Line-by-line	Empresa Nacional De Electricidad SA	29.40%	20.91%
							Generandes Perú SA	54.20%	
Eed - Empreendimentos Eólicos Do Douro SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	85.00%	66.58%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eevm - Empreendimentos Eólicos Vale Do Minho SA	Porto	Portugal	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Eol Verde Energia Eólica SA	50.00%	29.37%
Egp Geronimo Holding Company Inc	Wilmington (Delaware)	USA	1,000.00	USD	Holding company	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Egp Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Olympe Inc	82.50%	69.17%
							Northwest Hydro Inc	17.50%	
Elcogas SA	Puertollano	Spain	20,242.26	EUR	Electricity generation	Equity	Enel SpA	4.31%	42.05%
							Endesa Generación SA	40.99%	
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle generation	Proportionate	Endesa Generación Portugal SA	50.00%	45.99%
Electrica Cabo Blanco SA (formerly Empresa Electrica Cabo Blanco SA)	Lima	Peru	46,508,170.00	PEN	Holding company	Line-by-line	Endesa Latinoamerica SA	80.00%	92.06%
							Generalima SA	20.00%	
Electricidad De Puerto Real SA	Cádiz	Spain	6,611,130.00	EUR	Electricity distribution and sale	Proportionate	Endesa Distribución Eléctrica SL	50.00%	46.03%
Electrogas SA	Santiago	Chile	61,832,327.00	USD	Holding company	Equity	Empresa Nacional De Electricidad SA	42.50%	14.23%
Eléctrica De Jafre SA	Girona	Spain	165,880.00	EUR	Electricity distribution and sale	Equity	Hidroeléctrica De Catalunya SL	47.46%	43.69%
Eléctrica De Lijar SL	Cádiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Proportionate	Endesa Red SA	50.00%	46.03%
Emgesa SA ESP	Bogotá D.C.	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Endesa Latinoamerica SA	21.60%	28.88%
							Empresa Nacional De Electricidad SA	26.88%	
Emittente Titoli SpA	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
Empreendimento Eólico De Rego Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	51.00%	39.95%
Empreendimentos Eólicos Da Serra Do Sicó SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	TP - Sociedade Térmica Portuguesa SA	52.38%	41.03%
Empreendimentos Eólicos De Alvadia Lda	Porto	Portugal	1,150,000.00	EUR	Electricity generation from renewable resources	Proportionate	Finerge-Gestao De Projectos Energéticos SA	48.00%	37.60%
Empreendimentos Eólicos De Viade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	80.00%	62.66%
Empreendimientos Eolicos Cerveirenses SA	Vila Nova De Cerveira	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Eevm - Empreendimentos Eólicos Vale Do Minho SA	84.99%	24.96%
Empreendimientos Eolicos Da Espiga Sa	Caminha	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Eevm - Empreendimentos Eólicos Vale Do Minho SA	100.00%	29.37%
Empresa Carbonífera Del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	92.06%
Empresa De Distribución Eléctrica De Lima Norte SAA	Lima	Peru	638,560,000.00	PEN	Electricity distribution and sale	Line-by-line	Enersis SA	24.00%	48.68%
							Inversiones Distrilima SA	51.68%	
Empresa De Energía Cundinamarca SA ESP	Bogotá D.C.	Colombia	39,699,630,000.00	COP	Electricity distribution and sale	Proportionate	Distribuidora Eléctrica De Cundinamarca SA ESP	82.34%	14.80%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Empresa De Ingeniería Ingendesa SA	Santiago	Chile	2,383,484,817.00	CLP	Engineering services	Line-by-line	Endesa Inversiones Generales SA	1.25%	33.47%
							Empresa Nacional De Electricidad SA	98.75%	
Empresa Distribuidora Sur SA	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Distrilec Inversora SA	56.36%	42.22%
							Enersis SA	16.02%	
							Endesa Latinoamerica SA	6.22%	
							Chilectra SA	20.85%	
Empresa Electrica Panguipulli SA	Santiago	Chile	14,053,147.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	99.99%	69.17%
							Energia Alerce Ltda	0.01%	
Empresa Electrica Puyehue SA	Santiago	Chile	11,169,752,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	99.90%	69.17%
							Energia Alerce Ltda	0.10%	
Empresa Eléctrica De Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Chilectra SA	100.00%	55.30%
Empresa Eléctrica De Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Electrica Cabo Blanco SA (formerly Empresa Electrica Cabo Blanco SA)	60.00%	88.84%
							Generalima SA	36.50%	
Empresa Eléctrica Pangue SA	Santiago	Chile	91,041,497,037.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Endesa Inversiones Generales SA	0.01%	36.41%
							Endesa Latinoamerica SA	5.01%	
							Empresa Nacional De Electricidad SA	94.98%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	200,319,020.73	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional De Electricidad SA	92.65%	31.01%
Empresa Nacional De Electricidad SA	Santiago	Chile	1,331,714,090,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	59.98%	33.47%
Empresa Nacional De Geotermia SA	Santiago	Chile	54,430,867.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	51.00%	35.28%
Empresa Propietaria De La Red SA	Panama	Republic of Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Endesa Latinoamerica SA	11.11%	10.23%
En-Brasil Comercio E Serviços SA	Rio de Janeiro	Brazil	10,000.00	BRL	Electrical industry	Line-by-line	Endesa Brasil SA	99.99%	54.99%
							Central Geradora Termelétrica Fortaleza SA	0.01%	
Endesa Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Endesa Inversiones Generales SA	0.34%	33.47%
							Empresa Nacional De Electricidad SA	99.66%	
Endesa Brasil SA	Rio de Janeiro	Brazil	916,880,000.00	BRL	Holding company	Line-by-line	Chilectra Inversud SA	4.23%	54.99%
							Enersis SA	21.46%	
							Endesa Latinoamerica SA	27.71%	
							Empresa Nacional De Electricidad SA	35.29%	
							Edegel SA	4.07%	
							Chilectra SA	4.53%	
Endesa Capital Finance LLC	Wilmington (Delaware)	USA	100	USD	Finance	Line-by-line	International Endesa BV	100.00%	92.06%
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Carbono SL	Madrid	Spain	17,200.00	EUR	Sales of emission rights	Line-by-line	Endesa SA	82.50%	75.95%
Endesa Carbono Usa LLC	Virginia	USA	20,000.00	USD	Electricity sales	Line-by-line	Endesa Carbono SL	100.00%	75.95%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Cemsa SA	Buenos Aires	Argentina	14,010,014.00	ARS	Electricity sales	Line-by-line	Endesa Latinoamerica SA	55.00%	65.70%
							Endesa Argentina SA	45.00%	
Endesa Comercializaçao De Energia SA	Porto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Costanera SA	Buenos Aires	Argentina	146,990,000.00	ARS	Electricity generation and sale	Line-by-line	Empresa Nacional De Electricidad SA	12.33%	23.35%
							Southern Cone Power Argentina SA	5.50%	
							Endesa Argentina SA	51.93%	
Endesa Desarrollo SL	Madrid	Spain	3,010.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Distribución Eléctrica SL	Barcelona	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Eco SA	Santiago	Chile	681,850,000.00	CLP	Studies and projects in the renewable resources field	Line-by-line	Endesa Inversiones Generales SA	0.01%	33.47%
							Empresa Nacional De Electricidad SA	99.99%	
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Energy product marketing	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Electricity marketing and services	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Financiación Filiales SA	Madrid	Spain	462,100,301,000.00	EUR	Finance	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Gas SAU	Zaragoza	Spain	45,261,350.00	EUR	Gas production, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Gas T&D SL (formerly Nubia 2000 SL)	Madrid	Spain	100,000,000.00	EUR	Electricity generation	Equity	Endesa Gas SAU	20.00%	18.41%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Generación Portugal SA	Paço De Arcos	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	0.20%	91.98%
							Finerge-Gestao De Projectos Energéticos SA	0.20%	
							Endesa Generación SA	99.20%	
							Endesa Energía SA	0.20%	
							Energías De Aragón II SL	0.20%	
Endesa Generación SA	Seville	Spain	1,945,329,830.00	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Engineering and consulting services	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Inversiones Generales SA	Santiago	Chile	3,055,837,927.00	CLP	Holding company	Line-by-line	Empresa Eléctrica Pehuenche SA	0.49%	33.46%
							Empresa Nacional De Electricidad SA	99.51%	
Endesa Ireland LTD	Dublin	Ireland	439,733,778.00	EUR	Electricity generation, transmission and distribution	Line-by-line	Endesa Generación SA	100.00%	92.06%
Endesa Latinoamerica SA	Madrid	Spain	1,500,000,000.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
Endesa North América Inc	New York (New York)	USA	1	USD	Representative office	Line-by-line	Endesa Desarrollo SL	100.00%	92.06%
Endesa Operaciones Y Servicios Comerciales SL	Barcelona	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Power Trading Ltd	London	United Kingdom	2	GBP	Trading	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Red SA	Barcelona	Spain	714,985,850.00	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	92.06%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Energy Europe SL	92.06%	92.06%
Endesa Servicios SL	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	92.06%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Trading SA	Madrid	Spain	800,000.00	EUR	Trading	Line-by-line	Endesa Generación SA	100.00%	92.06%
Enel Albania Shpk (in liquidation)	Tirana	Albania	73,230,000.00	ALL	Plant construction, operation and maintenance. Electricity generation and trading	-	Enel Investment Holding BV	100.00%	100.00%
Enel Alberta Wind Inc	Calgary	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	69.17%
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	419,400,000.00	BRL	Holding company	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	69.17%
Enel Atlantic Canada LP	St. John (Newfoundland)	Canada	-	CAD	Wind power	Line-by-line	Hydrodev Inc	3.90%	69.17%
							Newind Group Inc	1.00%	
							Chi Hydroelectric Company Inc	13.10%	
							Enel Green Power Canada Inc.	82.00%	
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	69.17%
Enel De Costa Rica SA	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Distributie Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA (formerly Electrica Muntenia Sud SA)	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Electricity and gas sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA (formerly Electrica Furnizare Muntenia Sud SA)	Bucharest	Romania	37,004,350.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Energy Europe SL	Madrid	Spain	500,000,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Esn Energo LLC	St Petersburg	Russian Federation	2,700,000.00	RUB	Operation and maintenance of generation plants	Line-by-line	Enel Esn Management BV	100.00%	75.00%
Enel Esn Management BV	Amsterdam	Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Produzione SpA	75.00%	75.00%
Enel Finance International NV	Amsterdam	Netherlands	1,478,810,370.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Fortuna SA	Panama	Republic of Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Panama SA	50.06%	34.63%
Enel France Sas	Paris	France	34,937,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	69.17%
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	10,000.00	EUR	Design, construction and maintenance of photovoltaic plants	Proportionate	Enel Green Power SpA	50.00%	34.59%
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	35.28%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	1,757,364.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Enel Green Power Cristal Eolica SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	60.00%	78.33%
							Endesa Generación SA	40.00%	
Enel Green Power Extremadura	Merida (Badajoz)	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Enel Green Power France Sas (formerly Enel Erelis Sas)	Lyon	France	80,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Green Power Hellas SA	Maroussi	Greece	2,161,000.00	EUR	Holding company, energy services	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Green Power International BV	Amsterdam	Netherlands	244,532,298.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Modelo I Eolica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	60.00%	63.50%
							Endesa Brasil SA	40.00%	
Enel Green Power Modelo II Eolica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	60.00%	63.50%
							Endesa Brasil SA	40.00%	
Enel Green Power North America Inc	Wilmington (Delaware)	USA	50	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Perù SA	Lima	Peru	1,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.90%	69.17%
							Energia Alerce Ltda	0.10%	
Enel Green Power Portoscuso Srl (formerly Portoscuso Energia Srl)	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Primavera SA	Rio de Janeiro	Brazil	16,506,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	Melissano	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	Sat Rusu de Sus	Romania	890,000,500.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Green Power SAO Judas Eolica SA	Rio de Janeiro	Brazil	17,256,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
							Tp - Sociedade Térmica Portuguesa SA	17,98%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	69.17%	69.17%
Enel Green Power San Gillio Srl	Milan	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	80.00%	55.34%
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	41.50%
Enel Green Power TSS Srl (formerly Anemos 1 Srl)	Melissano	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	100.00%	69.17%
Enel Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Ingegneria e Innovazione SpA	Rome	Italy	30,000,000.00	EUR	Analysis, design, construction and maintenance of engineering works	Line-by-line	Enel SpA	100.00%	100.00%
Enel Investment Holding BV	Amsterdam	Netherlands	1,593,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Enel Latin America (Chile) Ltda	Santiago	Chile	20,455,970,775.00	CLP	Electricity generation from renewable resources	Line-by-line	Hydromac Energy BV	0.01%	69.17%
							Energia Alerce Ltda	99.99%	
Enel Lease Eurl (formerly Société Du Parc Eolien Grandes Terres Est Eurl)	Lyon	France	500,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%
Enel Longanesi Developments Srl	Rome	Italy	10,000,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel M@P Srl	Rome	Italy	100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel Distribuzione SpA	100.00%	100.00%
Enel Nevkan Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Enel OGK-5 OJSC (formerly OGK-5 OJSC)	Yekaterinburg	Russian Federation	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel Investment Holding BV	56.43%	56.43%
Enel Panama SA	Panama	Republic of Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Enel Productie Srl (formerly Global Power Investment Srl)	Bucharest	Romania	19,910,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Rete Gas SpA	Milan	Italy	54,139,160.00	EUR	Gas distribution	Equity	Enel Distribuzione SpA	19.88%	19.88%
Enel Romania Srl (formerly Enel Servicii Srl)	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Rus LLC	Moscow	Russian Federation	350,000.00	RUB	Energy services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	69.17%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	Enel Distributie Banat SA	50.00%	51.00%
							Enel Distributie Dobrogea SA	50.00%	
Enel Servizi Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Servizio Elettrico SpA	Rome	Italy	10,000,000.00	EUR	Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	69.17%
Enel Stoccaggi Srl	Rome	Italy	3,030,000.00	EUR	Construction and operation of storage fields. Storage of natural gas	Proportionate	Enel Trade SpA	51.00%	51.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	69.17%
Enel Texkan Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc	100.00%	69.17%
Enel Trade Hungary Kft (in liquidation)	Budapest	Hungary	184,690.00	EUR	Electricity sourcing and trading	-	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	74,250,200.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia D.o.o.	Belgrado	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics. Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Trade D.o.o.	Zagabria	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	12,500,000.00	EUR	Factoring	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Newhydro Srl	Rome	Italy	1,000,000.00	EUR	Engineering and water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Re Ltd	Dublin	Ireland	3,000,000.00	EUR	Reinsurance	Line-by-line	Enel.Re NV	100.00%	96.03%
Enel.Re NV	Amsterdam	Netherlands	50,000.00	EUR	Insurance holding company	Line-by-line	Endesa SA	50.00%	96.03%
							Enel Investment Holding BV	50.00%	
Enel.Si - Servizi Integrati Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Enelco SA	Athens	Greece	7,160,108.60	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor And Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower Spa	51.00%	51.00%
Enelpower Do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000.00	BRL	Electrical engineering	Line-by-line	Enel Brasil Participações Ltda	99.99%	69.17%
							Enel Green Power International BV	0.01%	
Enelpower SpA	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%
Eneop-Eólicas de Portugal SA	Lisbon	Portugal	5,000,000.00	EUR	Electricity generation from renewable resources	Equity	Finerge-Gestao De Projectos Energéticos SA	17.98%	28.17%
							TP - Sociedade Térmica Portuguesa SA	17.98%	
Enercampo - Produçao De Energia Lda	Porto	Portugal	249,400.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Enercor - Produção De Energia ACE	Montijo	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	70.00%	54.83%
Energex Co	Cayman Islands	Cayman Islands	10,000.00	USD	Holding company	Proportionate	Gas Atacama Chile SA	100.00%	16.74%
Energia Alerce Ltda	Santiago	Chile	1,360,670.00	CLP	Holding company	Line-by-line	Hydromac Energy BV	99.90%	69.17%
							Enel Green Power International BV	0.10%	
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	35.28%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energia Global De Mexico (Enermex) SA De Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	68.48%
Energia Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	100.00%	69.17%
Energia Nueva Energia Limpia Mexico Srl De Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Guatemala SA	0.01%	69.17%
							Enel Green Power International BV	99.99%	
Energia Nueva de Iggu Srl de CV	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Energia Nueva Energia Limpia Mexico Srl De Cv	0.10%	69.17%
							Impulsora Nacional De Electricidad Srl De Cv	99.90%	
Energias De Villarrubia SL	Barcelona	Spain	3,010.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	20.00%	15.67%
Energias Especiales De Andalucía SL	Seville	Spain	800,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	85.00%	66.58%
Energias Especiales De Careon SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	77.00%	60.31%
Energias Especiales De Pena Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	80.00%	62.66%
Energias Especiales Del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energias Especiales Del Bierzo SA	Torre Del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Energias Especiales Del Noroeste SA	Madrid	Spain	6,812,040.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energias Especiales Montes Castellanos SL	Madrid	Spain	6,741,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energias Especiales Valencianas SL	Valencia	Spain	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energias Renovables Montes De San Sebastián SL	Madrid	Spain	2,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energie Electrique De Tahaddart SA	Tangeri	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Proportionate	Endesa Generación SA	32.00%	29.46%
Energosluzby AS (in liquidation)	Trnava	Slovakia	33,194.00	EUR	Business services	-	Slovenské Elektrárne AS	100.00%	66.00%
Energotel AS	Bratislava	Slovakia	2,191,200.00	EUR	Operation of optical fiber network	-	Slovenské Elektrárne AS	16.67%	11.00%
Energética De Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.00%	21.15%
Energía De La Loma SA	Jean	Spain	4,450,000.00	EUR	Biomass	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Energías Alternativas Del Sur SL	Las Palmas De Gran Canaria	Spain	601,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Energías De Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Generación SA	100.00%	92.06%
Energías De Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energías De Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	66.67%	52.22%
Energías De La Mancha SA	Villarta De San Juan (Ciudad Real)	Spain	279,500.00	EUR	Biomass	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	68.42%	53.59%
Energías Especiales De Gata SL	Badajoz	Spain	3,100.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energías Especiales De Padul SL	Madrid	Spain	3,100.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energías Especiales Montes De Andalucía SL	Seville	Spain	3,100.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Energías Especiales Santa Barbara SL	Badajoz	Spain	3,100.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Enerlasa SA	Madrid	Spain	1,021,700.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	45.00%	35.25%
Enerlive Srl	Cosenza	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	41.50%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enerlousado Lda	Porto	Portugal	5,000.00	EUR	Combined-cycle generation plants	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	50.00%	78.33%
							TP - Sociedade Térmica Portuguesa SA	50.00%	
Enersis SA	Santiago	Chile	2,824,882,830,000.00	CLP	Electricity generation and distribution	Line-by-line	Endesa Latinoamerica SA	60.62%	55.81%
Enerviz - Produçao De Energia De Vizela Lda	Porto	Portugal	673,380.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Ensafeca Holding Empresarial SL	Barcelona	Spain	7,721,330,000.00	EUR	IT services	Equity	Endesa SA	32.43%	29.86%
Eol Verde Energia Eólica SA	Porto	Portugal	50,000.00	EUR	Water treatment and distribution	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	75.00%	58.74%
Eolcinf - Produçao De Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	51.00%	39.95%
Eolflor - Produçao De Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	51.00%	39.95%
Epresa Energia SA	Cádiz	Spain	1,600,000.00	EUR	Electricity generation and distribution	Proportionate	Electricidad De Puerto Real SA	100.00%	46.03%
Ercasa Cogeneración SA	Zaragoza	Spain	601,000.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Erecosalz SL	Zaragoza	Spain	18,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.00%	25.85%
Erfei AIE	Tarragona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	42.00%	32.90%
Essex Company	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Eufer Operación SL (formerly Eufer Comercializadora SL)	Madrid	Spain	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Eurohueco Cogeneración AIE	Barcelona	Spain	2,606,000.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Explotaciones Eólicas De Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	70.00%	54.83%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	73.60%	57.65%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	65.00%	50.91%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	90.00%	70.49%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	90.00%	70.49%
Eólica De La Cuenca Central Asturiana SL	Asturias	Spain	30,000.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Eólica Del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	51.00%	39.95%
Eólica Del Principado SAU	Oviedo	Spain	90,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Eólica Fazenda Nova - Generaçao E Comercializaçao De Energia SA	Rio Grande Do Norte	Brazil	1,839,000.00	BRL	Wind plants	Line-by-line	Endesa Brasil SA	99.95%	54.97%
Eólica Valle Del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.50%	39.55%
Eólicas De Agaete SL	Las Palmas De Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	80.00%	62.66%
Eólicas De Fuencaliente SA	Las Palmas De Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	55.00%	43.08%
Eólicas De Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Eólicas De La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Eólicas De Lanzarote SL	Las Palmas De Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Eólicas De Tenerife AIE	Santa Cruz De Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eólicas De Tirajana AIE	Las Palmas De Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	60.00%	47.00%
Eólicos Touriñán SA	La Coruña	Spain	601,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Feneralt - Produção De Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Equity	TP - Sociedade Térmica Portuguesa SA	25.00%	19.58%
Finerge-Gestao De Projectos Energéticos SA	Porto	Portugal	750,000.00	EUR	Cogeneration of electricity and heat and generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Fisterra Eolica SL	La Coruña	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Fotovoltaica Insular SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Fulcrum Inc	Boise (Idaho)	USA	1,002.50	USD	Electricity generation from renewable resources	Line-by-line	Chi Acquisitions Inc	100.00%	69.17%
Fábrica Do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	500,000.00	EUR	Electricity generation	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	50.00%	39.16%
Galsi SpA	Milan	Italy	37,242,300.00	EUR	Engineering in energy and infrastructure sector	-	Enel Produzione SpA	15.61%	15.61%
Garden Heights Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	69.17%
Garofeica SA	Barcelona	Spain	721,200.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.00%	21.15%
Gas Atacama Chile SA	Santiago	Chile	185,025,186.00	USD	Electricity generation	Proportionate	Gas Atacama SA	99.90%	16.74%
							Inversiones Endesa Norte SA	0.05%	
Gas Atacama SA	Santiago	Chile	291,484,088.00	USD	Holding company	Proportionate	Inversiones Gasatacama Holding Ltda	100.00%	16.74%
Gas Extremadura Transportista SL	Badajoz	Spain	5,000,000.00	EUR	Gas transportation and storage	Proportionate	Endesa Gas SAU	40.00%	36.82%
Gas Y Electricidad Generación SAU	Palma De Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%
Gasificadora Regional Canaria SA	Las Palmas De Gran Canaria	Spain	238,320.00	EUR	Gas distribution	Line-by-line	Endesa Gas SAU	72.00%	66.28%
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Proportionate	Gas Atacama SA	57.23%	16.74%
							Inversiones Endesa Norte SA	0.03%	
							Energex Co	42.71%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Proportionate	Gasoducto Atacama Argentina SA	100.00%	16.74%
Gasoducto Taltal SA	Santiago	Chile	17,141,400,000.00	CLP	Natural gas transport	Proportionate	Gasoducto Atacama Argentina SA	0.12%	16.74%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
							Gas Atacama Chile SA	99.88%	
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	69.17%
Gauley River Management Corporation	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Gauley River Management Corporation	100.00%	69.17%
Generadora De Occidente Ltda	Guatemala	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Guatemala SA	1.00%	69.17%
							Enel Green Power International BV	99.00%	
Generadora Montecristo SA	Guatemala	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Guatemala SA	0.01%	69.17%
							Enel Green Power International BV	99.99%	
Generalima SA	Lima	Peru	146,534,335.00	PEN	Holding company	Line-by-line	Endesa Latinoamerica SA	100.00%	92.06%
Generandes Perú SA	Lima	Peru	853,429,020.00	PEN	Holding company	Line-by-line	Empresa Nacional De Electricidad SA	61.00%	20.42%
Geotermica Del Norte SA	Santiago	Chile	62,728,178,101.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	51.00%	35.28%
Geotermica Nicaraguense SA	Managua	Nicaragua	92,050,000.00	NIO	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	41.50%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Equity	Egp Geronimo Holding Company Inc	25.00%	17.29%
Glafkos Hydroelectric Station SA	Maroussi	Greece	4,690,000.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Empresa Nacional De Electricidad SA	33.33%	11.16%
Gnl Quintero SA	Santiago	Chile	195,882,353.00	USD	Design and LNG supply	Equity	Empresa Nacional De Electricidad SA	20.00%	6.69%
Gorona Del Viento El Hierro SA	Valverde De El Hierro	Spain	23,936,710.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica De Canarias Generación SAU	30.00%	27.62%
Green Fuel Corporacion SA	Santader	Spain	121,000.00	EUR	Biodiesel development, construction and operation	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	24.24%	30.93%
							Endesa Generación SA	12.97%	
Grupo Egi SA De Cv	San Salvador	El Salvador	3,448,800.00	SVC	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	92.06%
Guadarranque Solar 8 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Guadarranque Solar 9 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%

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Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Hidroelectricidad Del Pacifico Srl De Cv	Mexico City	Mexico	30,891,536.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional De Electricidad Srl De Cv	99.99%	69.16%
Hidroeléctrica De Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Hidroeléctrica De Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Hidroeléctrica Del Piedra SL	Zaragoza	Spain	160,470.00	EUR	Electricity generation and sale	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	25.00%	19.58%
Hidroeléctrica El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Hidroinvest SA	59.00%	21.88%
							Empresa Nacional De Electricidad SA	2.48%	
							Endesa Argentina SA	6.19%	
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica De Catalunya SL	75.00%	69.05%
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding company	Line-by-line	Empresa Nacional De Electricidad SA	41.94%	32.17%
							Endesa Argentina SA	54.16%	
Hidromondego - Hidroelectrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación Portugal SA	10.00%	92.05%
							Endesa Generación SA	90.00%	
Hidroribeira - Emp Hidricos E Eólicos Lda	Paço De Arcos	Portugal	7,481.96	EUR	Electricity generation from renewable resources	Line-by-line	Parque Eólico Do Moinho Do Céu SA	100.00%	78.33%
Highfalls Hydro Company Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Hipotecaria De Santa Ana Ltda De Cv	San Salvador	El Salvador	100,000.00	SVC	Electricity generation from renewable resources	Equity	Grupo Egi SA De Cv	20.00%	13.83%
Hispano Generación De Energía Solar SL	Jerez De Los Caballeros (Badajoz)	Spain	3,500.00	EUR	Photovoltaic plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	51.00%	39.95%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Hydro Constructional SA	Maroussi	Greece	3,630,000.00	EUR	Electrical engineering, energy trading and energy services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Hydro Development Group Inc	Albany (New York)	USA	12.25	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Hydro Dolomiti Enel Srl	Trento	Italy	3,000,000.00	EUR	Electricity generation, purchases and sales	Proportionate	Enel Produzione SpA	49.00%	49.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Hydro Finance Holding Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%

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Hydrodev Inc	Montreal (Quebec)	Canada	7,587,320.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	69.17%
Hydrodev Limited Partnership	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Hydrodev Inc	100.00%	69.17%
Hydrogen Park-Marghera Per L'idrogeno Scrl	Venice	Italy	245,000.00	EUR	Development of studies and projects for the use of hydrogen	Line-by-line	Enel Produzione SpA	55.10%	55.10%
Hydromac Energy BV	Amsterdam	Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Hídricas De Viseu SA	Viseu	Portugal	986,000.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.00%	78.33%
							TP - Sociedade Térmica Portuguesa SA	67.00%	
Ict Servicios Informáticos Ltda	Santiago	Chile	500,000,000.00	CLP	ICT services	Line-by-line	Enersis SA	99.00%	55.80%
							Chilectra SA	1.00%	
Impulsora Nacional De Electricidad Srl De Cv	Mexico City	Mexico	308,628,665.00	MXN	Holding company	Line-by-line	Enel Green Power International BV	100.00%	69.17%
Ingendesa Do Brasil Ltda	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Empresa De Ingeniería Ingendesa SA	99.00%	33.47%
							Empresa Nacional De Electricidad SA	1.00%	
Iniciativas De Gas SL	Madrid	Spain	1,300,010.00	EUR	Natural gas and related services	Proportionate	Endesa Generación SA	40.00%	36.82%
Inkolan Informacion y Coordinacion de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	14.29%	13.16%
Inmobiliaria Manso De Velasco Ltda	Santiago	Chile	25,916,800,510.00	CLP	Engineering and construction	Line-by-line	Enersis SA	100.00%	55.81%
International Endesa BV	Amsterdam	Netherlands	15,428,520.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
International Eolian Of Grammatiko SA	Maroussi	Greece	233,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Korinthia SA	Maroussi	Greece	6,471,798.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	55.34%
International Eolian Of Peloponnisos 1 SA	Maroussi	Greece	148,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 2 SA	Maroussi	Greece	174,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 3 SA	Maroussi	Greece	153,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 4 SA	Maroussi	Greece	165,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 5 SA	Maroussi	Greece	174,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 6 SA	Maroussi	Greece	152,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 7 SA	Maroussi	Greece	148,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian Of Peloponnisos 8 SA	Maroussi	Greece	148,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%

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International Eolian Of Skopelos SA	Maroussi	Greece	159,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power International BV	30.00%	20.75%
International Multimedia University Srl	Rome	Italy	24,000.00	EUR	Distance training	-	Enel Servizi Srl	13.04%	13.04%
International Wind Parks Of Achaia SA	Maroussi	Greece	8,121,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	69.17%
International Wind Parks Of Crete SA	Maroussi	Greece	3,093,000.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Parks Of Rhodes SA	Maroussi	Greece	5,070,000.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Parks Of Thrace SA	Maroussi	Greece	5,655,000.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Power SA	Maroussi	Greece	5,119,620.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Inversiones Distrilima SA	Lima	Peru	287,837,245.00	PEN	Holding company	Line-by-line	Enersis SA Endesa Latinoamerica SA Chilectra SA	35.02% 34.83% 30.15%	68.28%
Inversiones Endesa Norte SA	Santiago	Chile	92,571,641,874.00	CLP	Investments in energy projects	Line-by-line	Empresa Nacional De Electricidad SA	100.00%	33.47%
Inversiones Eòlicas La Esperanza SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	-	Enel De Costa Rica SA	51.00%	35.28%
Inversiones Gasatacama Holding Ltda	Santiago	Chile	333,520,000.00	USD	Natural gas transport	Proportionate	Inversiones Endesa Norte SA	50.00%	16.74%
Inversora Codensa Sas	Bogotá D.C.	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	36.67%
Inversora Dock Sud SA (formerly Sociedad Inversora Dock Sud SA)	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Endesa Latinoamerica SA	57.14%	52.60%
Investluz SA	Fortaleza	Brazil	954,620,000.00	BRL	Holding company	Line-by-line	Endesa Brasil SA Ampla Investimentos E Serviços SA	63.57% 36.43%	56.03%
Iris 2006 Srl	Cutro	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	82,974,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Kings River Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Kinneytown Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%

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Kromschroeder SA	L`Hospitalet De Llobregat (Barcelona)	Spain	657,000.00	EUR	Services	Equity	Endesa Gas SAU	27.93%	25.71%
La Pereda CO_2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	30.68%
LaChute Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
LaGeo SA De Cv	Ahuachapan	El Salvador	2,562,826,700.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power SpA	36.20%	25.04%
Latin America Energy Holding BV (in liquidation)	Amsterdam	Netherlands	18,000.00	EUR	Holding company	-	Enel Investment Holding BV	100.00%	100.00%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	7.50%	69.17%
							Essex Company	92.50%	
Linea Albania-Italia Shpk (in liquidation)	Tirana	Albania	27,460,000.00	ALL	Construction, maintenance and operation of merchant lines	-	Enel Investment Holding BV	100.00%	100.00%
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	7,500.00	RUB	Electricity sales	Proportionate	Rusenergosbyt C LLC	75.00%	18.93%
Littleville Power Company Inc	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	100.00%	69.17%
Lower Saranac Corporation	New York (New York)	USA	2	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	69.17%
Lower Saranac Hydro Partners	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	99.00%	69.17%
							Lower Saranac Corporation	1.00%	
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity transmission and distribution electricity and fuel sales	Line-by-line	Enersis SA	0.10%	55.30%
							Chilectra SA	99.90%	
Maicor Wind Srl	Cosenza	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	41.50%
Marcinelle Energie SA	Charleroi	Belgium	110,061,500.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Investment Holding BV	80.00%	80.00%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	69.17%
Medgaz SA	Madrid	Spain	28,500,000.00	EUR	Development and design	-	Endesa Generación SA	12.00%	11.05%
Medidas Ambientales SL	Medina De Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Proportionate	Nuclenor SA	50.00%	23.02%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Mexicana De Hidroelectricidad Mexhidro Srl De Cv	Mexico City	Mexico	181,728,201.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional De Electricidad Srl De Cv	99.99%	69.16%
Mill Shoals Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Minas De Estercuel SA	Madrid	Spain	93,160.00	EUR	Mineral deposits	Line-by-line	Minas Gargallo SL	99.65%	91.66%
Minas Gargallo SL	Madrid	Spain	150,000.00	EUR	Mineral deposits	Line-by-line	Endesa Generación SA	99.91%	91.98%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Minas Y Ferrocarril De Utrillas SA	Barcelona	Spain	3,850,320.00	EUR	Mineral deposits	Line-by-line	Endesa Generación SA	100.00%	92.06%
Minicentrales Del Canal De Las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	15.00%	11.75%
Minicentrales Del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	36.50%	28.59%
Missisquoi Associates	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Vermont Hydro Company Inc	1.00%	69.17%
							Sheldon Springs Hydro Associates LP	99.00%	
Molinos De Viento Del Arenal SA	San José	Costa Rica	9,709,200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	49.00%	33.89%
Myhs Kastaniotiko SA	Maroussi	Greece	2,560,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Myhs Pougakia SA	Maroussi	Greece	1,250,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc	100.00%	69.17%
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc	100.00%	69.17%
Newind Group Inc	St. John (Newfoundland)	Canada	578,192.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	69.17%
Northwest Hydro Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc	100.00%	69.17%
Notch Butte Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plant	Proportionate	Endesa Generación SA	50.00%	46.03%
Nueva Compañía De Distribución Eléctrica 4 SL	Madrid	Spain	3,010.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	92.06%
Nueva Marina Real Estate SL	Madrid	Spain	3,200.00	EUR	Real estate	Line-by-line	Endesa SA	60.00%	55.24%
Nuove Energie Srl	Porto Empedocle	Italy	4,100,000.00	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Trade SpA	90.00%	90.00%
O&M Cogeneration Inc	Montreal (Quebec)	Canada	15	CAD	Electricity generation from renewable resources	Line-by-line	Hydrodev Inc	66.66%	46.11%
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance	Line-by-line	Enel OGK-5 OJSC (formerly OGK-5 OJSC)	100.00%	56.43%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Security services	Line-by-line	Slovenské Elektrárne AS	100.00%	66.00%
Oficina de Cambios de Suministrador SA	Madrid	Spain	70,000.00	EUR	Services associated with the marketing of energy products	-	Endesa Energía XXI SL	2.96%	18.41%
							Endesa Energía SA	11.50%	
							Endesa Distribución Eléctrica SL	5.19%	
							Endesa Gas SAU	0.35%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Olympe Inc	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc	100.00%	69.17%
Operacion Y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	85.00%	58.79%
Ottauquechee Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.33%	26.11%
Parque Eolico Curva Dos Ventos Ltda	Bahia	Brazil	220,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Parque Eolico Engenho Geradora De Energia Ltda	Fortaleza	Brazil	685,423.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Parque Eolico Fontes Dos Ventos Ltda	Recife	Brazil	545,334.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Parque Eolico Ouroventos Ltda	Bahia	Brazil	566,347.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Parque Eólico Serra Azul Ltda	Bahia	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Parque Eólico Ventania Geradora De Energia Ltda	Fortaleza	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	69.17%
							Parque Eolico Cristal Ltda	1.00%	
Ph Chucas Sa	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	28.57%	44.96%
							Inversiones Eòlicas La Esperanza SA	71.43%	
Ph Don Pedro Sa	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	33.44%	23.13%
Ph Guacimo Sa	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	40.00%	27.67%
Ph Rio Volcan Sa	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel De Costa Rica SA	34.32%	23.74%
Photovoltaic Station Agrilia Baka Production Of Energy Sa	Kifissia	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Photovoltaic Station Chamolio Production Of Energy Sa	Kifissia	Greece	245,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Photovoltaic Station Kavassila Production Of Energy Sa	Kifissia	Greece	151,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Photovoltaic Station Limnochori Production Of Energy Sa	Kifissia	Greece	323,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Pt Bayan Resources Tbk	Jakarta	Indonesia	333,333,350,000.00	IDR	Energy	-	Enel Investment Holding BV	10.00%	10.00%
Padoma Wind Power Llc	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Papeleira Portuguesa Sa	Sao Paio De Oleiros	Portugal	916,229.00	EUR	Paper manufacturing	-	TP - Sociedade Térmica Portuguesa SA	13.16%	10.31%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	90.00%	70.49%
Parc Eolic Els Aligars Sl	Barcelona	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Parc Eolic La Tossa-La Mola D'en Pascual SL	Barcelona	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Parc Eolien De Beauséjour Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien De Bouville Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien De La Grande Epine Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien De La Vallière Sasu	Saint Priest	France	59,240.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power France Sas (formerly Enel Erelis Sas)	49.00%	33.89%
Parc Eolien Des Ramiers Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parque Eolico Cristal Ltda	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.99%	69.17%
							Enel Green Power International BV	0.01%	
Parque Eolico De Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Barbao SA	50.16%	39.29%
Parque Eolico Taltal SA	Santiago	Chile	50,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	99.99%	69.17%
							Energia Alerce Ltda	0.01%	
Parque Eólico A Capelada AIE	Santiago De Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Parque Eólico Carretera De Arinaga SA	Las Palmas De Gran Canaria	Spain	1,007,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	80.00%	62.66%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Corullón SL	Madrid	Spain	460,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Parque Eólico De Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	80.00%	62.66%
Parque Eólico De Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Parque Eólico De Gevancas SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Parque Eólico De Malpica SA	La Coruña	Spain	950,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	35.42%	27.74%
Parque Eólico De San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	82.00%	64.23%
Parque Eólico De Santa Lucía SA	Las Palmas De Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	65.67%	51.44%
Parque Eólico Do Alto Da Vaca Lda	Porto	Portugal	125,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	65.00%	50.91%
Parque Eólico Do Moinho Do Céu SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	TP - Sociedade Térmica Portuguesa SA	100.00%	78.33%
Parque Eólico Do Vale Do Abade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	51.00%	39.95%
Parque Eólico Finca De Mogán SA	Las Palmas De Gran Canaria	Spain	3,810,340.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	90.00%	70.49%
Parque Eólico Montes De Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	75.50%	59.14%
Parque Eólico Punta De Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	52.00%	40.73%
Parque Eólico Serra Da Capucha SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	50.00%	78.33%
							TP - Sociedade Térmica Portuguesa SA	50.00%	
Parque Eólico Sierra Del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	58.00%	45.43%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Fotovoltaico Aricoute I SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche I SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado I SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado VII SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero I SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Pegop - Energía Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Proportionate	Endesa Generación SA	50.00%	46.03%
Pelzer Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc	100.00%	69.17%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	64.44%
Photovoltaic Station Kourtesi I Production of Energy SA	Maroussi	Greece	4,497,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Planta De Regasificación De Sagunto SA	Madrid	Spain	1,500,000.00	EUR	Sale of gas and fuel	Proportionate	Iniciativas De Gas SL	50.00%	18.41%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	56.12%	43.96%
Powercer - Sociedade De Cogeraçao De Vialonga SA	Loures	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Equity	Finerge-Gestao De Projectos Energéticos SA	30.00%	23.50%
Pp - Co-Geração SA	S. Paio De Oleiros	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	TP - Sociedade Térmica Portuguesa SA	100.00%	78.33%
Pragma Energy SA	Lugano	Switzerland	4,000,000.00	CHF	Coal trading	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Primavera Energia SA	Rio de Janeiro	Brazil	41,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Productor Regional De Energia Renovable SA	Valladolid	Spain	710,500.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	85.00%	66.58%
Productor Regional De Energía Renovable III SA	Valladolid	Spain	88,398.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	82.89%	64.92%
Productora De Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Prof-Energo LLC	Sredneuralsk	Russian Federation	10,000.00	RUB	Energy services	Line-by-line	Sanatorium-Preventorium Energetik OJSC	100.00%	56.43%
Progas SA	Santiago	Chile	1,439,000.00	CLP	Gas distribution	Proportionate	Gas Atacama SA	0.10%	16.74%
							Gas Atacama Chile SA	99.90%	
Promociones Energeticas Del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Promociones y Desarrollo Sector Levante SL	Madrid	Spain	6,000.00	EUR	Real estate	Equity	Bolonia Real Estate SL	45.00%	41.43%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Proveedora De Electricidad De Occidente Srl De Cv	Mexico City	Mexico	89,707,935.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional De Electricidad Srl De Cv	99.99%	69.16%
Proyecto Almería Mediterraneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	41.43%
Proyectos Universitarios De Energias Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.33%	26.11%
Puignerel AIE	Barcelona	Spain	11,299,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	25.00%	19.58%
Pyrites Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	50.00%	69.17%
							Enel Green Power North America Inc	50.00%	
Q-Channel SpA (in liquidation)	Rome	Italy	1,607,141.00	EUR	-	-	Enel Servizi Srl	24.00%	24.00%
Quatiara Energia SA	Rio de Janeiro	Brazil	12,148,511.80	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Reaktortest Sro	Trnava	Slovakia	66,389.00	EUR	Nuclear power research	Equity	Slovenské Elektrárne AS	49.00%	32.34%
Renovables De Guatemala SA	Guatemala	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Guatemala SA	0.01%	64.91%
							Enel Green Power International BV	42.83%	
							Enel Green Power SpA	51.00%	
Res Holdings BV	Amsterdam	Netherlands	18,000.00	EUR	Holding company	Proportionate	Enel Investment Holding BV	49.50%	49.50%
Rock Creek Limited Partnership	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc	82.50%	69.17%
							Northwest Hydro Inc	17.50%	
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	69.17%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	51.00%	35.28%
Rofeica D'energía SA	Barcelona	Spain	1,983,300.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.00%	21.15%
Rusenergosbyt C LLC	Khanty-Mansiyskiy	Russian Federation	5,100.00	RUB	Electricity sales	Proportionate	Rusenergosbyt LLC	51.00%	25.25%
Rusenergosbyt LLC	Moscow	Russian Federation	2,760,000.00	RUB	Electricity trading	Proportionate	Res Holdings BV	100.00%	49.50%
Rusenergosbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	4,600,000.00	RUB	Electricity sales	Proportionate	Rusenergosbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
SF Energy Srl	Bolzano	Italy	30,000.00	EUR	Electricity generation	Proportionate	Enel Produzione SpA	33.33%	33.33%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Studies, design and research in thermal technology	Equity	Enel.Newhydro Srl	41.55%	41.55%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Proportionate	Empresa Distribuidora Sur SA	50.00%	21.11%
Sadiel Tecnologías De La Información SA	Seville	Spain	663,520.00	EUR	IT services	Equity	Endesa Servicios SL	22.00%	20.25%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Salto De San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	69.17%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Energy services	Line-by-line	OGK-5 Finance LLC	0.01%	56.43%
							Enel OGK-5 OJSC (formerly OGK-5 OJSC)	99.99%	
Santo Rostro Cogeneración SA	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	45.00%	35.25%
Sati Cogeneración AIE	Barcelona	Spain	66,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.50%	21.54%
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bypass Power Company	1.00%	69.17%
							Chi West Inc	99.00%	
Se Hydropower Srl	Bolzano	Italy	30,000,000.00	EUR	Generation, purchase and sale of hydroelectric power	Line-by-line	Enel Produzione SpA	40.00%	40.00%
Se Predaj Sro	Bratislava	Slovakia	4,505,000.00	EUR	Electricity supply	Line-by-line	Slovenské Elektrárne AS	100.00%	66.00%
Sealve - Sociedade Eléctrica De Alvaiázere SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Selnet	Bolzano	Italy	68,000,000.00	EUR	Electricity generation	-	Enel Distribuzione SpA	10.00%	10.00%
Serra Do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Electricity generation from renewable resources	Line-by-line	Eólicos Touriñán SA	100.00%	78.33%
SeverEnergia (formerly Enineftegaz)	Moscow	Russian Federation	55,114,150,000.00	RUB	Processing and transport of gas and oil	Equity	Artic Russia BV (formerly ENI Russia Bv)	49.00%	19.60%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Vermont Hydro Company Inc	100.00%	69.17%
Sheldon Vermont Hydro Company Inc	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	69.17%
Sisconer - Exploraçao De Sistemas De Conversao De Energia Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	55.00%	43.08%
Sistema Eléctrico de Conexión Montes Orientales	Granada	Spain	44,900.00	EUR	Electricity generation	-	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	16.70%	13.08%
Sistema Eléctrico de Conexión Valcaire, S.L.	Granada	Spain	175,200.00	EUR	Electricity generation	-	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	28.13%	22.03%
Sistemas Energeticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	96.00%	75.19%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sistemas Energéticos La Muela SA	Zaragoza	Spain	3,065,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	30.00%	23.50%
Sistemas Energéticos Más Garullo SA	Zaragoza	Spain	1,503,410.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.00%	21.15%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Slate Creek Hydro Company Inc	100.00%	69.17%
Slate Creek Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Slovenské Elektrárne AS	Bratislava	Slovakia	1,269,295,724.66	EUR	Electricity generation	Line-by-line	Enel Produzione SpA	66.00%	66.00%
Slovenské Elektrárne Finance BV	Rotterdam	Netherlands	18,200.00	EUR	Finance	Line-by-line	Slovenské Elektrárne AS	100.00%	66.00%
Smart P@Per SPA	Potenza	Italy	2,184,000.00	EUR	Services	-	Enel Servizio Elettrico SpA	10.00%	10.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	69.17%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	69.17%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	69.17%
Socibe Energia SA	Rio de Janeiro	Brazil	33,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	69.17%
Sociedad Agrícola De Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Inmobiliaria Manso De Velasco Ltda	57.50%	32.09%
Sociedad Concesionaria Túnel El Melón SA	Santiago	Chile	46,709,640,176.00	CLP	Engineering	Line-by-line	Endesa Inversiones Generales SA	0.01%	33.47%
							Empresa Nacional De Electricidad SA	99.99%	
Sociedad Eólica De Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	63.34%	49.61%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Sociedad Eólica Los Lances SA	Cádiz	Spain	2,404,040.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	50.00%	39.16%
Sociedad Portuaria Central Cartagena SA	Bogotá D.C.	Colombia	5,800,000.00	COP	Construction and management of port infrastructure	Line-by-line	Inversora Codensa Sas	4.90%	29.22%
							Emgesa SA ESP	94.95%	
Société d'Exploitation du Parc Eolien de la Bouleste Sas	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Société Armoricaine D'energie Eolienne Sarl	Lyon	France	1,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Société Du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	21,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%

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Sodesa - Comercializaçao De Energia Electrica SA	Porto	Portugal	750,000.00	EUR	Electricity distribution and services	Equity	Endesa Energía SA	50.00%	46.03%
Sol De Media Noche Fotovoltaica SL	Las Palmas De Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Somersworth Hydro Company Inc	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Sotavento Galicia SA	Santiago De Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	18.00%	14.10%
Soternix - Produção De Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	51.00%	39.95%
Southern Cone Power Argentina SA	Buenos Aires	Argentina	19,870,000.00	ARS	Holding company	Line-by-line	Endesa Inversiones Generales SA	1.97%	33.47%
							Empresa Nacional De Electricidad SA	98.03%	
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
St-Felicien Cogeneration	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Hydrodev Inc	4.00%	66.40%
							Chi S F LP	92.00%	
Suministradora Eléctrica De Cádiz SA	Cádiz	Spain	12,020,240.00	EUR	Electricity distribution and sale	Equity	Endesa Distribución Eléctrica SL	33.50%	30.84%
Suministro De Luz Y Fuerza SL	Torroella De Montgri (Girona)	Spain	2,800,000.00	EUR	Electricity distribution	Line-by-line	Hidroeléctrica De Catalunya SL	60.00%	55.24%
Summit Energy Storage Inc	Wilmington (Delaware)	USA	8,200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	75.00%	51.88%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Sviluppo Nucleare Italia Srl	Rome	Italy	200,000.00	EUR	Development, construction and operation of EPRs	Line-by-line	Enel Ingegneria e Innovazione SpA	100.00%	100.00%
Sweetwater Hydroelectric Inc	Concord (New Hampshire)	USA	250	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Agro-industrial activities	Equity	Enel Green Power SpA	15.00%	10.38%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	35.28%
Technoservice Srl	Rovigo	Italy	10,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	69.17%
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	41.43%
Tecnoguat SA	Guatemala	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	75.00%	51.88%
Tejo Energía Produçao E Distribuçao De Energia Electrica SA	Paço De Arcos	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Proportionate	Endesa Generación SA	38.89%	35.80%
Teploprogress OJSC	Sredneuralsk	Russian Federation	128,000,000.00	RUB	Electricity sales	Line-by-line	OGK-5 Finance LLC	60.00%	33.86%

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Termoeléctrica José De San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Central Dock Sud SA	5.32%	6.60%
							Hidroeléctrica El Chocón SA	15.35%	
							Endesa Costanera SA	5.51%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Central Dock Sud SA	5.32%	6.60%
							Hidroeléctrica El Chocón SA	15.35%	
							Endesa Costanera SA	5.51%	
Termotec Energía AIE	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	45.00%	35.25%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc	100.00%	69.17%
Thracian Eolian 1 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 2 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 3 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 4 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 5 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 6 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 7 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 8 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 9 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Tirmadrid SA	Valdemingómez	Spain	16,828,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	18.64%	14.60%
Tirme SA	Palma De Mallorca	Spain	7,662,750.00	EUR	Waste treatment and disposal	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Tko Power Inc	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc	100.00%	69.17%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Photovoltaic plants	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	33.33%	26.11%

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TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestao De Projectos Energéticos SA	100.00%	78.33%
Trade Wind Energy LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	42.00%	29.05%
Transmisora Eléctrica De Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Proportionate	Compañía Eléctrica San Isidro SA	50.00%	16.74%
Transmisora de Energia Renovable SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Guatemala SA	0.01%	69.17%
							Enel Green Power International BV	99.99%	
Transportadora De Energía SA	Buenos Aires	Argentina	55,512,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía De Interconexión Energética SA	100.00%	54.99%
Transportes Y Distribuciones Eléctricas SA	Olot (Girona)	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	67.51%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Highfalls Inc	2.00%	69.17%
							Highfalls Hydro Company Inc	98.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Falls Hydro Company Inc	51.00%	35.28%
Twin Falls Hydro Company Inc	Wilmington (Delaware)	USA	10	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	69.17%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Ufefys SL	Aranjuez	Spain	2,373,950.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%
Unelco Cogeneraciones Sanitarias Del Archipiélago SA	Las Palmas De Gran Canaria	Spain	1,202,020.00	EUR	Cogeneration of electricity and heat	Line-by-line	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	100.00%	78.33%
Unión Eléctrica De Canarias Generación SAU	Las Palmas De Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%
Urgell Energía SA	Lleida	Spain	601,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	27.00%	21.15%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Nuclear power research and development	Equity	Slovenské Elektrárne AS	27.77%	18.33%
Ventominho Energias Renovaveis SA	Esposende	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Eevm - Empreendimentos Eólicos Vale Do Minho SA	84.99%	24.96%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%

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WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	69.17%
Wp France 3 Sas	Lyon	France	1,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Water &Industrial Services Company SpA	Monza	Italy	15,615,000.00	EUR	Sewage treatment	Line-by-line	Enel.Newhydro Srl	100.00%	100.00%
Western New York Wind Corporation	Albany (New York)	USA	300	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	69.17%
Willimantic Power Corporation	Hartford (Connecticut)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Acquisitions Inc	100.00%	69.17%
Wind Park Kouloukonas SA	Maroussi	Greece	2,700,018.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Wind Park Of Koryfao SA	Maroussi	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Wind Park Of West Ktenias SA	Maroussi	Greece	70,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Wind Parks Of Anatoli-Prinia SA	Maroussi	Greece	225,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Bolibas SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Distomos SA	Maroussi	Greece	176,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%

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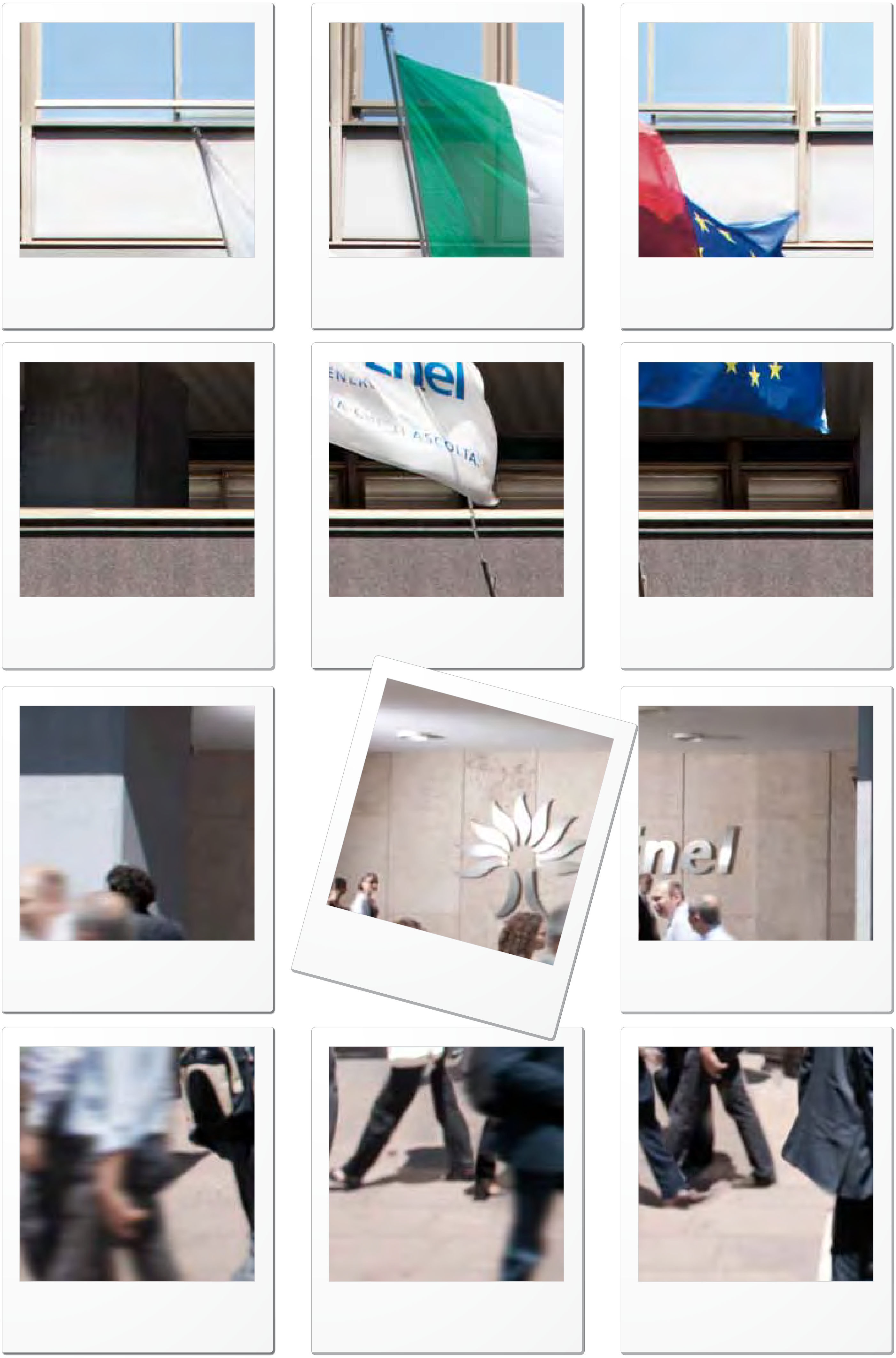
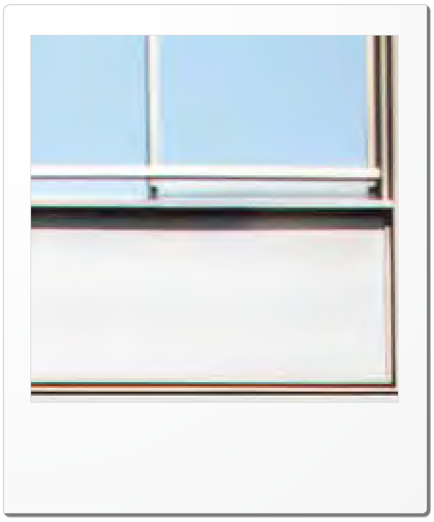
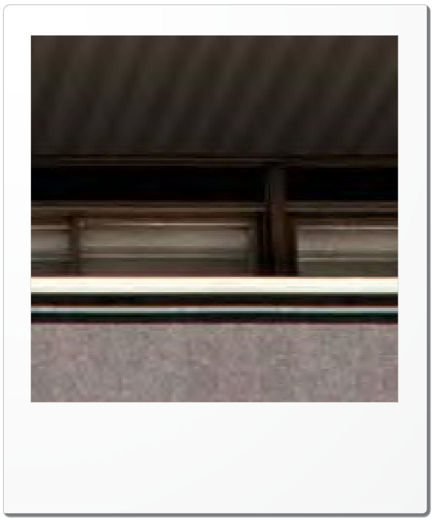
Wind Parks Of Drimonakia SA	Maroussi	Greece	329,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Folia SA	Maroussi	Greece	144,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Gagari SA	Maroussi	Greece	134,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Goraki SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Gourles SA	Maroussi	Greece	175,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Grammatikaki SA	Maroussi	Greece	165,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Kafoutsi SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Kathara SA	Maroussi	Greece	296,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Kerasia SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Korfovouni SA	Maroussi	Greece	201,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Korinthia SA	Maroussi	Greece	3,279,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	55.34%
Wind Parks Of Makrilakkoma SA	Maroussi	Greece	254,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Megavouni SA	Maroussi	Greece	208,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Milia SA	Maroussi	Greece	399,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Mirovigli SA	Maroussi	Greece	95,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Mitika SA	Maroussi	Greece	255,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Organi SA	Maroussi	Greece	287,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Pelagia SA	Maroussi	Greece	193,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Petalo SA	Maroussi	Greece	175,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Platanos SA	Maroussi	Greece	179,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Politis SA	Maroussi	Greece	136,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%

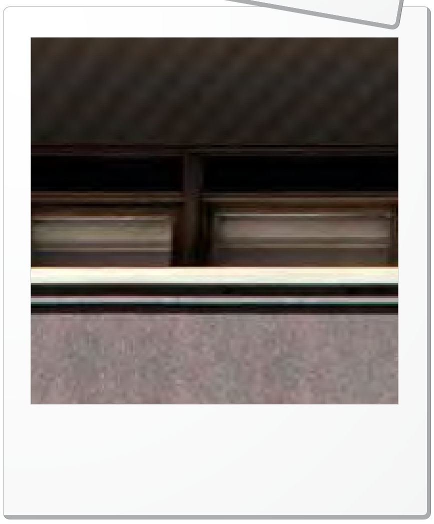
Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks Of Sagias SA	Maroussi	Greece	271,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Skoubi SA	Maroussi	Greece	152,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Spilia SA	Maroussi	Greece	291,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Stroboulas SA	Maroussi	Greece	176,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Thrace SA	Maroussi	Greece	3,032,220.00	EUR	Plant construction, operation and maintenance, electricity trading and services	Line-by-line	Enel Green Power Hellas SA	100.00%	69.17%
Wind Parks Of Trikorfo SA	Maroussi	Greece	152,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	29.25%	20.23%
Wind Parks Of Vitalio SA	Maroussi	Greece	161,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks Of Vourlas SA	Maroussi	Greece	174,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.75%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	35.28%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Endesa Latinoamerica SA	22.22%	20.46%
Yedesa-Cogeneración SA	Almería	Spain	234,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL (formerly Endesa Cogeneración Y Renovables SA)	40.00%	31.33%

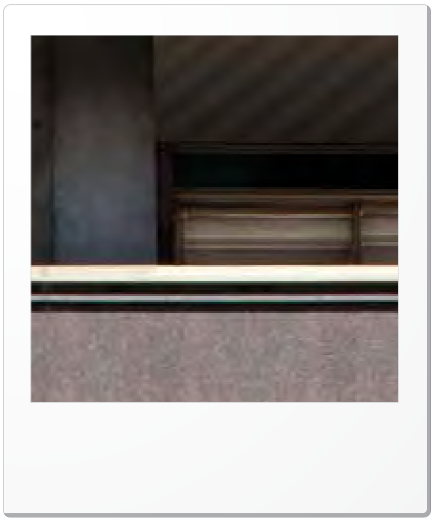


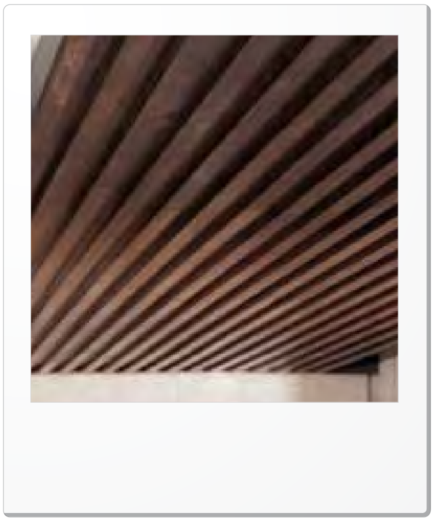


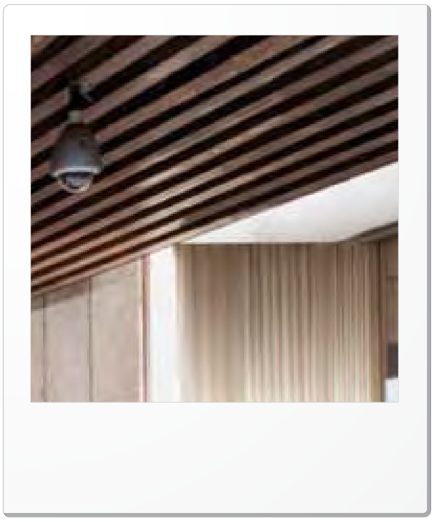
Reports

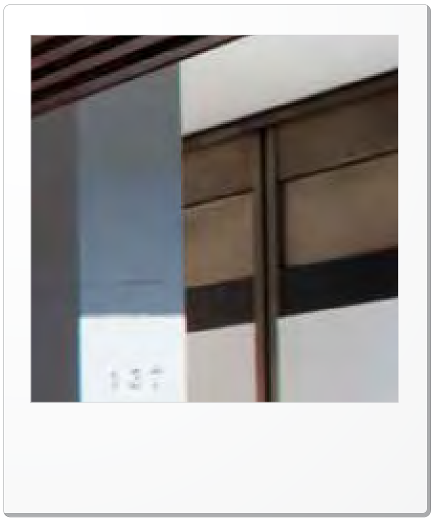


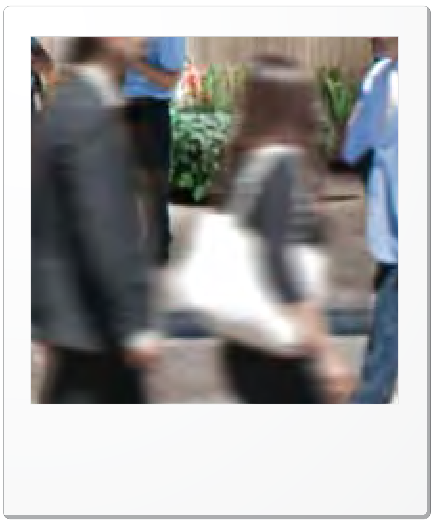


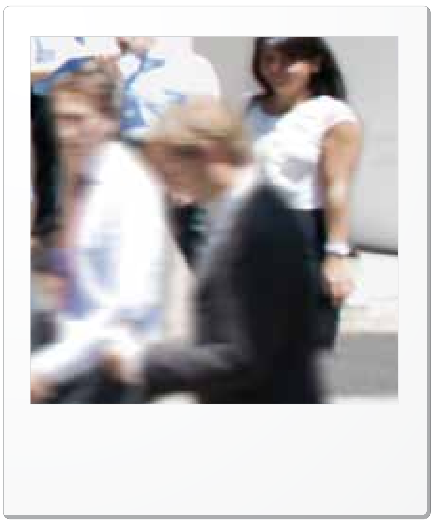












Report of the Independent Auditors on the 2011 consolidated financial statements of the Enel Group

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel. (+39) 06 324751
Fax (+39) 06 324755504
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

1. We have audited the consolidated financial statements of Enel S.p.A. and its subsidiaries, ("Enel Group") as of December 31, 2011 and for the year then ended, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Enel S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year are presented for comparative purposes. As described in the notes to the financial statements, the directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which other auditors issued their auditor's report dated April 6, 2011. We have examined the method used to restate the comparative financial data and the information presented in the notes to the financial statements in this respect, for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2011.

3. In our opinion, the consolidated financial statements of the Enel Group as of December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Group for the year then ended.

4. The directors of Enel S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the report on corporate governance and ownership structure, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) presented in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Group as of December 31, 2011.

Rome, April 6 2012

Reconta Ernst & Young S.p.A.
Signed by: Massimo delli Paoli, Partner

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Enel
Società per azioni
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