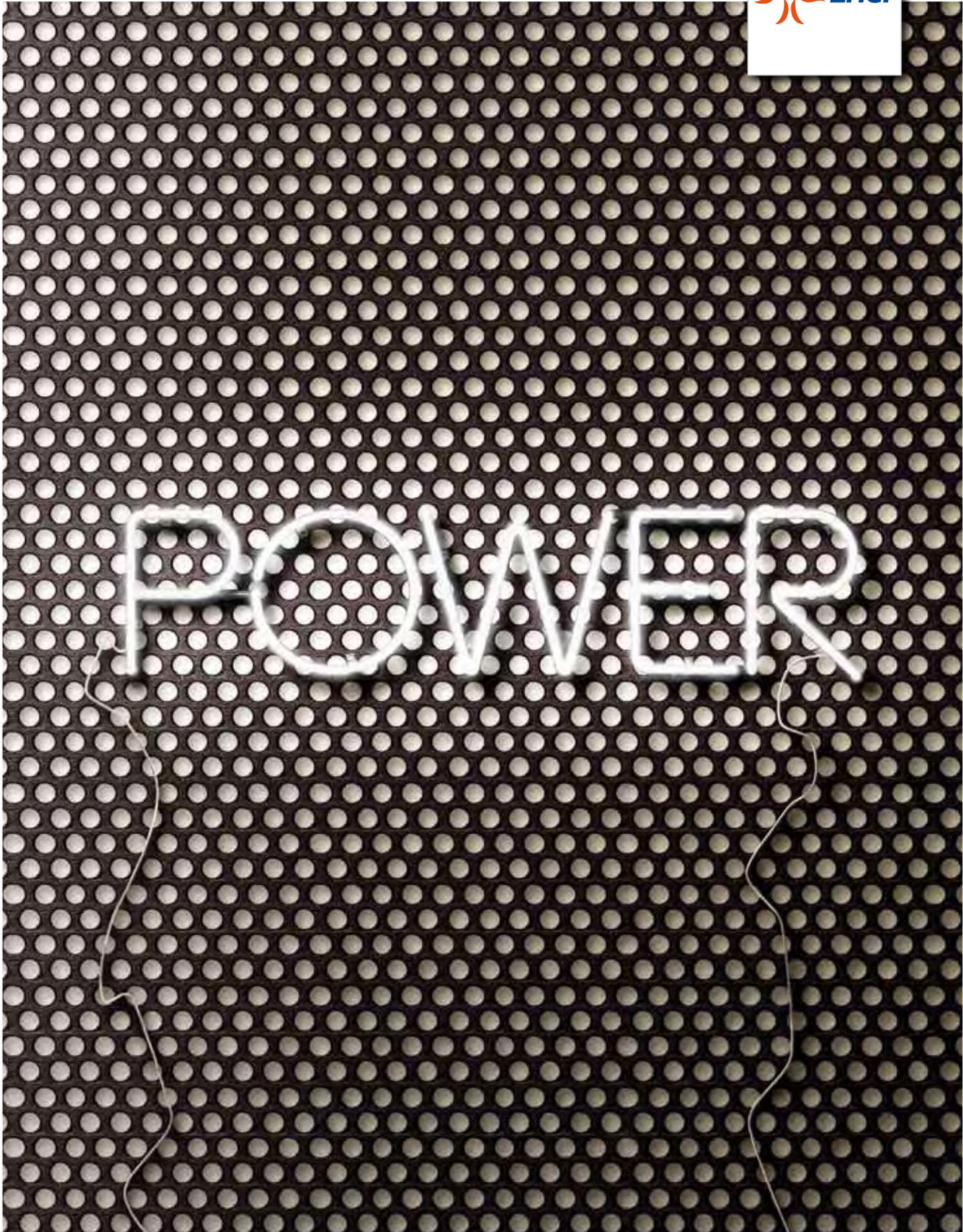




POWER



Annual Report 2012

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WORLD

Report
on operations

The Enel organizational structure

As from February 2012, the Group has adopted a new operating model, designed to enhance operational flexibility, making Enel one of the most financially robust and, at the same time, most nimble companies in the energy industry. The new model is based on the following organizational arrangements:

- > Parent Company functions, which are responsible for directing and controlling strategic activities for the entire Group;
- > global service functions, which are responsible for providing services to the Group, maximizing synergies and economies of scale;
- > business lines, represented by seven divisions, as well as the **Upstream Gas** function (which pursues selective vertical integration to increase the competitiveness, security and flexibility of strategic sourcing to meet Enel's gas requirements) and the **Carbon Strategy** function (which operates in the world's CO₂ certificate markets).

The activities of the individual divisions are set out below.

The **Sales Division** is responsible for commercial activities in Italy, with the objective of developing an integrated package of electricity and gas products and services for end users. More specifically, it is active in the sale of electricity on the regulated market (through Enel Servizio Elettrico) and the sale of electricity on the free market and the sale of natural gas to end users (Enel Energia).

The **Generation and Energy Management Division** is involved in:

- > the generation and sale of electricity:
 - generation with thermal and schedulable hydroelectric power plants in Italy (through Enel Produzione, Hydro Dolomiti Enel, SE Hydropower, SF Energy and ENergy Hydro Piave) and in Belgium with the Marcinelle thermal plant operated by Enel Trade through a tolling agreement;
 - trading on international and Italian markets, primarily through Enel Trade, Enel Trade Romania, Enel Trade Croatia and Enel Trade Serbia;
- > provisioning for all of the Group's needs and the sale of energy products, including natural gas to distributors, through Enel Trade;
- > the development of natural gas regasification plants (through Nuove Energie) and storage facilities (Enel Stocaggi).

The **Infrastructure and Networks Division** is primarily responsible for electricity distribution (Enel Distribuzione) and public and artistic lighting (Enel Sole). Both activities are conducted in Italy.

The **Iberia and Latin America Division** focuses on developing Enel Group's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America. During the course of 2011, a number of changes to the scope of the Division were made, involving the Spanish ICT operations and the company Compostilla Re (operating in the reinsurance field), which were reclassified under "Other, eliminations and adjustments" as part of activities to improve the allocation of operating units within the Division.

The **International Division** supports the Enel Group's strategies for international growth, consolidating the management and integration of the foreign businesses outside the Iberian and Latin American markets, 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 operation 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, sales 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.

The **Renewable Energy Division** 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 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 in 2011 absorbed Enel Unión Fenosa Renovables) and Latin America (through a number of companies);
- > North America, with power generation from renewable sources (Enel Green Power North America).

The mission of the **Engineering and Research Division** (formerly the Engineering and Innovation Division) is to serve the Group by managing the engineering processes related to the development and construction of power plants (conventional and nuclear) ensuring achievement of quality facilities while meeting the temporal and financial objectives set for it. In addition, it is responsible for coordinating nuclear technology operations, providing independent monitoring of the Group's nuclear activities with regard to safety issues. Finally, it also manages research activities identified in the process of managing innovation, with a focus on strategic research and technology scouting.

In the consolidated financial statements for 2012, the results by operating segment are discussed on the basis of the organizational arrangements established under the new operating model and taking account of the possibilities for the simplification of disclosures associated with the materiality thresholds established under IFRS 8. In particular, for that reason, in addition to the effects of the elimination of transactions between segments the item "Other, eliminations and adjustments" reports the data regarding the Parent, Enel SpA, the Services and Other Activities area, the Engineering and Research Division, which in 2011 had been reported separately, as well as the activities of the Upstream Gas function, which had previously been included in the Generation and Energy Management Division. The new model has not involved any changes in the cash generating units. Accordingly, the performance figures for 2011 and the financial position at December 31, 2011 have been restated in accordance with these new arrangements.

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 (as amended on December 18, 2012), 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 (as amended on December 18, 2012) 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 stakeholders,

Looking at the global macroeconomic environment, we are witnessing the overturning of past paradigms: a profound change that has given way to a climate dominated by uncertainty.

The crisis that for some years now has been impacting Europe is an unprecedented economic cycle that is rewriting history and economics textbooks, with the horizon for recovery moving each year a little further into the future. Such a phenomenon calls for new models of flexibility, speed, efficiency and innovation.

Suffer more than most are the mature markets of Southern Europe, with Italy and Spain among the worst affected: a general decline in consumption, a contraction in demand for electricity and gas, surplus generation capacity, an increase in the tax burden on households and companies, and significant government intervention in our business have only amplified the risk perceived by investors and the volatility of stock prices. These adverse developments have affected the performance of stock markets and the ratings of sovereign debt and businesses.

But there is another part of the planet in which we operate, where areas such as Eastern Europe, Russia and Latin America continue to grow. Thanks to the strong macroeconomic fundamentals of these markets, together with the rapid development of renewable energy resources, our Group has continued to be profitable during these difficult years. Geographical diversification, a well-balanced mix of generation technology and close attention to costs remain the strengths of the Enel Group, enabling

us to maintain financial stability and a solid financial position.

Increasing the efficiency of our Group, in such a challenging macroeconomic environment, is the only way to defend the achievements and free up resources to be allocated to the fastest growing areas. Processes, procedures and the very organizational structure of the Group are undergoing a profound transformation in order to maximize performance through a robust, fully integrated structure that is at once streamlined, rapid, efficient and excellent.

The new organizational structure provides for the holding company to be responsible for coordination and strategic management at the service of our business, allocating resources optimally within the Group, divisions responsible for business operations, contributing to the Group's strategy, and three global service areas for Procurement, ICT and Services operating in support of the operational units, generating added value in the form of synergies and economies of scale.

This is a real step forward that will allow our Group to remain competitive while retaining cost leadership and technology leadership.

The year 2012 saw us achieve the objectives announced to the market, exceeding the targets set, both in terms of gross operating margin, which amounted to €16.7 billion, and in terms of net financial debt, which amounted to €42.9 billion, a decrease of about €1.7 billion compared with 2011. Group revenues at the end of 2012 totaled €84.9 billion, an increase of 6.8% compared with 2011. These results confirm the soundness of our strategy and the resilience of Enel in mature markets, accompanied by strong growth in renewable energy, in the South American countries and in Eastern Europe. The preservation of margins, cash generation in mature markets and a selective and flexible investment policy have enabled us to keep debt within limits and achieve returns to shareholders in line with the sector.

Armed with these results, the Group's strategy is further strengthened by the pursuit of the following priorities:

- > preserving margins and cash generation in our mature markets;
- > continuing investment in the growth markets of Eastern Europe and Latin America, as well as in renewable energy;
- > strengthening the Balance Sheet and optimizing our asset portfolio;
- > completing the reorganization of the Group, including through minority buy-outs;
- > maintaining a constant focus on financial discipline.

These strategic priorities are combined with a strong focus on local communities, a thoroughly disseminated culture of safety and a clear corporate social responsibility (CSR) policy, which has an integral place within our business plan because we are convinced that corporate social responsibility has a direct impact on medium and long-term competitiveness. Enel is in the Dow Jones Sustainability Index for the ninth consecutive year and is a participant in the United Nations' Global Compact LEAD. This commitment has allowed us and will continue to allow us to create value for all our stakeholders.

The contribution of the various divisions to Group performance is briefly described below.

Sales Division - Italy

In a dynamic sales market, characterized by the continuous increase in competitive pressures and the growing interest of end users in energy efficiency issues, the Sales Division continued to pursue its business strategy of focusing on the high-value mass market, with an intense customer acquisition effort, and innovation in our product range and sales channels.

In particular, Enel Energia remains the leading Italian operator on the free energy market, with some 4.1 million customers and 41.3 TWh in power sold, accompanied by a strong presence in the natural gas market, with about 3.2 million customers.

Enel Servizio Elettrico remains the number one operator on the enhanced protection market, with 60.3 TWh of electricity sold and a customer base of 23.9 million customers, a decrease of about 1.1 million customers compared with 2011 as a result of the expansion of the free market.

In the customer service area, the service excellence was, as in the past, a management priority in 2012, as underscored by the presence, for the second consecutive year, of Enel Energia and Enel Servizio Elettrico in the first two places of the ranking issued by the Authority for Electricity and Gas (the Authority) of the best contact centers in the industry. The excellence of services delivered to customers was also pursued with a constant focus on enhancing the efficiency of operational processes, aimed at maximizing the value generated for customers and for the Group.

The results confirm the validity of the strategic focus and operational actions, with revenues of €18.4 billion and a gross operating margin of €689 million, up respectively by about 3.5% and about 23% compared with 2011.

Generation and Energy Management Division - Italy

In current market conditions, characterized in 2012 by a decline in electricity demand and a significant increase in generation from unschedulable renewable energy plants, the Division generated 62.8 TWh in Italy, about 22% of national demand net of imports. This performance was down 6.5% from the previous year, due to the lack of competitiveness of gas-fired plants and the reduction in hydro generation owing to reduced water availability. This decrease was partially offset by the competitiveness of coal-fired plants, thanks in particular to the full operation of the Torrealvaliga Nord plant at Civitavecchia.

The renegotiation of long-term gas supply contracts was also completed, which had been undertaken in response to the adverse market environment, achieving major benefits in terms of price and a reduction of volumes under take-or-pay agreements.

In 2012, revenues amounted to €25,237 million, while the gross operating margin came to €1,271 million, down sharply compared with 2011, reflecting the deterioration of the wholesale market for electricity and gas in Italy as well as the effect of certain non-recurring items posted the previous year. During 2012, continuous improvement towards operational excellence went forward, particularly in the management of plant facilities, with projects designed to enhance operational efficiency, reliability and safety.

Infrastructure and Networks Division - Italy

The strong operational and financial performance of the Infrastructure and Networks Division in 2012 confirms Enel's leadership in the electricity distribution field with a total of 31.7 million customers and 238.2 TWh distributed. Last year, the Division generated revenues of €8,177 million and a gross operating margin of €4,138 million, in line with 2011.

The strong commitment to operational excellence produced a further improvement in service qua-

lity in terms of the average number of interruptions per customer, with 3.7 interruptions, compared with 3.8 in 2011. The total duration of outages per customer came to 46 minutes on average, compared with 44 in 2011. The rise was in part attributable to the extraordinary weather events recorded in February 2012.

The past year saw strong growth in connections of renewable generation plants: on its network, Enel connected approximately 140,000, for a total of 4,700 MW.

In Italy, the automated remote management system for electronic meters executed more than 7 million contract transactions and more than 400 million remote readings in 2012. In Spain, the installation of electronic meters continued with the installation of more than 2 million units, with a goal of serving about 13 million customers in the coming years.

In the field of smart grids, the power grids of the future, Enel confirmed its European leadership, chairing the "European Distribution System Operators (EDSO) for Smart Grids" association, through which it develops the implementation plans for European pilot projects and carries them out with the contribution of leading industry partners. During 2012 several projects were initiated with financing under the 7th Framework Programme of the European Commission with the participation of EDSO as coordinator. Enel is also involved as technical coordinator of the Grid4EU project, funded by the European Commission. Innovative projects also continued in Italy, such as the smart grid project in Isernia – with incentives from the Authority – and the projects of the Interregional Operational Plan for the southern regions funded by the Ministry for Economic Development. Under the Smart Cities initiative, Enel has launched projects in the cities of Bari and Genoa, with funding from the European Union and the Ministry for Universities and Research. At the international level, the first phase of the project to transform Malaga in Spain into a smart city was completed and the first smart city in Latin America was inaugurated in Búzios, in Brazil.

An important contribution to the development of electric mobility was the signing of a number of agreements in 2012 with local and regional governments (the Cities of Rome and Bari, and the Region of Emilia-Romagna) and private companies (Renault, Italian Post Office). Enel charging infrastructure for electric vehicles around the country now exceeds 1,000 points.

The Public Lighting business improved on the already positive results of the previous year and, thanks to developments in the Archilede project and the extension of the CONSIP tender, has consolidated its leadership position both in Italy and in Spain in the field of new LED street lighting systems.

Iberia and Latin America Division

In 2012, the Iberia and Latin America Division posted a gross operating margin of €7,212 million, down 0.5% compared with 2011. This decrease is due to the combined effect of the negative impact of regulatory measures adopted by the Spanish government in 2012 and a smaller generation margin in Chile, due to unfavorable hydrological conditions.

Despite the adverse economic, energy and regulatory environment, a significant contribution to the results was made by the synergies achieved with the Group and the efficiency plans implemented by the Division. These initiatives produced a total of €1,307 million in recurring annual savings, once again surpassing the initial annual targets.

During 2012, the demand for electricity in the Spanish market fell by 1.7%, while electricity generation by Endesa, which amounted to 77.4 TWh, increased by 3% due to greater generation from nuclear fuel and imported coal, which offset lower output from domestic coal, combined cycle systems and hydro plants.

Total revenues for 2012 in Spain and Portugal amounted to €23,367 million, an increase of 3.4% due to higher sales prices. The process of securitizing the electricity rate deficit also continued, generating

cash of €2,674 million for the Group.

Contrary to conditions in Spain, electricity demand in Latin America continued to rise in 2012 as a result of the stronger economic performance in the region's economies. Electricity demand grew by an average 4.5% in the five countries in which the Division operates (Chile, Colombia, Argentina, Peru and Brazil), with a peak of more than 5% in Chile and Peru. The total production was 63.1 TWh.

The gross operating margin achieved by the Division in these five countries totaled €3,211 million, down by only 1.4% compared with 2011, due to the exceptional drought in Chile and special circumstances in Argentina. By contrast, operational performance in Colombia and in the distribution sector across the region was strong.

Significant operational developments in the Latin American market included the approval of the capital increase of Enersis, amounting to \$5,995 million, proposed by the Group at the Extraordinary Shareholders' Meeting held in Santiago, Chile on December 20, 2012. Confirming its soundness, the operation was approved by a large majority (82% of the shares). The capital increase will strengthen the Group's position, confirming it as the leading private electricity multinational in the region, and significantly reinforce Enersis' balance sheet, putting it in a position to seize opportunities during future periods of faster growth.

Renewable Energy Division

In 2012, within an overall context of growth in investment and installed capacity in the renewable energy sector, Enel Green Power confirmed its global leadership position, meeting the commitments announced to the market and in the 2012-2016 business plan.

Organic growth in installed capacity over the course of the year amounted to more than 900 MW compared with 2011, enabling the Company to reach a total of 8 GW of capacity, while the net electricity generation amounted to 25.1 TWh, an increase of 2.6 TWh or 11.7% compared with 2011. The increase in capacity and output was accompanied by a rise in key performance aggregates. Total revenues amounted to €2,696 million, up 6.2% compared with 2011. The gross operating margin in 2012 reached €1,681 million, a rise of 6.1% from the previous year. In 2012, Enel Green Power continued to pursue growth with a balanced mix of all the main renewable generation technologies, seeking out markets with the greatest potential in terms of growth in energy demand, abundant natural resources, and socio-political and regulatory stability.

During the year, the Division expanded its activities in the emerging markets of Central and South America, particularly Mexico, Brazil, Chile and Guatemala. In Mexico, Enel Green Power strengthened its presence with the entry into service of two wind farms (Bii Nee Stipa II and III) for a total of 144 MW in the region of Oaxaca, where Enel Green Power also won the public tender organized by the Mexican electricity authority for the construction of a wind farm of 102 MW. In Brazil, work started on the construction of three wind farms in the State of Bahia, with a total capacity of 90 MW, while in Chile construction began for the development of a wind farm of 90 MW. Finally, in Guatemala the new Palo Viejo plant, with a total capacity of 87 MW, entered service.

Enel Green Power continued to develop operations in North America. In the wind sector, two new wind farms, one at Castle Rock Ridge in Canada, with a capacity of 76 MW, and one at Rocky Ridge in Oklahoma, in the United States, with a capacity of 150 MW, entered service. In May, work began on the construction of a new geothermal power plant in Utah, with a gross installed capacity of 25 MW. As regards operations in Europe, the results for 2012 confirm the consolidation of Enel Green Power's presence in Romania, where new wind farms with a capacity of about 230 MW entered service, while in Italy, Spain and Greece new photovoltaic and wind capacity totaling about 230 MW was added.

International Division

In 2012, the International Division reported revenues of €8,703 million and a gross operating margin of €1,650 million, an increase of 5.8% over the previous year, net of the change in scope of consolidation related to the sale of Enel Maritza East 3 in Bulgaria. Operational performance also improved, with output amounting to 65.2 TWh and retail sales to 52.0 TWh, increases of 4% (net of the change in scope noted above) and 12%, respectively, compared with 2011. The result was made possible by the effective operational management of assets, the optimization of commercial strategies and effective dialogue with institutional and regulatory authorities. This latter aspect assumed particular importance in a year that witnessed the inauguration of new governments in each country in the International Division's scope of operations.

In Slovakia, Slovenské elektrárne posted a gross operating margin of €836 million, an increase of 3% over the previous year. Improvements were also seen in the operational safety and availability of the nuclear power plants, whose efficiency is second to none in Europe. Work continues on the construction of units 3 and 4 of the Mochovce nuclear power plant, for which it was essential to take account of the new safety requirements prompted in part by the stress tests carried out after the Fukushima incident. After entering service, the two new units will raise the proportion of emission-free generation by Slovenské elektrárne to 93%.

In Russia, Enel OGK-5 posted a gross operating margin of €392 million in 2012, an increase of 13% over the previous year, thanks to the availability for the entire year of two new CCGT plants, which first entered service in 2011, and the continuation of actions to raise the operating efficiency of plants. These initiatives focused on optimizing and streamlining the cost structure and staff organization connected with plant operations. They play a key role in preserving margins in a highly competitive environment. The sales company RusEnergoSbyt, in which Enel holds an interest of 49.5%, continued its strategy of diversifying its commercial portfolio, expanding it beyond its main customer RZhD (the Russian Railways) with the acquisition of new industrial customers and the start of operations in new regions. The Enel's share of the gross operating margin for 2012 amounted to about €135 million.

In Romania, the three distribution companies of the Division continued investment in the modernization of networks and the improvement of service quality. In particular, in 2012 the actions planned in collaboration with the Infrastructure and Networks Division led to a substantial reduction of network losses, from 13% to about 11%, very close to the optimal levels set by the regulator. The joint effect of the performance of the electricity sales companies and the reduction in the cost-to-serve helped achieve a gross operating margin for all activities in Romania of €231 million, an increase of 12.6%.

In France, Enel France exercised its right to withdraw from the Flamanville 3 project, concluding the strategic partnership agreement signed with EDF in 2007 and recovering in full the advances paid, amounting to €613 million, together with accrued interest of €45 million. Commercial operations expanded, with 13.1 TWh of electricity sold to end users, compared with 11.4 TWh in 2011. In Belgium, in March 2012, the CCGT plant at Marcinelle entered service. Following the exercise of the put option by Duferco, Enel now owns 100% of the company.

Upstream Gas Function

The year 2012 was a pivotal one for the development of the Group's upstream activities, operations that will make gas supply portfolio of Enel more secure, flexible and competitive, with domestic demand of about 30 billion cubic meters in Italy, Spain, Russia and Latin America.

The reserve certification confirmed an increase of 19% in Enel's share over the previous year, for total proven reserves of about 917 million barrels of oil equivalent and for proven and probable reserves of 1,490 million barrels of oil equivalent.

In Russia, production of hydrocarbons began in April, with Enel's share for the year amounting to more than 300 million cubic meters of gas and 2.3 million barrels of oil equivalent. In December, a second production train was launched, doubling capacity.

In Algeria, with the presentation of the Field Development Report in August, work began on the development of the Ain Tsila field (Isarene), where Enel has a share of 18.4%. The field is expected to go into production at the end of 2017 with a plateau of about 3.5 billion cubic meters. In September, following the drilling of the first of the five planned exploration wells, a hydrocarbon discovery was announced for the South East Illizi permit, in which Enel has a stake of 13.5%.

In Italy, Enel continued to expand its portfolio through the identification of two new exploration prospects, the award of two exploration permits and the submission of two new applications.

Engineering and Research Division

During 2012, the Engineering and Research Division continued with the construction and modernization of Group generation plants, with a special focus on enhancing environmental performance, and initiated strategic research projects leveraging synergies within the Group.

In Italy, the electrostatic precipitators in unit 4 at the Brindisi power plant were replaced with bag filters in just 13 weeks (Best International Performance). The change will reduce particulate emissions by 80%. At the same site, work is under way on the construction of a covered storage facility for coal and the associated transport systems, as well as the renovation of port facilities, which will enable the recovery of rainwater, reducing the consumption of water resources.

In Belgium, the Marcinelle plant (410 MW CCGT) entered service, while in South America the Division provided support to Endesa for the commissioning and operation of the Bocamina plant in Chile. In Russia, the Reftinskaya plant of Enel OGC-5 remains an important site for the activities of the Division: work is almost done on construction of the largest plant in the world for the dry transportation and storage of ash, both in terms of capacity and length (dry ash removal system), and the environmental upgrading and revamping of the first of the 10 units of the plant is nearing completion. This project will improve the efficiency of particulate and NOx reduction and will extend the useful life of the unit by 20 years.

With regard to the Nuclear Area, the monitoring and reporting of the safety performance of plants (Nuclear Safety Oversight - NSO) was made even more effective, while engineering activities began to support the implementation, at the plants operated by the Group, of improvement measures identified during the stress testing. In Slovakia, the team engaged in the construction of units 3 and 4 of the Mochovce nuclear power plant was strengthened further, including through the transfer of specialist staff previously working at the Flamanville 3 project in France, for which the right of withdrawal was exercised in December 2012.

In research and development, building on the experience gained with the Archimede solar thermal power plant using molten salts (5 MW) at Siracusa, the construction of a test circuit for testing new salt blends and innovative components was initiated at the same site. Research in the field of photovoltaic technologies continued at the Catania laboratory, while testing of the main electricity storage technologies and their integration with renewable energy systems continued at the Livorno laboratory. Finally, as part of the ENCIO project at the Enel plant in Fusina, construction began on an experimental station with no equal in the world in terms of size or type. It will enable the full-scale testing of components and materials for future high-efficiency coal-fired plants (50%).

Outlook

The persistence of macroeconomic weakness in Italy and Spain is accompanied by signs of recovery in the United States and robust fundamentals in the emerging markets, which could help drive a slow recovery in Europe.

The outlook for the renewables business remains positive, with steady expansion in many geographical areas, together with the markets in Latin America and Eastern Europe, which continue to post significant growth, confirming the soundness of the Group's strategy to enter international markets.

The Group will concentrate on ensuring financial stability, adopting a strategy of preserving margins in mature markets, using a range of flexible and adjustable actions.

Maintaining a focus on growing markets will also involve strengthening the Group's presence in the emerging countries and in the renewables sector, pursuing the evolution of our business in a direction that will see these two segments making an increasingly major contribution.

The reorganization and enhancement of efficiency within the Group, the generation of strong cash flows and the maximization of synergies will proceed in step with the rigorous implementation of the investment plan and close attention to maintaining our rating.

The Group will continue to boost technological innovation designed to make electricity generation ever more efficient and environmentally sustainable and to develop innovative solutions for its customers, ranging from energy efficiency tools to smart grids.

All of these factors, together with close attention to service quality and relations with local communities supported by a transparent corporate social responsibility policy, will enable the Group to secure today, as well as in the future, value creation for all of our stakeholders.

Enel's decision to diversify its activities geographically towards growing economies, together with the strategy of developing renewable energy and achieving a balanced portfolio of regulated and unregulated activities, will enable us to cope effectively with the possible impact of the economic weakness on the Group's performance.

The Chief Executive Officer

Fulvio Conti

A handwritten signature in black ink, appearing to read 'F. Conti', with a horizontal line extending to the right.

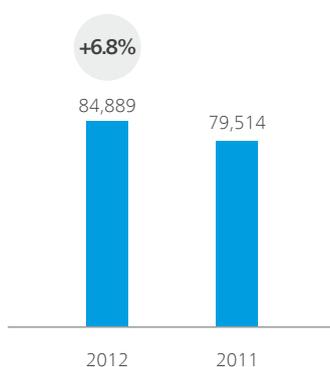
Summary of results



Performance data

Revenues

Millions of euro



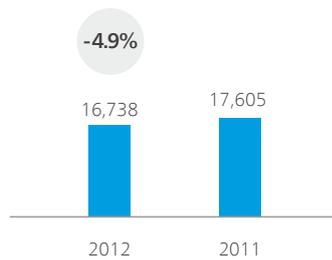
Revenues in 2012 amounted to €84,889 million, an increase of €5,375 million or 6.8% compared with 2011. The rise is essentially attributable to the increase in revenues from the sale and transport of electricity to wholesalers and end users, higher revenues from fuel trading, and greater revenues from the sale and transport of natural gas to end users. These factors were only partially offset by the decrease in revenues from electricity trading.

Millions of euro

	2012	2011 restated	Change	
Sales	18,351	17,731	620	3.5%
Generation and Energy Management	25,237	23,144	2,093	9.0%
Infrastructure and Networks	8,117	7,460	657	8.8%
Iberia and Latin America	34,169	32,647	1,522	4.7%
International	8,703	7,715	988	12.8%
Renewable Energy	2,696	2,539	157	6.2%
Other, eliminations and adjustments	(12,384)	(11,722)	(662)	-5.6%
Total	84,889	79,514	5,375	6.8%

Gross operating margin

Millions of euro



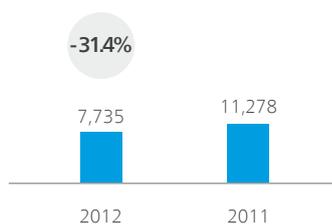
The **gross operating margin** amounted to €16,738 million, down 4.9% compared with 2011. The decline is largely attributable to the decrease in the generation margin in Italy and to the change in the scope of consolidation following the disposals in the two years under review (including the disposals of Enel Maritza East 3, Deval and Endesa Ireland). These effects were partially offset by the strong performance of the Sales, Renewable Energy and International Divisions.

Millions of euro

	2012	2011 restated	Change	
Sales	689	561	128	22.8%
Generation and Energy Management	1,271	2,209	(938)	-42.5%
Infrastructure and Networks	4,138	4,173	(35)	-0.8%
Iberia and Latin America	7,212	7,251	(39)	-0.5%
International	1,650	1,642	8	0.5%
Renewable Energy	1,681	1,585	96	6.1%
Other, eliminations and adjustments	97	184	(87)	-47.3%
Total	16,738	17,605	(867)	-4.9%

Operating income

Millions of euro



Operating income came to €7,735 million, a decrease of 31.4% compared with 2011 (€11,278 million), with an increase of €2,676 million in depreciation, amortization and impairment losses. Excluding the impairment loss recognized in 2012 on the goodwill of certain cash generating units (totaling €2,584 million), operating income fell by €959 million or 8.5%. The impairment essentially reflects the writedown of the goodwill allocated to a number of "Endesa - Iberian peninsula" CGU in the amount of €2,392 million. More specifically, the latter is related to measures adopted by the Spanish government in the energy field in 2012 (particularly in the 4th Quarter), leading to a downward revision in the expected cash flows from the assets belonging to the CGU and reflected in the 2013-2017 business plan. In addition, the quantification of the value in use, with reference to the recoverable book value of the CGU, was further negatively affected by the rise in country risk, which is factored into the discount rate used.

Millions of euro

	2012	2011 restated	Change	
Sales	183	141	42	29.8%
Generation and Energy Management	685	1,617	(932)	-57.6%
Infrastructure and Networks	3,144	3,259	(115)	-3.5%
Iberia and Latin America	1,657	4,057	(2,400)	-59.2%
International	978	1,062	(84)	-7.9%
Renewable Energy	1,121	1,080	41	3.8%
Other, eliminations and adjustments	(33)	62	(95)	-
Total	7,735	11,278	(3,543)	-31.4%

Net income

Millions of euro

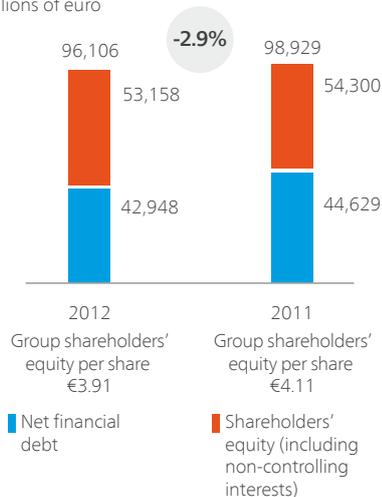


Group net income amounted to €865 million in 2012, compared with €4,113 million the previous year, a decline of 79.0%. With net financial expense broadly unchanged, the Group's performance reflects the decline in operating income (discussed above), only partially offset by the decline in the tax liability for the year. More specifically, the effective tax rate for 2012 was equal to 57.0%, compared with 36.3% in 2011. The rise is largely attributable to the recognition of the impairment losses on goodwill, which have no corresponding tax benefit.

Financial data

Net capital employed and net financial debt

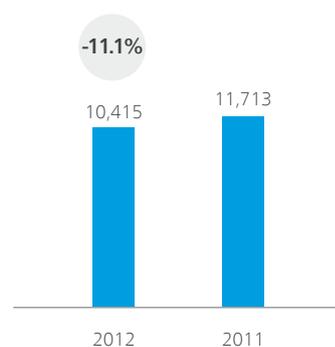
Millions of euro



Net capital employed, including net assets held for sale of €309 million, amounted to €96,106 million at December 31, 2012, and was financed by total shareholders' equity of €53,158 million and net financial debt of €42,948 million. At December 31, 2012, the debt/equity ratio came to 0.81 (0.82 at December 31, 2011).

Net financial debt came to €42,948 million, down €1,681 million on December 31, 2011. More specifically, cash flows from operations and the disposal of a number of non-strategic assets were only partially used for capital expenditure in the period and the payment of dividends.

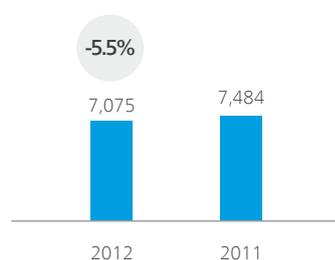
Millions of euro



Cash flow from operations

Cash flow from operations amounted to €10,415 million in 2012, a decline of €1,298 million compared with the previous year. More specifically, the rise in cash requirements associated with the change in net current assets and the decrease in the gross operating margin compared with the previous year were partially offset by the self-financing generated by greater net allocations to provisions and the change in non-monetary components of income.

Millions of euro



Capital expenditure

Capital expenditure amounted to €7,075 million in 2012 (of which €6,436 million in respect of property, plant and equipment), a decrease of €409 million compared with 2011.

Millions of euro

	2012	2011 restated	Change	
Sales	97	90	7	7.8%
Generation and Energy Management	403	431	(28)	-6.5%
Infrastructure and Networks	1,497	1,383	114	8.2%
Iberia and Latin America ⁽¹⁾	2,497	2,491	6	0.2%
International ⁽²⁾	1,161	1,450	(289)	-19.9%
Renewable Energy	1,257	1,557	(300)	-19.3%
Other, eliminations and adjustments ⁽³⁾	163	82	81	98.8%
Total	7,075	7,484	(409)	-5.5%

(1) The figure for 2012 does not include €73 million regarding units classified as "Held for sale" (€101 million at December 31, 2011).

(2) The figure for 2011 does not include €4 million regarding units classified as "Held for sale".

(3) The figure for 2012 does not include €1 million regarding units classified as "Held for sale".

Operations

	Italy	Abroad	Total	Italy	Abroad	Total
	2012			2011		
Net electricity generated by Enel (TWh)	74.5	221.3	295.8	79.0	214.9	293.9
Electricity transported on the Enel distribution network (TWh)	238.2	175.7	413.9	246.4	173.1	419.5
Electricity sold by Enel (TWh) ⁽¹⁾	102.3	214.5	316.8	104.2	207.6	311.8
Gas sold to end users (billions of m ³)	4.3	4.4	8.7	4.6	3.9	8.5
Employees at year-end (no.) ⁽²⁾	36,205	37,497	73,702	36,842	38,518	75,360

(1) Excluding sales to resellers.

(2) Of which 37 in units classified as "Held for sale" at December 31, 2012 (135 at December 31, 2011).

Net electricity generated by Enel in 2012 rose by 1.9 TWh or 0.6%, with an increase in output abroad (up 6.4 TWh) being partly offset by a decrease in generation in Italy (down 4.5 TWh). More specifically, the increase in electricity generated from renewable resources (up 2.9 TWh), essentially the result of the entry into service of new wind plants and greater nuclear generation (up 1.9 TWh), was partially offset by the decline in conventional thermal generation (down 1.3 TWh) and hydroelectric output (down 1.6 TWh).

Electricity transported on the Enel distribution network came to 413.9 TWh, down 5.6 TWh or 1.3%, reflecting the decline in Italy, which was only partially offset by the increase in electricity transported in Latin America as a result of the rise in demand.

Electricity sold by Enel in 2012 rose by 5.0 TWh or 1.6% to total 316.8 TWh. The increase is essentially attributable to the rise in volumes sold abroad (up 6.9 TWh), partially offset by a decline in volumes sold in Italy (down 1.9 TWh) following the opening of the market.

At December 31, 2012, Enel Group **employees** totaled 73,702 (75,360 at the end of 2011). The Group's workforce contracted by 1,658 in 2012 owing to the balance between new hirings and terminations (for a decrease of 1,527), and the decrease attributable to the change in the scope of consolidation with the disposals of Endesa Ireland (109 employees) and Wisco (22 employees).

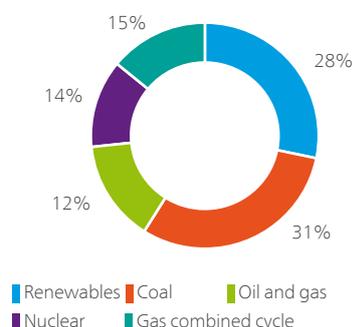
	Employees (no.)	
	2012	2011
Sales	3,674	3,745
Generation and Energy Management	6,043	6,277
Infrastructure and Networks	18,632	18,951
Iberia and Latin America ⁽¹⁾	22,807	22,877
International ⁽²⁾	12,652	13,779
Renewable Energy	3,512	3,229
Other, eliminations and adjustments ⁽³⁾	6,382	6,502
Total	73,702	75,360

(1) Of which 113 in units classified as "Held for sale" at December 31, 2011.

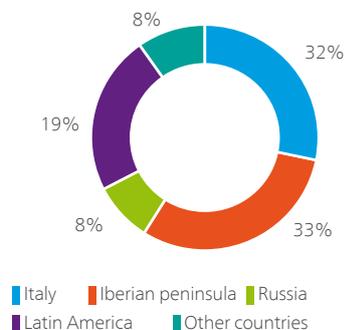
(2) Of which 37 in units classified as "Held for sale" at December 31, 2012.

(3) Of which 22 in units classified as "Held for sale" at December 31, 2011.

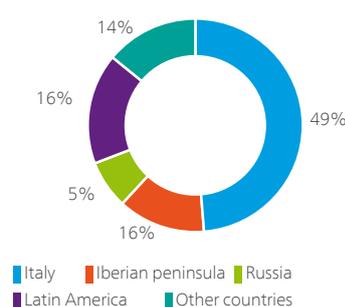
Net electricity generation by source (2012)



Electricity sold by geographical area (2012)



Employees by geographical area (at December 31, 2012)



Sustainability indicators

	2012	2011	Change	
ISO 14001-certified net maximum electrical capacity (% of total)	92.6	91.2	1.4	1.5%
Average efficiency of thermal plants (%) ⁽¹⁾	39.9	39.7	0.2	0.5%
Total specific emissions of CO ₂ from net generation (gCO ₂ /kWh _{eq}) ⁽¹⁾	418	411	7	1.7%
"Zero-emission" generation (% of total)	42.4	41.6	0.8	1.9%
Injury frequency rate	2.0	2.4	(0.4)	-16.7%
Injury severity rate	0.10	0.11	(0.01)	-9.1%
Serious and fatal injuries at Enel ⁽²⁾	15	12	3	25.0%
Serious and fatal injuries at contractors ⁽²⁾	34	46	(12)	-26.1%
Average hours of training per employee	44.8	44.7	0.1	0.2%
Verified violations of the Code of Ethics ⁽³⁾	34	37	(3)	-8.1%

(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 2012 and, for greater details, the Environmental Report 2012.

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

(3) In 2012, an analysis was performed of violations reported in 2011. As a result, there was a change in the number of verified violations reported for 2011 in the Sustainability Report for the previous year from 33 to 37.

The *proportion of ISO 14001-certified maximum electrical capacity* was equal to 92.6% of total net efficient capacity at December 31, 2012, an increase of 1.5%. The rise reflects new certifications of plants of the Renewable Energy Division in Europe and Latin America and the Porto Empedocle thermal plant in Italy.

In 2012 the *average efficiency of thermal plants* rose by about 0.5%, essentially due to the entry into service of a combined cycle gas plant in Belgium and the increase in output of the two combined cycle gas plants in Russia that entered service at the end of 2011.

The *increase in specific emissions of CO₂* is attributable to the larger proportion of fossil fuels in the generation mix, especially coal-fired generation, largely due to poorer water availability in 2012 compared with 2011.

The *injury frequency and severity rates* declined by 16.7% and 9.1% respectively compared with 2011. The impro-

vement is attributable to constant and intensive information, training and awareness-raising activities conducted by the Group in recent years in order to disseminate a culture of safety at all levels and to promote the adoption of safe behavior, as well as the ongoing implementation of measures to enhance workplace health and safety standards and management processes.

Serious and fatal injuries involving Enel personnel increased by 25% compared with 2011. There were no fatal accidents involving Enel employees. Serious and fatal injuries involving the employees of contractors working for Enel fell by 26.1% compared with 2011, thanks to ongoing implementation of measures to enhance workplace health and safety in all stages of the tendering process.

The *number of hours of training per employee*, developments in *reports received* and *verified violations of the Code of Ethics* were broadly in line with 2011.

Overview of the Group's operations, 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) no. 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.

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 and permitting full line-by-line consolidation;
- > loss of control, as from April 1, 2011, 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. Accordingly, 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;
- > acquisition, on June 9, 2011, of an additional 50% of TP - Sociedade Térmica Portuguesa, as a result of which the Group acquired full control of the company, whereas prior to the acquisition it had exercised joint control. As from that date the company is consolidated on a full line-by-line basis;
- > 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 Nether-

land BV. These companies respectively owned 73% of the Bulgarian company Enel Maritza East 3 and 73% of the Bulgarian company Enel Operations Bulgaria;

- > 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 SF 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 Group acquired joint control of the company (with proportionate consolidation), 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%, which had given it joint control with Electricité de France; as from that date the company has been consolidated on a line-by-line basis.

2012

- > acquisition, on January 13, 2012, of an additional 49% of Rocky Ridge Wind Project, which was already a subsidiary (consolidated line-by-line) controlled through a 51% stake;
- > acquisition, on February 14, 2012, of the remaining 50% of Enel Stocaggi, a company in which the Group already held a 50% interest. As from that date the company has been consolidated on a line-by-line basis (previously consolidated proportionately in view of the joint control exercised);
- > acquisition, on June 27, 2012, of the remaining 50% of a number of companies in the Kafireas wind power pipeline in Greece, which had previously been included under "Elica 2" and accounted for using the equity method in view of its 30% stake; as from that date the companies have therefore been consolidated on a line-by-line basis;
- > acquisition, on June 28, 2012, of 100% of Stipa Nayaa, a Mexican company operating in the wind generation sector;
- > disposal, on August 2, 2012, of the entire capital of Wa-

- ter & Industrial Services Company (Wisco), which operates in the waste water treatment sector in Italy;
- > disposal, on October 9, 2012, of the entire share capital of Endesa Ireland, a company operating in the generation of electricity;
 - > acquisition, on October 12, 2012, of the additional 58% of Trade Wind Energy, a company in which the Group

- had held a stake of 42%; as a result of the purchase, the company is no longer consolidated using the equity method but is consolidated on a line-by-line basis;
- > acquisition, on December 21, 2012, of 99.9% of Eólica Zopiloteapan, a Mexican company operating in the wind generation sector.

Group performance

Millions of euro

	2012	2011 restated	Change	
Total revenues	84,889	79,514	5,375	6.8%
Total costs	68,189	62,181	6,008	9.7%
Net income/(charges) from commodity risk management	38	272	(234)	-86.0%
GROSS OPERATING MARGIN	16,738	17,605	(867)	-4.9%
Depreciation, amortization and impairment losses	9,003	6,327	2,676	42.3%
OPERATING INCOME	7,735	11,278	(3,543)	-31.4%
Financial income	2,272	2,693	(421)	-15.6%
Financial expense	5,275	5,717	(442)	-7.7%
Total financial income/(expense)	(3,003)	(3,024)	21	0.7%
Share of income/(expense) from investments accounted for using the equity method	88	96	(8)	-8.3%
INCOME BEFORE TAXES	4,820	8,350	(3,530)	-42.3%
Income taxes	2,745	3,027	(282)	-9.3%
NET INCOME FROM CONTINUING OPERATIONS	2,075	5,323	(3,248)	-61.0%
NET INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-
NET INCOME (Group and non-controlling interests)	2,075	5,323	(3,248)	-61.0%
Net income attributable to shareholders of Parent Company	865	4,113	(3,248)	-79.0%
Net income attributable to non-controlling interests	1,210	1,210	-	-

Revenues

Millions of euro

	2012	2011 restated	Change
Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies	71,322	68,308	3,014
Gas sold and transported to end users	4,402	3,624	778
Gains on the disposal of assets	6	71	(65)
Remeasurement at fair value after changes in control	16	358	(342)
Other services, sales and revenues	9,143	7,153	1,990
Total	84,889	79,514	5,375

Revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** in 2012 amounted to €71,322 million, up €3,014 million or 4.4% from the previous year. The growth can mainly be ascribed to the following factors:

- > an increase of €1,203 million in revenues from the sale of electricity to end users, mainly as a result of higher revenues from free markets (€859 million) and regulated markets (€344 million). More specifically, there was an increase in volumes sold, as well as an increase in average sales prices in Central and Eastern Europe and Latin America, the impact of which was partially offset by a decline in sales in the other countries in which the Group operates;
- > an increase of €1,994 million in revenues from the wholesale business, mainly attributable to a rise in volumes of electricity sold;
- > an increase of €538 million in revenues from the transport of electricity, essentially attributable to greater revenues from the transport of electricity to the Group's end users (€719 million), partially offset by a decline in revenues from the transport of electricity for other operators (€181 million);
- > an increase of €223 million in revenues from contributions from the Electricity Equalization Fund and similar bodies, essentially attributable to extra-peninsular generation in Spain;
- > a decrease of €943 million in revenues from electricity trading, reflecting a decline in volumes handled.

Revenues from **gas sold and transported to end users** rose by €778 million or 21.5% compared with 2011. This trend was essentially attributable to an increase in volumes sold and a rise in average sales prices as a result of developments in the international energy situation and the revision of a number of rate components.

Gains on the disposal of assets in 2012 amounted to €6 million and reflect the proceeds from a number of minor disposals. In 2011 the item mainly comprised the gains from the sale of Enel Unión Fenosa Renovables (€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 gain on the transfer of the assets of the business line that led to the acquisition 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 carried out in 2010.

Gains from **remeasurement at fair value after changes in control** came to €16 million in 2012, of which €11 million regarded Trade Wind Energy, €4 million regarded Sociedad Eólica Los Lances and €1 million regarded Enel Stocaggi. In all three cases, the gain was generated by the remeasurement of the net assets already held by the Group prior to the purchase of equity leading to the acquisition of full control. In 2011, the gains had regarded the adjustment of the value of Group assets and liabilities to reflect their fair value with regard to (i) the residual assets and liabilities held following the loss of control of Hydro Dolomiti Enel as a result in the change in the corporate governance structure (€237 million); and (ii) the assets and liabilities already owned prior to obtaining complete control of Enel Unión Fenosa Renovables (€76 million), Sociedad Eólica de Andalucía (€23 million) and TP - Sociedade Térmica Portuguesa (€22 million).

Revenues from **other services, sales and revenues** amounted to €9,143 million in 2012 (€7,153 million in 2011), an increase of €1,990 million or 27.8% compared with the previous year. The rise is essentially attributable to the following developments:

- > an increase of €905 million in revenues from the sale of fuels for trading, including revenues for shipping services, essentially due to an increase in volumes handled in Italy;
- > an increase of €390 million in revenues from the sale of other goods, mainly due to higher sales of CO₂ emissions allowances, green certificates and photovoltaic modules;
- > recognition by the Italian Authority for Electricity and Gas (Resolution no. 157/2012) of the right to be reimbursed for charges incurred by the Group as a result of the termination of the Electrical Worker Pension Fund (FPE) as from January 1, 2000, in the amount of €615 million;
- > an increase of €63 million in grants from the Electricity Equalization Fund for white certificates.

Costs

Millions of euro

	2012	2011 restated	Change
Electricity purchases	30,080	29,045	1,035
Consumption of fuel for electricity generation	8,546	7,879	667
Fuel for trading and natural gas for sale to end users	4,840	3,722	1,118
Materials	2,778	2,400	378
Personnel	4,860	4,296	564
Services, leases and rentals	15,624	14,295	1,329
Other operating expenses	3,208	2,255	953
Capitalized costs	(1,747)	(1,711)	(36)
Total	68,189	62,181	6,008

Costs for **electricity purchases** amounted to €30,080 million, an increase of €1,035 million or 3.6% in 2012. The change reflects the combined impact of an increase in costs for purchasing electricity on power exchanges and from over-the-counter counterparties (€828 million) and a rise in electricity purchases through bilateral contracts (€207 million).

Costs for the **consumption of fuel for electricity generation** amounted to €8,546 million in 2012, an increase of €667 million or 8.5% on the previous year. The rise reflects the increase in volumes of coal purchased by the generation companies (consistent with the generation mix used for thermal generation) and the rise in costs for gas consumption as a result of higher weighted average prices.

Costs for the purchase of **fuel for trading and natural gas for sale to end users** came to €4,840 million, up €1,118 million or 30.0% compared with 2011. The rise is largely attributable to gas and developments in its average purchase price, which is correlated with the prices of petroleum products.

Costs for **materials** amounted to €2,778 million in 2012, up €378 million on 2011, mainly due to the impact of higher costs for sourcing energy efficiency certificates (including EUAs and CERs).

Personnel costs for 2012 amounted to €4,860 million, up €564 million or 13.1% on the previous year. This essentially reflects the increase in estimates recognized in 2011 for costs in previous years in respect of the early retirement

incentive plan that ended at December 31, 2011.

The Enel Group workforce at December 31, 2012 totaled 73,702 (75,360 at December 31, 2011), of whom about 51% employed abroad.

The Group workforce contracted by 1,658 during the period, due both to the net negative balance between new hires and terminations (1,527 employees) and the change in the scope of consolidation after the sale of Endesa Ireland (109) and Wisco (22). The Belgian company Marcinelle Energie is currently classified as held for sale (37 employees).

The change compared with December 31, 2011 breaks down as follows:

Balance at December 31, 2011	75,360
Change in scope of consolidation	(131)
Hirings	2,708
Terminations	(4,235)
Balance at December 31, 2012 ⁽¹⁾	73,702

(1) Includes 37 in units classified as "Held for sale" (135 at December 31, 2011).

Costs for **services, leases and rentals** in 2012 came to €15,624 million, up €1,329 million or 9.3% compared with 2011. The change was essentially due to the increase in electricity transport costs (€1,117 million) as a result of transport rate increases (mainly related to the TUR in Spain) and to the increase in costs for other services (€212 million), due in part to the increase in incidental fees related to electricity sales, including rights to use transport capacity.

Other operating expenses came to €3,208 million in 2012, a rise of €953 million or 42.3% compared with the previous

year. More specifically, the increase is mainly associated with a rise in costs for the purchase of green certificates (€333 million) and greater provisions for risks and charges (€421 million).

Capitalized costs came to €1,747 million in 2012 (€1,711 million in 2011), essentially unchanged on the previous year.

Net income/(charges) from commodity risk management showed net income of €38 million in 2012 (€272 million the previous year). The result for 2012 reflects €219 million in net income realized in the period (€160 million in 2011) and net charges from the fair value measurement of derivatives positions open at the end of the period in the amount of €181 million (€112 million of net income 2011).

Depreciation, amortization and impairment losses amounted to €9,003 million, up €2,676 million or 42.3%. The rise is attributable to an increase in impairment losses on assets, net of any writebacks, in the amount of €2,281 million, an increase of €326 million in depreciation and amortization (essentially due to the entry into service of a number of new renewable energy generation plants), as well as an increase in net writedowns of trade receivables totaling €69 million.

More specifically, in 2012 impairment losses on assets, net of any writebacks, totaled €2,819 million (€538 million in 2011) and essentially regard the impairment of the goodwill allocated to the Endesa-Iberian peninsula cash generating unit (€2,392 million), Enel OGK-5 (€112 million) and Endesa Ireland (€67 million), which was sold at the end of 2012, as well as the adjustment to estimated realizable value of the net assets of Marcinelle Energie (€145 million), taking account of the status of negotiations under way for their sale. In 2011, the item included the impairment recognized on the electricity distribution grid in Argentina (€153 million) and on the goodwill allocated to the Endesa Ireland, Enel Green Power Hellas and Marcinelle Energie cash generating units (for a total of €201 million).

Operating income in 2012 came to €7,735 million, down €3,543 million or 31.4% compared with 2011, taking into account the increase in depreciation, amortization and impairment losses commented above.

Net financial expense came to €3,003 million in 2012, es-

entially unchanged on 2011 (€3,024 million). More specifically, the effect of developments in interest and exchange rates (net of related hedging) was entirely offset by the recognition in early 2012 of the gain on the sale of the shareholding in Terna (€185 million) as well as the impact of the lower average net debt in 2012.

The **share of income/(expense) from investments accounted for using the equity method** showed net income of €88 million in 2012, down €8 million compared with 2011.

Income taxes for 2012 amounted to €2,745 million (€3,027 million in 2011), equal to 57.0% of taxable income, compared with 36.3% in 2011. More specifically, the effective tax rate for 2012 reflects the recognition of the impairment losses on goodwill noted earlier, for which there is no corresponding tax benefit, and the adjustment of the deferred taxes of the Chilean and Slovakian companies following an increase in the tax rates in those country as from January 1, 2013. These factors were partially offset by the recognition of the tax benefit recognized by the Italian companies of the reimbursement of IRES and the Robin Hood Tax established by Decree Law 16/2012 for the allowance of the deduction of the portion of IRAP regarding personnel expenses. In 2011 the tax rate essentially reflected a favorable ruling related to a tax dispute in Spain.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, at Dec. 31, 2011		
	2012	restated	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	103,319	101,544	1,775
- goodwill	15,963	18,342	(2,379)
- equity investments accounted for using the equity method	1,115	1,085	30
- other net non-current assets/(liabilities)	(865)	(359)	(506)
Total	119,532	120,612	(1,080)
Net current assets:			
- trade receivables	11,719	11,570	149
- inventories	3,338	3,148	190
- net receivables due from the Electricity Equalization Fund and similar bodies	(2,435)	(1,823)	(612)
- other net current assets/(liabilities)	(5,295)	(5,524)	229
- trade payables	(13,903)	(12,931)	(972)
Total	(6,576)	(5,560)	(1,016)
Gross capital employed	112,956	115,052	(2,096)
Sundry provisions:			
- post-employment and other employee benefits	(3,063)	(3,000)	(63)
- provisions for risks and charges and net deferred taxes	(14,096)	(13,446)	(650)
Total	(17,159)	(16,446)	(713)
Net assets held for sale	309	323	(14)
Net capital employed	96,106	98,929	(2,823)
Total shareholders' equity	53,158	54,300	(1,142)
Net financial debt	42,948	44,629	(1,681)

Property, plant and equipment and intangible assets (including investment property) came to €103,319 million at December 31, 2012, an increase of €1,775 million. The rise is primarily attributable to investments (€7,075 million), the positive impact of the change in the scope of consolidation (€236 million) and exchange rate gains (€258 million). These factors were partially offset by depreciation, amortization and impairment losses (€5,831 million) and the reclassification to "Assets held for sale" of the Marc-nelle Energie assets (€362 million).

Goodwill, amounting to €15,963 million, decreased by €2,379 million compared with December 31, 2011. This change mainly reflects the impairment losses on a number of cash generating units - CGU (totaling €2,517 million, of which €2,392 in respect of the Endesa-Iberian peninsula CGU and €112 million in respect of the Enel OGG-5 CGU), the recognition of goodwill associated with the acquisition of control of a number of companies of the Renewable Energy Division (€112 million, essentially associated

with certain acquisitions in Mexico and Greece) and the overall positive impact (€28 million) from the adjustment at current exchange rates of the goodwill denominated in currencies other than the euro.

Equity investments accounted for using the equity method amounted to €1,115 million, largely unchanged compared with the end of the previous year.

Other net non-current liabilities at December 31, 2012 amounted to €865 million, an increase of €506 million compared with December 31, 2011.

The change is essentially attributable to the decrease in other equity investments, as a result of the disposal in early 2012 of the equity interest in Terna and the decrease in the fair value of the holdings in Echelon and Bayan Resources, as well as the change in the fair value of financial derivatives.

These negative effects were partly offset by the increase in tax credits, which include the recognition of the credit in

respect of the reimbursement of IRES and the Robin Hood Tax for the non-deduction of IRAP for personnel expenses established by Decree Law 16/2012, by the increase in other non-current assets associated with other long-term receivables, the change in which was mainly attributable to advances paid to gas suppliers under take-or-pay clauses in long-term contracts, and amounts advanced in relation to exploration activities in Algeria by the Upstream Gas function.

Net current assets came to a negative €6,576 million at December 31, 2012, down €1,016 million compared with December 31, 2011. This change is due to the following factors:

- > an increase of €149 million in *trade receivables*, essentially correlated with developments in sales;
- > an increase of €190 million in *inventories*, mainly associated with gas and coal inventories;
- > a decrease of €612 million in *net receivables due from the Electricity Equalization Fund and similar bodies* reflecting the application of equalization mechanisms to electricity purchases;
- > an increase of €229 million in *other net current assets less related liabilities*. This change is due to the following factors:
 - an increase of €324 million in net income tax receivables; the rise is essentially associated with income tax payments in the amount of €2,929 million, partially offset by the recognition of current taxes (net of adjustments for previous years) totaling €2,579 million;
 - an increase of €78 million in net current assets, largely attributable to the rise in net tax receivables other than current income taxes in the amount of €307 million, essentially attributable to VAT in Italy and taxes and surtaxes on the consumption of electricity and gas, partially offset by the rise in liabilities in respect of the purchase of equity interests for a number of acquisitions in Mexico and by the change in accrued expenses and deferred income in the total amount of €229 million;
 - an increase of €173 million in net current financial liabilities, attributable to a decrease of €85 million in the fair value of net current derivatives as well as an increase in liabilities and accrued expenses for interest on loans;
- > an increase of €972 million in *trade payables*, associated

in part with the increase in the liability due to the Energy Services Operator (ESO) in respect of the A3 rate component covering subsidies for renewable resources in Italy and in part with commercial activities in Spain and Latin America.

Sundry provisions, totaling €17,159 million, rose by €713 million compared with 2011. This change is connected with the following factors:

- > an increase of €59 million in net deferred tax liabilities, which includes the effect of exchange rate differences for the net liabilities of companies with currencies other than the euro as well as the adjustment of net deferred taxes following the increase in tax rates in Chile and Slovakia as from January 1, 2013;
- > an increase of €591 million in provisions for risks and charges, largely due to amendments in Spanish legislation (Law 15/2012) that revised the mechanism for calculating decommissioning charges for nuclear plants and introduced new charges for the disposal of nuclear waste and depleted fuel;
- > an increase of €63 million in provisions for post-employment and other employee benefits.

Net assets held for sale amounted to €309 million at December 31, 2012 (€323 million at December 31, 2011), and comprise the net assets of Marcinelle Energie and Medgaz that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale. In 2011 the item essentially reported the assets of Endesa Ireland, the disposal of which was completed on October 9, 2012.

Net capital employed at December 31, 2012 came to €96,106 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €53,158 million and net financial debt of €42,948 million. At December 31, 2012, the debt/equity ratio was 0.81 (0.82 at December 31, 2011).

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, at Dec. 31, 2011		
	2012	restated	Change
Long-term debt:			
- bank loans	13,282	9,918	3,364
- bonds and preference shares	41,509	37,641	3,868
- other loans	1,168	1,144	24
<i>Long-term debt</i>	55,959	48,703	7,256
Long-term financial receivables and securities	(3,576)	(3,576)	-
Net long-term debt	52,383	45,127	7,256
Short-term debt:			
Bank loans:			
- short-term portion of long-term bank debt	714	6,894	(6,180)
- other short-term bank debt	283	888	(605)
<i>Short-term bank debt</i>	997	7,782	(6,785)
Bonds (short-term portion)	3,115	2,473	642
Other loans (short-term portion)	228	305	(77)
Commercial paper	2,914	3,204	(290)
Cash collateral and other financing on derivatives	691	650	41
Other short-term financial payables	82	57	25
<i>Other short-term debt</i>	7,030	6,689	341
Long-term financial receivables (short-term portion)	(5,318)	(5,632)	314
Factoring receivables	(288)	(370)	82
Financial receivables and cash collateral	(1,402)	(1,076)	(326)
Other short-term financial receivables	(521)	(824)	303
Cash and cash equivalents and short term securities	(9,933)	(7,067)	(2,866)
<i>Cash and cash equivalents and short-term financial receivables</i>	(17,462)	(14,969)	(2,493)
Net short-term debt	(9,435)	(498)	(8,937)
NET FINANCIAL DEBT	42,948	44,629	(1,681)
Net financial debt of "Assets held for sale"	(10)	(1)	(9)

Net financial debt totaled €42,948 million at December 31, 2012, a decrease of €1,681 million compared with December 31, 2011. The increase of €7,256 million in **net long-term debt** was more than offset by the decline of €8,937 million in net short-term debt.

More specifically, long-term *bank loans* totaled €13,282 million, a rise of €3,364 million, mainly attributable to the use of term loan facility agreements in the amount of €3,550 million by Enel Finance International, the grant of EIB loans to Enel Distribuzione and Enel Green Power in the total amount of €1,020 million and new financing obtained by Endesa amounting to €830 million.

These factors were partially offset by repayments on the €10 billion five-year revolving credit line established in April 2010 by Enel SpA and Enel Finance International amounting to €1,000 million and the early repayment of €1,358 million on the 2009 Credit Facility, which falls due in 2014.

Bonds and preference shares came to €41,509 million, a rise of €3,868 million on the end of 2011, mainly in reflection of the issues carried out in 2012, including:

- > the issue of a retail bond by Enel SpA totaling €3,000 million and structured as follows:

- €2,500 million fixed-rate 4.875% maturing February 20, 2018;
- €500 million floating-rate maturing February 20, 2018;
- > private placements by Enel Finance International amounting to €550 million;
- > the issue of a bond for institutional investors by Enel Finance International in the amount of €1,000 million, paying a fixed rate of 4.875% and maturing March 11, 2020;
- > the issue of a bond for institutional investors by Enel Finance International in the amount of €2,000 million structured as follows:
 - €1,000 million fixed-rate 4.875% maturing April 17, 2023;
 - €1,000 million fixed-rate 3.625% maturing April 17, 2018;
- > the issue of a bond denominated in Swiss francs for institutional investors by Enel Finance International in the amount of about €290 million (at the exchange rate prevailing at issue), paying a fixed rate of 2.75% and maturing December 17, 2018.

These effects were partially offset by the reclassification to short term of the current portions of a bond issued by Enel SpA in 2003 amounting to €750 million, a bond in US dollars issued in 2007 by Enel Finance International amounting to about €750 million, bonds issued in 2003 by International Endesa totaling €700 and preference shares issued by Endesa in the amount of €181 million.

Net short-term debt showed a net creditor position of €9,435 million at December 31, 2012, a decrease of €8,937 million from the net creditor position at the end of 2011. This was the result of a decline in short-term bank debt of €6,785 million, essentially attributable the fall in the short-term portion of credit facilities and bank loans in the amount of about €6,180 million, an increase of €2,493 million in cash and cash equivalents and short-term financial receivables, partially offset by an increase in other short-term debt of €341 million. Commercial paper includes issues by Enel Finance International, Endesa Latinoamérica and Endesa Capital in the total amount of €2,914 million. Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,402 million, while cash collateral received from such counterparties amounted to €691 million.

Cash and cash equivalents and short-term financial receive-

bles came to €17,462 million, up €2,493 million from the end of 2011. This was mainly attributable to the increase in liquidity held with banks and short-term securities in the amount of €2,866 million.

Among major transactions in 2012, on February 20, 2012, Enel Finance International (with an Enel SpA guarantee) obtained a term loan facility of €3,200 million with a maturity of five years as from the first use, and on September 17, 2012 Enel SpA obtained a new revolving credit line of €1,000 million. In addition, Enel SpA also renegotiated its committed credit line in the amount of €500 million falling due on July 14, 2014.

Cash flows

Millions of euro

	2012	2011 restated	Change
Cash and cash equivalents at the beginning of the period ⁽¹⁾	7,072	5,342	1,730
Cash flows from operating activities	10,415	11,713	(1,298)
Cash flows from investing/ disinvesting activities	(6,588)	(7,400)	812
Cash flows from financing activities	(995)	(2,509)	1,514
Effect of exchange rate changes on cash and cash equivalents	29	(74)	103
Cash and cash equivalents at the end of the period ⁽²⁾	9,933	7,072	2,861

(1) Of which cash and cash equivalents equal to €7,015 million at January 1, 2012 (€5,164 million at January 1, 2011), short-term securities equal to €52 million at January 1, 2012 (€95 million at January 1, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €5 million at January 1, 2012 (€83 million at January 1, 2011).

(2) Of which cash and cash equivalents equal to €9,891 million at December 31, 2012 (€7,015 million at December 31, 2011), short-term securities equal to €42 million at December 31, 2012 (€52 million at December 31, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €0 million at December 31, 2012 (€5 million at December 31, 2011).

Cash flows from operating activities in 2012 amounted to €10,415 million, down €1,298 million with respect to the previous year. More specifically, the increase in uses of cash in connection with the change in net current assets and the decrease in the gross operating margin were partly offset by the self-financing generated by the rise in net accruals to provisions and the change in the non-monetary components of income.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €6,588 million in 2012, while in 2011 they had absorbed cash totaling €7,400 million.

Cash requirements in respect of investments in property, plant and equipment and in intangible assets, totaling €7,149 million, declined by €440 million, while cash used in investments in entities or business units, net of cash and cash equivalents acquired, amounted to €182 million, up €29 million. Investments in entities or business units in the period were largely accounted for by the acquisition of 100% of Stipa Nayaa (€120 million), a Mexican company operating in the wind generation sector, as well as other minor acquisitions and advances paid for future acquisitions. Investments in entities or business units in 2011, again net of cash and cash equivalents acquired, essentially included the acquisition of additional interests in Ampla Energia e Serviços (€85 million), a Brazilian company already controlled by the Group, and additional interests in Sociedad Eólica de Andalucía and Sociedade Térmica Portuguesa (€48 million) that led to the acquisition of full control of those companies.

The disposal of entities or business units, net of cash and cash equivalents sold, generated cash flows of €388 million (up €223 million on the previous year), accounted for by the disposals of the holding in Parque Eólico de Malpica, Wisco and Dicogexsa, which operates in the gas sector in Spain (for a total of €42 million), as well as the disposal of the entire share capital of Endesa Ireland (€346 million), which had already been classified under assets held for sale at the end of 2011.

In 2011, the item reported the cash flow generated 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.

Cash flows generated by other investing/disinvesting activities in 2012 totaled €355 million, and are attributable to the proceeds from the sale of the investment in Terna

(€281 million) and the Spanish companies Euskaltel and Gas de Extremadura Transportista (a total of €37 million) and other disinvestments during the period amounting to a total of €183 million. These factors were partially offset by the cash outflow associated with the purchase of a minority stake in Chisholm View and Prairie Rose (€108 million) and the acquisition of the gas customer list for the metropolitan Madrid area (€38 million).

Cash flows from financing activities absorbed cash in the amount of €995 million, whereas such activities absorbed cash in the amount of €2,509 million in 2011. The change is essentially attributable to the different amount of dividends paid.

In 2012, *cash flows from operating activities* in the amount of €10,415 million were used to cover the cash requirements of financing activities in the amount of €995 million and of investing activities in the amount of €6,588 million. The difference is reflected in the increase in cash and cash equivalents, which at December 31, 2012 came to €9,933 million compared with €7,072 million at the end of 2011 (including that pertaining to net assets held for sale in the amount of €5 million). This increase was also affected by exchange rate gains (€29 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.

The presentation of the results is based on the new organizational arrangements and the scope for the simplification of disclosures associated with the materiality thresholds established under IFRS 8.

In particular, the item "Other, eliminations and

adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, the Services and Other Activities area and the Engineering and Research Division, which in 2011 had been reported separately, as well as the Upstream Gas function previously reported under the Generation and Energy Management Division. The comparative performance data for 2011 have all been restated appropriately.

Results by division for 2012 and 2011

Results for 2012 ⁽¹⁾

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	18,170	18,862	3,818	33,708	8,015	2,215	101	84,889
Revenues from other segments	181	6,375	4,299	461	688	481	(12,485)	-
Total revenues	18,351	25,237	8,117	34,169	8,703	2,696	(12,384)	84,889
Net income/(charges) from commodity risk management	17	131	-	(161)	57	(6)	-	38
Gross operating margin	689	1,271	4,138	7,212	1,650	1,681	97	16,738
Depreciation, amortization and impairment losses	506	586	994	5,555	672	560	130	9,003
Operating income	183	685	3,144	1,657	978	1,121	(33)	7,735
Capital expenditure	97	403	1,497	2,497 ⁽²⁾	1,161	1,257	163 ⁽³⁾	7,075

(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 €73 million regarding units classified as "Held for sale".

(3) Does not include €1 million regarding units classified as "Held for sale".

GROUP STRATEGY AND OVERALL FINANCIAL TARGETS



Results for 2011 restated ^{(1) (2)}

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	17,568	17,130	3,212	32,082	7,071	1,927	524	79,514
Revenues from other segments	163	6,014	4,248	565	644	612	(12,246)	-
Total revenues	17,731	23,144	7,460	32,647	7,715	2,539	(11,722)	79,514
Net income/(charges) from commodity risk management	44	232	-	28	(22)	(10)	-	272
Gross operating margin	561	2,209	4,173	7,251	1,642	1,585	184	17,605
Depreciation, amortization and impairment losses	420	592	914	3,194	580	505	122	6,327
Operating income	141	1,617	3,259	4,057	1,062	1,080	62	11,278
Capital expenditure	90	431	1,383	2,491 ⁽³⁾	1,450 ⁽⁴⁾	1,557	82	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) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for white certificates. For more information, please see note 4 in the notes to the financial statements.

(3) Does not include €101 million regarding units classified as "Held for sale".

(4) Does not include €4 million regarding units classified as "Held for sale".

1 Sales

Operations

Electricity sales

Millions of kWh	2012	2011	Change	
Free market:				
- mass-market customers	26,011	27,629	(1,618)	-5.9%
- business customers ⁽¹⁾	13,258	10,555	2,703	25.6%
- safeguard market customers	2,020	1,999	21	1.1%
Total free market	41,289	40,183	1,106	2.8%
Regulated market:				
- enhanced protection market customers	60,328	63,565	(3,237)	-5.1%
TOTAL	101,617	103,748	(2,131)	-2.1%

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

Average number of customers

	2012	2011	Change	
Free market:				
- mass-market customers	4,045,330	3,785,461	259,869	6.9%
- business customers ⁽¹⁾	45,640	48,894	(3,254)	-6.7%
- safeguard market customers	41,832	38,383	3,449	9.0%
Total free market	4,132,802	3,872,738	260,064	6.7%
Regulated market				
- enhanced protection customers	23,899,698	24,998,901	(1,099,203)	-4.4%
TOTAL	28,032,500	28,871,639	(839,139)	-2.9%

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

Electricity sold in 2012 amounted to 101,617 million kWh, down 2,131 million kWh compared with the previous year. More specifically, the decline in sales to customers in the enhanced protection market, as a result of the ongoing shift of customers from the regulated system to the free market, as well as lower sales on the free market to

mass market customers more than offset the increase in quantities sold in the free market to business customers. The developments in amounts sold reflected the trend in the average number of customers in the free and regulated markets.

Gas sales and customers

	2012	2011	Change	
Gas sales (millions of m³):				
- mass-market customers ⁽¹⁾	3,440	3,419	21	0.6%
- business customers	902	1,162	(260)	-22.4%
Total sales	4,342	4,581	(239)	-5.2%
Average number of customers	3,158,532	3,150,968	7,564	0.2%

(1) Includes residential customers and microbusinesses.

Gas sales in 2012 amounted to 4,342 million cubic meters, a decline of 239 million cubic meters compared with 2011. The reduction, equal to 5.2%, was largely concentrated in the bu-

siness segment and mainly reflects the economic and financial crisis that impacted Italy in previous years and even more markedly in the year under review.

Performance

Millions of euro

	2012	2011 restated	Change
Revenues	18,351	17,731	620
Net income/(charges) from commodity risk management	17	44	(27)
Gross operating margin	689	561	128
Operating income	183	141	42
Employees at year-end (no.)	3,674	3,745	(71)
Capital expenditure	97	90	7

Revenues amounted to €18,351 million in 2012, an increase of €620 million or 3.5% compared with 2011. The rise reflected the following main factors:

- > an increase of €353 million in revenues from sales of natural gas to end users, mainly due to rise in average sales prices, which in addition to developments in the market for this commodity reflected the revision of the component for retail sales (QVD) and the positive impact of a number of prior-year items;
- > an increase of €248 million in revenues on the free electricity market, essentially due to higher volumes sold (up 1.1 TWh);
- > an increase of €110 million in revenues on the regulated electricity market, mainly associated with the increase in revenues in respect of the sales service, taking account of the increase in remuneration of the unpaid ratio introduced with Italian Authority for Electricity and Gas (the Authority) Resolution no. 583/2012, and of equalization mechanisms. These effects were partially offset by the decrease in amounts sold (down 3.2 TWh) as well as the recognition of prior-year items in the two years under review, which had a negative impact of €102 million.

The **gross operating margin** amounted to €689 million, an increase of €128 million or 22.8% on 2011. More specifically, the change is attributable to:

- > an increase of €74 million in the margin on the free market for electricity and gas, due to the consolidation of our leadership position on the free market, with an expansion of more than 0.8 million in our high-value mass market customer base;
- > an increase of €54 million in the margin on the regu-

lated electricity market, mainly attributable to the improvement in the electricity margin as a result of the increase in revenues recognized for the sales service, only partially offset by the impact of the decline in the number of customers served and increased operating expenses.

Operating income for 2012, after depreciation, amortization and impairment losses of €506 million (€420 million in 2011), amounted to €183 million, an increase of €42 million compared with 2011. This development reflects an increase of €91 million in impairment losses on trade receivables.

Capital expenditure

Capital expenditure amounted to €97 million, an increase of €7 million compared with the previous year.

2 Generation and Energy Management

Operations

Net electricity generation

Millions of kWh

	2012	2011	Change	
Thermal	49,623	50,708	(1,085)	-2.1%
Hydroelectric	14,348	16,480	(2,132)	-12.9%
Other resources	9	9	-	-
Total net generation	63,980	67,197	(3,217)	-4.8%
- of which Italy	62,797	67,197	(4,400)	-6.5%
- of which Belgium	1,183	-	1,183	-

In 2012, net electricity generation by the Division amounted to 63,980 million kWh, a decrease of 4.8% compared with 2011. The decline reflects a decrease in hydroelectric generation of 2,132 million kWh as a result of poorer water conditions in the period and a decrease in thermal generation of 1,085 million kWh. More specifically a decrease of 2,268 million kWh in thermal generation in Italy, associated with the decline in electricity demand

and change in the generation mix as a result of the increase in the proportion of photovoltaic generation in the domestic market, was only partially offset by the increase of 1,183 million kWh in output registered in Belgium (thanks to the entry into service on April 1, 2012 of the combined-cycle plant of Marcinelle Energie, which is operated by the Division under a tolling agreement).

Contribution to gross thermal generation

Millions of kWh

	2012		2011		Change	
High-sulfur fuel oil (S>0.25%)	849	1.6%	753	1.4%	96	12.7%
Low-sulfur fuel oil (S<0.25%)	455	0.9%	311	0.6%	144	46.3%
Total fuel oil	1,304	2.5%	1,064	2.0%	240	22.6%
Natural gas	13,913	26.2%	18,771	34.8%	(4,858)	-25.9%
Coal	37,379	70.3%	33,578	62.2%	3,801	11.3%
Other fuels	553	1.0%	538	1.0%	15	2.8%
TOTAL	53,149	100.0%	53,951	100.0%	(802)	-1.5%

Gross thermal generation in 2012 totaled 53,149 million kWh, a decrease of 802 million kWh or 1.5% compared with 2011. The fuel mix shows an especially large rise in generation from coal (up 3.8 TWh), which now accounts for 70% of the thermal generation mix, and in generation from fuel oil (up 0.2 TWh), reflecting the gas emergency in the early months of 2012, while gas generation declined by 4.9 TWh.

Net maximum electrical capacity

MW

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Thermal plants ⁽¹⁾	24,687	24,790	(103)
Hydroelectric plants	12,168	12,136	32
Alternative resources ⁽²⁾	41	41	-
Total	36,896	36,967	(71)

(1) Of which 1,640 MW unavailable due to long-term technical issues (1,574 MW at December 31, 2011).

(2) Of which 35 MW unavailable due to transformation activities at December 31, 2011.

Performance

Millions of euro

	2012	2011 restated	Change
Revenues	25,237	23,144	2,093
Net income/(charges) from commodity risk management	131	232	(101)
Gross operating margin	1,271	2,209	(938)
Operating income	685	1,617	(932)
Employees at year-end (no.)	6,043	6,277	(234)
Capital expenditure	403	431	(28)

Revenues for 2012 amounted to €25,237 million, an increase of €2,093 million or 9.0% compared with 2011. Excluding the impact of the gain of €237 million recognized in 2011 from the fair value adjustment of the assets and liabilities of Hydro Dolomiti Enel corresponding to the Group's remaining equity investment in the company (following its loss of control as a result of the change in its corporate governance structure), revenues increased by €2,330 million. The latter is largely attributable to the following factor:

- > a €1,625 million increase in revenues from electricity sales, mainly due to the increase of €690 million in revenues from sales on the Power Exchange (essentially attributable to greater volumes handled and higher average sales prices), the increase in revenues from sales to other on the domestic market (€841 million), and the increase of €178 million in revenues from electricity sales to other Group divisions, especially the Sales Division;
- > a 978 million increase in revenues from fuel trading, essentially attributable to sales of natural gas (€955 million), partially offset by lower revenues from trading on international energy markets (€379 million) as a result of a decline in volumes handled (down 8.8 TWh);
- > a €308 million increase in revenues from the sale of CO₂ emissions allowances and green certificates, as well as an increase of €58 million in revenues for the fee paid to plants classified as essential to the safety of the electrical system;

- > a €160 million decrease in revenues for grants to "new entrants" in the emissions trading system, essentially attributable to the impact of the recognition in 2011 of certain prior-year items associated with the commercial operation of unit 4 of the Torrevaldaliga Nord plant;
- > a €28 million decline in revenues following the change in the method used to account for Hydro Dolomiti Enel as well as a decrease of €34 million in revenues from shipping services.

The **gross operating margin** for 2012 amounted to €1,271 million, a decrease of €938 million or 42.5% from the €2,209 million posted in 2011. Excluding the gain from the adjustment to fair value of the assets and liabilities of Hydro Dolomiti Enel, the effect of the change in the method of consolidating that company and the disposal of the assets constituting the San Floriano Energy business unit (equal to a total of €30 million), the gross operating margin decreased by €671 million. The decline is essentially attributable to:

- > a decline in the generation margin (€233 million) essentially attributable to lower demand and poorer water conditions, only partially offset by the greater competitiveness and availability of coal-fired plants;
- > the effect, noted in the comments on revenues, of the grants in 2011 to "new entrants" in the emissions trading system;

- > a decrease of €45 million in the margin on natural gas sales and trading, even taking account of the positive effects of the renegotiation of a number of long-term fuel purchase contracts;
- > an increase in compliance costs in respect of green certificates, as well as increased operating expenses.

These adverse effects were partly offset by an increase of €86 million in the margin on the ancillary services market.

Operating income totaled €685 million, a decrease – after a rise in depreciation and amortization of €31 million and a decline in impairment losses of €37 million (in part attributable to the writeback of the Mercure biomass plant in 2012) – of €932 million or 57.6% compared with the €1,617 million registered in 2011.

Capital expenditure

Millions of euro

	2012	2011	Change
Generation plants:			
- thermal	247	285	(38)
- hydroelectric	113	119	(6)
- alternative energy resources	22	11	11
Total generation plants	382	415	(33)
Other investments in property, plant and equipment and intangible assets	21	16	5
TOTAL	403	431	(28)

Capital expenditure came to €403 million, of which 382 million in respect of generation plants. The main investments in 2012 included €247 million for the continuation of work at thermal plants, including the completion

of the coal conversion of the Torrealvaldliga Nord plant (€22 million) and sundry works at the Brindisi plant (totaling €60 million).

3 Infrastructure and Networks

Operations

Electricity distribution and transport networks

	2012	2011	Change	
Medium-voltage lines at year-end (km)	347,927	345,586	2,341	0.7%
Low-voltage lines at year-end (km)	777,039	767,341	9,698	1.3%
Total electricity distribution network (km)	1,124,966	1,112,927	12,039	1.1%
Electricity transported on Enel's distribution (millions of kWh) ⁽¹⁾	238,164	246,434	(8,270)	-3.4%

(1) The figure for 2011 reflects a more accurate determination of amounts transported.

The electricity distribution network increased by 12,039 km in 2012, essentially due to the connection of self-generators to distribution grids. Energy transported on the Enel network in Italy in 2012 amounted to 238,164 million kWh, a

decrease of 3.4% compared with 2011. Excluding the electricity transmitted in by Deval, which was sold in 2011, the decline amounted to 3.0%.

Performance

Millions of euro

	2012	2011 restated ⁽¹⁾	Change
Revenues	8,117	7,460	657
Gross operating margin	4,138	4,173	(35)
Operating income	3,144	3,259	(115)
Employees at year-end (no.)	18,632	18,951	(319)
Capital expenditure	1,497	1,383	114

(1) The performance figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for white certificates.

Revenues in 2012 amounted to €8,117 million, an increase of €657 million or 8.8% compared with the previous year. The change is essentially attributable to:

- > the recognition of the reimbursement entitlement for charges incurred following the elimination of the Electrical Worker Pension Fund (FPE), as provided for in the Italian Authority's Resolution no. 157/2012, net of the rate component paid in 2011 for the same reason (€517 million);
- > an increase of €185 million in rate revenues. More specifically, the positive effect of the revision of distribution and metering rates following application of the Italian Authority's Resolution no. 157/2012 was boosted by the effect of loss equalization (€122 million) following application of Authority Resolutions nos. 196/2011 and 559/2012. These factors were partially offset by negative prior-year items (€60 million), other equalization mechanisms and the effect of the change in the scope of consolidation with the sale of Deval;
- > an increase of €63 million in grants from the Electricity Equalization Fund for white certificates;
- > an increase in revenues (€35 million) from the sale of digital meters and associated services to the Iberia and Latin America Division;
- > a decrease of €86 million in connection fees and one of €60 million in service continuity bonuses.

The **gross operating margin** amounted to €4,138 million, a decrease of €35 million or 0.8%, essentially attributable to:

- > the effect of the amendments to the reimbursement mechanism for the FPE charge noted above (€517 million);
- > an increase of €200 million in the margin on the transport of electricity, due primarily to the positive effect of the updating of distribution and metering rates and the positive impact of loss equalization. These factors were only partially offset by the adverse impact of other equalization mechanisms and the recognition of net negative prior-year items (€72 million) in the two years under review in respect of adjustments and estimate revisions;
- > a decrease in margins on connection fees and service continuity bonuses totaling €139 million;
- > an increase in operating expenses, mainly due to personnel costs (including the revision of the estimated liability for early retirement incentives undertaken in 2011 in the amount of €155 million) and to net provisions for litigation;
- > the negative effect of the change in the scope of consolidation with the sale of Deval (€15 million).

Operating income, after depreciation, amortization and impairment losses of €994 million (€914 million in 2011), amounted to €3,144 million, down €115 million or 3.5% compared with 2011. The increase in depreciation, amortization and impairment losses is essentially attributable to the increase in impairment losses on trade receivables and greater depreciation for plants.

Capital expenditure

Millions of euro

	2012	2011	Change
Electricity distribution networks	1,447	1,334	113
Other investments in property, plant and equipment and intangible assets	50	49	1
Total	1,497	1,383	114

Capital expenditure in 2012 amounted to €1,497 million, a rise of €114 million compared with the previous year. It mainly regarded the work done to upgrade plant for dispatching electricity generated by renewables plants and

that on the low and medium-voltage grids for improvements in service quality, in line with the standards set by the Authority in Resolution no. 198/2011.

4 Iberia and Latin America

Operations

Net electricity generation

Millions of kWh

	2012	2011	Change	
Thermal	73,928	73,549	379	0.5%
Nuclear	26,967	25,177	1,790	7.1%
Hydroelectric	40,386	39,855	531	1.3%
Wind	153	132	21	15.9%
Total net generation	141,434	138,713	2,721	2.0%
- of which Iberian peninsula	77,387	75,131	2,256	3.0%
- of which Argentina	15,222	15,960	(738)	-4.6%
- of which Brazil	5,177	4,155	1,022	24.6%
- of which Chile	20,194	20,722	(528)	-2.5%
- of which Colombia	13,294	12,090	1,204	10.0%
- of which Peru	9,231	9,840	(609)	-6.2%
- of which other countries	929	815	114	14.0%

Net electricity generation by the Division in 2012 amounted to 141,434 million kWh, an increase of 2,721 million kWh compared with 2011.

More specifically, in 2012, net electricity generation in the Iberian peninsula rose by 2,256 million kWh or 3.0% as a result of an increase in nuclear generation (up 7.1%), which in 2011 was affected by maintenance work, and in conventional thermal generation (up 3.0%). These increases were only partially offset by the decline in hydroelectric output due to poorer water conditions.

In Latin America, net electricity generation posted an increase of 351 million kWh. More specifically, greater hydroelectric generation in Colombia, Brazil and Argentina more than offset the decline in Chile caused by the drought in that country. As regards conventional thermal generation, the latter was boosted by the new coal-fired Bocamina II plant in Chile, although those effects were more than offset by the decline in thermal generation in Argentina (owing to an increase in maintenance work), Peru and Chile (for combined cycled plants only).

Contribution to gross thermal generation

Millions of kWh

	2012		2011		Change
High-sulfur fuel oil (S>0.25%)	8,541	8.1%	8,629	8.4%	(88)
Natural gas	28,471	26.8%	30,626	29.9%	(2,155)
Coal	35,167	33.2%	30,400	29.6%	4,767
Nuclear fuel	28,166	26.6%	26,289	25.6%	1,877
Other fuels	5,667	5.3%	6,704	6.5%	(1,037)
Total	106,012	100.0%	102,648	100.0%	3,364

Gross thermal generation by the Division in 2012 amounted to 106,012 million kWh, an increase of 3,364 million kWh compared with the previous year. The generation mix used in Spain saw the use of coal increase following both the entry into force of a government

subsidy for the use of domestic coal and more favorable import prices for that fuel. In addition to the rise in the use of coal in Spain, the decline in natural gas generation reflects the decrease in operations at a number of plants in Peru and Chile.

Net maximum electrical capacity

MW

	at Dec. 31, 2012	at Dec. 31, 2011	Change	
Thermal	21,166	21,997	(831)	-3.8%
Nuclear	3,535	3,526	9	0.3%
Hydroelectric	13,305	13,261	44	0.3%
Wind	78	78	-	-
Total net maximum electrical capacity	38,084	38,862	(778)	-2.0%
- of which Iberian peninsula	22,067	22,155	(88)	-0.4%
- of which Argentina	4,403	4,403	-	-
- of which Brazil	972	973	(1)	-0.1%
- of which Chile	5,905	5,555	350	6.3%
- of which Colombia	2,866	2,866	-	-
- of which Peru	1,748	1,774	(26)	-1.5%
- of which other countries	123	1,136	(1,013)	-89.2%

Net maximum electrical capacity at December 31, 2012 decreased by 778 MW compared with the end of 2011, essentially as a result of the disposal of the thermal plants of Endesa Ireland (a decrease of 1,013 MW) in the 4th

Quarter of 2012. That effects were partially offset by the increase in net maximum electrical capacity in Chile following the entry into service of the Bocamina II coal-fired plant (producing a gain of 350 MW).

Electricity distribution and transport networks

	2012	2011	Change	
High-voltage lines at year-end (km)	31,193	30,533	660	2.2%
Medium-voltage lines at year-end (km)	274,663	270,833	3,830	1.4%
Low-voltage lines at year-end (km)	332,145	322,563	9,582	3.0%
Total electricity distribution network (km)	638,001	623,929	14,072	2.3%
Electricity transported on Enel's distribution network (millions of kWh)	161,131	158,882	2,249	1.4%
- of which Iberian peninsula	101,407	101,788	(381)	-0.4%
- of which Argentina	14,758	14,280	478	3.3%
- of which Brazil	18,000	16,797	1,203	7.2%
- of which Chile	12,485	11,959	526	4.4%
- of which Colombia	8,193	8,041	152	1.9%
- of which Peru	6,288	6,017	271	4.5%

At December 31, 2012, the size of the electricity distribution network of the Iberia and Latin America Division had increased by 14,072 km, with the change mainly concentrated in the South American countries.

Energy transported in 2012 amounted to 161,131 million kWh, an increase of 2,249 million kWh, essentially due to the increased demand for electricity in the Latin American countries, especially Brazil.

Electricity sales

Millions of kWh

	2012	2011	Change	
Free market	108,586	112,333	(3,747)	-3.3%
Regulated market	53,904	48,838	5,066	10.4%
Total	162,490	161,171	1,319	0.8%
- of which Iberian peninsula	102,765	104,935	(2,170)	-2.1%
- of which Argentina	14,758	14,280	478	3.3%
- of which Brazil	18,000	16,407	1,593	9.7%
- of which Chile	12,485	11,493	992	8.6%
- of which Colombia	8,193	8,039	154	1.9%
- of which Peru	6,289	6,017	272	4.5%

Electricity sales to end users in 2012 totaled 162,490 million kWh, an increase of 1,319 million kWh compared with 2011. The increase in sales in Latin America (up 3,489 million kWh), especially in Brazil, Chile and Argentina as a

result of the increase in electricity demand, was partially offset by the decrease in volumes sold in the Iberian peninsula (down 2,170 million kWh).

Performance

Millions of euro

	2012	2011 restated	Change
Revenues	34,169	32,647	1,522
Net income/(charges) from commodity risk management	(161)	28	(189)
Gross operating margin	7,212	7,251	(39)
Operating income	1,657	4,057	(2,400)
Employees at year-end (no.) ⁽¹⁾	22,807	22,877	(70)
Capital expenditure ⁽²⁾	2,497	2,491	6

(1) Includes 113 in units classified as "Held for sale" at December 31, 2011.

(2) Does not include €73 million regarding units classified as "Held for sale" at December 31, 2012 (€101 million at December 31, 2011).

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2012	2011 restated	Change	2012	2011 restated	Change	2012	2011 restated	Change
Europe	23,367	22,592	775	4,001	3,994	7	(400)	2,020	(2,420)
Latin America	10,802	10,055	747	3,211	3,257	(46)	2,057	2,037	20
Total	34,169	32,647	1,522	7,212	7,251	(39)	1,657	4,057	(2,400)

Revenues for 2012 rose by €1,522 million due to:

> an increase of €775 million in revenues in Europe. That change, with virtually no change in revenues from the sale and transport of electricity (the rise in revenues from the sale of electricity to end users was essentially offset by the reduction in revenues from electricity trading and in revenues from electricity distribution operations connected with the entry into force in the Spanish electrical system of Royal Decree Law 13/2012 as from January 1, 2012) was essentially attributable to:

- an increase in revenues (€405 million) from the sale of gas to end users due to greater quantities sold and an increase in average sales prices;
- an increase in grants for extra-peninsular generation in the amount of €192 million;
- an increase in revenues from the sale of fuels for trading (€167 million), essentially due to an increase in volumes handled and higher average sales prices.

Revenues in Europe also reflected the transfer of the Division's Information & Communication Technology (ICT) operations, whose results are now reported under "Other, eliminations and adjustments";

> an increase of €747 million in revenues in Latin America, essentially due to greater volumes of electricity sold and developments in exchange rates between each national currency and the euro. More specifically, the rise in revenues in Colombia, Peru and Brazil was only partially offset by the decline in revenues in Chile, which reflected the drought in the country and the decline in unit sales prices, as well as the effect of the recognition in 2011 of the capital gain from the disposal of CAM and Synapsis (€15 million).

The **gross operating margin** amounted to €7,212 million, down €39 million or 0.5% compared with 2011, as a result of:

> a decrease of €46 million in the gross operating margin in Latin America, essentially attributable to a contraction in generation margins, which were impacted by drought in Chile, and increased operating expenses. These factors were only partially offset by the increase in distribution margins, the effect of the recognition in 2011 of the net

worth tax (€109 million) in Colombia, and the positive impact of developments in exchange rates against the euro;

> an increase of €7 million in the gross operating margin in Europe, essentially attributable to:

- the rise in the generation and sales margin, largely attributable to higher sales prices and the elimination provided for in Royal Decree Law 13/2012 of the mechanism for financing the social bonus in Spain, which had been borne by generation companies (with a benefit of €83 million);
- the reduction in the distribution margin on the Spanish regulated market, which was adversely affected by the entry into force of the above decree;
- the change in the scope of business with the transfer of Division's ICT operations, with a negative impact of €23 million.

Operating income for 2012 amounted to €1,657 million, a decrease of €2,400 million compared with 2011, essentially attributable to an increase of €2,361 million in depreciation, amortization and impairment losses (€5,555 million in 2012, compared with €3,194 million in 2011). Excluding the rise in depreciation for a number of generation plants, the increase in impairment losses, net of the writeback recognized on the value of certain assets in the Balearic Islands following a favorable ruling by the Spanish courts, is mainly attributable to the impairment loss of €2,392 million on the goodwill of the Endesa-Iberian peninsula cash generating unit (CGU) and the impairment loss of €67 million recognized on the net assets held for sale of Endesa Ireland in order to align their value with the estimated sale value. More specifically, the write-down of the goodwill associated with the Endesa-Iberian peninsula CGU reflects the decrease in the expected cash flows from the assets belonging to the CGU, partly as a result of recent measures adopted by the Spanish government in the energy field, as well as the rise in the country risk factored into the discount rate used in quantifying value in use. In 2011, the item included the impairment recognized on the distribution grids in Argentina (€153 million) and the goodwill of Endesa Ireland (in the amount of €105 million).

Capital expenditure

Millions of euro

	2012	2011	Change
Generation plants:			
- thermal	372	514	(142)
- hydroelectric	406	242	164
- nuclear	148	161	(13)
- alternative energy resources	5	-	5
Total generation plants	931	917	(14)
Electricity distribution networks	1,199	1,106	93
Other investments in property, plant and equipment and intangible assets	367	468	(101)
TOTAL ⁽¹⁾	2,497	2,491	6

(1) Does not include €73 million regarding units classified as "Held for sale" at December 31, 2012 (€101 million at December 31, 2011).

Capital expenditure totaled €2,497 million, an increase of €6 million compared with 2011. In particular, capital expenditure in 2012 primarily involved work on the electricity distribution grid (€1,199 million, of which €799 million in Europe and €400 million in Latin America,

which also included investment in plants operated under concession arrangements). Investment in generation plants (€931 million) mainly focused on the construction of the El Quimbo hydroelectric plant in Colombia.

5 International

Operations

Net electricity generation

Millions of kWh

	2012	2011	Change	
Thermal	46,687	47,316	(629)	-1.3%
Nuclear	14,411	14,340	71	0.5%
Hydroelectric	4,105	3,791	314	8.3%
Other resources	28	25	3	12.0%
Total net generation	65,231	65,472	(241)	-0.4%
- of which Russia	44,511	42,433	2,078	4.9%
- of which Slovakia	20,720	20,415	305	1.5%
- of which Bulgaria	-	2,624	(2,624)	-

Net generation in 2012 amounted to 65,231 million kWh, a decrease of 241 million kWh compared with 2011. The reduction is mainly attributable to the decline in output resulting from the sale of Enel Maritza East 3 in June 2011 (a decrease of 2,624 million kWh).

These factors were only partially offset by the increase in output by Enel OGK-5 (up 2,078 million kWh) following the entry into service of the new combined cycle plants of

Sredneuralskaya and Nevinnomyskaya, as well as greater nuclear generation and hydroelectric generation (thanks to the favorable water conditions in the period) by Slovenské elektrárne.

Contribution to gross thermal generation

Millions of kWh

	2012		2011		Change	
High-sulfur fuel oil (S>0.25%)	257	0.4%	200	0.3%	57	28.5%
Natural gas	24,646	38.0%	23,242	35.5%	1,404	6.0%
Coal	24,411	37.7%	26,672	40.7%	(2,261)	-8.5%
Nuclear fuel	15,495	23.9%	15,411	23.5%	84	0.5%
Total	64,809	100.0%	65,525	100.0%	(716)	-1.1%

Gross thermal generation in 2012 fell by 716 million kWh to 64,809 million kWh. The decline is essentially due to lower coal-fired output as a result of the sale of Enel Maritza

East 3 noted earlier, partially offset by greater natural gas generation as a result of the entry into service of the Enel OGK-5 plants.

Net maximum electrical capacity

MW

	at Dec. 31, 2012	at Dec. 31, 2011	Change	
Thermal plants ⁽¹⁾	10,706	10,272	434	4.2%
Nuclear plants	1,816	1,818	(2)	-0.1%
Hydroelectric plants	2,329	2,329	-	-
Other resources	7	9	(2)	-22.2%
Total net maximum electrical capacity	14,858	14,428	430	3.0%
- of which Russia	9,052	9,027	25	0.3%
- of which Slovakia	5,400	5,401	(1)	-
- of which Belgium ⁽¹⁾	406	-	406	100.0%

(1) Includes 406 MW in units classified as "Held for sale" at December 31, 2012.

Net maximum electrical capacity increased by 430 MW in 2012 compared with 2011. The increase is mainly attributable to the entry into service on April 1, 2012 of the Marcelline Energie plant operated until the end of the year by

the Generation and Energy Management Division (under a tolling agreement), which was moved to the International Division following the classification of the assets of the Belgian company under "Assets held for sale".

Electricity distribution and transport networks

	2012	2011	Change	
High-voltage lines at year-end (km)	6,586	6,584	2	-
Medium-voltage lines at year-end (km)	34,956	34,665	291	0.8%
Low-voltage lines at year-end (km)	48,852	48,695	157	0.3%
Total electricity distribution network (km)	90,394	89,944	450	0.5%
Electricity transported on Enel's distribution network (millions of kWh)	14,606	14,263	343	2.4%

At December 31, 2012, the size of the electricity distribution network (located entirely in Romania) showed an increase of 450 km, essentially regarding new connections

installed as part of investments in the grid.

Electricity transported increased by 2.4%, going from 14,263 million kWh to 14,606 million kWh in 2012.

Electricity sales

Millions of kWh

	2012	2011	Change	
Free market	41,109	36,030	5,079	14.1%
Regulated market	10,914	10,410	504	4.8%
Total	52,023	46,440	5,583	12.0%
- of which Romania	9,158	8,785	373	4.2%
- of which France	13,077	11,398	1,679	14.7%
- of which Russia	25,562	22,642	2,920	12.9%
- of which Slovakia	4,226	3,615	611	16.9%

Electricity sold by the International Division in 2012 amounted to €52,023 million kWh, up 5,583 million kWh or 12.0%, including:

- > an increase of 2,920 million kWh in the Russian market as a result of the expansion of operations by RusEnergySbyt with the growth of its customer base;
- > an increase of 1,679 million kWh in sales by Enel France, largely as a result of the entry into force on July 1,

2011 of the ARENH ("Accès Régulé à l'Electricité Nucléaire Historique") mechanism;

- > a total increase of 984 million kWh in sales in Slovakia and Romania. More specifically, the increase in sales in Romania is attributable to the increasing liberalization of the market and to the rise in consumption by non-residential customers.

Performance

Millions of euro

	2012	2011 restated	Change
Revenues	8,703	7,715	988
Net income/(charges) from commodity risk management	57	(22)	79
<i>Gross operating margin</i>	<i>1,650</i>	<i>1,642</i>	<i>8</i>
Operating income	978	1,062	(84)
Employees at year-end (no.) ⁽¹⁾	12,652	13,779	(1,127)
Capital expenditure ⁽²⁾	1,161	1,450	(289)

(1) Includes 37 in units classified as "Held for sale" at December 31, 2012.

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

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2012	2011 restated	Change	2012	2011 restated	Change	2012	2011 restated	Change
Central Europe	4,551	3,876	675	894	863	31	524	615	(91)
South-eastern Europe	1,029	1,112	(83)	231	289	(58)	203	110	93
Russia	3,123	2,727	396	525	490	35	251	337	(86)
Total	8,703	7,715	988	1,650	1,642	8	978	1,062	(84)

Revenues in 2012 came to €8,703 million, up €988 million or 12.8% on the €7,715 million posted the previous year. This performance was related to the following factors:

- > an increase of €675 million in revenues in Central Europe,

largely attributable to the rise posted in Slovakia (€538 million) due to the rise in electricity generated and sold, and in France (€119 million), essentially due to an increase in volumes sold;

- > an increase of €396 million in revenues in Russia, mainly attributable to greater volumes generated and sold;
- > a decrease of €83 million in revenues in South-eastern Europe, essentially as a result of the change in the scope of consolidation (€132 million) after the sale of the Bulgarian companies (Enel Maritza East 3, Enel Operations Bulgaria and their holding companies) in June 2011. This factor was partially offset by the increase in the revenues of the Romanian companies due to a rise in quantities sold and higher average sales prices.

The **gross operating margin** amounted to €1,650 million, essentially unchanged from 2011 (€1,642 million). The performance is associated with:

- > an increase of €35 million in the gross operating margin in Russia. The improvement in the results posted by Enel OGK-5 (€43 million), associated with the increase in output thanks in part to the completion of the new plants, despite lower average sales prices, was partially offset by a decrease in the margin posted by RusEnergoSbyt (€8 million);
- > an increase of €31 million in the gross operating margin in

Central Europe, mainly due to the increase in the generation margin achieved by Slovenské elektrárne as a result of higher average sales prices, lower operating expenses and a number of insurance payments (€18 million). These factors were only partly offset by the decline in the margins on sales of CO₂ emissions allowances;

- > a decrease of €58 million in the gross operating margin in South-eastern Europe as a result of the exit of the Bulgarian companies from the scope of consolidation (€82 million), only partially offset by the increase in the margin posted in Romania, where the stronger performance of the distribution companies were only partially offset by the deterioration in the results of the sales companies.

Operating income for 2012 amounted to €978 million, down €84 million compared with the previous year, taking account of the impairment loss of €112 million recognized on goodwill allocated to the Enel OGK-5 CGU to reflect a decrease in estimated future earnings connected with the current regulatory uncertainty affecting the business operated by Enel.

Capital expenditure

Millions of euro

	2012	2011	Change
Generation plants:			
- thermal	333	473	(140)
- hydroelectric	10	9	1
- nuclear	654	717	(63)
- alternative energy resources	6	-	6
Total generation plants	1,003	1,199	(196)
Electricity distribution networks	136	228	(92)
Other investments in property, plant and equipment and intangible assets	22	23	(1)
TOTAL ⁽¹⁾	1,161	1,450	(289)

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

Capital expenditure amounted to €1,161 million, down €289 million compared with the previous year. The change is essentially attributable to lower capital expenditure

on electricity distribution plant in Romania and lower expenditure on generation plants in Russia, as well as less investment in the nuclear segment in Slovakia.

6 Renewable Energy

Operations

Net electricity generation

Millions of kWh

	2012	2011	Change	
Hydroelectric	9,836	10,097	(261)	-2.6%
Geothermal	5,492	5,568	(76)	-1.4%
Wind	8,985	6,142	2,843	46.3%
Other resources	801	673	128	19.0%
Total	25,114	22,480	2,634	11.7%
- of which Italy	11,639	11,791	(152)	-1.3%
- of which Iberian peninsula	4,341	3,712	629	16.9%
- of which France	364	245	119	48.6%
- of which Greece	476	349	127	36.4%
- of which Romania and Bulgaria	671	199	472	237.2%
- of which United States and Canada	3,899	2,921	978	33.5%
- of which Panama, Mexico, Guatemala and Costa Rica	2,801	2,299	502	21.8%
- of which Brazil and Chile	923	964	(41)	-4.3%

Net electricity generation by the Division totaled 25,114 million kWh in 2012, an increase of 2,634 million kWh. Of the total rise, 2,786 million kWh is attributable to greater generation abroad, mainly as a result of the increase in installed wind capacity in the United States and Canada (up 1,083 million kWh), the Iberian peninsula (up 659 million

kWh) and Romania (up 457 million kWh). Electricity generation in Italy in 2012 declined by 152 million kWh compared with 2011, reflecting a decline of 403 million kWh in hydroelectric generation as a result of less favorable water conditions and one of 65 million kWh in geothermal generation, only partially offset by an increase in wind and solar output.

Net maximum electrical capacity

MW

	at Dec. 31, 2012	at Dec. 31, 2011	Change	
Hydroelectric plants	2,634	2,539	95	3.7%
Geothermal plants	769	769	-	-
Wind plants	4,316	3,541	775	21.9%
Other resources	282	230	52	22.6%
Total	8,001	7,079	922	13.0%
- of which Italy	3,044	2,915	129	4.4%
- of which Iberian peninsula	1,864	1,817	47	2.6%
- of which France	166	166	-	-
- of which Greece	248	191	57	29.8%
- of which Romania and Bulgaria	540	311	229	73.6%
- of which United States and Canada	1,239	1,010	229	22.7%
- of which Panama, Mexico, Guatemala and Costa Rica	715	484	231	47.7%
- of which Brazil and Chile	185	185	-	-

Total net maximum electrical capacity showed an increase of 922 MW, of which 793 MW outside of Italy. More specifically, the increase in installed hydroelectric capacity essentially regards a number of plants in Guatemala (87 MW), while the rise in wind capacity is mainly attributa-

ble to new facilities in Romania (229 MW), North America (227 MW), Mexico (144 MW), Italy, Greece and Spain. Finally the expansion of net installed capacity in plants powered by other resources reflects the entry into service of a number of solar plants, mainly in Italy and Greece.

Performance

Millions of euro

	2012	2011 restated	Change
Revenues	2,696	2,539	157
Net income/(charges) from commodity risk management	(6)	(10)	4
Gross operating margin	1,681	1,585	96
Operating income	1,121	1,080	41
Employees at year-end (no.)	3,512	3,229	283
Capital expenditure	1,257	1,557	(300)

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2012	2011 restated	Change	2012	2011 restated	Change	2012	2011 restated	Change
Italy and the rest of Europe	1,601	1,471	130	987	905	82	733	649	84
Iberian peninsula and Latin America	792	883	(91)	497	573	(76)	272	376	(104)
North America	303	185	118	197	107	90	116	55	61
Total	2,696	2,539	157	1,681	1,585	96	1,121	1,080	41

Revenues rose by €157 million or 6.2%, going from €2,539 million to €2,696 million. The change is associated with:

- > an increase of €130 million in revenues in Italy and the rest of Europe, essentially as a result of:
 - an increase of €163 million in revenues as a result of an increase in output;
 - a decrease of €33 million in the revenues of Enel.si as a result of a decline in sales of photovoltaic panels;
- > an increase of €118 million in revenues in North America, mainly due to an increase in volumes generated and the recognition of higher revenues from tax partnerships. These factors were only partially offset by the effect (€16 million) of the recognition in 2011 of an indemnity from the Canadian authorities in settlement of a dispute;
- > a decrease of €91 million in revenues in the Iberian peninsula and Latin America. Excluding the gain recognized in 2011 from:
 - the adjustment to fair value of the net assets of Sociedad Eólica de Andalucía and TP - Sociedade Térmica Portuguesa with respect to the portion held prior to the acquisition of an additional stake in the compa-

nies that led to full control (€45 million) and the re-measurement at fair value of the net assets already held in Enel Unión Fenosa Renovables (€76 million);

- the recognition of the capital gain (€44 million) from the sale to Gas Natural of the assets of Enel Unión Fenosa Renovables and the gain from the disposal of Explotaciones Eólicas de Aldehuelas (€18 million);

revenues increased by €92 million. That rise is mainly attributable to greater volumes generated in the Latin American countries.

The **gross operating margin** amounted to €1,681 million, up €96 million or 6.1% compared with 2011. The rise is the result of:

- > an increase of €90 million in the margin achieved in North America; excluding the indemnity discussed under revenues, the margin rose by €106 million, mainly as a result of greater volumes produced;
- > an increase of €82 million in the margin posted in Italy and the rest of Europe, mainly as a result of the increase in volumes generated;
- > a decrease of €76 million in the margin registered in the

Iberian peninsula and Latin America, partly in reflection of the impact of the non-recurring income recognized in 2011 discussed under revenues.

Operating income totaled €1,121 million, up €41 million, taking account of an increase of €55 million in depreciation, amortization and impairment losses, essentially at-

tributable to the net effect of the entry into service of a number of plants and the revised estimate of the useful life of wind plants, in line with industry practice. Please note that impairment losses in 2011 included a €70 million adjustment to the goodwill allocated to the Enel Green Power Hellas CGU.

Capital expenditure

Millions of euro

	2012	2011	Change
Generation plants:			
- hydroelectric	127	146	(19)
- geothermal	214	113	101
- alternative energy resources	878	1,183	(305)
Total generation plants	1,219	1,442	(223)
Other investments in property, plant and equipment and intangible assets	38	115	(77)
TOTAL	1,257	1,557	(300)

Capital expenditure in 2012 amounted to €1,257 million, a decrease of €300 million compared with the previous year.

Operating investments in the period mainly regarded wind plants in Italy and Europe (€316 million), Iberia and Latin America (€260 million) and North America (€110

million), solar thermal plants in Greece (€109 million), photovoltaic plants in Italy (€74 million), hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€127 million) and geothermal plants in Italy and North America (€214 million)

7 Other, eliminations and adjustments

Operations

Hydrocarbon reserves and annual output

	2012
Hydrocarbon reserves	
Proven reserves (1P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	917
- of which proven reserves (1P) of natural gas at the end of the year (billions of m ³)	117
Proven and probable reserves (2P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	1,490
- of which proven and probable reserves (2P) of natural gas at the end of the year (billions of m ³)	187
Annual output	
Hydrocarbon output (millions of barrels of oil equivalent)	12
- of which natural gas output (billions of m ³)	1.7

In 2012, the Upstream Gas function initiated the process of certifying the reserves of the assets it had under development, for which the function used an independent certifier, DeGolyer & McNaughton. On the basis of the assessment performed, Enel's share is equal to 917 million barrels of oil equivalent of proven reserves and 1,490 million barrels of oil equivalent of proven and probable reserves. The projects under development are geographically located:

- > in Russia, through SeverEnergiya (in which Enel has a stake of 19.6%) in partnership with Eni and the Russian companies Novatek and Gazpromneft, where gas production began in Siberia at the Samburkoye field, whose output capacity was doubled to 96.5 barrels of oil and 4.6 billion cubic meters of gas a year;
- > in Algeria, where the Group is participating in hydrocarbon exploration and production licenses with a stake of 18.4% of the "Isarene" permit in partnership with Petroceltic International and Sonatrach (an Algerian state-owned company) and 13.5% of the "South-East Illizi" permit in partnership with Repsol (as the operator) and

GDF Suez. In December 2012 the Algerian authorities approved the declaration of commercial viability for the start of development of the Ain Tsila field (Isarene). In the South-East Illizi basin (in the South-east of the country), the seismic work was completed and five exploratory wells were begun, the first of which was declared an "exploration discovery" confirming the potential of the field;

- > in Egypt, where the Group has a 10% share, in partnership with Total (as the operator) and BG, in exploration activities in an offshore field off the Nile Delta. In 2012 preparatory work was completed for the drilling of the first exploratory well, which is scheduled for 2013;
- > in Italy, through Enel Longanesi Development, where the Group has 12 exploration applications, 4 permits and 1 concession application. In 2012, continuing its studies, the company submitted two new applications for hydrocarbon exploration permits in Puglia. The authorization procedure for the application for the hydrocarbon extraction concession at Bagnacavallo is pending, with production expected to begin at the end of 2014.

Performance

Millions of euro

	2012	2011 restated	Change
Revenues (net of eliminations)	2,017	2,356	(339)
Gross operating margin	97	184	(87)
Operating income	(33)	62	(95)
Employees at year-end (no.) ⁽¹⁾	6,382	6,502	(120)
Capital expenditure ⁽²⁾	163	82	81

(1) Includes 22 in units classified as "Held for sale" at December 31, 2011.

(2) The figure does not include €1 million regarding units classified as "Held for sale" at December 31, 2012.

Revenues, net of eliminations, in 2012 amounted to €2,017 million, a decrease of €339 million or 14.4% compared with the previous year. The reduction is essentially attributable to:

- > a decrease of €373 million in revenues from the sale of electricity to the Single Buyer by Enel SpA, associated with the expiry (December 31, 2011) of the long-term electricity import contract on the Swiss border with Alpiq;
- > a decrease of €87 million in revenues from engineering activities as a result of the completion of a number of major projects, including the coal conversion of the Torrevaldaliga Nord plant and the construction of the

Marcinelle Energie plant;

- > the effect of the recognition in 2011 of the gain on the disposal of 51% of Deval in the amount of €21 million;
- > an increase of €147 million in revenues for other services following the presentation of ICT services in Spain in the "Other, eliminations and adjustments" account, which had previously been reported under the Iberia and Latin America Division.

The **gross operating margin** for 2012 amounted to €97 million, a decrease of €87 million. More specifically, the contraction in the margin on certain services provided to

other Group divisions, as well as the impact of the recognition in 2011 of the gain from the sale of Deval, were only partially offset by positive contribution of the change in the scope of operations noted under revenues.

Operating income showed a loss of €33 million for 2012, a deterioration of €95 million compared with 2011, taking account of an increase of €5 million in depreciation, amortization and impairment losses, mainly associated with the change in scope of operations in respect of ICT services in Spain.

Capital expenditure

Capital expenditure in 2012 amounted to €163 million, a rise of €81 million compared with the previous year. Investments mainly regarded the acquisition of mineral interests by the Upstream Gas function.

Significant events in 2012

2

February

Disposal of stake 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 amount sold represented the entire interest previously 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, giving a total price of €281 million. 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.

In July 2012, the Group approved the conclusion that the field could be commercially exploited by the contractors (Petroceltic and Enel Trade), at the same time authorizing Sonatrach to transmit the documentation necessary to obtain an operating license for the field to the competent Algerian authorities. At the same time, negotiations were begun on a Framework Agreement with Petroceltic International and Sonatrach (regarding the award to Sonatrach of the contract to market the gas produced by the field on behalf of the parties involved), which is expected to be finalized in the coming months.

On December 20, 2012, Sonatrach notified the operator that the competent local authorities had approved the exploitation of the field on the basis of the development plan submitted.

3

February

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 \$120 million.

13

February

Bond issue for Italian retail investors

Within the scope of the resolution of the Enel SpA Board of Directors of November 9, 2011 concerning bond issues, 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 va-

lue. 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.

27

February

Partnership between Enel Distribuzione and General Electric

On February 27, 2012, General Electric and Enel Distribuzione reached a strategic partnership agreement, lasting until December 31, 2014, to develop projects for energy efficiency and cutting CO₂ 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.

8

March

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 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 credit watch, 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 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.

19

March

Agreement with China Huaneng for the development of clean coal, renewables and distributed generation

On March 19, 2012, Enel signed a memorandum of understanding with the Clean Energy Research Institute of the Huaneng Group for cooperation in the development of clean coal technologies, renewable energy and distributed generation. The agreement between Enel and Huaneng, China's largest power company, sets out a framework for implementing best practices for environmentally sustainable energy generation. Enel and the Huaneng Group have already been collaborating for three years on a feasibility study for the construction of a carbon capture and storage facility at a Chinese coal-fired plant and the use of CO₂ for enhanced oil recovery. Enel's contribution will apply to the following areas of expertise: flue gas purification, carbon capture and storage, analysis of the pilot project for urban electricity generation integrated with sustainable technologies, renewable energy generation and implementation of a regulatory framework to foster additional pilot emissions reduction programs and the development of emissions trading programs in China.

30
March

Framework agreement with Confagricoltura to promote renewable energy resources and energy efficiency

On March 30, 2012, Confagricoltura and Enel signed a framework agreement for the joint development of renewable energy and energy efficiency. Confagricoltura and Enel will develop synergies in the most appropriate renewable energy resources for the agricultural sector. Enel will offer companies technical and commercial support, helping to select the best renewables technologies (photovoltaics, mini-wind, biogas and biomass) on the basis of the specific features of local areas. Confagricoltura and Enel will also cooperate in exploiting agricultural by-products, recovering unplanted fields for agro-energy purposes, and developing pilot projects in the sectors of energy efficiency, smart grids and electric mobility for the transport of people and goods in agricultural areas. After the signing of the accord, an "Energy Panel" will be established to develop operational protocols, analyze specific situations and identify any administrative measures to support implementation. In addition, a "Quality Unit" will be established to provide constant liaison between agricultural enterprises and the service provided by Enel.

30
March

Equity partnership for the development of the Chisholm View wind farm (Oklahoma)

On March 30, 2012, EFS Chisholm, a subsidiary of GE Capital, and Enel Green Power North America signed an agreement for the development of the Chisholm View wind project in Oklahoma. The facility, which envisages a total investment of about \$375 million, will have a total installed capacity of 235.2 MW and is supported by a long-term power purchase agreement for the electricity generated by the plant. Under the accord, Enel Green Power North America will invest about \$184 million and hold 49% of the project. It also has an option to increase its stake by another 26%, which can be exercised on a

number of specified dates.

On June 6, 2012, Enel Green Power North America and EFS Chisholm signed a capital contribution agreement with a syndicate led by JP Morgan under which the latter undertakes to finance (in the amount of about \$220 million) the project, which is supported by a long-term agreement for the purchase of the power generated by the plant.

When the syndicate releases the funds – subject to compliance with the requirements of the capital contribution agreement – the parties will enter into a tax equity agreement, under which, in return for its capital contribution, the syndicate will acquire a voting stake that enables it to obtain a share of the tax benefits granted to the Chisholm View project.

3

April

Enel remains in FTSE4Good index

On April 3, 2012, Enel announced that it had retained its position in the prestigious FTSE4Good index, which measures the conduct of companies in the areas of environmental sustainability, relations with stakeholders, respect for human rights and the fight against corruption. Enel also keeps its overall score of 4 out of 5 in ESG performance (Environmental – Social – Governance). The companies in the FTSE4Good index meet strict social and environmental standards and are considered capable of capitalizing the benefits of conducting business responsibly.

3

April

Roma Capitale, Enel and Acea join forces for "zero-emissions" mobility

On April 3, 2012, Roma Capitale, Enel and Acea signed a Protocol for the installation of 200 recharging points for electric vehicles in Rome, 100 by Enel and 100 by Acea.

The points will have technology to ensure the interoperability of the infrastructure of the two companies and with the recharging points already installed by Enel as part of its E-Mobility Italy project. The sharing by Enel and Acea of interoperable charging technology brings major logistical and economic benefits: electric vehicle users can recharge at Enel and Acea points with no obstacles, both in Rome and the surrounding area, using a single card and paying for the recharge through their electric bill, in accordance with the terms of their contract with their own electricity company. The technological integration between the Enel and Acea recharging infrastructure will also enable the many people who live outside Rome and commute to the city for work (and vice-versa) to take advantage of electric mobility solutions.

from the previous "A3". The agency also confirmed Enel's short-term rating of "Prime-2" and changed the Company's outlook to "stable" from "negative". The change in Enel's rating mainly reflects the weak macroeconomic conditions in the Italian and Spanish markets, and the decline in margins in the power generation industry. The rating also reflects amendments to the regulatory and tax frameworks, which have already been partly implemented in Italy and Spain.

On the positive side, Moody's noted that the Company has lengthened its debt maturity profile and increased its liquidity, which now covers all maturing liabilities through 2014. This gives Enel greater flexibility in the current volatile funding environment.

2

May

New financing for three wind plants

On May 2, 2012, Enel Green Power, acting through its subsidiary Enel Green Power International, agreed a 12-year loan of €180 million with the Danish government's Export Credit Agency ("EKF") and Citigroup, with the latter acting as agent and arranger. The loan bears an interest rate in line with the market benchmark and is guaranteed by Enel Green Power. The financing will be used to cover part of the investment (which will total about €670 million) for the wind farms Zephyr I in Romania, with an installed capacity of 120 MW, Caney River in the United States (200 MW), and Cristal in Brazil (90 MW), all owned by Enel Green Power.

21

June

Enel and LUKoil agreement for cooperation in upstream and midstream operations in the Russian Federation, Europe and North Africa

On June 21, 2012, Enel and OJSC LUKoil signed a memorandum of understanding for cooperation in the gas sector. More specifically, the companies will investigate possible joint upstream gas projects in the Russian Federation and other countries, analyze the regulatory framework governing the natural gas sector in Russia, share their know-how and assess the possible supply of gas to Enel OGC-5 power plants by LUKoil.

17

May

Enel rating revised by Moody's

On May 17, 2012, Moody's rating agency announced that it had revised the long-term rating of Enel SpA to "Baa1"

11

July

Agreement with consumer associations for extraordinary grant to households affected by snow emergency

On July 11, 2012, Enel and consumer associations signed an agreement providing for an extraordinary grant for households that suffered hardship as a result of the exceptionally severe snow storm in February 2012. As part of its corporate social responsibility commitment, Enel

agreed with the consumer associations to make a special payment for the hardship caused by service interruptions of more than three and a half days, in addition to the measures provided for in the Authority for Electricity and Gas (the Authority) Resolution ARG/elt no. 198/2011. The grant, which varies in relation to the duration of the interruption, amounts to €90 for each additional 24 hours subsequent to the three and a half day threshold. It supplements the indemnity of €300 already provided for in the Authority Resolution, up to a maximum of €650.

20
July

Grant for Caney River wind farm

On July 20, 2012, Enel Green Power North America received a \$99 million grant from the US Treasury Department under Section 1603 of the American Recovery and Reinvestment Act of 2009 to build the Caney River wind farm in Kansas.

12
July

Regulatory developments involving electricity distribution in Argentina

The regulation of the electricity industry in Argentina is causing a mismatch between revenues and costs, as regards both electricity generation and electricity distribution, with an adverse impact on the financial stability of the electric companies in that country. Accordingly, on June 30, 2012, a number of Group companies in Argentina delayed compliance with requirement to settle a number of debts that had fallen due. In response, on July 12, 2012, the national electricity regulator in Argentina (ENRE) notified Edesur that it had appointed a commissioner for a period of 45 days (extendable) to inspect and verify all acts of ordinary administration in the distribution of electricity by Edesur. That appointment does not cause the Group to lose control over that company. On July 20, 2012, Edesur appealed the appointment. The appointment of the commissioner was extended a number of times, each time for 45 days, with additional extensions authorized if required. The latest extension was granted on January 23, 2013.

20
July

Protocol for "Smart Cities" initiative with the City of Bologna

On July 20, 2012, the mayor of Bologna and Enel signed a protocol of understanding for the European "Smart Cities" initiative, which will make Bologna an eco-sustainable city. The "Smart Cities" initiative, supported by the European Union and involving cities that have signed the Covenant of Mayors, is part of the European Industrial Initiatives and is intended to create the conditions and technologies to build sustainable cities that combine environmental protection, energy efficiency and economic sustainability in a single urban model.

25
July

Corporate rationalization in Latin America

On July 25, 2012, the Board of Directors of Enersis – a Chilean company controlled by Endesa through its wholly-owned subsidiary Endesa Latinoamérica, which holds a direct interest of 60.6% in the capital of Enersis – called an extraordinary shareholders' meeting for September 13,

2012 to approve a capital increase of up to the equivalent of \$8,020 million, to be subscribed in cash and/or in kind. Specifically, with regard to the portion of the capital increase that the Group would subscribe, the transaction calls for Endesa Latinoamérica to contribute its interests in a number of Latin American companies operating in the electricity sector (in Brazil, Colombia, Peru, Chile and Argentina, in most of which Enersis already holds a direct stake), which have been appraised by an independent expert, who submitted his report to the Board of Directors of Enersis on July 25, 2012.

Subsequently, based on observations made by the Chilean stock market regulator, the Board of Directors of Enersis decided to postpone the shareholders' meeting to a yet-to-be-determined date. In the meantime, the Board has taken steps to complete the required formalities for the transaction and has appointed two independent experts to determine the fairest price for the shares to be transferred. In the light of the appraisals, on November 6, 2012, the Board of Directors of Enersis called a special shareholders' meeting for December 20, 2012 to approve a capital increase in an amount, expressed in Chilean pesos, equal to between \$5,915 million and \$6,555 million, to be subscribed in cash or through contributions in kind. More specifically, within the context of this operation, the shareholders' meeting approved with a majority of 86% of share capital:

- > the capital increase proposed by Endesa, which provides for the issue of a maximum of 16,441,606,297 new Enersis shares at a price of 173 Chilean pesos per share, corresponding to a total of about \$5,995 million (at the Chilean pesos/US dollar exchange rate prevailing on December 20, 2012). More specifically, Endesa will transfer to Enersis the entire share capital of Conosur – a company in which Endesa Latinoamérica transferred its holdings in 13 Latin American companies – for a total of 9,967,630,058 Enersis shares, valuing the transferred assets at about \$3,643 million. The remaining shareholders will be able to subscribe a total of 6,473,976,239 Enersis shares in cash, corresponding to about \$2,352 million (once again at the Chilean pesos/US dollar exchange rate prevailing on December 20, 2012);
- > a condition governing the entire capital increase, under which completion of the transaction is subordinate to the other shareholders making cash subscriptions sufficient to ensure that the majority shareholder's stake does not exceed the shareholding ceiling, established by law and the Enersis bylaws, of 65% of voting share capital.

As part of the operation, Enel and Endesa also undertook, as officialized at the Shareholders' Meeting, to make Enersis the Enel Group's sole investment vehicle in Latin America for the generation, distribution and sale of electricity (with the exception of the assets currently held by Enel Green Power or any future assets the latter may develop in the renewable energy sector in that geographical area).

25
July

Enel and EIB agree on €380 million in financing for investment in Enel Distribuzione's network

On July 25, 2012, Enel Distribuzione signed an agreement with the European Investment Bank ("EIB") for a €380 million loan aimed at covering a portion of its investments relating to efficiency improvements in the Italian electricity grid set out in Enel Distribuzione's 2012-2014 business plan. The investments financed by the loan are intended to upgrade the national distribution grid, with more than 37% of the spending allocated for works in Southern Italy. The initiatives will enable the connection of distributed renewable generation plants to the network and improve service quality, with a reduction of the duration and number of interruptions per customer. The 20-year financing agreement (maturing in 2032) has a 5-year grace period (until 2018). The funds will be disbursed by the end of 2012 and the loan is secured by a Parent Company guarantee provided by Enel SpA.

4
September

Bond issue totaling €1 billion placed on the European market

On September 4, 2012, Enel SpA, acting through its subsidiary Enel Finance International, placed a bond issue totaling €1 billion for institutional investors on the European market. The bond was issued within the framework of the Global Medium-Term Notes program and in accordance with the resolution adopted by Enel's Board of

Directors on November 9, 2011. The transaction, led by a syndicate of banks with BNP Paribas, Citigroup, Crédit Agricole CIB, HSBC, JP Morgan and Morgan Stanley acting as global coordinators and Banca IMI, Mitsubishi UFJ Securities, Mediobanca, Mizuho International Plc, NATIXIS and UniCredit Bank acting as joint bookrunners, generated demand of about €5.7 billion and is structured as a fixed rate 4.875% bond due March 11, 2020 (guaranteed by Enel SpA).

11

September

Board approved new bond issues of up to €5 billion

On September 11, 2012, the Board of Directors of Enel approved the issue of one or more bonds by December 31, 2013, for a total of up to €5 billion. The issues form 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. The bonds can be placed with institutional or retail investors, depending upon the opportunities presented by the market. The bonds may be issued directly by Enel 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 markets. At the same time, the Board of Directors also revoked its resolution of November 9, 2011, authorizing the issue of one or more bonds by December 31, 2012. The revocation did not affect the validity and the effects of the issues already carried out and the guarantees granted in execution of that resolution.

25

September

Enel and CNR join forces for innovation

On September 25, 2012, Enel and the Italian National Research Council (CNR) signed a framework agreement for the promotion of joint initiatives in research and innovation. The collaborative effort focuses on issues of common interest relating to the use of primary resources as well as the generation and distribution of electricity to end users, in order to promote the efficient use of electricity. The collaborative activities provided for under the Enel-CNR agreement envisage: the identification of developments in technology scenarios, the analysis of that evolution, the specification of joint research priorities and the promotion of a culture of energy around the country. A management committee will be established with the task of identifying research areas, lines of implementation and the specific issues to be investigated, with the aim of optimizing the results and financial resources available.

29

September

Agreement on innovation in the Province of Bolzano

On September 29, 2012, Enel Green Power, the Department of Innovation, Research, Development and Cooperatives of the Autonomous Province of Bolzano and TIS - Techno Innovation Park signed a three-year memorandum of understanding to promote technological innovation in power generation from renewables. The agreement is intended to stimulate the development, testing and dissemination of innovative technologies throughout the Province of Bolzano thanks to the expertise of Enel Green Power and TIS, an innovation hub where successful business initiatives join forces with the expertise of three university centers of excellence: those of Trento, Bolzano and Innsbruck. The three parties will cooperate in carrying out training, applied research and consultancy programs for the introduction and deve-

development of know-how in the field of innovative technologies in the Autonomous Province of Bolzano, with regard, among other things, to small hydro plants and biomass generation facilities, distributed micro-generation, storage, as well as the creation, design and operation of demo programs and the development of energy islands and isolated systems.

8

October

€2 billion bond issue

On October 8, 2012, Enel SpA, acting through its subsidiary Enel Finance International NV, placed a €2 billion multi-tranche bond issue for institutional investors on the European market. The issue was executed as authorized by Enel SpA's Board of Directors on September 11, 2012 under the Global Medium-Term Notes program. The issue, carried out by a syndicate of banks composed of Bank of America Merrill Lynch, Barclays, Deutsche Bank, JP Morgan, Royal Bank of Scotland and Société Générale Corporate & Investment Banking as global coordinators and Banco Bilbao Vizcaya Argentaria, Credit Suisse, Goldman Sachs International, ING, Santander Global Banking and Markets and UBS Investment Bank as joint bookrunners, generated demand in excess of €12 billion and is structured into two tranches (all guaranteed by Enel SpA): €1 billion at a rate of 3.625% maturing on April 17, 2018 and €1 billion at a rate of 4.875% maturing on April 17, 2023.

9

October

Disposal of Endesa Ireland

In implementation of the agreement reached on June 14, 2012, on October 9, 2012, Endesa Generación (99.98%) and Endesa (0.02%) closed the sale of the entire share capital of the Irish company Endesa Ireland to Scottish

and Southern Energy (SEE). The total price for the 100% stake in Endesa Ireland amounted to €286 million, with an enterprise value for the entire share capital of Endesa Ireland, including the company's net financial position at closing, of approximately €360 million. The transaction, which was completed following the issuance of all the necessary authorizations by the competent authorities, is part of the disposal plan announced by Enel to investors. It had a positive impact on the consolidated net debt of the Enel Group of around €360 million.

24

October

NEC Corporation and Enel to cooperate on the development of smart grids

On October 24, 2012, NEC Corporation, a leader in network, communication and IT solutions, and Enel Distribuzione expanded their existing strategic partnership for the development of smart grids, which began in April 2011, with the signing of a new memorandum of understanding. The new agreement aims to expand joint business opportunities in the smart energy field, one of the most promising areas of development for the energy industry. It enhances technical and commercial collaboration between the two companies in three key areas of energy technologies: smart meters and advanced metering infrastructure (AMI), electricity storage systems (ESS), and smart city development.

6

November

Enel rating revised by Moody's

On November 6, 2012, Moody's rating agency announced that it had revised its long-term rating for Enel SpA to "Baa2" (from the previous "Baa1"). The agency also said that it had maintained its short-term rating for Enel at "Prime-2". The outlook is negative.

According to Moody's, the adjustment of Enel's rating mainly reflects the macroeconomic, political and regulatory challenges that utilities are facing in Italy and Spain, partly associated with the ratings assigned to the sovereign debt of Spain ("Baa3", with a negative outlook) and Italy ("Baa2", with a negative outlook). The agency said that the change in Enel's rating reflects the narrowing of margins in the power generation sector, mainly in Italy, and changes in the electricity sector's regulatory and fiscal framework that were announced in Spain. On a positive note, Moody's noted that the Group has extended the maturity of its debt and increased its liquidity, which now covers its maturing obligations through all of 2014 and even beyond. This gives Enel greater flexibility in accessing financing sources, even in today's volatile market environment.

20

November

New loans obtained by the Renewable Energy Division

On November 20, 2012, the subsidiary Enel Green Power International signed an agreement for a 12-year loan of €110 million with the Danish government's Export Credit Agency (EKF) and Citigroup, the latter as agent and arranger. The loan is guaranteed by Enel Green Power. The loan will be used to cover part of the investment in Enel Green Power's Talinay wind farm in Chile, which has an installed capacity of around 90 MW. The total investment for the construction of the plant is about \$165 million. The loan bears an interest rate in line with the market benchmark. On November 27, 2012, Enel Green Power SpA signed an agreement with the European Investment Bank (EIB) for a 20-year loan totaling €160 million to help fund EGP's development program in Italy through 2014. The loan will be secured by one or more guarantees issued to the EIB by leading financial groups. The overall financial terms of the transaction are competitive with the market benchmark. On December 19, 2012, Impulsora Nacional de Electricidad signed a loan agreement with the Inter-American Development Bank (IADB) for 988 million Mexican pesos, equivalent to approximately \$76 million, to cover part of the investment in the Bii Nee Stipa II wind farm in Mexi-

co. The 10-year loan will be backed by a parent company guarantee from Enel Green Power. The wind farm, which involved a total investment of around \$160 million, has an installed capacity of 74 MW and is capable of generating 250 million kWh per year.

4

December

Withdrawal from construction of Flamanville nuclear power plant

On December 4, 2012, Enel notified EDF that it was exercising its right to withdraw from the project to build the EPR (European Pressurized Reactor) nuclear power plant of Flamanville in Normandy and another five power plants to be built in France using the same EPR technology, thus terminating the strategic partnership agreement the two companies signed in November 2007. The agreement entered force on December 19, 2012. With the withdrawal from the project, Enel was reimbursed prepaid expenses in proportion to its 12.5% stake in the project for an overall amount of about €613 million plus accrued interest. The termination of the agreement also involves the cancellation of the anticipated capacity contracts linked to Enel's participation in the construction of the other EPRs, in the a total amount of 1,200 MW in 2012. The overall amount of electricity supplied by EDF to Enel as anticipated capacity will be gradually reduced to 800 MW and 400 MW during the first and second years respectively and will be phased out completely in the third year from the date of termination of the partnership.

Reference scenario

Enel and the financial markets

	2012	2011 restated
Gross operating margin per share (euro)	1.78	1.87
Operating income per share (euro)	0.82	1.20
Group net earnings per share (euro)	0.09	0.44
Dividend per share (euro)	n.a.	0.26
Pay-out ratio ⁽¹⁾ (%)	n.a.	59
Group shareholders' equity per share (euro)	3.91	4.11
Share price - 12-month high (euro)	3.31	4.83
Share price - 12-month low (euro)	2.03	2.84
Average share price in December (euro)	3.06	3.08
Market capitalization ⁽²⁾ (millions of euro)	28,774	28,962
No. of shares outstanding at December 31 (millions)	9,403	9,403

(1) Calculated on Group net income.

(2) Calculated on average share price in December.

	Current ⁽¹⁾	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2010	
Enel stock weighting in:					
- FTSE MIB index	9.92%	11.02%	12.98%	10.53%	
- STOXX Europe 600 Utilities index	7.54%	8.33%	8.25%	8.07%	
- Bloomberg World Electric index	2.63%	3.17%	2.93%	3.16%	
Rating					
	Current	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2010	
Standard & Poor's	Outlook	Negative	Negative	Watch Negative	Stable
	Medium/long-term	BBB+	BBB+	A-	A-
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	Negative
	Medium/long-term	Baa2	Baa2	A3	A2
	Short-term	P2	P2	P2	P1
Fitch	Outlook	Negative	Watch Negative	Stable	Stable
	Medium/long-term	BBB+	BBB+	A-	A-
	Short-term	F2	F2	F2	F2

(1) Figures updated to March 1, 2013.

The growth of the global economy in 2012 slowed substantially from the pace registered in 2011.

In the main emerging economies, the pace of economic activity in 2012, while remaining positive, continued to decelerate, reflecting the adverse impact of economic conditions in the mature economies, especially those in the euro area. Italian GDP contracted substantially in 2012.

Despite the economic weakness, international financial

markets showed signs of stabilizing over the course of the year. Stock prices rose generally and country risk premiums declined, especially for the euro-area countries most exposed to the tensions. The abatement of strains on government securities also fostered an improvement in financial conditions for enterprises, lowering risk premiums. At the same time, this risk remains primarily linked to the outlook for global growth and the stabilization of the European economies.

The main European stock indices closed 2012 with gains, with the exception of Spain's Ibex35 index, which ended the year down about 5%.

In Italy, the FTSE Italia All Share closed 2012 with a gain of 8.4%. The German stock market, represented by the DAX index, posted a substantial 29.1% gain, while the CAC-40 in France gained 14.6% and London's FTSE 100 rose by 6.3%.

In this context share prices in the European utilities segment ran counter to the trend, falling slightly over the course of 2012 (the STOXX Europe 600 Utilities index, which groups the largest companies by capitalization listed on the various European markets, closed 2012 down 1%).

As regards Enel shares, the year ended with the stock price virtually unchanged from the end of the previous year at €3.138. The performance was essentially in line with that of the European utilities sector as a whole but markedly better than the performance of Enel's main European competitors. All the main industry players closed the year with their stock prices sharply down, with the exception of RWE (more specifically, E.ON posted a fall of 15.5%; EDF one of 26.6%; GDF-Suez one of 27.0%; and Iberdrola one of 14.6%, while RWE rose by 15.1%).

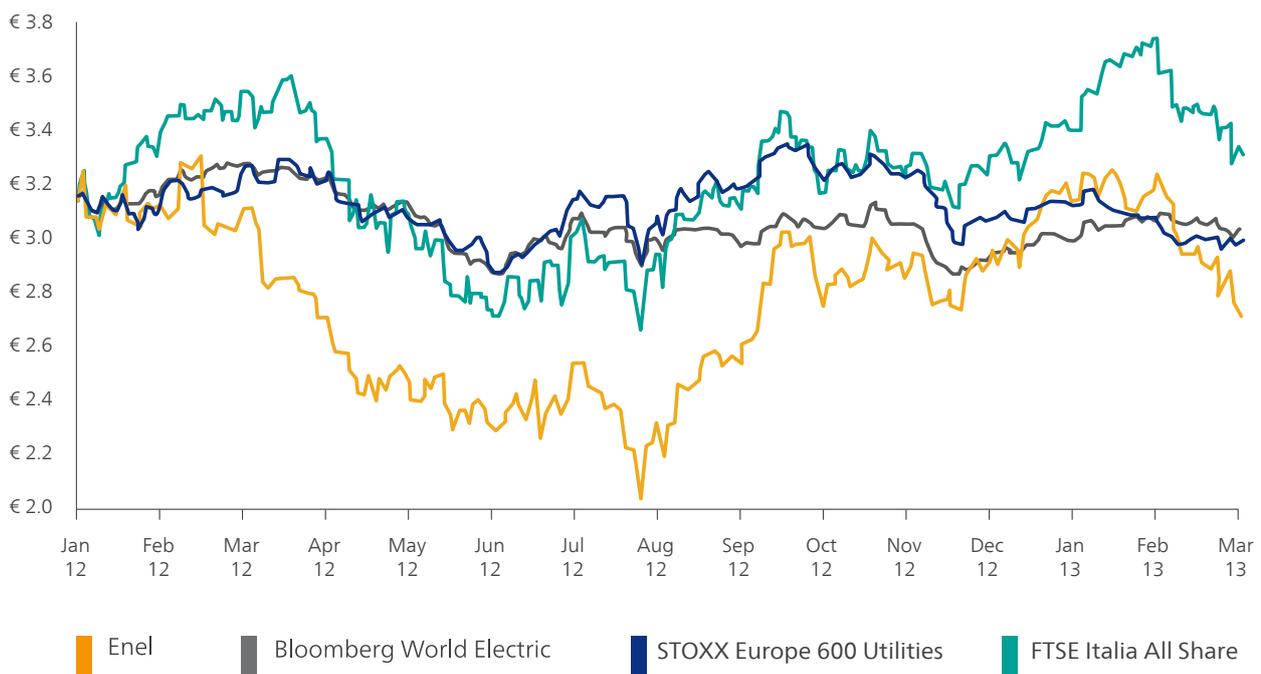
On June 21, 2012, Enel paid the balance of the dividend on 2011 profits of €0.16 per share.

At December 31, 2012 the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors 40.5% and individual investors the remaining 28.3%.

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: +39-0683051; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, STOXX Europe 600 Utilities and FTSE Italia All Share indices from January 1, 2012 to March 1, 2013



Source: Bloomberg.

Economic and energy conditions in 2012

Economic developments

In 2012, the turbulence on the financial markets gradually subsided thanks to the austerity policies implemented by the most highly-indebted European countries. In the euro area, economic growth slowed further compared with 2011, mainly due to the poor competitiveness of the Mediterranean countries, the lack of financial resources for governments to undertake counter-cyclical economic policies and growing concern about the stability of European monetary union. Industrial production declined in the 3rd and 4th Quarters of 2012, falling by 2.7% (3rd Quarter) and 3.4% (4th Quarter) in the euro area compared with the corresponding figures for 2011. Part of the decline in output is attributable to the economic crisis, characterized by fiscal rigor on the part of the individual countries, very low levels of consumption and high unemployment across Europe. During the 2nd Half of 2012, spreads on government securities narrowed significantly due both to the strong action of policy-makers, such as outright monetary transactions (OMTs) at the supra-national level, and to the national level policies implemented by the so-called peripheral countries.

The pace of global GDP growth diminished, going from the 3.0% posted in 2011 to 2.5% in 2012. The main cause of the slowdown was undoubtedly the performance of the mature economies, which in 2012 grew by 1.3%, compared with 4.9% by the emerging economies. In this context, the US economy expanded by 2.2%, compared with 1.8% in 2011. As regards growth in the individual euro-area countries, after posting strong gains in 2010 (4%) and 2011 (3.1%), the Germany economy expanded by only 1% in 2012, mainly due to the especially adverse conditions in the international economy. The countries hardest hit by the euro-area crisis include Italy (with a contraction of 2.4%), Greece (which contracted by 6.6%), Spain (down 1.4%) and Portugal (a fall of 3.2%).

In 2012, growth in the emerging economies slowed significantly from its level in previous years (China, which grew by 7.7%; India, up 5.1%; Taiwan, up 1.2%; and Indonesia, which expanded by 6.2%). The performance of the Latin American countries also deteriorated, with growth of only 2.3% in 2012 (compared with 6.0% in 2010 and 4.1% in 2011).

In the foreign exchange markets, the euro/dollar rate went from an average of 1.39 in 2011 to one of 1.29 in 2012. The depreciation of the euro is mainly attributable to agreements reached by the European institutions on monetary and fiscal

issues, which spurred a decline in the spreads on the government securities of the Mediterranean countries of the euro area from their alarmingly high levels over the course of 2011.

In order to facilitate access to credit by institutional investors and sustain investment, in July 2012, the European Central Bank lowered its rate on main refinancing operations to 0.75%. The rate remained at that level at the end of 2012. The rate on the marginal lending facility was set at 1.5% (again in July 2012). The rate of euro-area inflation in 2012 (2.2%) was lower than its level in 2011 (2.7%).

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

Annual real GDP growth

%	2012	2011
Italy	-2.4	0.6
Spain	-1.4	0.4
Portugal	-3.2	-1.6
Belgium	-0.2	1.8
Greece	-6.6	-7.1
France	-	1.7
Bulgaria	0.8	1.7
Romania	0.2	2.5
Slovakia	2.0	3.2
Russia	3.4	4.3
Argentina	1.7	8.9
Brazil	0.9	2.7
Chile	5.6	6.0
Colombia	3.5	5.9
Mexico	3.8	3.9
Peru	6.3	6.3
Canada	1.9	2.6
USA	2.2	1.8

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

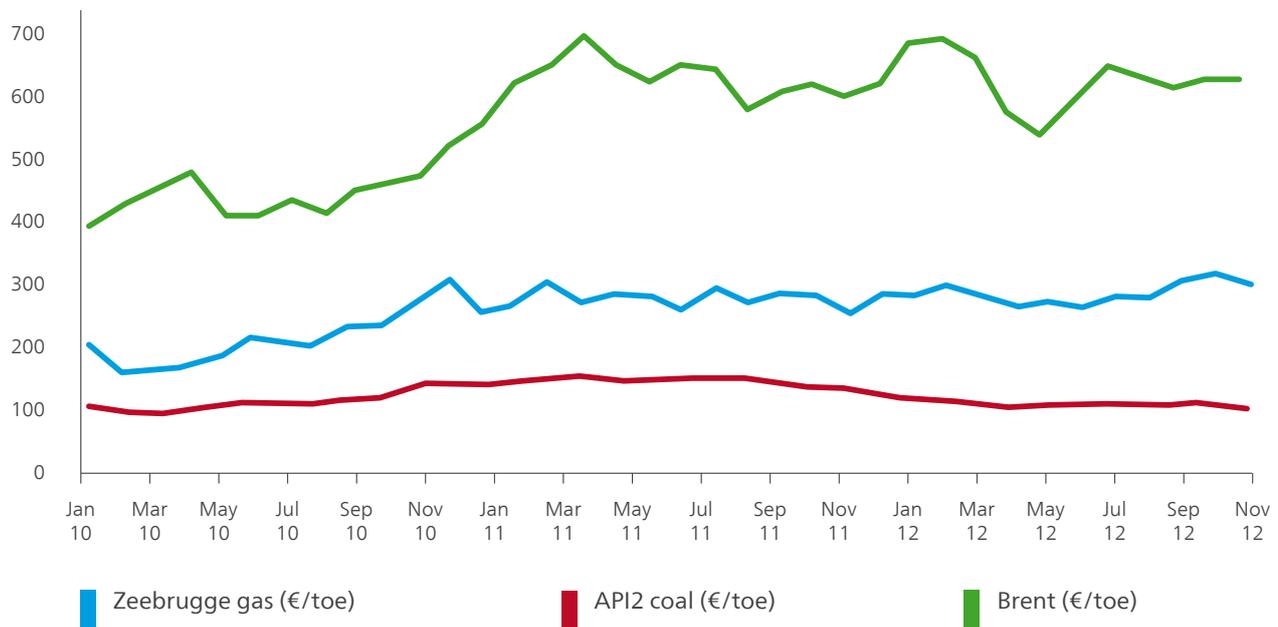


International commodity prices

In 2012, the price of Brent oil, which stood at \$115 a barrel at the end of the year, was driven by a series of factors not directly attributable to structural changes in supply and demand. The main factors included strife in the Middle East and North Africa, the new monetary stimulus implemented

by the Federal Reserve through another round of quantitative easing and, partly, the removal of about one million barrels a day of Iranian crude from the world market. Thus, geopolitical tensions and financial factors appear to be the main causes of developments in oil prices.

Commodity prices



The persistent volatility of Brent prices in 2012 did not impact the level of gas and coal prices. Coal prices were low owing to the large volume of exports from the United States and the slowdown in Chinese imports. In addition, structural conditions in the shipping market, which is affected by a surplus of supply, caused transport costs to decline. In 2012, the price of coal fell by 31% compared with 2011, to \$93 per metric ton.

In the gas market, the concomitant weakness of demand in Italy (especially for thermal generation) and the slight rise in prices in northern Europe caused spot prices in Italy to converge towards that on European exchanges. The spot price of natural gas at the Zeebrugge rose from 57.5 GBpence/therm in 2011 to 59.6 GBpence/therm in 2012, an increase of 3.6%.

Electricity markets

Electricity demand

Developments in electricity demand

TWh	2012	2011	Change
Italy	325.3	334.6	-2.8%
Spain	252.0	255.4	-1.3%
Portugal	49.0	50.5	-3.0%
France	489.5	478.2	2.4%
Greece	50.2	51.2	-2.0%
Bulgaria	32.5	33.2	-2.1%
Romania ⁽¹⁾	39.2	39.8	-1.5%
Slovakia	26.7	26.7	-
Russia ⁽²⁾	769.4	758.9	1.4%
Argentina	125.5	121.0	3.7%
Brazil	546.9	528.0	3.6%
Chile ⁽³⁾	47.5	45.0	5.6%
Colombia	59.4	57.0	4.2%
Peru	38.1	36.0	5.8%
USA ⁽⁴⁾	3,112	3,173	-1.9%

(1) At September 30, 2012 and 2011.

(2) Europe/Urals.

(3) Figure for the SIC - *Sistema Interconectado Central*.

(4) Net of grid losses.

Source: Enel based on TSO figures.

In Europe electricity demand decreased in the Mediterranean countries, primarily due to the slowdown in industrial consumption. More specifically, in Italy (down 2.8%), Spain (down 1.3%), Greece (down 2.0%) and Portugal (down 3.0%) the negative performance of the industrial sector and the macroeconomic uncertainty had a decisive impact on the level of electricity demand. In the rest of Europe, electricity demand expanded in France (up 2.4%) and Russia (up 1.4%) compared with 2011.

Demand continued to rise considerably in Latin America, with significant increases in Argentina (up 3.7%) and Brazil (up 3.6%) and even larger gains in Chile (up 5.6%), Colombia (up 4.2%) and Peru (up 5.8%).

Italy

Domestic electricity generation and demand

Millions of kWh

	2012	2011	Change	
Net electricity generation:				
- thermal	204,796	218,486	(13,690)	-6.3%
- hydroelectric	43,322	47,202	(3,880)	-8.2%
- wind	13,119	9,775	3,344	34.2%
- geothermal	5,238	5,315	(77)	-1.4%
- photovoltaic	18,323	10,668	7,655	71.8%
Total net electricity generation	284,798	291,446	(6,648)	-2.3%
Net imports	43,088	45,733	(2,645)	-5.8%
Electricity delivered to the network	327,886	337,179	(9,293)	-2.8%
Consumption for pumping	(2,627)	(2,539)	(88)	-3.5%
Electricity demand	325,259	334,640	(9,381)	-2.8%

Source: Terna - Rete Elettrica Nazionale (monthly report – December 2012).

Domestic *electricity demand* in 2012 decreased by 2.8% compared with 2011, to 325.3 TWh. Of total electricity demand, 86.8% was met by net domestic electricity generation for consumption (86.3% in 2011) with the remaining 13.2% being met by net electricity imports (13.7% in 2011).

Net imports in 2012 declined by 2.6 TWh, mainly as a result of the decline in demand and the overcapacity affecting the domestic market.

Net electricity generation in 2012 decreased by 2.3% or 6.6 TWh to 284.8 TWh. More specifically, the decline in hydroelectric generation (down 3.9 TWh), attributable to poorer water availability conditions, was more than offset by the increase in photovoltaic generation (up 7.7 TWh) and wind generation (up 3.3 TWh). These factors, in conjunction with the decrease in electricity demand, led to a reduction in thermal generation of 13.7 TWh.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2012	2011	Change	
Gross electricity generation – ordinary regime:				
- thermal	93,314	94,223	(909)	-1.0%
- nuclear	61,470	57,731	3,739	6.5%
- hydroelectric	19,455	27,571	(8,116)	-29.4%
Total gross electricity generation – ordinary regime	174,239	179,525	(5,286)	-2.9%
Consumption for auxiliary services	(7,888)	(7,247)	(641)	-8.8%
Electricity generation – special regime	102,428	92,401	10,027	10.9%
Net electricity generation	268,779	264,679	4,100	1.5%
Net exports ⁽¹⁾	(11,770)	(6,091)	(5,679)	83.9%
Consumption for pumping	(5,023)	(3,215)	(1,808)	56.2%
Electricity demand	251,986	255,373	(3,387)	-1.3%

(1) Includes the balance of trade with the extra-peninsular system.

Source: Red Eléctrica de España (*Balance eléctrico diario Peninsular* - December 2012 report). Volumes for 2011 are updated to December 3, 2012.

Electricity demand in the peninsular market in 2012 declined by 1.3% compared with 2011 to 252.0 TWh. Demand was entirely met by net domestic generation for consumption.

Net exports in 2012 rose by 83.9% compared with 2011.

Net electricity generation in 2012 rose by 1.5% or 4.1 TWh, essentially due to greater nuclear output (up 6.5%) and higher output under the special regime (up 10.9%). These factors were only partially offset by lower hydroelectric generation (down 29.4%) owing to the poorer water conditions experienced compared with the previous year.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2012	2011	Change	
Gross electricity generation – ordinary regime:				
- thermal	14,399	14,916	(517)	-3.5%
Total gross electricity generation – ordinary regime	14,399	14,916	(517)	-3.5%
Consumption for auxiliary services	(850)	(882)	32	3.6%
Electricity generation – special regime	1,044	996	48	4.8%
Net electricity generation	14,593	15,030	(437)	-2.9%
Net imports	570	-	570	-
Electricity demand	15,163	15,030	133	0.9%

Source: Red Eléctrica de España (*Balace eléctrico diario Extrapeninsulares* - December 2012 report).

Electricity demand in the extra-peninsular market in 2012 increased by 0.9% compared with 2011 to 15.2 TWh. Demand was almost entirely met by net domestic generation for consumption.

Net imports in 2012 amounted to 0.6 TWh and entirely

regarded trade with the Iberian peninsula.

Net electricity generation in 2012 fell by 2.9% or 0.4 TWh as a result of lower thermal generation (down 3.5%), which was only partially offset by greater output under the special regime.

Electricity prices

Electricity prices

	Average baseload price 2012 (€/MWh)	Change in baseload price 2012-2011	Average peakload price 2012 (€/MWh)	Change in peakload price 2012-2011
Italy	75.5	4.6%	66.6	-6.3%
Spain	47.2	-5.5%	41.5	-10.0%
Russia	23.8	3.5%	27.5	5.2%
Slovakia	43.4	-15.0%	54.1	-12.4%
Brazil	66.1	427%	172.1	367%
Chile	145.4	11.3%	253.1	25.6%
Colombia	50.0	69.1%	113.3	126%

Developments in prices in the main markets

Eurocents/kWh

	2012	2011	Change
Final market (residential):⁽¹⁾			
Italy	14.9	14.0	6.4%
France	9.9	9.9	-
Portugal	11.1	10.2	8.8%
Romania	7.9	8.5	-7.1%
Spain	14.7	16.0	-8.1%
Slovakia	14.0	13.7	2.2%
Final market (industrial):⁽²⁾			
Italy	13.2	11.5	14.8%
France	8.1	7.2	12.5%
Portugal	10.5	9.0	16.7%
Romania	8.3	8.0	3.8%
Spain	11.5	10.8	6.5%
Slovakia	12.7	12.3	3.3%

(1) Half-year price net of taxes – annual consumption of between 2,500 kWh and 5,000 kWh.

(2) Half-year price net of taxes – annual consumption of between 500 MWh and 2,000 MWh.

Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2012				2011			
Power Exchange - PUN IPEX (€/MWh)	81.4	73.5	81.5	65.6	66.5	68.3	75.2	78.8
Average residential user with annual consumption of 2,700 kWh (eurocents/kWh): price including taxes	17.3	19.1	19.1	19.4	15.6	16.2	16.5	16.5

Source: Energy Markets Operator; Authority for Electricity and Gas.

In Italy, the average uniform national sales price of electricity on the Power Exchange rose by 4.6% compared with 2011.

The average annual price (including taxes) for residential

users set by the Authority for Electricity and Gas rose by 15.6% in 2012, mainly owing to the increase in the A3 rate component covering costs for incentives for renewable generation.

Natural gas markets

Gas demand

Billions of m³

	2012	2011	Change	
Italy	75.0	77.9	(2.9)	-3.7%
Spain	31.2	32.1	(0.9)	-2.8%

Demand for natural gas in 2012 fell in both Italy and Spain. The decline is mainly attributable to the adverse economic climate and changes in the mix of generation sources, characterized by the growing use of renewable energy.

Italy

Domestic gas demand

Billions of m³

	2012	2011	Change	
Residential and civil	30.8	31.1	(0.3)	-1.0%
Industrial and services	16.9	16.5	0.4	2.4%
Thermal generation	25.0	28.0	(3.0)	-10.7%
Other ⁽¹⁾	2.3	2.3	-	-
Total	75.0	77.9	(2.9)	-3.7%

(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 2012 amounted to 75.0 billion cubic meters, a decrease of 3.7% compared with the previous year. The contraction in consumption for thermal generation, essentially the result of lower generation volumes, was compounded by a decrease in consumption for domestic and civil uses, attributable to the impact of colder weather in 2011.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2012				2011			
Average residential user with annual consumption of 1,400 m ³ (eurocents/m ³):								
price including tax	86.4	87.9	90.2	91.2	75.0	76.5	79.7	84.1

Source: Authority for Electricity and Gas.

The annual average sales price of natural gas in Italy increased by 12.8% in 2012.

Regulatory and rate issues

The European regulatory framework

Regulation on OTC derivatives, central counterparties and trade repositories (EMIR)

On July 27, 2012, Regulation no. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories was published. The regulation entered force on August 16, 2012.

As regards the counterparties in an OTC derivative contract, the main provisions of the regulation concern the requirement for centralized clearing of certain classes of derivatives, the application of risk mitigation techniques for derivatives that are not subject to centralized clearing obligations and reporting of all derivatives transactions. The new rules also subject non-financial institutions to the clearing requirement and the obligation to adopt certain risk mitigation techniques only for such positions that they and the other non-financial institutions of the same group take in OTC derivatives (only those not intended to hedge commercial risks) that exceed specified thresholds (so-called clearing thresholds).

On September 27, 2012 the European Securities and Markets Authority (ESMA) sent the European Commission proposals for Regulatory and Implementing Technical Standards: among other things, those proposals contain provisions concerning the clearing thresholds for non-financial counterparties and the definition of risk hedging for the purposes of the regulation. On December 19, 2012, the European Commission endorsed without modification the implementing standards proposed by the ESMA. On February 19, 2013, the period available for analysis to the Council and the European Parliament came to an end. The Council and the Parliament raised no formal objections to the Commission's proposals.

Energy Efficiency Directive

On November 14, 2012, Directive 2012/27/EC was published in the Official Journal of the European Union and entered force on December 4, 2012. The main provisions of the new Directive, which replaces earlier directives on

cogeneration (2004/8/EC) and energy services (2006/32/EC) include:

- > a binding Union target defined in terms of primary/final consumption as of 2020 (1,474 Mtoe for primary consumption and 1,078 Mtoe for final consumption) and indicative national targets established by the Member States. In 2014 the Commission will assess the progress achieved and, if necessary, impose binding targets at the Member State level in order to achieve the Union target;
- > an energy savings obligation for electricity and gas sales and distribution companies of 1.5% of annual energy sales in the period 2010-2012; that target may be reduced at the Member State level by a maximum of 25% through flexibility measures, such as:
 - phasing in the obligation over a longer period of time (annual reductions of 1% in 2014-2015, 1.25% in 2015-2016 and 1.5% in 2018-2020), producing lower overall savings than originally envisaged;
 - exemption of energy sold to industrial consumers subject to the European Union Emissions Trading System (EU ETS) from the calculation;
 - counting energy savings already achieved that will continue to have an impact in 2020;
 - allowing energy savings achieved in the energy transformation, transmission and distribution sectors.Alternatively, the target may be achieved through alternative measures producing equivalent savings in final consumption at the discretion of the Member States;
- > an obligation to renovate government buildings.

The Member States must implement the provision of the Directive at the national level by June 5, 2014.

Emissions trading

Since 2005, Enel Group installations in Europe have been required to participate in the EU ETS, a market-based system for reducing greenhouse gas emissions. Operators are expected to reduce their emissions by 21% by 2020 (compared with 2005 levels). On January 1, 2013 the third phase of implementation (2013-2020) began. This phase envisages a series of major changes introduced by Directive 2009/29/EC and subsequent regulations in or-

der to improve the efficiency, transparency and effectiveness of the system.

The main change regards the method for allocating emissions allowances. The free allocation of allowances will gradually be replaced by an auction system. The power generation sector will be required to purchase 100% of its allowances through auctions as from January 2020. During the final months of 2012, 120 million phase 3 allowances were sold through “early auctions”. The allowances pertaining to Italy, Spain and Slovakia represent 9.4%, 8.4% and 1.5% respectively of the total allowances available at the European level for all of phase 3. The proceeds of the auctions are managed by the Member States, who must however use at least 50% of the revenues to finance projects involving low carbon technologies (carbon capture and storage, renewable resources, etc.).

Another major innovation is the monetization of the allowances in the NER 300 reserve by the European Investment Bank (EIB), the proceeds of which will be used to finance pilot projects in the innovative renewable resources field and in carbon capture and storage (CCS) technologies. The allowances (300 million EUAs) will be sold on the OTC market, regulated exchanges and through auctions. The sale of the first 200 million allowances was completed in November 2012. The remaining 100 million will be monetized subsequently by the EIB.

Since January 1, 2012, the aviation industry has been included in the ETS. Considering the volume of allowances that airlines will be required to purchase through auctions (15%), it is expected that the sector's contribution to supporting demand for allowances on the market will be second only to the power generation industry. In response to a lawsuit filed by a number of US airlines, in December 2011 the European Court of Justice found that the inclusion of non-EU airlines in the ETS was legal, as it is consistent with international law and the principle of state sovereignty.

Finally, in 2012 a Single European Union Registry replaced the national registers in accounting for emissions allowances. Aircraft operators have been taking 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 took place in 2012. The transition to the new Single Registry has been accompanied by a number of measures to enhance the security and transparency of the European emissions allowance market.

Decisions concerning the Industrial Emissions Directive

As part of the process of implementing the Industrial Emissions Directive (Directive 2010/75/EU) the European Commission has adopted two decisions.

The first, issued on February 10, 2012, sets out the rules governing the preparation and implementation by the Member States of their national transition plans: plants covered by the plan may bring their emissions into compliance with the limits set by the Directive gradually over the period from January 1, 2016 to June 30, 2020.

The second, issued on May 7, 2012, defines the startup and shut-down periods for plants, which are necessary to assess compliance with emissions limits correctly.

SEVESO III

On July 4, 2012, the European Parliament and the Council adopted the SEVESO III Directive on the control of major-accident hazards involving dangerous substances with a view to aligning the list of substances covered by the Directive with the changes in the European classification system for dangerous substances, strengthening the provisions concerning public access to safety information and introducing more stringent rules for inspections of plants as from June 2015.

The Italian 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. As regards the unbundling model, Law 27/2012 established a transition to separation of ownership to be completed by September 2013.

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 services" 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 number 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

Legislative Decree 164/2000 established that as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.

However, alongside these 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 is chosen annually through voluntary tenders for geographically-based contracts.

As to the regulated prices charged safeguard service customers, in November 2012 the Authority initiated a reform of the procedures for determining the QE component (covering raw material costs), which it had already modified during the year to take account of developments in European spot prices.

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 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 Bor-

sa 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 generated may be sold 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 grid issues 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 Resolution no. 98/2011, which 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.

In order to cope with emergencies in the gas system, such as the one that occurred between February 6 and 16, 2012, Decree Law 83/2012 – ratified with Law 134 of August 7, 2012 – required the identification on an annual basis as from the 2012-2013 gas year of thermal generation plants that can contribute to the security of the system thanks to the use of fuels other than gas. Such plants, which are different from those essential to the electrical

system, are entitled to reimbursement of the costs incurred in ensuring availability in the period from January 1 to March 31 of each gas year on the basis of the procedures established by the Authority.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized.

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 October 2012, in compliance with Legislative Decree 93/2011, the EMO formulated a proposed design for the natural gas forward market, for which an opinion from the relevant parliamentary committees is pending.

Once it begins operating, the forward market will complete the structure of the Italian wholesale gas market, supplementing the spot trading platform (the "Gas Exchange"), which has been operational since 2010, and the balancing market launched in December 2011 in accordance with the rules established by the Authority.

As from April 2012, the Authority, following the start of daily auctions for the release of contracted but unused capacity on the TAG (the gas interconnector between Austria and Italy through the Tarvisio entry point), introduced mechanisms to foster the transit of spot gas through the entry point.

Transport, storage and regasification

Transport, storage and regasification (of 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 a 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 covering the total cost of providing distribution and metering services, considering operating costs, depreciation and provide 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.

For the current regulatory period (2012-2015) 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 and 8.6% for investments made starting in 2012. Further increases of the WACC (between 1.5% and 2%) are also envisaged for certain categories of investments (for example, medium-voltage lines in historical town centers, connection in areas with a high density of renewables generation). The X-factor used in updating the operating costs component is 2.8% for distribution and 7.1% for metering.

Electricity distribution is also subject to service quality rules, 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.

Energy efficiency

White certificates

Energy efficiency in final uses has been promoted in Italy through the Energy Efficiency Certificate mechanism (white certificates) launched on January 1, 2005 in accordance with the provisions of the related decrees of July 20, 2004.

Those decrees, which were subsequently amended and updated in 2007, set national energy savings targets for the period 2005-2012. The targets must be achieved each year by distribution companies.

To demonstrate that they have achieved their targets and avoid penalties, distributors must deliver a number of certificates at least equal to a specified percentage of their requirement to the Authority by May 31 of each year.

The Authority covers part of the costs incurred to achieve the target through a rate subsidy that in 2012 was equal to €86.98 per toe for each certificate delivered.

With a decree issued on December 28, 2012, the Ministry for Economic Development set new and rising energy savings targets for the 2013-2016 period.

In addition, for the 2013-2014 period only, the minimum percentage achievement obligation has been reduced from 60% to 50%. The Ministry has established that the residual obligation can be covered over the subsequent two years (rather than in the following year, as provided for under the previous decrees).

The decree also remodulated the criteria that the Authority must apply in determining the rate subsidy.

Thermal Energy Account

With its decree of December 28, 2012, implementing Legislative Decree 28/2011, the Ministry for Economic Development introduced specific incentives to promote the production of thermal energy from renewable resources, as well as small scale energy efficiency initiatives.

The incentives – for which both government entities and private parties are eligible – are paid by the ESO in equal annual installments for a maximum of five years. Eligible projects include improvements to the building envelope (government entities only) as well as the installation of heat pumps, thermal solar collectors and electric heat pump water heaters.

Access to the incentives requires meeting certain minimum requirements, broken down by type of intervention.

The decree also charges the Authority with specifying rates for the use of electric heat pumps with a view to encouraging energy efficiency and the reduction of polluting emissions.

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 and Royal Decree Law 13/2012, among other acts, which transposed the provisions associated with the European Union's "Third Energy Package". 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;
- > final 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 generation 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 was not to exceed 23.4 TWh per year. Nevertheless, Royal Decree Law 13/2012 reduced, on an exceptional basis for 2012 only, the maximum volume of programmable generated with domestic coal by 10%.

Capacity payment

The capacity payment mechanism, whose remuneration adds to that for activities carried out in the wholesale market, 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.

For 2012, as a consequence of the exceptional reduction introduced with Royal Decree Law 13/2012, the amount of investment compensated for the first category is equal to €23,400/MW per year for 10 years; for the second, €7,875/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 value is multiplied by availability coefficients based on the technology employed.

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 rate of last resort (*Tarifa de Ultimo Recurso* or TUR), 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 identifies the five companies, including Endesa, with sufficient resources to act as the supplier of last resort (the other four are Iberdrola, Unión Fenosa, Hidrocantábrico 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. On February 7, 2012, the *Tribunal Supremo* ruled that the cost of the social bonus should not be borne by electricity companies. In applying the court's decision, ministerial order IET/843/2012, issued on April 25, 2012, modified the settlement system and determined that the mechanism would be financed through the access fee.

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 the energy savings and efficiency plan.

In order to cover 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, requires also 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. On December 31, 2012, with Royal Decree Law 29/2012, the government eliminated the cap for 2012 (permitting the securitization of the entire deficit that will result) and the explicit reference to the "cost reflectivity" of rates as from January 1, 2013 (i.e. the adequacy of the access rates to cover "regulated costs"). The cumulative deficit at December 31, 2011 reached €29.8 billion, and it is estimated that it exceeded €35 billion at December 31, 2012.

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.

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 was postponed to July 2012. On December 1, 2011 and February 19, 2012, Endesa notified FADE of its irrevocable commitment to assign its receivables in respect of the 2010, 2011 and 2012 deficits. A number of issues were carried out in 2012, of which a total of €2.7 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, generation 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 revenues of the electricity system, while they are scheduled to 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.

Royal Decree Law 13/2012 imposed an exceptional modification of remuneration for 2012 and called for a reformulation of the system, the definition and approval of which is still pending.

Distribution

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

Each year, the competent Ministry sets the remuneration to be paid based on a proposal of the *Comisión Nacional de la Energía*. The remuneration 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. Royal Decree Law 13/2012 reduced the remuneration of distribution for 2012 and called for a reformulation of the system, the definition and approval of which is still pending.

Royal Decree Law 13/2012

On March 30, 2012, the Council of Ministers approved Royal Decree Law 13/2012, which in addition to transposing the European measures of the "Third Energy Package" also introduces measures to reduce the costs of the

electricity and gas system and handle the rate deficit. The decree establishes a set of measures to ensure compliance with the deficit ceiling established for 2012 (Royal Decree Law 6/2010 and 14/2010) and the adjustment of rates to reflect the costs of regulated activities as from January 1, 2013. Among the main changes for 2012, the decree sets out reductions for the following regulatory items: the remuneration of electricity distribution; the capacity payment system; and the remuneration of extra-peninsular generation. It also reduces the maximum volume of schedulable electricity generated from domestic coal, and thus the corresponding extra cost for the system, by 10%. Finally, compensation for interruptible contracts was also lowered.

Royal Decree Law 20/2012

On July 14, 2012, Royal Decree Law 20/2012 was published. With the decree, the government adopted a series of measures to ensure budget stability and promote competitiveness, as well as measures to reduce the costs of the electrical system and resolve the rate deficit issue. The main measures regarded: the revision of remuneration for generation in the extra-peninsular electrical system (SEIE); a requirement to include any local taxes on electricity supply in access fees and the last-resort rate (TUR); an increase of 65 basis points in the interest rate paid for financing the deficit generated in 2006; the abolition of the quarterly revision of access fees; the granting of powers to the Minister for Industry and Energy to introduce progressivity in the application of access fees and the TUR.

Law 15/2012 containing fiscal measures for the sustainability of the electrical system

On September 14, 2012, the Spanish government approved a bill aimed at ensuring the sustainability of the electrical system and at addressing the problem of the rate deficit. Parliament approved the measure in December and it was published in the Official Journal on December 28, 2012.

The law contains fiscal measures designed to generate supplementary revenues and reduce the existing deficit, as well as measures to make the system economically and environmentally sustainable. The main provisions, which came into force on January 1, 2013, are the following:

> as regards nuclear technology, the introduction of a

- tax on generation and on the storage of fuel and residual by-products of nuclear power generation, which essentially increases the costs that generators will have to face at the time the plant is closed and decommissioning begins;
- > the introduction of a fee for using continental waters in hydroelectric generation equal to 22% of the revenues generated. The fee is reduced by 90% for plants with a capacity equal to or less than 50 MW and for pumping plants with a capacity of more than 50 MW;
 - > the introduction of environmental taxes ("*centesimo verde*") on the consumption of natural gas, coal, fuel oil and diesel fuel;
 - > the introduction of a general tax on electricity generated under the ordinary and special regimes equal to 7% of total revenues;
 - > the interruption of incentives for renewable energy generation using fossil fuels, with the exception of biomass;
 - > the allocation of the revenues from the CO₂ auctions for phase 3 of the ETS, up to a maximum of €500 million, to financing the costs of the electrical system;
 - > the appropriation of a portion of the State budget equivalent to the estimated revenues generated by the fiscal measures established in the law to financing the costs of the electrical system.

Measures concerning the rate deficit – Royal Decree Law 29/2012

Royal Decree Law 29/2012 of December 28 concerning improvements to the management of and the social protection in the special system for domestic workers and other economic and social measures also adopts the following provisions concerning the electrical system:

- > the elimination of the deficit cap for 2012, which had previously been set at €1,500 million;
- > the repeal of the provision of Law 54/1997 requiring the cost reflectivity of access as from 2013;
- > the introduction of the possibility of suspending the incentive system for plants that do not comply with the established limits and the conditions set out in the executive design.

Budget law for 2013 – Law 17/2012

As regards the regulation of the electrical sector, the budget law for 2013 excludes the financing of the costs of the

extra-peninsular electrical systems (which in conformity with Decree Law 6/2009 will transition to a system for the settlement of regulated activities on market terms) and includes an account deriving from Law 15/2012 intended to finance the costs of the electrical system (revenues from tax measures and 90% of the proceeds of auctions of emissions allowances).

Urgent measures for the electrical sector – Royal Decree Law 2/2013

On February 1, 2013, in order to maintain the deficit at zero in 2013, the government adopted Royal Decree Law 2/2013 containing further measures for the electrical sector. The main provisions are the following:

- > the modification of the inflation adjustment index for electrical system costs, which will now be based on core inflation;
- > the elimination of the option of choosing between the regulated rate and the feed-in-premium mechanism for plants under the special regime, whose remuneration will now be limited to the regulated rate system.

In addition, the Council of Ministers has drafted a bill for the granting of a special loan of €2,200 million by the Ministry for the Economy to the Ministry for Industry and Energy to finance part of the costs of financing the special regime for 2013.

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. Only in Argentina, following the change in energy policy in recent years, is there a regulatory framework that envisages greater public control of investments. In Brazil 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. Nevertheless, in view of the current financial challenges faced by the wholesale market, the government has announced its intention to modify the existing regulatory framework and, in 2013-2014, develop an electricity market based on a cost-plus model. By contrast, in Peru, intervention in the formulation of spot prices 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 generation 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. The regulatory framework for unconventional renewables in Chile is currently being revised.

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). As a result of the *Ley de Emergencia Económica* (the economic emergency law) of 2002, no rate reviews have yet been conducted in Argentina, despite rules mandating such revisions every five years.

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 fairly 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), 0.3 MW in Chile (40% of volumes), 0.1 MW in Colombia (35% of volumes in 2010) and 0.2 MW in Peru (44% of volumes). Free market customers can 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).

Chile

Carretera Eléctrica

On August 30, 2012, the president of Chile signed the bill on the *Carretera Eléctrica*, subsequently presented in Parliament on September 4, 2012. The proposed law establishes general standards for the development of the network in terms of the role of public entities and coordination with the private sector.

Argentina

Rate surcharge

On November 23, 2012, the national regulatory authority (ENRE) approved Resolution no. 347, which provides for an increase in final rates through the creation of a new rate component to finance investment in the distribution network.

International

Russia

Wholesale market

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 acquired by domestic and foreign investors (in addition to Enel, the German company E.ON and the Finnish company Fortum). 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. 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 sufficient long-term capacity availability and stable revenues for generation companies.

However, the government, in order to ensure stable ca-

capacity, has compiled a list of new plants (so-called DPMs) that are not included in the capacity market and that 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 2011, the government appointed a working group composed 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. An initial version of the reform is expected for 2013.

Retail market

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. 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 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. On June 4, 2012, Decree no. 442 was published. The decree amends the pricing rules for the sales market and simplifies the procedures for changing suppliers by end users (switching). More specifically:

- > the procedures for calculating pricing and volumes for sourcing capacity on the wholesale and retail markets were aligned;
- > end users will pay the actual grid costs incurred by suppliers;
- > the remuneration of regulated suppliers (guarantee suppliers) may differ by the level of capacity available to individual customers;
- > new principles for the competitive award of guarantee supplier licenses were introduced;
- > regulator control of the financial condition of guarantee suppliers was enhanced;
- > finally, as regards the opening of the market to competition, a number of measures hindering switching were eliminated.

Slovakia

Prompted by the mounting pressure of 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 enterprises (SMEs). 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 price 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 index for sales to residential customers only. Nevertheless, in September 2012 the regulator reintroduced regulated electricity prices for SMEs (they were already in place for residential customers) that would enter force as from January 1, 2013. The cap on those prices is determined on the basis of a formula indexed to prices on the Prague Power Exchange.

In September 2012, Slovakia transposed the Third Energy Package, selecting the ownership unbundling model for the national transmission grid operator and adopting a new definition of vulnerable customers (i.e., financially disadvantaged customers).

Decree 184/2012

On June 28, 2012, the energy regulator (URSO) approved Decree 184/2012, which introduces measures on regulating prices in the Slovakian electricity sector and amends Decrees 225/2011 and 438/2011. One of the amendments establishes that as from 2013, the first year of the third phase of the European Emissions Trading Scheme (ETS), the Nováky generation plant (classified as a general economic interest facility) will be reimbursed for no more than 50% of costs incurred for the purchase of CO₂ emissions allowances.

Special Levy Act 235/2012

On July 26, 2012, the Slovakian parliament approved the Special Levy Act introducing a special tax whose proceeds are to be used to reduce the state budget deficit. The tax applies to all companies that derive more than 50% of their revenues from a series of regulated sectors, including the energy sector. The tax is set at a rate of 4.36% of net profit generated through 2013.

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. In addition, in June 2012 the Romanian government:

- > transposed the Third Energy Package. In doing so it selected the independent system operator (ISO) model for the national transmission grid operator, decided to gradually eliminate regulated prices for end users of gas and electricity and introduced new measures to protect consumers and ensure the security of supplies;
- > approved a law reforming the rules governing the independence and powers of the energy regulator (ANRE). The measures increase the independence and oversight powers of the regulator in energy markets.

Distribution

Electricity distribution rates are based on multi-year regulatory periods (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 authority 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 year 2013 will be treated as a stand-alone year and rates will be held at 2012 levels, while the third regulatory period will start in 2014 and end in 2018.

Sales to regulated-market customers

The method for determining the price for regulated-market customers is based on the principle of completely covering the electricity purchase cost component in rates 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.

The liberalization of the retail electricity market is scheduled to be completed by December 2013 for large-scale consumers and between June 2013 and December 2017 for residential customers.

France

Enel sells electricity in France. The 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'Électricité 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;
- > every six months alternative suppliers can 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 flows;
- > 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 was set at €40/MWh for 2010 and €42/MWh for 2012;
- > the Ministry was required to establish, by the end of the 1st Half of 2012, the regulatory framework for de-

veloping 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.

Conditional approval of state aid for regulated rates

On June 12, 2012, the European Commission approved the state aid contained in regulated rates for large and medium-sized consumers, subject to compliance with a series of conditions concerning the reform of the French electricity market, including an annual review of standard tariffs (yellow and green tariffs and their elimination by the end of 2015). The approval closed the proceeding opened by the Commission on June 13, 2007.

Limits on increases in gas and electricity rates

On July 9, 2012, The Ministry for Ecology, Sustainable Development and Energy sent the regulator (the CRE) a draft decree that would limit increases in gas and electricity rates to 2%, essentially the planned inflation rate. Despite the opposition of the regulator, the Ministry approved the proposal and in July the associated decrees were published.

The debate on the energy transition

The debate on the energy transition announced by the French President in September 2012 was formally launched on November 20 by the Minister for Ecology, Sustainable Development and Energy. In order to develop recommendations to be incorporated in the energy policy act, scheduled for completion by the end of the 1st Half of 2013, a special expert group was established, whose composition was suggested by the Minister.

Independently of the debate, the President also announced a reduction of the share of nuclear power in the national generation mix from 75% to 50% by 2025 and the closure of the Fessenheim nuclear plant in 2016.

Capacity market: Decree 2012-1405

On December 18, 2012, Decree 2012-1405 was published in the Official Journal. As provided for under the NOME Act, the decree introduces a capacity market. The me-

chanism requires sellers to provide a percentage margin over their expected supply peak. That obligation can be fulfilled by purchasing capacity certificates on the market. The certificates would be certified by the system operator (RTE). The system is a hybrid centralized-decentralized scheme, as although it charges the system operator with defining adequacy obligations, the latter will also depend on sellers' estimated shares of sales. The first year for delivery is scheduled to be 2016, to cover the winter of 2016-2017. A transitional auction will be organized by the CRE to secure capacity for the winter of 2015-2016. Additional implementing rules are expected to be issued by November 1, 2013.

Renewable Energy

Italy

In Italy, a variety of mechanisms, differing by resource and size of plant, are used to encourage electricity generation from renewable resources. The objectives and support instruments are established by Parliament in a manner consistent with EU directives in this sector, while implementation is handled by the Energy Services Operator (ESO), which is responsible for managing incentives for renewables.

Renewable resources other than solar power: green certificates and comprehensive tariffs

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. The share for 2012 is equal to 7.55% 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 €103/MWh in 2012. The minimum price is equal to the price at which the ESO withdraws green certificates exceeding the required share from the market. For the years in the period from 2011 to 2015, that price

is set at 78% of the difference between an pre-set amount (€180/MWh) and the average sale price for electricity for the year. For 2012, the green certificate withdrawal price was €80.34/MWh. Since January 1, 2008, plants with a capacity of up to 1 MW (200 kW for wind plants) are eligible for a comprehensive tariff system (with a term of 15 years) as an alternative to the green certificate scheme.

Legislative Decree 28/2011, transposing Directive 2009/28/EC, and the associated ministerial decree of July 6, 2012, substantially revised existing incentive mechanisms for plants that will enter service as from January 1, 2013.

More specifically, small plants (with a capacity of up to 5 MW, as well as hydroelectric plants up to 10 MW and geothermal plants up to 20 MW) will receive incentives through a comprehensive feed-in tariff mechanism, with rates (set in the decree) differentiated by type and size of the plant. Larger plants will qualify for comprehensive incentives established on the basis of auctions run by the ESO.

The green certificates mechanism will be gradually eliminated through:

- > the progressive reduction of the mandatory share to zero by 2015;
- > the provision of incentives to plants already participating in the green certificate system through rates equivalent to the current withdrawal value of certificates (as from 2015).

In order to ensure control of incentive costs, the decree of July 6, 2012 sets a ceiling of €5.8 billion on aggregate annual cost – including plants already receiving incentives through the green certificate system – of incentives for resources other than solar power.

Solar power incentives – Energy Account

Photovoltaic plants receive incentive through the so-called Energy Account, which consists of the payment of feed-in premiums over and above the price of the electricity for power delivered to the grid over 20 years.

The ministerial decree of May 5, 2011 (the Fourth Energy Account) established a indicative target of 23 GW of installed capacity by 2016, non-binding ceilings on expenditure for each six-month period for the 2013-2016 period and the gradual reduction of tariffs depending on the date a plant entered service.

With the ministerial decree of July 5, 2012, the incentive system for photovoltaics was thoroughly overhauled in order to ensure the more orderly growth of the sector and realign tariffs with European averages. The new Energy Account

(the fifth) entered force on August 27, 2012, 45 days after the threshold of €6 billion/year provided for in the decree of July 5, 2012 in photovoltaic incentives was reached. The Fifth Energy Account is based on a system of comprehensive feed-in tariffs that have been reduced by an average of 40% from the previous system. Eligibility is governed by mandatory entry in semiannual registers with indicative spending limits. Direct access to the incentive rates without registration is available for small plants, concentrating plants, those with innovative features and other residual categories. The decree also sets an annual ceiling on total incentives (including those already paid out under the previous Energy Accounts) of €6.7 billion.

Imbalancing payments for non-schedulable plants

With the increase in non-schedulable renewable resource plants – essentially photovoltaic and wind – the Authority has decided to eliminate the previous exemption from imbalancing payments as from January 1, 2013, in order to foster better programming and integration of such plants into the national electrical system. In 2013, deductibles are envisaged to enable a gradual transition to the new rules.

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.

Bulgaria

The Bulgarian incentive system primarily uses resource-

based feed-in tariffs. On-shore wind plants, photovoltaic plants, 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 for new permits in the previous quarter. In order to ensure the achievement of the planned targets by resource (*Programmation Pluriannuelle des Investissements* – PPI) the French government has promoted the use of auctions for the development of off-shore wind plants and ground-based photovoltaic systems with a capacity of more than 100 kW. 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 50% 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 shortage 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 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 non-compliance, 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 pe-

riod. 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.

Bulgaria

Introduction of tax on grid connections

In September 2012, a new grid access fee was introduced. It applies to all renewable resource generation plants and varies depending on the technology involved and the date of connection to the grid. It is intended to be a temporary measure, although the duration of the levy was not specified.

Greece

Revenue tax

In November 2012 a new tax was levied on the revenues of existing renewable energy plants. The tax is equal to 10% for all renewable energy technologies with the exception of photovoltaic plants, for which it was set at 25%. The tax is temporary (July 2012-July 2014) but may be extended for an additional year.

Romania

Law 134/2012 in support of renewable energy

In July 2012, the Romanian parliament published Law 134/2012 (the "Approval Law"), amending and replacing the previous law in support of renewable energy (Law 220/2008). The main changes are as follows:

- > the determination of the mandatory amount on a quarterly (rather than an annual) basis by sellers;
- > the reduction in the number of green certificates in the case of excessive remuneration of investments. This provision is subject to the approval of the enabling decrees, which are not expected to come into force before January 1, 2015 (with the exception of solar resources, which should come into force on January 1, 2014);
- > the indication of the component covering the costs of the green certificates as a separate item in invoices;
- > a prohibition on the cumulation of green certificates and European investment funds.

Rules for renewable energy generators in the electricity balancing market

On August 30, 2012, the Romanian regulator (ANRE) approved regulation no. 88/2012 concerning balancing rules for renewable energy generators who receive incentives. Under the regulation, plants powered by renewable resources are defined as dispatching units and, as such, are required to participate in the balancing market.

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 remain at 5%, before rising by 0.5 points a year to reach 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 *Consejo 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 Chamber of Deputies. 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%.

Brazil

Decree 579

On April 11, 2012, the Brazilian president signed Decree 579 (also referred hereinafter to as *Medida Provisória 579/2012*) establishing the terms and conditions for the renewal of concessions in the electricity sector set to expire before 2018 and reducing a number of rate components of a fiscal nature.

As regard the first issue, the measure, the provisions of which were confirmed with the subsequent ratification into law with Federal Law 12783/13, establishes that the amount due to the exiting concession holder as reimburse-

ment of the residual value of the assets serving the concession at the time of the expiry of the concession shall be based on the replacement value of those assets.

With regard to hydroelectric concessions, the decree permits holders of concessions for plants with output of more than 1 MW to apply for a renewal of the concession 60 months before its expiration. Holders of concessions expiring before 2018 decided in October 2012 whether to seek renewal.

Central America

Siepac – Regional Electricity Market

On November 16, 2012, the Regional Electric Interconnection Commission for the Central American countries published Resolution CRIE - NPn.19-2012 setting out transitional rules applicable to electricity transactions in the Regional Electricity Market among Panama, Costa Rica, Honduras, Nicaragua, El Salvador and Guatemala.

Mexico

General law on climate change

On June 6, 2012, the Decree introducing climate change measures to facilitate the transition to a "green economy" was published in the country's Official Journal. The Decree introduces a number of specific measures (including the application of tax incentives for private investment in renewable energy and efficient co-generation) and sets targets for greenhouse gas emissions reductions (30% by 2020 and 50% by 2050), establishing a 35% target for the percentage of renewable energy in the Mexican energy mix to be achieved by 2024.

Micro-generation auctions

With resolution no. 382/2012, the Ministry of Energy formalized the rules for auctions dedicated to renewable energy projects with an installed capacity of up to 30 MW. The first auctions will be held in 2013 and bids must fall within a price range to be announced by the Authority at the time the auction is called.

United States

The United States has a two-level renewables incentive sy-

stem. 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, industrial and environmental risks and regulatory risk. In order to limit 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 specific risk management policies were developed for each category of risk, identifying management and control roles and responsibilities. More specifically, the governance

model for financial, commodity and credit risks was consolidated. In addition to setting out specific policies, the model assigns strategic policy-making responsibilities for risk management activities and supervision of risk management and control activities to special risk committees, both at the Group level and at the division/company level, and establishes the structure of an operational limits system for the Group and 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 CO₂ emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO₂) are also 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 mi-

tigate the risk factors associated with CO₂ 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 interest rates, exchange rates and commodity prices.

To maintain this risk within the limits set out each year in the Group's risk management policies, Enel uses derivatives obtained 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 a more detailed examination of commodity risk management and the outstanding derivatives portfolio, please see note 6 of 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 Enel Group's exposure to exchange rate risk is mainly generated with the following transaction categories:

- > 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 subsidiaries or the purchase or sale of equity investments;
- > debt denominated in currencies other than the currency of account or functional currency of the respective countries entered into by the holding company or the individual subsidiaries.

The main exchange rate exposure of the Enel Group is in

respect of the US dollar.

In order to minimize risks of a financial and transactional nature, the Group has developed operational processes that ensure the systematic coverage of exposures through the appropriate hedging strategies that typically involve the use of derivatives.

During the year, management of exchange rate risk was pursued through compliance with risk management policies, encountering no difficulties in accessing the derivatives market.

For more details, please see note 6 of the consolidated financial statements.

Interest rate risk

The main source of exposure to interest rate risk for the Enel Group comes from the fluctuation in the interest rates associated with its floating-rate debt and from the need to refinance debt falling due on market terms and conditions. Our interest rate risk management policy seeks to maintain the risk profile established within the framework of the formal risk governance procedures of the Group, curbing

borrowing costs over time and limiting the volatility of results. This is also accomplished through the use of hedging derivatives that permit the transformation of cash flows indexed to floating market rates into fixed-rate flows.

For more details, please see note 6 of the consolidated financial statements.

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could impact the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).

Recent economic conditions, with the instability and uncertainty of the financial markets and the global economic crisis, have given rise to an increase in average payment times by counterparties.

In order to continue to minimize credit risk, the Group's general policy calls for an assessment of the creditworthiness of the counterparties – on the basis of information supplied by external providers and internal rating models developed on a statistical basis – and the structured monitoring of risk exposures to promptly identify any deterioration in credit quality, including with respect to specified limits. In order to strengthen credit risk management, the Group is gradually extending its risk management methods in all of its divisions and all of the countries in which it operates, implementing uniform risk measurement metrics that enable the consolidation and monitoring of credit risk exposure at the Group level.

As regards credit risk in respect of the solvency of counterparties in commodity transactions, high concentration portfolio, the Group recently introduced a new centralized assessment system that enhances risk monitoring and management.

As to credit risk in respect of open positions in financial transactions, including those involving derivatives, and in the light of the recent downgrades made by international rating agencies, risk is minimized by selecting counterparties with high credit ratings from among leading Italian and international financial institutions, portfolio diversification,

entering into margin agreements for the exchange of cash collateral, or the use of netting arrangements.

To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, in particular specific segments of the commercial portfolio. More specifically, in 2011 a five-year framework agreement was reached with two leading banks for the ongoing non-recourse assignment of invoiced receivables and receivables to be invoiced in respect of customers in the enhanced protection market in Italy.

In 2012, partly in view of the macroeconomic environment, the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).

All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

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 prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.

Within the Group, Enel SpA (directly and through its sub-

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. In addition, it manages any excess liquidity as appropriate.

Underscoring the Enel Group's continued capacity to access the credit market despite the persistent strains in the financial markets, in 2012 the Group carried out bond issues with retail investors totaling €3 billion and bond issues within the framework of the Global Medium-Term Notes program totaling €4 billion.

For more details, please see note 6 of the consolidated financial statements.

Rating risk

Credit ratings, which are assigned by rating agencies, impact the possibility of a company to access the various sources of financing and the associated cost of that financing. 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 company.

During 2012, the main rating agencies, in response to developments in the macroeconomic, political and regulatory environment that the utilities industry had to cope with in countries such as Spain and Italy, lowered Enel's

rating, despite acknowledging that the Group has implemented measures to improve its financial risk profile, such as lengthening the maturity of its debt and increasing liquidity, adding greater flexibility to its access to sources of financing despite the challenging situation in the financial markets.

At the end of the year, Enel had a rating of: (i) "BBB+" with a negative outlook from Standard & Poor's; (ii) "BBB+" with a negative outlook from Fitch; and (iii) "Baa2" with a negative outlook from Moody's.

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 the Group 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, the Group 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.

From a macroeconomic point of view, in 2012 we witnessed the gradual stabilization of international markets, with the implementation of restrictive fiscal policies in Europe and expansionary monetary policies in the United States and Japan. In Europe, and in Italy and Spain in particular, austerity policies had a negative impact on economic growth, while in the United States, despite the ongoing recovery, a certain level of uncertainty persists concerning the direction of upcoming fiscal measures in view of the compromise required of a Democratic Administration and a Republican-controlled House.

In the Middle East and North Africa the political situation is marked by a degree of permanent conflict, with the accentuation of positions hostile to the influence of the Western world.

In emerging Asia, the leading economies (China and India) have been significantly affected by the slowdown in demand from the developed economies, despite some positive signs in developments in domestic demand.

The Latin American economies have been impacted by the stagnation in the global economy, including those countries, such as Brazil, where expectations for growth were highest.

Industrial and environmental risks

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business.

Industrial and environmental risks are therefore managed by all business lines (Generation, Distribution, Sales and Upstream Gas) and all process phases (Business Development, Engineering Procurement and Construction, Operation and Maintenance, Decommissioning). The Group is gradually extending its risk management models to all divisions and countries in order to be able to use statistical methods to assess risks in probabilistic and monetary terms. This will make it possible to characterize each plant/network/project using specific risk factors. In addition, new models have been developed to measure the risk of natural disasters, such as earthquakes, hurricanes, flooding, landslides and major

climatic events, with the objective of identifying the most critical areas and preparing appropriate instruments to safeguard the industrial value of plants.

The attention that Enel devotes to environmental issues also prompted the development of models that enable the Group to measure, in probabilistic terms, the exposure of each plant to risks involving all possible segments of the environment, such as the air, water, land and underground.

In order to mitigate such risks, the Group adopts leading prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and 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 mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.

With regard to distribution operations, the evolution of the electrical system from a passive network to an active network as a result of the sharp increase in distributed generation has made it necessary to take a new approach to managing risks through the analysis of grid losses and the management of active distribution systems in order to ensure the stability and security of electrical system, integrating management of ordinary risks with the optimization of service quality and managing exceptional risks deriving above all from major exogenous events.

In regards to nuclear power generation, Enel operates in Slovakia through Slovenské elektrárne and in Spain through Endesa. In relation to its nuclear activities, the Group is exposed to operational risk and may face additional costs because of accidents, safety violations, acts of terrorism, natural disasters, equipment malfunctions, malfunctions in the storage, movement, transport and treatment of nuclear substances and materials. In tho-

se 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 international best practices.

Outlook

The persistence of macroeconomic weakness in Italy and Spain is accompanied by signs of recovery in the United States and robust fundamentals in the emerging markets, which could help drive a slow recovery in Europe.

The outlook for the renewables business remains positive, with steady expansion in many geographical areas, together with the markets in Latin America and Eastern Europe, which continue to post significant growth, confirming the soundness of the Group's strategy to enter international markets.

The Group will concentrate on ensuring financial stability, adopting a strategy of preserving margins in mature markets, using a range of flexible and adjustable actions.

Maintaining a focus on growing markets will also involve strengthening the Group's presence in the emerging countries and in the renewables sector, pursuing the evolution of our business in a direction that will see these two segments making an increasingly major contribution.

The reorganization and enhancement of efficiency within the Group, the generation of strong cash flows and the maximization of synergies will proceed in step with the rigorous implementation of the investment plan and close attention to maintaining our rating.

The Group will continue to boost technological innovation designed to make electricity generation ever more efficient and environmentally sustainable and to develop innovative solutions for its customers, ranging from energy efficiency tools to smart grids.

All of these factors, together with close attention to service quality and relations with local communities supported by a transparent corporate social responsibility policy, will enable the Group to secure today, as well as in the future, value creation for all of our stakeholders.

Enel's decision to diversify its activities geographically towards growing economies, together with the strategy of developing renewable energy and achieving a balanced portfolio of regulated and unregulated activities, will enable us to cope effectively with the possible impact of the economic weakness on the Group's performance.

A blue neon sign spelling the word "Sustainability" in a cursive font, mounted on a grey wall. The sign is illuminated, casting a soft glow and a shadow on the wall below it. Wires are visible extending from the sign to the left and right.

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 not only an integral part of Enel's culture: it is the engine of a process of continual improvement that touches the entire organization and a strategic component of the operation, growth and development of our business, increasingly integrated into our Business Plan.

Sustainability is one of the key factors in the continued development of Enel as a multinational player in the global electricity market: the integration of governance, the environment, and managing relationships with interest groups and communities with financial factors will enable us to create value both for the business and for the countries in which the Group operates, from the perspective of stable growth over the medium and long term.

For this reason, as part of the reorganization of the Group launched in 2012, the role of Corporate Social Responsibility has been strengthened, identifying it as a function within the holding company, Enel SpA.

The new Group CSR policy, issued in January 2013, provides for the implementation of global planning, monitoring, management and reporting processes. In brief, the objectives of the policy are: increasing the integration of CSR within strategic planning, including by way of strengthening of the Group's Strategic Sustainability Plan for the Group and its guidelines; the additional structuring of the methodology used to specify sustainability objectives, both at the Group level and in individual countries; the development and coordination of plans for CSR activities at the level of the divisions and countries; the implementation of the system for CSR data gathering and its integration within the control system for managing financial data; the further alignment and improvement of the methodology for defining CSR performance indicators, both quantitative and qualitative; and, finally, the evolution of sustainability reporting through the use of the analysis of materiality, in line with the best global reporting standards being developed under the auspices of the International Integrated Reporting Council (IIRC), to which Enel belongs.

Ten years ago, Enel started upon the path to achieve the

highest sustainability standards and has been rewarded with the interest of socially-responsible investment funds, which continue to expand despite the challenging international economic climate: at December 31, 2012, Enel shares were held by 108 (81 in 2011) socially-responsible investors (SRI), representing about 14.6% of our identified institutional shareholders (13.9% in 2011). This figure refers to SRIs that include Environmental, Social, Governance (ESG) standards among the criteria used in making investment decisions. At December 31, 2012, these investors held around 5.0% of Enel's total shares outstanding (4.7% in 2011), equal to about 7.3% of the float (6.8% in 2011). These funds represent a stable shareholder base with a well-diversified geographical presence, covering continental Europe, the United Kingdom and North America.

In 2012, Enel was the first utility in the world to participate in the ESG Investor Briefing, an initiative promoted by the Global Compact and the Principles for Responsible Investment (PRI) of the United Nations, to improve communication between companies and investors about sustainability performance. On October 24, 2012, Luigi Ferraris, head of Administration, Finance and Control at Enel responded in real time to questions from the investors supporting the PRI, clarifying the manner in which the Group integrates ESG issues in business strategies.

In 2012, for the ninth 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 again included in the FTSE4Good Index, which measures environmentally sustainable corporate practices, relations with stakeholders, respect for human rights, the quality of working conditions and tools that companies employ to fight corruption. And once again in 2012, Enel was ranked among the top sustainable businesses in the world under the Carbon Disclosure Project (CDP).

The four pillars of corporate ethics

For a decade now Enel has had a robust ethical system that underpins its sustainability. The system has become a dynamic set of rules constantly incorporating international best practices, a body of “common law” governing participation in the company, the rules of citizenship that everyone who works for and with Enel must respect and apply in their daily activities.

Code of Ethics

Our awareness of the social and environmental repercussions of the Group’s activities and the importance of a transparent and fair approach with stakeholders prompted Enel in 2002 to adopt a Code of Ethics. The Code applies to the entire Group, with consideration given to the cultural, social and economic diversity found in the various countries in which Enel does business. The Code of Ethics expresses our ethical commitments and responsibilities in conducting our business and corporate activities. The Code 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. Any stakeholder can report a violation or suspected violation of the Code of Ethics through dedicated channels.

Compliance Model (Legislative Decree 231/2001)

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 actually 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 both in interacting 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 of the Group.

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. In 2012 Enel became the first Italian company to be invited to participate on the Business Advisory Board of Transparency International at the global level, with Chief Executive Officer and General Manager Fulvio Conti becoming a member.

Human rights policy

In order to give effect to the guidelines of the UN Forum on Business and Human Rights, on February 5, 2013, the Board of Directors of Enel SpA approved a Human Rights Policy. In line with the process of the Code of Ethics, the policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they are directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships.

Following approval, appropriate due diligence processes will be developed, such as, for example, the Human Rights Compliance Assessment (HRCA) in all the countries in which the Group is present, the integration of ESG issues in the risk management process and the development of a methodology for the evaluation of the social impact of industrial projects.

Sustainability reporting

Since 2002, Enel has, with its Sustainability Report, maintained a constant commitment to measuring and reporting on corporate responsibility, ensuring maximum transparency for all its stakeholders and continuous implementation of its sustainability strategy. The reporting process involves 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. Since 2012, the Report is checked not only by the Risk and Control Committee but also by the Corporate Governance Committee and is submitted to Enel SpA's Board of Directors for its approval before being presented to the Shareholders' Meeting.

In drafting the Sustainability Report, since 2006, Enel has followed the guidelines of the GRI-G3 international standard of the Global Reporting Initiative (GRI), coupled since 2008 with the EUSS (Electric Utility Sector Supplement) for the electricity industry, and since 2011, with G3.1. Ever since their adoption, 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 various reports, 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 this light, Enel is gradually including information on sustainability in its report on operations with the publication and discussion of the selected quantitative sustainability indicators provided below.

Net maximum electrical capacity by primary energy source

MW

	2012	2011	Change	
Net maximum thermal capacity:				
- coal	17,589	17,215	374	2.2%
- CCGT	15,684	15,390	294	1.9%
- fuel oil/gas	23,286	24,454	(1,168)	-4.8%
Total	56,559	57,059	(500)	-0.9%
Net maximum nuclear capacity	5,351	5,344	7	0.1%
Net maximum renewable capacity:				
- hydro	30,436	30,265	171	0.6%
- wind	4,394	3,619	775	21.4%
- geothermal	769	769	-	-
- biomass and co-generation	160	172	(12)	-7.0%
- other	170	108	62	57.4%
Total	35,929	34,933	996	2.9%
Total net maximum electrical capacity	97,839	97,336	503	0.5%

Net maximum electrical capacity by geographical area

MW

	2012	2011	Change	
Italy	39,940	39,882	58	0.1%
Abroad:				
- Iberian peninsula	23,931	23,971	(40)	-0.2%
- Latin America	16,794	16,241	553	3.4%
- Russia	9,052	9,027	25	0.3%
- Slovakia	5,400	5,401	(1)	-
- North America	1,239	1,010	229	22.7%
- Romania	498	269	229	85.1%
- Belgium	406	-	406	100.0%
- Greece	248	191	57	29.8%
- France	166	166	-	-
- Morocco	123	123	-	-
- Bulgaria	42	42	-	-
- Ireland	-	1,013	(1,013)	-100.0%
Total	57,899	57,454	445	0.8%
Total net maximum electrical capacity	97,839	97,336	503	0.5%

Net electricity generation by primary energy source

TWh

	2012	2011	Change	
Net thermal electricity generation:				
- coal	91.8	86.1	5.7	6.6%
- CCGT	43.2	47.4	(4.2)	-8.9%
- fuel oil/gas	35.3	38.1	(2.8)	-7.3%
Total	170.3	171.6	(1.3)	-0.8%
Net nuclear electricity generation	41.4	39.5	1.9	4.8%
Net renewable generation:				
- hydro	68.7	70.2	(1.5)	-2.1%
- wind	9.1	6.3	2.8	44.4%
- geothermal	5.5	5.6	(0.1)	-1.8%
- biomass and co-generation	0.6	0.6	-	-
- other	0.2	0.1	0.1	100.0%
Total	84.1	82.8	1.3	1.6%
Total net electricity generation	295.8	293.9	1.9	0.6%

Net electricity generation by geographical area

TWh

	2012	2011	Change	
Italy	74.5	79.0	(4.5)	-5.7%
Abroad:				
- Iberian peninsula	81.7	78.9	2.8	3.5%
- Latin America	66.8	66.0	0.8	1.2%
- Russia	44.5	42.4	2.1	5.0%
- Slovakia	20.7	20.4	0.3	1.5%
- North America	3.9	2.9	1.0	34.5%
- Belgium	1.2	-	1.2	100.0%
- Morocco	0.9	0.8	0.1	12.5%
- Romania	0.6	0.1	0.5	500.0%
- Greece	0.5	0.4	0.1	0.3%
- France	0.4	0.2	0.2	100.0%
- Bulgaria	0.1	2.7	(2.6)	-96.3%
- Ireland	-	0.1	(0.1)	-100.0%
Total	221.3	214.9	6.4	3.0%
Total net electricity generation	295.8	293.9	1.9	0.6%

Other generation ratios

	2012	2011	Change	
Generation from renewable resources (% of total)	28.4	28.2	0.2	0.7%
"Zero-emission" generation (% of total)	42.4	41.6	0.8	1.9%
ISO 14001-certified net maximum electrical capacity (% of total)	92.6	91.2	1.4	1.5%
Average efficiency of thermal plants (%) ⁽¹⁾	39.9	39.7	0.2	0.5%
Total specific emissions of CO ₂ from net generation (gCO ₂ /kWh _{eq}) ⁽¹⁾	418	411	7	1.7%
Specific water withdrawal (l/kWh _{eq}) ⁽¹⁾	0.62	0.65	(0.03)	-4.6%

(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 2012 and, for greater details, the Environmental Report 2012. In addition the figure for specific water withdrawal for 2011 has been restated following a change in the reporting basis for water consumption at the Ventanilla plant in Peru.

Customers by geographic area

Average no.

	2012	2011	Change	
Electricity:				
- Italy	28,032,500	28,871,639	(839,139)	-2.9%
- Latin America	13,905,892	13,655,379	250,513	1.8%
- Iberian peninsula	11,431,437	11,536,589	(105,152)	-0.9%
- Romania	2,652,594	2,634,601	17,993	0.7%
- other countries	83,397	96,563	(13,166)	-13.6%
Total electricity customers	56,105,820	56,794,771	(688,951)	-1.2%
Natural gas:				
- Italy	3,158,532	3,150,968	7,564	0.2%
- Spain	1,265,941	1,007,093	258,848	25.7%
Total natural gas customers	4,424,473	4,158,061	266,412	6.4%

Safety rates

No.

	2012	2011	Change	
Injury frequency rate	2.0	2.4	(0.4)	-16.7%
Injury severity rate	0.10	0.11	(0.01)	-9.1%
Serious and fatal injuries at Enel:				
- Serious injuries ⁽¹⁾	15	11	4	36.4%
- Fatal injuries	-	1	(1)	-100.0%
Total	15	12	3	25.0%
Serious and fatal injuries at contractors:				
- Serious injuries ⁽¹⁾	23	39	(16)	-41.0%
- Fatal injuries	11	7	4	57.1%
Total	34	46	(12)	-26.1%

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

Personnel ratios

No.

	2012	2011	Change	
Average hours of training per employee	44.8	44.7	0.1	0.2%
Verified violations of the Code of Ethics ⁽¹⁾	34	37	(3)	-8.1%

(1) In 2012, an analysis was performed of violations reported in 2011. As a result, there was a change in the number of verified violations reported for 2011 in the Sustainability Report for the previous year from 33 to 37.

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

	2012	2011 restated ⁽¹⁾
Revenues	84,889	79,514
Net income/(charges) from commodity risk management	38	272
External costs	61,391	56,421
Gross global value added from continuing operations	23,536	23,365
Gross value added of discontinued operations	-	-
Gross global value added	23,536	23,365
distributed to:		
Shareholders	1,505	2,635
Lenders	2,970	2,774
Employees	4,860	4,296
Government	4,215	4,422
Enterprises	9,986	9,238

(1) The financial data for 2011 have been restated to improve the presentation of the effects recognized the previous year of a change in the accounting treatment of white certificates.



People

Human resources and organization

Staffing levels

At December 31, 2012, the total workforce of the Enel Group numbered 73,702 employees, of whom 51% were employed by Group companies abroad.

In 2012, the number of employees fell by 1,658, mostly reflecting the net negative balance between new hires and terminations. Latin America accounted for 34% of the new hires, while Italy accounted for around 26% of the terminations, most of which were effected on a voluntary basis through early retirement incentive schemes.

In the 2nd Half of 2012, two changes were made to the scope of consolidation, with the disposal of Wisco (22 employees) and Endesa Ireland (109 employees). At December 31, 2012, assets "held for sale" included Marcinelle Energie (37 employees).

Organization

In 2012, a new Group operations model was rolled out, the aim of which is to further Enel's drive to become an integrated multinational energy group and improve organizational effectiveness and decision-making processes.

The Group is structured as follows:

- > holding company functions, which are responsible for guiding and monitoring the strategic activities of the Enel Group (Administration, Finance and Control; External Relations; Human Resources and Organization; Regulatory, Environment and Innovation; Audit; Legal and Corporate Secretariat; and Risk Management);
- > global service functions for the Enel Group, charged with providing services for the entire Group and maximizing synergies and economies of scale (Global ICT, Global Procurement and Global Business Services);
- > business lines, which operate the business activities in their area.

In particular,

- > with reference to the Sales Division: (i) an end-to-end approach was applied to the "Credit" area to improve management of the process phases; (ii) the Marketing area was reorganized to leverage the synergies available from the administration of Power and Gas commodity activities;
- > in the Infrastructure and Networks Division, the Group set up organizational structures for the promotion and development of international business services relating to grid technologies, electronic meters and smart grids;
- > in the International Division: (i) in Romania, the Sales area created an "Energy Sourcing and Sale" unit to centralize sourcing, pricing and free market activities and achieve greater efficiency by following an "end-to-end" approach; (ii) in Russia, the Generation area was strengthened with a view to implementing Enel Group best practices to reduce current spending on maintenance and improve the management of external contracts;
- > in the Renewable Energy Division: (i) the new organizational model for the "Engineering and Construction" area was finalized. Its implementation will rationalize the organizational structure of the area and generate new synergies in Engineering operations, with enhanced resource assessment and plant design and, with reference to project management, improve technology and country coverage; (ii) as part of the "Business Development" area a new unit, "Business Development Photovoltaic Solar", was set up to maximize the opportunities of solar energy; (iii) the organization of the retail business (Enel.si) has been redefined on a process basis, with the addition of a new "Sales Management" unit to optimize the sales force;
- > in the Engineering and Research Division, the "Nuclear" technical area has been rationalized as a result of the strategic repositioning of the Group, as has the "Safety" area, with a view to exploiting the synergies available from integrated management systems.

Progress was made with the One Company project, the aim of which is to promote the integration of the various Group areas by establishing a common language and consistent decision-making processes, and by allocating clear roles and responsibilities. As part of the Group Performance Improvement Program, work continued on the development of the Best Practices Sharing (BPS) project, which seeks to disseminate operational excellence in the gene-

ration, commercial, nuclear and distribution business lines throughout the entire Group and foster the standardization of Key Performance Indicators (KPI) and the adoption of common procedures and reporting standards among the different geographical areas.

During 2012, work also began on the development of a Global Professional System, a catalogue of the professional roles, described in terms of required skills, in all the professional areas of the Group.

As part of the path towards integration, Enel continues to focus on international mobility, and in 2012 around 770 people were posted abroad as part of the Group's international transfer policy.

Another tool for integration is the Climate and Safety Survey. At the end of 2012, the survey gathered the views of Enel workers regarding the workplace climate and safety issues. The findings will make it possible to draw up a series of targeted improvement actions to be implemented in 2013 and 2014.

Finally, integration is also being supported with the Group's Talent Management system, which delineates a common set of criteria for the selection and development of talent throughout Enel, and through Goal Managerial Training, a program for Group managers.

Hiring

The channels typically used for recruiting are the corporate website, external databases and job meetings. The hiring procedures vary according to the type of recruit being sought:

- > for young university graduates, the process entails a preliminary online evaluation followed – if the candidate is successful in this first phase – by a visit to an assessment center. Candidates deemed suitable are then tested on their professional knowledge;
- > for secondary school graduates seeking technical and operational posts, the process entails an interview, which may be supplemented by practical exams and technical questions;
- > for candidates with significant professional experience, the process entails targeted interviews aimed at assessing both the aptitude and professional skills of the candidate. The aptitude test is based on the Enel Leadership Model.

The hiring programs vary according to the type of recruit. In particular, projects for the integration of university gra-

duates include on-the-job training and structured training courses that, in addition to providing the tools necessary for them to perform their work, contribute to their personal and professional development.

The initiatives for encouraging mobility within the Group include the development of cross-cutting skills, and enabling employees to apply for postings to vacant positions at home or abroad.

The Twin Positions Exchange Program, which provides for the exchange of staff between different countries and participation in groups working on projects with a global impact, also contributes to the internationalization of the Group.

Development

The Performance Review, which in 2012 involved about 40,000 people (employees, supervisors and executives), measures goals and behaviors with reference to the Enel Leadership Model.

In keeping with the new approach introduced in 2011, all the phases of the process are fully transparent with respect to the aspects evaluated and the associated results. The high level of participation in the process attests to its perceived importance for Group employees. The percentage of completed assessments in 2012 was virtually total (99.9%), in line with the result for 2011. Meanwhile, a growing number of people are taking the opportunity for self-assessment (70% in 2012, 68% in 2011, 63% in 2010). The Group's first and second-line managers were involved in performance evaluations using the Feedback 360° process, with a total of 320 people being evaluated. This performance measurement tool is increasingly becoming a vehicle of corporate development as more informed use is made of its results.

In 2012, work started on the revision of the evaluation activities as part of a global approach to get closer to the people working for the Group and that can be adopted consistently in different situations, the aim being to assure equal opportunities for growth throughout the Group.

The activities associated with the definition of the Global Professional System will continue in 2013 as the Group completes the range of assessment tools at its disposal. The Global Professional System, which evaluates professional skills, will then complement the Performance Review, which assesses behavior and progress made towards the achievement of objectives.

The Talent Management Program seeks to identify people with excellent performance, high potential, interdisciplinary experience and knowledge of English, who are necessary for a Group such as Enel that depends on the high quality of its staff and needs managers capable of navigating their way through a global environment.

For the first time, structured interviews and assessment tests based on three drivers, Ability, Engagement and Aspiration were used to measure potential.

This system, based on meritocratic principles, led to the identification of three Pools, as follows. Pool 1 consists of managers with high-responsibility and complex posts whose work demands that they engage with internal and external interlocutors. Thanks to their inclusion in this Pool, the managers have the opportunity to prepare themselves for one of the top 100 posts in the Group (at the level of Senior Vice-President or Executive Vice-President). Pool 2 consists of people who have a solid professional background, currently hold pre-managerial coordinating roles and are focused on attaining managerial posts of increasing complexity in the medium term. Finally, the Pool 3 consists of young employees with high growth potential who aspire to enhance their careers through interdisciplinary and/or international experience.

In 2012, as in previous years, the ambition of turning Enel into a veritable school of management studies was the inspiration for the development of the following training programs:

- > Pool 1: the Leadership for Energy: Executive Program (LEEP), designed at Harvard Business School;
- > Pool 2: the Leadership for Energy: Management Program (LEMP) designed at SDA Bocconi and IESE;
- > Pool 3: the Training Development Program, managed by Enel University with the assistance of external experts.

In 2012, activities relating to the development of talent included an initiative that involved the appointment of some Pool 1 managers to the boards of unlisted Group companies and the organization of a training course to prepare them for their new role as directors. The initiative also served as a means for the extensive roll-out, ahead of schedule, of an equal opportunities policy for access to the management and control bodies of the Group. In 2012 and early 2013, 11 new women directors were appointed as part of a plan to ensure that, wherever possible, at least one third of board members are women.

The Climate Survey entered its fourth year, and the survey tools were updated both to reflect the strategic priorities and values of the Enel Group and to accelerate the imple-

mentation of actions to tackle deficiencies. In addition to the topics traditionally found in the questionnaire (change management, management style, meritocracy, operational excellence, communication, labor relations), 2012 saw the addition of sections relating to employees' perceptions and opinions on engagement (motivation and dedication to work), as well as innovation, corporate image, corporate social responsibility and diversity. The 2012 survey also dedicated more space to employees' perceptions of the culture of workplace safety, health and safety processes and the impact of actions taken.

This new approach will enable Enel to draw up an index of Engagement and Safety, and keep track of the chief determining factors. With the help of the index, Enel will be well placed to pinpoint where it needs to intervene to effect improvements. The rate of employee participation in the global survey of climate in the workplace was very high (84%).

The Group's attentiveness to people and to its own global dimension is evident also in the Diversity Project, which, from an international perspective, looks at aspects such as gender, age, disability and multiculturalism with a view to ensuring a better work-life balance for employees, and includes both global and local actions.

Training

In the course of 2012, Enel University completed the review of in-house training courses to fit with the new management model introduced in 2011. The year also saw the launch of Global One Aligned (GOAL), a campaign to align the goals and behaviors of the Group's managers with those envisaged for them in the One Company project. The training, which began in 2012, will end in the 1st Half of 2013, and different programs are taking place in the various countries where the Group is present.

The Post Performance Review courses for managers and employees covered most of the training needs for soft skills in 2012.

In addition to the existing technical and functional academies (Procurement, Administration, Finance and Control, Legal, Engineering) a new Energy Management Academy was launched. Finally, drawing on the results of the GPS project, the architecture of the Academies for Generation and for Engineering and Construction with an international scope was developed.

Compensation and incentive systems

The compensation policy for 2012 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 with those of the relevant markets.

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. For the commercial segment, the commercial incentive system remains the primary short-term incentives mechanism.



Workplace health and safety

The “5+1” program

Following in the footsteps of the Nine Points project, the year saw the roll-out of the “5+1” program, which divides the process of improving health and safety into six key areas:

- > development of a culture of safety and training;
- > safety in tender processes;
- > communication;
- > structural safety and technological innovation;
- > major works;
- > health.

The program envisages the creation of six permanent workgroups, chaired in turn by an Executive Sponsor. Their task will be to promote the deployment and consolidation of health and safety initiatives throughout the Group. Through close collaboration with the business line and different company functions, the working groups should be able to foster synergies, disseminate best practices and encourage bottom-up initiatives. Enel intends to adopt a “glocal” approach, which, in furtherance of the

attainment of “One Company, One Vision, One Safety”, entails the development of a set of generally applicable and standardized policies that can be applied to all areas of the Group without, however, disregarding the specific features of local circumstances.

Development of a culture of safety and training

In November, the 2012 Climate and Safety Survey was launched. This was the first survey to include a specific section dedicated to monitoring the culture of safety in different areas of the Enel Group. It examined employees’ views of the health and safety processes and assessed the effectiveness of the initiatives implemented. The results will be used to prepare specific improvement plans for each individual company and division of Enel.

The Health & Safety (H&S) standards were also published in the year. They focus on ten activities that are closely associated with Enel’s line of business (e.g., electrical work, working at heights, excavations, mechanical lifting and transport). Apart from ensuring compliance with national regulations, they also set out a series of stringent safety rules to be used as minimum requirements throughout the entire Enel Group.

Safety in tender processes

In the last three years, intensive work has been done to revise the Group's procurement and contracting practices to augment the importance accorded to safety considerations in all phases of the process, from the evaluation and selection of suppliers and contractors to the management and monitoring of companies. The 2012 saw the deployment and consolidation throughout the entire Group of new systems that were rolled out in implementation of an action plan that, although prepared with reference to the Group's diverse geographical areas of operation, nonetheless sets forth a single global policy for the management of contractors and subcontractors. The aim is to make sure that in all areas of operation, the various departments of the Group work as one to guarantee common standards of health and safety.

Guidelines on the minimum safety requirements that subcontractors must respect when carrying out contracts with Enel Group companies were published. Without prejudice to national laws, the guidelines set out the conditions for the granting of authorization to subcontract, and specify the safety obligations that both the contractor and subcontractor must observe.

Communication

In November, the fifth edition of the International Health & Safety Week took place. Promoting excellence in this field, the International Health & Safety Week involved all areas of the Enel Group and its purpose is to encourage all those who work for Enel to make a concrete and proactive commitment to guaranteeing safety at work. During the week around 1,400 events were held, including meetings dedicated to the One Safety project, training modules on safety, Safety Days, emergency simulations, Safety Walks, meetings with contractors and workshops on health and prevention. Almost 73,000 people took part.

This year, to coincide with the publication of the H&S standards, a global campaign, "Five Golden Rules for Working in Safety", was launched to promote the basic rules to be followed for the avoidance of accidents.

Structural safety and technological innovation

A survey was carried out to monitor the principal devices being used by the Group to improve infrastructure standards, which led to the preparation of the H&S catalogue.

Major works

Following the mapping of the Group's major construction

sites for the purposes of examining how safety procedures are organized and auditing the principal projects for raising safety standards, a peer review plan focused on major construction sites was drawn up.

Health

A Global Health Plan setting a common minimum standard of health was prepared on the basis of a "glocal" approach. The plan sets out a series of awareness-raising and prevention initiatives that are divided into the three components of health identified by the World Health Organization (WHO): physical, mental and social.

Particular attention was given to the prevention of stress and the promotion of health and organizational well-being, for which a specific action plan has been prepared.

The One Safety project

In addition to the "5+1" program, 2012 also featured the One Safety project, a global initiative focused on the behavior of all Enel employees as well as contractors, the aim of which is to promote a coordinated and synergistic effort by the entire Group to achieving the goal of zero injuries. The project pursues two main lines of action: the strengthening of safety leadership (Leadership) and the promotion of safe and responsible conduct (Conduct).

Leadership

The project aims to enhance the awareness of managers in their role as "leaders for safety" by encouraging them to be personally committed to safety in their day-to-day work. The project forms part of the GOAL Managerial Training Program and includes a day dedicated to health and safety issues revolving around the screening of the Enel film "Safety: The Heart of the Matter".

Conduct

The project, which aims to promote the adoption of safe practices by Enel staff and contractors alike and is based on the implementation of a systematic process consisting of conduct monitoring, feedback and the definition of short- and long-term initiatives for improvement, was implemented in about 700 Enel sites in 2012.

Organization

As part of the One Company project, a Health & Safety Holding Handbook was published with the aim of offer-

ring uniform policies for the management of health and safety processes within the Group.

The Handbook includes the Stop Work Policy, which reaffirms Enel's commitment to ensuring safe working conditions and a secure occupational environment.

Workplace accident statistics

The downward trend in accident rates continued in 2012. The frequency rate fell by approximately 50% between 2008 and 2012, reaching 1.98, while the severity rate fell by almost 40%, to stand at 0.10. The positive 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 31% compared with 2008.

Serious and fatal accidents involving Enel employees declined by 75% compared with 2008; those involving the employees of contractors declined by almost 70%. In 2012, there were no fatal accidents involving Enel personnel, but there were 11 fatal accidents involving employees of contractors.

This year, two working groups were set up with the aim of investigating the causes of some injuries, which are to be used as case studies. The working groups will also circulate "lessons learned" and identify global improvements that can be made, with particular regard to electrical accidents.

Labor relations

Holding company activities - One Company project

At Group level, the most important activity in 2012 in the area of industrial relations was the One Company project, which involved consultations with workers' representatives both transnationally and at the level of individual countries to discuss the principles underpinning the new organizational shape of the Group, and the important changes it implies.

In the latter half of the year, negotiations began for the renewal of the national collective bargaining agreement in Italy and the equivalent *Convenio Colectivo Marco* for Endesa in Spain, while several company agreements were concluded in Chile, Peru and Brazil.



In a further move towards giving practical effect to the One Company principle by strengthening the framework of industrial relations at a global level, talks on Enel's Global Framework Agreement continued through 2012 with global union federations for electricity industry workers, which led to consensus on the adoption of the new International Industrial Relations Model that Enel developed in 2011. As of 2013, therefore, industrial relations within the Group will be conducted at three levels: national/divisional, European and global.

New Industrial Relations Model, Italy - Renewal of National Collective Bargaining Agreement for the Electricity Sector

In parallel with managing the activities of the Group and in line with its mission as a holding company, in the 1st Half of 2012 Enel negotiated an agreement with the national trade unions for the adoption of the new Industrial Relations Model in Italy, which was duly signed on July 17. The new Model replaces the previous Protocol for labor relations in force since 2003, and is intended to frame a system of union and worker relations that will not only bring certainty to collective bargaining in respect of the parties involved, pay levels, time frames and the content of agreements, but also guarantee that the parties to the agreement will reliably abide by and act according to its terms. The purpose of the new arrangements is to promote dialogue and a constructive climate of participation, which is particularly necessary to cope with the notable economic difficulties faced in Italy and Spain.

The new Model therefore leaves ample room for "bilateralism", providing for the formation of eight joint committees, some of which, in accordance with the terms of the Global Framework Agreement, will also have a Group-wide reach. These joint company/union committees will address areas of common interest, such as safety policies and security in the workplace, training and employability, and corporate social responsibility. The Model also devotes particular attention to the question of the different levels of union negotiations, the aim being to rationalize the relationship of national and local-level bargaining and arrive at a balanced arrangement in which the requisite flexibility, streamlining and speed demanded by the context can be achieved. A first important application of this new system of negotiation was the management and roll-out, including at a territorial level, of the new organizational structure of the three Global Service functions. The negotiations were completed between

October and December, within the two-month period set by the Model.

A major feature of the second part of the year was the start of negotiations for the renewal, for the period January 1, 2013 to December 31, 2015, of the national collective bargaining agreement originally signed on March 5, 2010. Specifically, after the national secretariats of the trade unions had set out their bargaining position in July and the first meetings held to appraise the situation, negotiations on the demands themselves began in September, and were conducted in full cognizance of the difficult economic situation facing the country, recognition of which is a necessary preliminary to the renewal of labor agreements.

At the end of 2012, a solution had been worked out for the electric industry under which part of the funds allocated to the alignment of remuneration packages for all workers in the electricity sector could be allocated to the performance bonus, the rules for which were set out by Enel in the recent agreement on such bonuses, which was applied for the first time in 2012. In addition to financial issues, the negotiations, which ended with the signing of a renewal agreement on February 18, 2013, also addressed some work rules issues relating, in particular, to the classification of personnel and the rules governing the right to strike. In conjunction with the renewal of the employment contract and once again in implementation of the new Model, Enel and the trade unions, acting with reference to the general economic environment and the difficulties currently affecting the electricity industry, signed a framework agreement on "employability" that sets out a series of tools that may be deployed: 1) policies for the pensioning of workers who fulfill the criteria set out in Article 4 of Law 92/2012; 2) the verification of the conditions for the recruitment of young people on apprenticeship contracts; 3) the insourcing of activities; 4) mobility and vocational retraining, with the involvement of the relevant bilateral committee for training and employability; 5) defensive solidarity agreements, as regulated by the Law 863 of December 19, 1984. This will be followed up in 2013 with special implementing agreements for the optimal management of the difficult economic context, with particular reference to the period 2013-2014.

Customers

In 2012, Enel was confronted with a fully liberalized market in Italy, characterized by a high level of competition. In this environment, the Company confirmed its choice

to maximize the creation of customer value, focusing on achieving excellence in the quality of the service we offer. Traditional performance indicators, linked to service levels or productivity achieved by customer service, are only partly useful in certifying excellence in quality of service. It is also and above all important to measure the intangible, customer perceptions and satisfaction with the service received. Only in this way does the customer become an integral part of the system for monitoring and evaluating business performance.

Accordingly, the model currently used by Enel seeks to collect opinions and judgments concerning a broad set of specific quality parameters. With a view to achieving continuous improvement and integration between Enel Group companies in different countries, in 2012 the Best Practice Sharing project was launched. It is intended to foster the sharing and integration, at the global level, of the methods used for measuring customer satisfaction and service quality.

In Italy, the attention devoted to service quality issues confirmed the rising trend seen in recent years. The areas of intervention have been many, ranging from the development of new contact methods and channels to improving back office processes, and monitoring complaints and requests for information in order to reduce processing times and ensure their effective management, with the objective of understanding customer perceptions and any problems that may arise and implementing appropriate corrective action without compromising the overall satisfaction of the customer. In 2012 the 100% Compliance project also continued, involving a team of specialists in the field of service quality. It seeks to monitor and improve the quality of the responses sent to customers.

As part of this effort, a new Reconciliation service was inaugurated with the signing on November 26, 2012 of the new implementing rules by Enel and the consumer associations belonging to the National Council of Consumers and Users, a body established at the Ministry for Economic Development. The new rules introduce some basic changes to enhance the ability of customers to resolve potential commercial disputes out of court through the free Reconciliation service, which can be accessed through the local branches of the consumer associations.

Further proof of the attention Enel pays to consumer associations is represented by an innovative agreement involving the households affected by the hardship caused by the exceptional snowfall of February 2012: in a demonstration of corporate social responsibility, Enel reached

an agreement with the consumer associations for the payment of a special indemnity for households affected by interruptions of more than 3 and a half days, above and beyond the remedy already established by the Authority for Electricity and Gas.

Since 2003, in Spain and Portugal, Endesa has adopted a *Plan de Excelencia en la Atención Comercial* (the Excellence in Customer Service Plan), which seeks to improve customer satisfaction indicators year after year. In 2012, the Plan focused on the quality of attention paid to customers, as well as on improving the quality of operations (with the automation and optimization of billing processes). The Plan also tracks ten key indicators on a monthly basis, enabling an assessment of the impact of quality actions on the level of Endesa's service quality.

The *Defensor del Cliente de Endesa – Ombudsman*, the only such figure in the Spanish electricity industry, holds an independent position in the management process, designed to provide an additional contact channel focused on the services provided by the company.

In Argentina, initiatives to improve quality include accelerating the billing process, boosting the quality of meter reading, implementing new payment channels and instituting a commercial text message system.

The *Plan Especial de Contingencia*, or Special Contingency Plan, was also implemented. It is intended to provide a rapid, coordinated and effective response to incidents that could affect the continuity and quality of service. At the same time, the Plan pays special attention to "sensitive" customers, including hospitals and government facilities. In Colombia we have implemented the *Sistema de Calidad Percibida* (SCP) – Perceived Quality System, a tool that analyzes market perceptions of the quality and competitiveness of products and services.

In Chile, the main contact channels, the services offered and in particular service delivery are monitored on a monthly basis. In addition to being used for specific areas, this information is reported to the rest of the organization through the *Plan de Satisfacción* – the Satisfaction Plan, which in 2012 guides the company in its approach to ensuring the satisfaction of residential and business customers.

In Peru, two new monthly surveys to measure customer satisfaction were introduced in 2012. The regional satisfaction survey is designed to measure customer satisfaction based on the perception of different satisfaction indicators, while "spot" surveys involve customers when they have finished a transaction at a branch or with the call center operator.

For the fourth consecutive year, Coelce customers were the most satisfied in Brazil, according to a study by the Brazilian Association of Electricity Distributors. In addition, again for the fourth consecutive year, the company was ranked as the best electricity distributor in Brazil.

Significant actions to improve communication include the use of dedicated channels for customers with hearing difficulties.

In Romania, the Customer Focus program continued in 2012. More specifically, we successfully implemented the following projects: the modernization of Enel kiosks, the launch of new payment channels and the development of online services. In particular, Enel Romania launched the MyEnel Mobile App, an application for smartphones and tablets that enables Enel customers to access a wide range of services and information (news, special offers, information on maintenance works, meter reading and customer consumption statistics).

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.

In 2012, Enel is also joined the Steering Committee of the Global Compact LEAD initiative, a network of companies that are involved in leading new initiatives for global sustainability. During the Rio+20 Corporate Sustainability Forum, organized by the Global Compact in June 2012, Enel Chairman Paolo Andrea Colombo closed the proceedings of the Energy & Climate sessions in the final "Compact for Rio" plenary meeting. This important role marks the United Nations' acknowledgement of the constant commitment of the Enel Group to sustainable energy issues and the fight against climate change.

Enabling Electricity

According to the International Energy Agency (IEA), 1.3 billion people on the planet today live without access to electricity. In this scenario, at the initiative of the Secretary-General of the United Nations, Ban Ki-moon, the year 2012 has been declared "International Year of Sustainable Energy for All", dedicated to the fight against energy poverty, one of the UN's Millennium Development Goals. This commitment was reaffirmed by the General Assembly, which unanimously declared the period 2014-2024 as the Decade of Sustainable Energy for All.

The Enel Group has responded to the call of the United Nations with Enabling Electricity, a program for the promotion of global access to electricity launched by the Chief Executive Officer and General Manager of Enel, Fulvio Conti, at the Private Sector Forum in New York in 2011, promoted by the Global Compact.

Through Enabling Electricity, Enel is targeting two target groups: people living in remote areas and disadvantaged communities in peripheral, rural and suburban areas.

The program had three basic lines of action: projects to facilitate access to electricity through new distributed generation technologies and grid infrastructure; projects to remove financial barriers to access to electricity in regions such as Latin America; and projects in partnership with local communities to invest in capacity building, making the experience of the Enel Group available to disadvantaged communities.

Updated information on Enabling Electricity is available at the www.enel.com website.

The 50 years of Enel

In 2012, Enel celebrated its fiftieth anniversary. The celebration was an opportunity to build a bridge between the Group's history and innovation, between past experience and looking towards the future.

The main initiatives of the communication initiative included: a dedicated website; agreements with leading Italian publishers for the publication of three volumes on the history of the Company; an advertising celebratory campaign; Enel 5.0, a tour that went through the main Italian cities tracing the social, economic and industrial evolution driven by electricity and looking towards future developments; and a work of art from the Enel Contemporanea program left as a gift for the City of Rome.

The Company's fiftieth anniversary was also an opportu-



nity to launch three new projects created with the objective of effectively promoting research, growth and development: the Enel Foundation the Energy for Research fellowship program, promoted together with the CRUI (Conference of Italian University Rectors), to grant 20 scholarships to young researchers; and Enel Lab, an incubator program to support young entrepreneurs.

The relationship with local communities

Strengthening the Group's leadership necessarily involves forging a responsible partnership with the local communities and areas which host our power plants and other activities, credibility in relations with the governments and authorities in the countries in which Enel operates 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.

Each project is explained with the support of informational materials that clarify the needs, objectives, costs and benefits of the initiative.

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).

In this context, Enel fosters a flexible and dynamic re-



relationship with stakeholders: the consultation phase 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.

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. The main projects include the following.

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 10 years in schools 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, more generally, geopolitical events. The journal consists of some 100 pages that treat technical and scientific issues with extreme clarity, accompanied by comments from leading international experts. The issues addressed are of interest to both to sector professionals and the broader public, in order to facilitate the integration of science and society.

Climate strategy and the environment

Emissions and climate change



Enel recognizes the central importance of the fight against climate change within the scope of the responsibilities of a global player in the energy industry and has, for years now, been taking steps to reduce greenhouse gas emissions in all of the countries in which we operate, both through compliance with the obligations of the ETS Directive and by implementing our own long-term strategy. In that regard, the CEO of the company has promoted and signed on to the Eurelectric initiative under which 60 firms have committed to transforming the European electricity sector into a CO₂ “emissions-neutral” industry by 2050.

The long-term strategy of the Enel Group is based on the following: the development of zero-emissions energy sources; the use of the best existing technologies; the promotion of energy efficiency and the development of “smart grids”; research and innovation; and the reduction of emissions through the implementation of projects in developing countries

and in transition economies. Today, over 40% of the power Enel generates comes from zero-emission sources.

Despite an increase last year, since 1990 (the benchmark year for the Kyoto Protocol), specific CO₂ emissions for the Enel Group have declined by over 30%. With this performance, we have achieved our target for reducing emission intensity by 7% from 2007 to 2012, and we are in line with the 2020 target to reduce emissions by 15% compared with 2007 levels.

In addition, in 2012 Enel joined the Carbon Disclosure Project and posted a score of 92 out of 100.

In terms of the emission of pollutants, the results achieved in recent years are in line with the reduction targets set for 2020 compared with 2010 levels, and specifically: -50% in specific emissions of particulates; -10% in specific emissions of sulfur dioxide; and -10% in specific emissions of nitrogen oxide.

Renewables

The goal of Enel Green Power is to be a world leader in power generation using renewable sources, an organization focused on constantly expanding installed capacity and optimizing the mix of technologies while taking advantage of the specific characteristics of the territories in which it operates.

In 2012, Enel Green Power's strategy of geographical and technological diversification increased installed capacity by over 900 MW, while strengthening the company's presence in key markets such as the United States, Canada and Romania and pursuing further growth in emerging countries such as Mexico and Guatemala.

Innovation has also played a crucial role, not only in terms of technology, but also as a means of trying out new approaches and new forms of dialog. One of our goals is to promote a "renewable" culture, one which takes account of our experience in the marketplace and that can be sustainable for future generations and an example for emerging markets to follow. Enel Green Power draws on the contribution of research centers and universities in Italy and abroad that are involved in the promotion of technological innovation. In 2012, for example, a collaborative effort was launched with TIS Innovation Park, the Department of Innovation of the Autonomous Province of Bolzano and the ItaliaCamp Foundation and support for Fulbright Best program continued.

Also in 2012, Enel Green Power, with the help of KPMG, began a study to identify the primary issues of sustainability and related indicators, so as to develop an important tool for the specification of the strategic priorities to be pursued. The challenge will be to create a new business model based on the sustainability of the value chain, a rational use of resources and community-involvement models and which works towards creating "shared value".

Water scarcity

The management of local sources of water is an issue of key importance for safeguarding biodiversity and for the development and welfare of society. High rates of water consumption compared with the natural sources that are locally available can put stress on the water supply.

Enel constantly monitors all generation sites, particularly those that are in areas at risk of water scarcity, so as to

manage water resources as efficiently as possible.

Mapping and analysis are done at the following levels:

- > 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.

These studies found that specific consumption has declined significantly in recent years, in line with achieving the announced goal of reducing consumption by 10% between 2010 and 2020.

Biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy.

The Group promotes a number of projects both within Italy and abroad, with the aim of supporting the preservation of ecosystems and the natural habitats of the various territories in which we operate, while playing an active role in the local communities, both as a business and as a participant in society.

These activities involve the areas surrounding generation plants and other installations and involve projects of various types, including: monitoring, safeguarding, research and development, corrective or compensatory measures, and social and environmental studies.

Strategies implemented 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 plants. In no cases have the actions been mandated directly by national legislation.

At Enel, we feel that any action involving ecosystems must be based on in-depth knowledge of the equilibrium in the areas in which we operate. For each installation, we have monitored the proximity of protected (local, national or international) areas and underscored the reasons for the protection of their valuable ecosystems, biotopes, flora and fauna, particularly where they are at risk of extinction. We have also conducted impact assessments and can ve-

lify that the activities conducted have been in complete harmony with the natural surroundings and have protected the biodiversity found there. 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 (IUCN) and, in relation to the level of risk involved, to take any necessary protective measures.

In 2012, we began a study of the biodiversity protection efforts of the Group. Once it is completed in 2013, it will serve as a starting point for a Group Biodiversity Plan.

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.

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 Radioprotection, Nuclear Operation & Maintenance and Best Practice Sharing 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/en-GB/sustainability/our_responsibility/enel_nuclear/.

Stress test

According to the European Commission, the safety “stress tests” of nuclear power plants seek to define the margins of

safety of active power plants when faced with either external (e.g. earthquakes, floods) or internal (power failures, lack of coolant water) stressors, studying how the reactors respond under unplanned conditions.

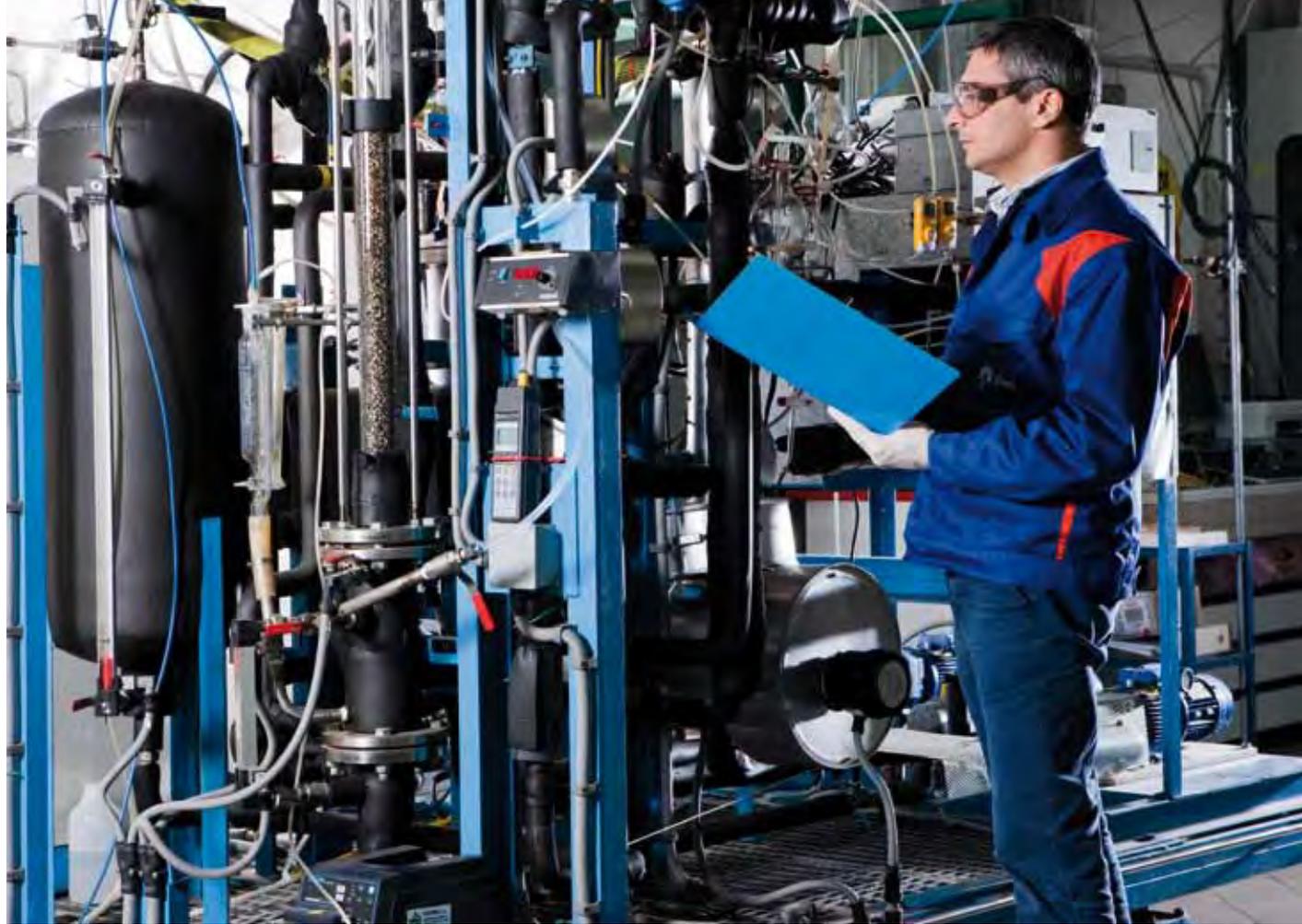
The results of the verification process that began after the Fukushima incident were published in 2011 in the individual reports of the various utility companies and in the national reports. In 2012, national action plans were also issued.

The Group’s nuclear power plants have been analyzed in depth, and measures to improve their safety have been established in the national action plans issued by the respective safety authorities. Enel Ingegneria e Ricerca is participating in both phases currently under way, i.e. verification of safety and implementation of the measures for improvement at the Group’s reactors in Spain and Slovakia.

Other updates

Enel’s participation in the Flamanville 3 project in France came to a close with the notification of EDF, on December 4, 2012, that Enel was exercising the option to withdraw, thereby concluding the strategic partnership that the two companies had entered into in 2007. The agreement for the transfer of knowledge that Enel gained over the years is also about to be terminated.

In Spain, Law 15/2012 of December 27, 2012, introduced a new tax applicable to the Group’s nuclear power plants with regard to power generation, the production of spent nuclear fuel and the production of low- and intermediate-level radioactive waste. The Santa Maria de Garoña plant, which is held by the Enel Group through Endesa, suspended operations on December 16, 2012 based on the expected financial impact of the bill, which was then confirmed in the final version. The current operating license is valid until July 6, 2013.



Research and innovation

Innovation is a key factor in responding effectively to the challenges being faced in the energy industry and in anticipating trends in technology.

For Enel, innovation means transforming knowledge into value for the Company and for our stakeholders, and it means generating innovative, sustainable solutions to improving business today and creating new opportunities for the future. Innovation is also an essential part of the culture of enterprise of the Enel Group. As such, the promotion of a culture of innovation is a top priority at all levels of the organization.

Employee involvement in the process of innovation is something that we actively encourage through structured initiatives that promote the contribution of new ideas and which range from contests and innovation task forces to programs that take advantage of crowdsourcing techniques. In 2012, in order to generate an influx of project proposals that our innovative system then translates into new solutions and opportunities, Endesa experimented with a program for gathering ideas from employees called EIDOS MARKET. This initiative, which resulted in the collection of over 1,400 innovation projects, will also be carried out in Italy in 2013 by way of a pilot project in the Sales area.

The multinational scope and cultural diversity of the Group are formidable sources of innovation to be taken full advantage of, including through the sharing of knowledge and experience gained in the various countries in which the Group has a presence. In this way, we not only further promote the successful efforts at innovation, but we also trigger an effective, virtuous mechanism for disseminating these experiences gained in the various contexts in which Enel operates and stimulating constant improvement, creativity and innovation.

Finally, the generation of innovation is encouraged through actions organized with outside help that are aimed at creating, developing and maintaining relationships of cooperation with the leading national and international research centers and at conducting specific initiatives to support initiative and entrepreneurship. One such example is the Enel Lab competition for Italian and Spanish startups with innovative energy projects. This competition was launched in 2012 in order to select six startups with high technological potential to join an incubator program that calls for capital injection and a series of services to accelerate growth. In this way, the winning startups will be able to develop their

business with the full support of Enel and will have the opportunity to transform innovation into real success.

Technological leadership model

The Group aspires to be a technology leader in the industry by developing innovative projects that generate value and promote the creation of sustainable competitive advantage.

In 2012, thanks in part to the reorganization and the move of the Innovation unit to the holding company, Enel strengthened the coordination of all research and development efforts in the markets in which we operate, with a particular focus on strategy, on the definition and management of the portfolio of innovative projects, and on the dissemination of a culture of innovation throughout the Group. Through the execution of 136 projects, the Group invested some €127 million in research and innovation in 2012, up 30% from the previous year (€97 million in 2011).

The main results of these efforts are described below by area of business.

Traditional power generation

Power plant efficiency and the reduction of emissions

For the coming decades, traditional energy sources such as coal and natural gas will continue to play a fundamental role in satisfying the growing global demand for electricity.

Increasing plant efficiency is one of the keys to improving performance in terms of both production and the environment. The main project under way is ENCIO, which seeks to promote the development of clean-coal technologies through testing in advanced USC technologies (using steam at 700 °C), which would make it possible to achieve conversion efficiency levels of greater than 50% and to reduce both CO₂ emissions and the consumption of fossil fuels.

The Group is also pursuing sustainable development through the constant improvement of our environmental

profile. For this reason, over the years we have developed skills in forecasting, monitoring and assessing the impact that our activities have on the environment, going beyond the mere monitoring required by current legislation.

Enel Research is also the point of reference for science and technology concerning all issues connected with the characterization, recovery and use of thermal power waste. Furthermore, through coordination efforts at the local level, we are promoting the concept of the “short chain”, i.e. managing waste locally, thereby making it possible to avoid emissions generated by waste transport, with a positive impact on the local community.

At Endesa, there are also several projects under way to optimize our power plants. One such project is the *Laguna de enfriamiento* in Chile, which will be evaluating a more efficient cooling system for the thermal power plants.

CO₂ capture and storage (CCS)

The main activities in 2012 in the area of post-combustion capture concerned the enhancement of technological know-how through the Brindisi pilot plant for the capture of CO₂ (completed in 2010 to process 10,000 Nm³/h of emissions and separate 2.5 tons/h of CO₂), developing specific experience in the design and operation of CO₂ capture plants and comparing sorbents and processes. This project is currently under way.

In Spain, we completed the startup of the 300 kWt pilot plant for post-combustion capture using amines at the Compostilla plant, and the initial results are promising. Within the area of CCS using oxygenated combustion at ordinary atmospheric pressure, tests on the pilot plant at Compostilla have been completed, and analysis of the results has begun.

Regarding CO₂ storage, preliminary selection and characterization efforts into areas suitable as permanent geological CO₂ storage sites continue. In 2012, four exploratory wells at the Duero site and one at the Andorra-Monegrillo site were completed. At the same time, a study was completed in Italy for an off-shore storage site in the Adriatic sea.

With regard to research into the biological capture of CO₂ using algae, phase one testing has been completed, and phase two testing is under way regarding optimization of the CO₂ fixation process at the Litoral Microalgae pilot plant in Andalusia.

Advanced automation and diagnostics

Research continues on the development of advanced applications of sensors, diagnostics and automation in order to increase the reliability, safety and efficiency of the Group's power plants and to reduce accidents during the construction, maintenance and normal operations of such plants. In 2012 in particular, work began on configuration of the safety systems at the "Brindisi dome" pilot site, and we completed the IT security risk assessment at three production sites.

In Spain, the project *Telesivi* is under way. This project uses computer visioning, robotics, self-learning and data mining to monitor plant status at all times and to report any anomalies.

Renewable generation technologies

Renewable energy is one of the Group's key strategies to reduce CO₂ emissions and, at the same time, to make our generation portfolio more competitive. To that end, Enel is active in all of the leading renewable generation technologies currently being used, and we are identifying technologies that can help to take advantage of resources that are currently not being used.

The main activities in 2012 concerned: solar thermal, photovoltaics, wind, geothermal, biomass, hydroelectric, marine energy and hybridization.

Concentrated Solar Power (CSP, or solar thermal)

The 5 MWe Archimede Concentrated Solar Power (CSP) plant built in 2010 at the Priolo Gargallo (Siracusa) site began operations. In 2012, a trial circuit to test low-melting-point salts (80-140 °C) and innovative components was also conducted in order to verify the energy performance of the technology and the reliability of the key components and to optimize the procedures for operating and managing the plant.

Project ARCHETYPE, being coordinated by Enel Green Power, a project that seeks to create a 30 MW solar thermal plant, has been admitted for FP7 European financing. This project will make it possible to use the Archimede technology on

an industrial scale, integrating CSP with a biomass and desalination plant.

In the area of small-scale plants, experimental characterization of an innovative solar thermal plant was completed at our labs in Catania. The plant uses solar radiation to generate:

- > electricity using a Stirling free-piston engine;
- > heat to be used to produce hot water.

Photovoltaics

Work continues at Enel's solar lab in Catania on the indoor and outdoor characterization of a number of commercial and pre-commercial photovoltaic technologies and the validation of systems to measure the performance, reliability and true potential for large-scale applications and under a variety of operating conditions.

Within the scope of the joint Enel Green Power-Sharp-STMicroelectronics research program, analysis has begun on the possible development of innovative applications of technology aimed at integrating thin-film photovoltaic panels into buildings.

Wind

In the area of wind power, efforts continue to refine the short and medium-term (up to 72 hours) output forecasting models of wind farms, which use computational fluid dynamics (CFD) for new wind farms without any production history and statistics-based artificial neural networks (ANN) for those that do have historical data.

With regard to mini-wind farms, work began during the year for the experimental operation of the two-blade wind turbine developed with the help of the architect Renzo Piano. The main innovations of this turbine lie in its reduced environmental impact and in the techniques it uses to take advantage of low wind speeds.

Geothermal

Extensive effort was put into making it possible to take advantage of low-enthalpy geothermal sources. Using binary ORC (Organic Rankine Cycle) cycles with supercritical working fluid, the project, conducted in partnership with Massachusetts Institute of Technology, involved the construction by Enel Green Power of a 500 kW prototype at the Enel's experimental area at Livorno. Compared with existing subcritical systems that primarily employ paraffinic hydrocarbons, the plant offers interesting advantages in terms of

performance, which require further study before being deployed on a wider scale.

New processes for increasing efficiency and reducing operations and maintenance costs of the geothermal plants, such as working on new coatings for the piping of dry-process towers, have also been developed and tested.

Biomass

In 2012, a study began aimed at assessing how well geothermal and biomass systems can be integrated.

In Brazil, project Capim Elefante is under way in order to optimize the life cycle of a fast-growing grassy plant with a high level of heat potential that could be particularly suited to use in biomass plants. This project will make it possible to use lands with low agricultural value that would otherwise remain unproductive.

Hydroelectric

In 2012, design solutions were developed to optimize energy output by hydroelectric plants using releases to regulated the minimum essential flow.

In Chile, project Intogener is under way with the goal of implementing an innovative system of forecasting outflows based on satellite measurements taken in close to real time in order to improve the management of hydraulic energy in Chile.

Marine energy

With the goal of exploiting renewable energy sources that are currently being underutilized, such as marine energy, Enel has conducted an initial round of studies to select the areas of greatest interest from the point of view of natural resources in both Europe and Latin America (i.e. Chile). We have also completed the analysis of the technologies currently being developed and begun a technology partnership for developing and testing a wave-power system in Italy with a nominal output of about 100 kW.

Hybridization

In 2012, efforts focused on the integration of multiple technologies. At the Stillwater facilities in the United States, a 26 MW photovoltaic plant and a 33 MW geothermal plant have been running in side-by-side since last March. In August, Enel Green Power won the second edition of the GEA Honors

Awards sponsored by the US Geothermal Energy Association thanks to this project.

At the same site, a project was launched that calls for the integration of geothermal and thermal solar power by constructing a demonstration plant with an incremental capacity of 2 MW, which pre-heats the geothermal fluid with the help of solar energy.

Distribution networks

Smart grids

Enel is a leading player, both within Italy and internationally, in numerous initiatives to develop innovations in energy distribution systems in order to increase grid efficiency. The most significant project currently under way concerns smart grids, which combine innovative digital solutions with traditional technologies in order to make power grid management more flexible through more effective exchange of information.

One of the most immediate applications of smart grids is the integration of renewable energy plants with the grid, which will help to achieve the environmental targets set by the European Union. In Italy, the Isernia-Carpinone project has made significant progress, and testing currently under way concerns: the management of distributed generators connected to the medium-voltage grid; testing of a medium-voltage storage device; a recharging station optimized for electric vehicles; and an extended test bed for the Enel smart info terminal (a device to provide users with consumption/generation figures through their own meters) to enable demand-response applications.

Work continues on the European Address project, aimed at finding innovative solutions to enable consumers to play an active role on the energy market. Currently, the project has reached its final stages, including field testing of the active-demand programs and the validation of the models that came out of the previous stages. Furthermore, with the goal of developing an action plan for implementing active demand in Europe, project Advanced began in December 2012. Enel Distribuzione is the project's coordinator, and other leading European distribution system operators (DSOs) are involved. The project uses the results and data of other projects currently under way, such as Enel Info+ in Isernia, together with other active demand projects around Europe. Enel Distribuzione is also acting as technical director of the European project Grid4EU, which began in November

2011 and is to last for four years. The goal of this project is to conduct large-scale testing under real operating conditions of advanced smart grid solutions. Forlì-Cesena, in particular, is focused on the integration of medium-voltage renewables by creating an advanced-control system.

In Spain and Latin America, various projects are also under way in order to develop smart grids, including Project ICONO to develop functions to monitor distributed power generation, grid automation, and means of improving quality, efficiency, reliability and operating safety. Work is also continuing in the ECCOFLOW project aimed at developing new superconducting fault current limiters (SFCL) that ensure greater safety, reliability, efficiency and quality of the grid and facilitate the integration of renewable energies.

Energy storage systems

The ability to store the electricity generated using renewable resources is proving to be one of the most significant challenges in managing power at the residential or industrial level. As storage systems become more efficient, it will be possible to store the electricity generated when costs are lower and there is an abundance of renewable energy and then use that energy at a later time when it is needed.

In Italy, the main projects in this field concern: the installation of a lithium-ion storage system (1 MVA - 500 kWh) in a secondary LV/MV transformer station in order to test ancillary services on the distribution network within the scope of the Isernia project; the installation of a storage device (1 MVA - 1 MWh) in the secondary switching station in the Forlì-Cesena area within the scope of the European project Grid4EU for the regulation of both voltage and power flows in order to receive distributed power and increase the hosting capacity of the grid; the acquisition of a storage system coupled with diesel engines that will make it possible to test the optimization of power generation and distribution on the island of Ventotene and which will also make it possible to run the engines at a constant load, thereby resulting in significant benefits in terms of fuel consumption and emissions.

In Spain, energy storage projects include the following: the Smartcity Málaga project (lithium-ion/iron/phosphate batteries) and the STORE project (lithium-ion battery on Gran Canaria, flywheel energy storage in La Gomera, and ultra-condensers in La Palma). A feasibility study is currently under way for the construction of a compressed air energy storage (CAES) plant.

Finally, efforts are continuing on the characterization of the batteries and rapid recharging stations for electric vehicles at

Enel's testing facilities in Livorno. These activities have provided Enel with strategic know-how in storage systems, which will enable us to identify the optimal technologies and operating algorithms to meet the various needs of power generation and energy management.

End users

In order to help increase energy efficiency and meet European medium and long-term targets (2030-2050) for reducing CO₂, Enel is developing innovative technologies to be made available to customers in order to optimize and rationalize energy consumption, so that the end user can play an active role through the use of digital devices that increase the transparency of consumption, encourage participation in the energy market, and promote a more rational use of energy, which will then bring benefits in terms of environmental sustainability for the entire system.

Energy efficiency

In 2012, the Enel Info+ project began. The project will feature testing of Enel smart info for the first time on a wide scale (with some 8,000 households). This device gives customers easy access to meter data regarding their energy consumption and generation, thereby promoting greater awareness of consumption habits and the adoption of more efficient behavior.

Another important project in this regard is Energy@home, a collaboration between Electrolux, Indesit Company and Telecom Italia, which has developed a platform for smart devices to communicate indoors. With this platform, it is possible to develop services that will enable home energy consumption to be regulated by more carefully controlling the use and efficiency of household appliances, thereby avoiding peak load times and power overloads and focusing energy consumption in the times of the day in which it costs less.

Continuing on the theme of energy efficiency, Enel Energia, together with Enel Research, has also launched the project *ComeConsumo* with a sample population of customers. This project calls for the installation of a system of visualizing consumption in real time and of viewing historical consumption data. In 2012, the consumption behavior of the sample population was monitored in order to study the potential of this tool.

Various energy efficiency projects are also under way in

Spain and South America. One such example is the European project EnergyTic, the goal of which is to develop a number of innovative solutions to help customers save on both water and electricity. This pilot project studies the data from 1,000 households in France and 700 in Spain.

Regarding the energy efficiency of residential buildings, DomusLab, a project conducted in Pisa to test home automation systems and analyze technologies that will make it possible to create and manage the homes of the future, has recently come to a close.

Enel is also involved in the European project ENCOURAGE, the goal of which is to develop technologies to optimize the energy efficiency of commercial buildings by focusing on the optimal control of the subsystems within the buildings, while also providing adequate means for interacting effectively with the outside world (i.e. with other buildings, local power generators, energy retailers and distributors).

Distributed power generation

In February 2012, the first prototype of the Triangle-based Omni-purpose Building (TOB) was installed at Enel Research facilities in Pisa. This system is able to provide renewable energy to people living in remote areas that are not connected to the grid. The system, which is based on an Enel design backed by an international patent, integrates photovoltaic modules and storage systems and is able to provide power to local areas for places like classrooms and medical labs for pharmaceutical refrigeration and to charge mobile phones and computers connected to the Internet.

Electric mobility infrastructure

The Enel Group is strongly committed to creating a network of smart infrastructure to recharge electric vehicles, so as to promote the use of these vehicles and facilitate more sustainable mobility.

In 2012, the 43 kW alternating current fast recharge infrastructure joined the garage station infrastructure for the home and the pole station infrastructure for recharging in public (both based on electric meter technology). This fast-recharge station was successfully tested with the new Renault Zoe, the first car to use the onboard inverter used for the drivetrain to also charge the batteries, and was able to fully charge the car in less than 30 minutes.

At the end of 2012, there were 1,000 recharging stations installed in Italy and roughly 200 in Spain, all controlled by

the Electric Mobility Management (EMM) system, which makes it possible to monitor all of the stations and control all recharging processes in real time.

In Italy, electric mobility agreements were signed with the Region of Emilia-Romagna and Roma Capitale/Acea, to provide interoperable recharging infrastructure with various networks of distributors. A public Enel recharging network was recently created in Perugia through a pilot project being watched by the Authority for Electricity and Gas intended to test and evaluate various models for providing recharging services.

Enel is also participating in a number of projects of international scope, including: the Green eMotion project being financed by the European Union in order to establish a framework for electric mobility in Europe; the Internet of Energy project, which will make it possible to develop a recharging station that effectively integrates all that is needed to support communication with electric vehicles in compliance with the new ISO 15118 standard; the Mobincity project, which will help to develop advanced algorithms to handle the smart recharging needed to minimize impact on the grid; and the Unplugged project, which will make it possible to evaluate the development potential of inductive (i.e. wireless) recharging.

Some of the most significant projects in the field of sustainable mobility in Spain include: the demonstration project ZEM2All being developed through an international agreement between the Spanish government and a consortium of Japanese firms in order to support the introduction of 200 electric vehicles in Malaga over the course of four years and to gather data for marketing and analysis on the use of these vehicles; the research project Circe being conducted in Zaragoza in order to create a "smart box" that will facilitate integration of fast-recharge stations with the EMM system.

In Latin America (Brazil and Chile), where we are seeing growing interest in sustainable mobility, Enel is promoting the technologies that have already been successfully tested in Europe. Finally, in Colombia, the Group, through the company Codensa, is promoting a project for sustainable public transport.

Smart cities

The innovative technologies and skills developed by the Group have enabled us to promote the concept of "smart cities" in various parts of the world, uniting environmental protection, energy efficiency and economic sustainability in

a single urban model.

The first pilot projects currently under way in Italy are taking place in Genoa and Bari. There, Enel Distribuzione is supporting the city councils along the path of developing into smart cities through measures aimed at implementing smart grids as an enabling technology for new services, including electric mobility, and at actively involving the public through mechanisms that increase awareness of their consumption habits.

In Bari and Cosenza, Enel, together with eight other partners, is implementing the project RES NOVAE, which is being co-financed by the Ministry for Education, Universities and Research. The project, the goal of which is to create a more livable, more sustainable urban environment, has been organized into various areas of action, including: power distribution using smart grids; functions for the optimized monitoring, control and management of the energy efficiency buildings; technology to enable the active involvement of the consumer in the energy market (i.e. "active demand"); the implementation of an urban command center that will provide government, the public and the other players involved with energy-related and other information regarding the metropolitan area, which can then be used to prepare a proper energy plan based on actual data.

At the European level, Enel is partnering with the city of Genoa on the FP7 TRANSFORM project, which calls for the involvement of other European cities and industrial partners. The goal of the project is to establish an optimized methodology for city energy planning that can help the city government identify areas in which to take action in order to improve the city's energy efficiency.

The Group is also conducting innovative smart-city projects in Spain (Malaga and Barcelona), Brazil (Búzios) and Chile (Santiago). Of particular note in 2012, we completed the installation of the systems needed for the European project Smartcity Málaga and began work on Smartcity Barcelona. In Brazil in November, the first smart city in Latin America, *Cidade Inteligente Búzios*, was officially inaugurated. Technology, innovation and sustainability are the operative words at the heart of this project, through which the Group is transforming the city of Armação dos Búzios (Rio de Janeiro) into a model of sustainable energy management. As one of the project's first milestones, 217 smart meters were installed in the homes of customers of Ampla in May 2012. These meters will give the residents of Búzios greater awareness regarding their consumption habits, which will help them to save on their electrical bills by consuming energy when it costs less. In addition, Lake Usina and the ci-

ty's main streets are now lit by 60 Archilede remote-control LEDs, and the city has two recharging stations for electric vehicles, which are being managed by Ampla using the innovative EMM system developed by Enel. Ampla is already using electric bicycles for "zero-emission" visits to their customers, and the water taxi service that connects the city to its beaches is also scheduled to become sustainable.

The direct involvement of the residents who will be benefiting from these new technologies is one of the cornerstones of the *Cidade Inteligente Búzios* project. The community is also involved in initiatives aimed at building a better future, and Ampla customers who recycle their waste receive discounts and bonuses in their electrical bills.

In 2012, *Cidade Inteligente Búzios* received a number of prestigious international awards in recognition of the value of the project in terms of environmental sustainability and social responsibility. In July, KPMG selected the project as one of the top ten worldwide in the category "Urban Energy Infrastructure", and in September the international conference DistribuTECH Brasil 2012 recognized Búzios as "project of the year" in the category "Small Smart Cities" for the city's ability to unite cutting-edge technology, consumer involvement and environmental protection.

Also in Latin America, in Santiago, Chile's first prototype smart city is being created in the industrial and commercial area *Ciudad Empresarial Huechuraba*. The Smartcity Santiago project seeks to demonstrate the applicability of the Group's cutting-edge technology and the tangible benefits in terms of sustainability, energy efficiency and the reduction of CO₂ emissions in a business context.

Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange. Purchase of electricity on the Power Exchange for pumping and plant planning
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity. Payment of A3 component for renewable resource incentives
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market. Purchase of transport, dispatching and metering services
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services. Purchase of fuels for generation plants, storage services and natural gas distribution
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods
Italian Post Office	Fully controlled (directly) by the Ministry for the Economy and Finance	Purchase of postal services

Finally, Enel also maintains relationships with the pension funds FOPEN and Fondenel, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

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

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity and Gas.

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

Pursuant to CONSOB Notice no. 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, 2012		at Dec. 31, 2011 restated	
Financial statements - Enel SpA	3,420	25,828	2,467	24,190
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	14	(77,683)	28	(77,011)
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	4,578	74,791	5,254	75,892
Consolidation differences at the Group consolidation level	(2,504)	12,855	-	15,359
Intragroup dividends	(4,583)	-	(3,762)	-
Elimination of unrealized intragroup comprehensive income, net of tax effects and other minor adjustments	(60)	980	126	220
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	865	36,771	4,113	38,650
NON-CONTROLLING INTERESTS	1,210	16,387	1,210	15,650
CONSOLIDATED FINANCIAL STATEMENTS	2,075	53,158	5,323	54,300

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Consolidated
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statements

Consolidated Income Statement

Millions of euro		Notes			
				2012	2011 restated ⁽¹⁾
				<i>of which with related parties</i>	<i>of which with related parties</i>
Revenues					
Revenues from sales and services	8.a	82,699	7,217	77,573	7,455
Other revenues and income	8.b	2,190	46	1,941	208
	[Subtotal]	84,889		79,514	
Costs					
Raw materials and consumables	9.a	46,130	9,971	42,901	9,970
Services	9.b	15,738	2,298	14,440	2,287
Personnel	9.c	4,860		4,296	
Depreciation, amortization and impairment losses	9.d	9,003		6,327	
Other operating expenses	9.e	3,208	39	2,255	26
Capitalized costs	9.f	(1,747)		(1,711)	
	[Subtotal]	77,192		68,508	
Net income/(charges) from commodity risk management	10	38	82	272	77
Operating income		7,735		11,278	
Financial income	11	2,272	13	2,693	29
Financial expense	11	5,275		5,717	7
Share of income/(expense) from equity investments accounted for using the equity method	12	88		96	
Income before taxes		4,820		8,350	
Income taxes	13	2,745		3,027	
Net income from continuing operations		2,075		5,323	
Net income from discontinued operations		-		-	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		2,075		5,323	
Attributable to shareholders of the Parent Company		865		4,113	
Attributable to non-controlling interests		1,210		1,210	
<i>Earnings per share (euro) attributable to the ordinary shareholders of the Parent Company</i>	14	<i>0.09</i>		<i>0.44</i>	
<i>Diluted earnings per share (euro) attributable to the ordinary shareholders of the Parent Company</i>	14	<i>0.09</i>		<i>0.44</i>	
<i>Earnings from continuing operations per share (euro) attributable to the ordinary shareholders of the Parent Company</i>	14	<i>0.09</i>		<i>0.44</i>	
<i>Diluted earnings from continuing operations per share (euro) attributable to the ordinary shareholders of the Parent Company</i>	14	<i>0.09</i>		<i>0.44</i>	

(1) The Income Statement for 2011 has been restated to provide a better presentation of the impact recognized in the previous year of the change of the accounting policy used for white certificates. For more information, please see note 4 below.

Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2012	2011 restated ⁽¹⁾
Net income for the year (shareholders of the Parent Company and non-controlling interests)		2,075	5,323
Other comprehensive income:			
Effective portion of change in the fair value of cash flow hedges		(760)	(161)
Share of income recognized in equity by companies accounted for using the equity method		(7)	(9)
Change in the fair value of financial investments available for sale		(416)	(61)
Exchange rate differences		73	(731)
Income/(Loss) recognized directly in equity	28	(1,110)	(962)
Comprehensive income for the period		965	4,361
Attributable to:			
- shareholders of the Parent Company		(374)	3,639
- non-controlling interests		1,339	722

(1) The Statement of Consolidated Comprehensive Income for 2011 has been restated to provide a better presentation of the impact recognized in the previous year of the change of the accounting policy used for white certificates. For more information, please see note 4 below.

Consolidated Balance Sheet

Millions of euro

Notes

ASSETS		at Dec. 31, 2012		at Dec. 31, 2011 restated ⁽¹⁾		at Jan. 1, 2011 restated ⁽¹⁾	
			of which with related parties		of which with related parties		of which with related parties
Non-current assets							
Property, plant and equipment	15	83,115		80,592		78,094	
Investment property		197		245		299	
Intangible assets	16	35,970		39,049		39,535	
Deferred tax assets	17	6,305		6,116		6,069	
Equity investments accounted for using the equity method	18	1,115		1,085		1,033	
Non-current financial assets	19	5,518	74	6,325		4,701	
Other non-current assets	20	897	55	512		1,078	
		[Total]		133,924		130,809	
Current assets							
Inventories	21	3,338		3,148		2,803	
Trade receivables	22	11,719	893	11,570	1,473	12,505	1,065
Tax receivables	23	1,631		1,251		1,587	
Current financial assets	24	9,381	39	10,466	1	11,922	69
Other current assets	25	2,262	46	2,136	71	2,176	79
Cash and cash equivalents	26	9,891		7,015		5,164	
		[Total]		35,586		36,157	
Assets held for sale	27	317		381		1,618	
TOTAL ASSETS		171,656		169,891		168,584	

(1) The Consolidated Balance Sheet for 2011 has been restated to provide a better presentation of the impact recognized in the previous year of the change of the accounting policy used for white certificates. For more information, please see note 4 below.

Millions of euro

Notes

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2012		at Dec. 31, 2011 restated ⁽¹⁾		at Jan. 1, 2011 restated ⁽¹⁾
			<i>of which with related parties</i>		<i>of which with related parties</i>	<i>of which with related parties</i>
Equity attributable to the shareholders of the Parent Company						
Share capital		9,403		9,403		9,403
Other reserves		9,109		10,348		10,791
Retained earnings/(loss carried forward) ⁽²⁾		18,259		18,899		17,690
	<i>[Total]</i>	36,771		38,650		37,884
Non-controlling interests		16,387		15,650		15,877
Total shareholders' equity	28	53,158		54,300		53,761
Non-current liabilities						
Long-term loans	26	55,959		48,703		52,440
Post-employment and other employee benefits	29	3,063		3,000		3,069
Provisions for risks and charges	30	8,648		8,057		9,153
Deferred tax liabilities	17	11,753		11,505		11,336
Non-current financial liabilities	31	2,553		2,307		2,591
Other non-current liabilities	32	1,151	2	1,313		1,244
	<i>[Total]</i>	83,127		74,885		79,833
Current liabilities						
Short-term loans	26	3,970		4,799		8,209
Current portion of long-term loans	26	4,057		9,672		2,999
Trade payables	33	13,903	3,496	12,931	3,304	12,373
Income tax payable		364		671		687
Current financial liabilities	34	3,138	1	3,668	2	1,672
Other current liabilities	35	9,931	39	8,907	15	8,052
	<i>[Total]</i>	35,363		40,648		33,992
Liabilities held for sale	27	8		58		998
Total liabilities		118,498		115,591		114,823
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		171,656		169,891		168,584

(1) The Consolidated Balance Sheet for 2011 has been restated to provide a better presentation of the impact recognized in the previous year of the change of the accounting policy used for white certificates. For more information, please see note 4 below.

(2) Retained earnings/(loss carried forward) at December 31, 2011 restated are reported net of the interim dividend (€940 million).

Statement of Changes in Consolidated Shareholders' Equity

Share capital and reserves attributable to the shareholders of the Parent Company

Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro
At January 1, 2011	9,403	5,292	1,881	2,262	456
Effect of change in accounting policy for white certificates	-	-	-	-	-
At January 1, 2011 restated	9,403	5,292	1,881	2,262	456
Dividends and interim dividends	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-
Disposal of equity interests without loss of control	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(336)
<i>of which:</i>					
- <i>Income/(Loss) recognized directly in equity</i>	-	-	-	-	(336)
- <i>Net income/(loss) for the year</i>	-	-	-	-	-
At December 31, 2011 restated	9,403	5,292	1,881	2,262	120
Dividends and interim dividends	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(28)
<i>of which:</i>					
- <i>Income/(Loss) recognized directly in equity</i>	-	-	-	-	(28)
- <i>Net income/(loss) for the year</i>	-	-	-	-	-
At December 31, 2012	9,403	5,292	1,881	2,262	92

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	Other retained earnings	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
80	796	-	24	17,795	37,989	15,877	53,866
-	-	-	-	(105)	(105)	-	(105)
80	796	-	24	17,690	37,884	15,877	53,761
-	-	-	-	(2,635)	(2,635)	(719)	(3,354)
-	-	-	-	(269)	(269)	(237)	(506)
-	(47)	-	-	-	(47)	-	(47)
-	-	78	-	-	78	7	85
(129)	-	-	(9)	4,113	3,639	722	4,361
(129)	-	-	(9)	-	(474)	(488)	(962)
-	-	-	-	4,113	4,113	1,210	5,323
(49)	749	78	15	18,899	38,650	15,650	54,300
-	-	-	-	(1,505)	(1,505)	(628)	(2,133)
-	-	-	-	-	-	26	26
(1,204)	-	-	(7)	865	(374)	1,339	965
(1,204)	-	-	(7)	-	(1,239)	129	(1,110)
-	-	-	-	865	865	1,210	2,075
(1,253)	749	78	8	18,259	36,771	16,387	53,158

Consolidated Statement of Cash Flows

Millions of euro

Notes

	2012	2011 restated ⁽¹⁾	
		<i>of which with related parties</i>	<i>of which with related parties</i>
Income before taxes for the year	4,820		8,350
Adjustments for:			
Amortization and impairment losses of intangible assets	3,516		1,102
Depreciation and impairment losses of property, plant and equipment	4,899		4,730
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	(66)		417
Accruals to provisions	1,540		486
Financial (income)/expense	2,404		2,219
(Gains)/Losses from disposals and other non-monetary items	514		(73)
<i>Cash flow from operating activities before changes in net current assets</i>	<i>17,627</i>		<i>17,231</i>
Increase/(Decrease) in provisions	(1,517)		(1,749)
(Increase)/Decrease in inventories	(190)		(334)
(Increase)/Decrease in trade receivables	(825)	580	335 (408)
(Increase)/Decrease in financial and non-financial assets/liabilities	1	(117)	560 80
Increase/(Decrease) in trade payables	978	(192)	567 527
Interest income and other financial income collected	1,168	13	1,371 29
Interest expense and other financial expense paid	(3,898)		(3,897) (7)
Income taxes paid	(2,929)		(2,371)
Cash flows from operating activities (a)	10,415		11,713
Investments in property, plant and equipment	(6,522)		(6,957)
Investments in intangible assets	(627)		(632)
Investments in entities (or business units) less cash and cash equivalents acquired	(182)		(153)
Disposals of entities (or business units) less cash and cash equivalents sold	388		165
(Increase)/Decrease in other investing activities	355		177
Cash flows from investing/disinvesting activities (b)	(6,588)		(7,400)
Financial debt (new long-term borrowing)	26	13,739	10,486
Financial debt (repayments and other net changes)	(12,505)		(9,427)
Collection (net of incidental expenses) of proceeds from disposal of equity interests without loss of control	-		(51)
Dividends and interim dividends paid	(2,229)		(3,517)
Cash flows from financing activities (c)	(995)		(2,509)
Impact of exchange rate fluctuations on cash and cash equivalents (d)	29		(74)
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	2,861		1,730
Cash and cash equivalents at the beginning of the year ⁽²⁾	7,072		5,342
Cash and cash equivalents at the end of the year ⁽³⁾	9,933		7,072

(1) The Consolidated Statement of Cash Flows for 2011 has been restated to provide a better presentation of the impact recognized in the previous year of the change of the accounting policy used for white certificates. For more information, please see note 4 below.

(2) Of which cash and cash equivalents equal to €7,015 million at January 1, 2012 (€5,164 million at January 1, 2011), short-term securities equal to €52 million at January 1, 2012 (€95 million at January 1, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €5 million at January 1, 2012 (€83 million at January 1, 2011).

(3) Of which cash and cash equivalents equal to €9,891 million at December 31, 2012 (€7,015 million at December 31, 2011), short-term securities equal to €42 million at December 31, 2012 (€52 million at December 31, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €0 million at December 31, 2012 (€5 million at December 31, 2011).

Notes to the financial statements

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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, 2012 comprises 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 12, 2013.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2012 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 Union pursuant to Regulation (EC) no. 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.

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 through profit or loss 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 electri-

city 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 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.

Depreciable value of certain elements of Italian hydroelectric plants following enactment of Law 134/2012

Law 134/2012 containing "urgent measures for growth", published in the *Gazzetta Ufficiale* on August 11, 2012, introduced a sweeping overhaul of the rules governing Italian hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no predominant public interest in using the waters for another purpose that is incompatible with continuing use for hydroelectric purpose, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also established procedures for the transfer from the departing concession holder to the new concession holder of ownership of the business unit necessary to operate the concession, including all legal relationships associated with the concession, against payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

> for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775/1933), the payment shall be determined on the basis of revalued cost less public capital grants (also revalued) received by the concession holder for the construction of such

works, as reduced for ordinary wear and tear;

> for other property, plant and equipment, the payment shall be determined on the basis of market value, meaning replacement value, as reduced for ordinary wear and tear.

While acknowledging that the new regulations introduce major changes in the transfer of ownership of the business unit for the operation of hydroelectric concessions, the difficulties associated with the practical application of these principles are clear, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

The main uncertainties are the following:

> the price for the transfer of the business unit must be negotiated with the grantor agency five years prior to the expiration of the concession, on the basis of currently unavailable technical and financial parameters that will be announced in a decree of the Ministry for Economic Development acting on an opinion of the Authority for Electricity and Gas;

> it is reasonable to expect that the process of quantifying that value will require assessments involving significant uncertainties, especially as regards the determination of the ordinary wear and tear of the assets under discussion and the positions that the parties involved could take;

> the law itself, which acknowledges the existence of objective uncertainties associated with the determination of the price, establishes that in the event of disagreement between the concession holder and the grantor, the issue shall be resolved through recourse to a panel of three independent and qualified third parties;

> at present no historic data are available as the rules have not yet been applied.

In view of the above uncertainties, management has concluded that it cannot formulate a reasonable and reliable estimate of residual value.

This change in legislation, whose application still requires the new concession holder to make a payment to the departing concession holder, prompted management to review the depreciation period for assets classified as to be relinquished free of charge prior to the enactment of Law 134/2012 (until last year, in view of the fact that they were to be relinquished free of charge, they were depreciated over the shorter of the term of the concession and the useful life of each asset), no longer basing it

on the term of the concession but, if longer, on the economic and technical life of the individual asset. If further information should become available that would enable a reliable estimate of residual value, the carrying amounts of the assets involved will be modified on a prospective basis.

Recovery of deferred tax assets

At December 31, 2012, 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 Company should become aware that it is unable to recover all or part of 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 that are managed on a unified basis by the Group given the close interdependence of the related cash flows, also in view of the geographical, cultural and social similarities of the countries and markets in which they operate, and technical, regulatory operational performance aspects. 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 or by uniform groups of assets operating in the sale or generation of electricity. 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 and 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 (Emgesa, Codensa and SE Hydropower) on a line-by-line basis even though it does not hold more than half of the voting rights, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2012" to these financial statements.

Application of IFRIC 12 "Service concession arrangements" to concessions

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.

More specifically, IFRIC 12 applies to public-to-private service concession arrangements if:

- > the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- > the grantor controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions. On the basis of that analysis, the provisions of IFRIC 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 standing members of the boards of auditors (and their close family members), and the key management personnel (and their close family members) of Enel SpA and the companies over which it exercises 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 is 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 it 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, 2012				
Percentage of consolidation	49.0%	49.5%	50.0%	50.0%	38.9%
Non-current assets	307	53	18	222	180
Current assets	20	126	102	87	57
Non-current liabilities	87	1	104	34	141
Current liabilities	30	82	14	39	44
Revenues	120	1,409	95	99	92
Costs	85	1,279	147	62	80

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, 2012 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 presentation currency of the consolidated financial statements.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency of the consolidated financial statements 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 (the consideration transferred) 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 lia-

bilities 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, 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.

Although not formally designated as lease agreements, certain types of contract can be considered as such if performance of such contracts depends on the use of one or more specific assets and if in substance those contracts grant the right to use such assets.

More information on Group lease agreements is provided in note 15 below.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. 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 2020 and 2040 (respectively, for plants located in the Autonomous Province of Trento and in the Autonomous Province of Bolzano) and 2029 (for all others). Within the regulatory framework in force until last year, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the State in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants", which you are invited to consult for more details.

In accordance with Spanish laws 29/1985 and 46/1999, 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 terms of the concessions extend up to 2067.

A number of generation 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.

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. 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 the useful lives of the assets.

Enel also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

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, 2012, as determined on the basis of appraisals by independent experts, is equal to €225 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 note 16 below. Goodwill relating to equity investments in associates is included in their carrying amount.

Impairment losses

Property, plant and equipment 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.

If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and written down where necessary.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value except for inventories 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.

The portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.

As regards CO₂ emissions allowances, inventories are allocated between the trading portfolio and that used for compliance with greenhouse gas emission requirements. Within the latter, the allowances are allocated in sub-portfolios on the basis of the year of compliance to which they have been assigned.

Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Inventories also include purchases of nuclear fuel, whose use is determined on the basis of the energy produced.

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, 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 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 inco-

me 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 which are 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-period 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 the Company has made 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 item in shareholders' equity, over the vesting period, 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 of the present value 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 and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from 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. Such grants include subsidies granted to the Group for the generation of power with plants that use renewable resources. These incentives, including green certificates, are recognized on the basis of amounts generated and are

measured at fair value.

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 periodic meter readings. 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 addition 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, which are recognized under "income tax payable" net of payments on account, or under "income tax receivable" where there is a credit balance, 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 items directly credited or debited to equity, which are recognized directly in equity.

Dividends

Dividends from equity investments are recognized when the shareholder's 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/IAS applicable to the specific assets or 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.

Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

- > the book value before the asset (or disposal group) was

- classified as held for sale, adjusted for depreciation, amortization, writedowns or writebacks that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- > the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

3

Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following amendment to international accounting standards that took effect as from January 1, 2012:

- > “Amendments to IFRS 7 – *Financial instruments: Disclosures*”; the amendments introduced new disclosure requirements 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 new version of the standard introduces specific disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which, as of the balance sheet date, the Company has a continuing involvement. The application of the amendments on a prospective basis did not have a significant impact.

Standards not yet applicable and not yet adopted

In 2012, the European Commission endorsed the following accounting standards and interpretations, which will be applicable to the Group in future years.

- > “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 for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected 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 elimination 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 for annual reporting periods beginning on or after January 1, 2013. The expected impact of the amendments will mainly derive from the change in the accounting treatment of past service cost and actuarial gains and losses, whose recognition can no longer be deferred, as noted above. For greater details, please see note 29, which contains the schedule of changes in actuarial liabilities in 2012 as well as reporting the amount of past service cost and unrecognized gains and losses at December 31, 2012.

"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 introduces specific disclosure requirements. The new standard will take effect prospectively for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected to have a significant impact.

> "Amendments to IFRS 7 – *Offsetting financial assets and financial liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, which are discussed below; 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 for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected to have a significant impact.

> "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 mate-

rials during the production phase, clarifying when they can be recognized as an asset. The interpretation will take effect for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected to have a significant impact.

> "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: (i) power over the investee; (ii) exposure to variable returns from the involvement in the investee; and (iii) 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.

The new standard will take effect retrospectively 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.

> "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 for annual reporting periods beginning on or after

January 1, 2014. The Group does not expect the future application of the measures to have an impact.

- > "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 a share of 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 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.

- > "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 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.
- > "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 supplements 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 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 IAS 32 – *Offsetting financial assets and financial liabilities*", issued in December 2011; IAS 32 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 amendments expand the illustration of cases in which an entity "currently has a legally enforceable right of set-off", while as regards the second the amendments clarify 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 insignificant and, in this regard, specify the characteristics that gross settlement systems must have.

The amendments will take effect retrospectively 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.

In the years from 2009 to 2012, 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, 2012, had not yet been endorsed by the European Commission. The rules that could have an impact on the consolidated 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 new 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 contractual 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 adopted IFRS 9 for periods beginning from January 1, 2012 until December 31, 2012 could 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.

- > "Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*", issued in June 2012; the amendments are intended to clarify a number of issues concerning

the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean "the beginning of the annual reporting period in which IFRS 10 is applied for the first time" (i.e. January 1, 2013). In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended analogously, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11.

The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2013. Nevertheless, the European Commission is considering the possibility of deferring initial application to January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

- > "Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment entities*", issued in October 2012; the amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the parent qualifies as an "investment entity". More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity. The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.
- > "*Annual Improvements to IFRSs 2009-2011 Cycle*", issued in May 2012; the document contains formal modifications and clarifications of existing standards. The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures. More specifically, the following standards have been amended:
 - "*IFRS 1 – First-time Adoption of International Financial Reporting Standards*"; the amendment clarifies that an entity that has stopped applying IFRS may, if it decides to resume applying those standards to its fi-

financial statements, choose either to reapply IFRS 1 or apply IAS 8 as if it had never stopped applying IFRS. IFRS 1 was also amended with regard to the capitalization of borrowing costs: a first-time adopter may choose between applying the provisions of IAS 23 as from the date of first-time adoption of IFRS/IAS or from a previous date, in accordance with paragraph 28 of IAS 23. The amendment also establishes that entities that adopt IFRS/IAS for the first time do not have to adjust borrowing costs capitalized using their previous GAAP and must only apply IAS 23 for borrowing costs incurred as from the date selected as indicated above;

- "IAS 1 – *Presentation of Financial Statements*"; the amendment clarifies how comparative information must be presented in the financial statements and specifies that an entity may voluntarily elect to provide additional comparative information;
- "IAS 16 – *Property, Plant and Equipment*"; the amendment clarifies that if spare parts and servicing equipment meet the requirements for classification as "property, plant and equipment" they shall be recognized and measured in accordance with IAS 16; otherwise they shall be classified as inventory;
- "IAS 32 – *Financial Instruments: Presentation*"; the amendment establishes that income taxes relating to distributions to equity holders and to transaction costs of equity transactions shall be accounted for in accordance with IAS 12;
- "IAS 34 – *Interim Financial Reporting*"; the amendment clarifies that interim financial reports indicate specify the total assets and liabilities for a particular reportable segment only if such amounts are regularly provided by the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements presented.

4

Restatement of comparative figures at December 31, 2011

During the period under review, the Group adopted a new criterion for accounting for white certificates (energy efficiency certificates or EECs) that, in considering energy efficiency requirements as a system charge aimed at achieving energy savings objectives, for which operators covered by the obligation incur the costs for the purchase and internal development of the certificates that will be delivered to the competent authorities for the purpose of compliance with the targets, means recognizing the overall cost of compliance with energy efficiency requirements through profit or loss in the accounting period to which the compliance requirement pertains, ascertaining any charge in respect of certificates that are not available at the end of that period (the deficit). The costs incurred for the purchase and internal development of white certificates to be used to meet requirements in subsequent periods are recognized under "other assets".

The accounting policy previously adopted was based on considering white certificates as assets used in the production process. Accordingly, the related costs were recognized through profit or loss at the time of their actual use for the purpose of compliance with regulatory requirements. In addition, white certificates deriving from multi-year projects were classified under intangible assets and amortized at the time of their use. The change in the accounting treatment of white certificates led to the restatement of the balance sheet and income statement items in the consolidated financial statements at December 31, 2011, which are presented for comparative purposes only in the consolidated financial statements at December 31, 2012.

In particular, the retrospective application of the change involved recognition of the compliance obligation (net of related taxes) as well as appropriate reclassifications in the consolidated balance sheet between existing intangible assets and prepaid operating expenses. The following tables show the changes in the consolidated balance sheet and income statement. The impact on the statement of consolidated comprehensive income and the consolidated statement of cash flows is limited to a number of reclassifications among the various components, in line with the data reported in the balance sheet and income statement.

Millions of euro

	2011	New EEC policy	2011 restated
Revenues			
Revenues from sales and services	77,573	-	77,573
Other revenues and income	1,941	-	1,941
	79,514	-	79,514
Costs			
Raw materials and consumables	42,901	-	42,901
Services	14,440	-	14,440
Personnel	4,296	-	4,296
Depreciation, amortization and impairment losses	6,351	(24)	6,327
Other operating expenses	2,143	112	2,255
Capitalized costs	(1,711)	-	(1,711)
	68,420	88	68,508
Net income/(charges) from commodity risk management	272	-	272
Operating income	11,366	(88)	11,278
Financial income	2,693	-	2,693
Financial expense	5,717	-	5,717
Share of income/(expense) from equity investments accounted for using the equity method	96	-	96
Income before taxes	8,438	(88)	8,350
Income taxes	3,080	(53)	3,027
Net income from continuing operations	5,358	(35)	5,323
Net income from discontinued operations	-	-	-
Net income for the year (shareholders of the Parent Company and non-controlling interests)	5,358	(35)	5,323
Attributable to shareholders of the Parent Company	4,148	(35)	4,113
Attributable to non-controlling interests	1,210	-	1,210

Millions of euro

	at Dec. 31, 2010	New EEC policy	at Jan. 1, 2011 restated	at Dec. 31, 2011	New EEC policy	at Dec. 31, 2011 restated
ASSETS						
Non-current assets						
Property, plant and equipment	78,094	-	78,094	80,592	-	80,592
Investment property	299	-	299	245	-	245
Intangible assets	39,581	(46)	39,535	39,075	(26)	39,049
Deferred tax assets	6,017	52	6,069	6,011	105	6,116
Equity investments accounted for using the equity method	1,033	-	1,033	1,085	-	1,085
Non-current financial assets	4,701	-	4,701	6,325	-	6,325
Other non-current assets	1,062	16	1,078	506	6	512
	130,787	22	130,809	133,839	85	133,924
Current assets						
Inventories	2,803	-	2,803	3,148	-	3,148
Trade receivables	12,505	-	12,505	11,570	-	11,570
Tax receivables	1,587	-	1,587	1,251	-	1,251
Current financial assets	11,922	-	11,922	10,466	-	10,466
Other current assets	2,176	-	2,176	2,135	1	2,136
Cash and cash equivalents	5,164	-	5,164	7,015	-	7,015
	36,157	-	36,157	35,585	1	35,586
Assets held for sale	1,618	-	1,618	381	-	381
TOTAL ASSETS	168,562	22	168,584	169,805	86	169,891

	at Dec. 31, 2010	New EEC policy	at Jan. 1, 2011 restated	at Dec. 31, 2011	New EEC policy	at Dec. 31, 2011 restated
LIABILITIES AND SHAREHOLDERS' EQUITY						
Equity attributable to the shareholders of the Parent Company						
Share capital	9,403	-	9,403	9,403	-	9,403
Other reserves	10,791	-	10,791	10,348	-	10,348
Retained earnings/(loss carried forward)	17,795	(105)	17,690	19,039	(140)	18,899
	37,989	(105)	37,884	38,790	(140)	38,650
Non-controlling interests	15,877	-	15,877	15,650	-	15,650
TOTAL SHAREHOLDERS' EQUITY	53,866	(105)	53,761	54,440	(140)	54,300
Non-current liabilities						
Long-term loans	52,440	-	52,440	48,703	-	48,703
Post-employment and other employee benefits	3,069	-	3,069	3,000	-	3,000
Provisions for risks and charges	9,026	127	9,153	7,831	226	8,057
Deferred tax liabilities	11,336	-	11,336	11,505	-	11,505
Non-current financial liabilities	2,591	-	2,591	2,307	-	2,307
Other non-current liabilities	1,244	-	1,244	1,313	-	1,313
	79,706	127	79,833	74,659	226	74,885
Current liabilities						
Short-term loans	8,209	-	8,209	4,799	-	4,799
Current portion of long-term loans	2,999	-	2,999	9,672	-	9,672
Trade payables	12,373	-	12,373	12,931	-	12,931
Income tax payable	687	-	687	671	-	671
Current financial liabilities	1,672	-	1,672	3,668	-	3,668
Other current liabilities	8,052	-	8,052	8,907	-	8,907
	33,992	-	33,992	40,648	-	40,648
Liabilities held for sale	998	-	998	58	-	58
TOTAL LIABILITIES	114,696	127	114,823	115,365	226	115,591
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	168,562	22	168,584	169,805	86	169,891

5

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:

2011

> disposal, on February 24, 2011, of Compañía Ameri-

cana 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 and permitting full line-by-line consolidation;
- > loss of control, as from April 1, 2011, 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. Accordingly, 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;
- > acquisition, on June 9, 2011, of an additional 50% of TP - Sociedade Térmica Portuguesa, as a result of which the Group acquired full control of the company, whereas prior to the acquisition it had exercised joint control. As from that date the company is consolidated on a full line-by-line basis;
- > 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 Netherlands BV. These companies respectively owned 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 SF 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 Group acquired joint control of the company (with proportionate consolidation), 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%, which had given it joint control with Electricité de France; as from that date the company has been consolidated on a line-by-line basis.

2012

- > acquisition, on January 13, 2012, of an additional 49% of Rocky Ridge Wind Project, which was already a subsidiary (consolidated line-by-line) controlled through a 51% stake;
- > acquisition, on February 14, 2012, of the remaining 50% of Enel Stocaggi, a company in which the Group already held a 50% interest. As from that date the company has been consolidated on a line-by-line basis (previously consolidated proportionately in view of the joint control exercised);
- > acquisition, on June 27, 2012, of the remaining 50% of a number of companies in the Kafireas wind power pipeline in Greece, which had previously been included under "Elica 2" and accounted for using the equity method in view of its 30% stake; as from that date the companies have therefore been consolidated on a line-by-line basis;
- > acquisition, on June 28, 2012, of 100% of Stipa Nayaa, a Mexican company operating in the wind generation sector;
- > disposal, on August 2, 2012, of the entire capital of Water & Industrial Services Company (Wisco), which operates in the waste water treatment sector in Italy;
- > disposal, on October 9, 2012, of the entire share capital of Endesa Ireland, a company operating in the generation of electricity;
- > acquisition, on October 12, 2012, of the additional 58% of Trade Wind Energy, a company in which the Group had held a stake of 42%; as a result of the purchase, the company is no longer consolidated using the equity method but is consolidated on a line-by-line basis;
- > acquisition, on December 21, 2012, of 99.9% of Eólica Zopilopan, a Mexican company operating in the wind generation sector.

Business combinations in 2012

As regards the acquisitions referred to above that represent a business combination and in compliance with the provision of IFRS 3 (Revised), the following table reports the impact of the initial recognition of those transactions. In particular, for all the business combinations referred to

below, the recognition of the difference, where positive, between the cost of the transaction and the fair value, at their respective acquisition dates, of the assets acquired and the liabilities and contingent liabilities assumed has been carried out on a provisional basis under "Goodwill"

pending completion of the process of allocating the purchase price as provided for in the accounting standard cited above. For transactions involving a step acquisition of control, the remeasurement at fair value of the interest

already held prior to the transaction had a total financial impact of €16 million (essentially in respect of Trade Wind Energy in the amount of €11 million).

Millions of euro

	Kafireas pipeline	Stipa Naya	Eólica Zopiloapan	Other minor operations ⁽¹⁾	Total
Property, plant and equipment	-	113	105	4	222
Intangible assets	-	-	-	26	26
Cash and cash equivalents	32	-	-	17	49
Other current and non-current assets	-	18	15	10	43
Current and non-current liabilities	(31)	(6)	(8)	(6)	(51)
Net assets acquired	1	125	112	51	289
Goodwill	57	14	14	17	102
Price of the transaction	58	139	126	68	391
Cash flow impact 2012	10 ⁽²⁾	120 ⁽³⁾	-	63	193

(1) Includes Trade Wind Energy, Enel Stocaggi, Enel Green Power Sharp and Solar Energy, Sociedad Eólica Los Lances and other minor companies in Greece.

(2) Net of price paid for acquisition of 30% of share capital in 2008 and advances paid in 2011 (for a total of €34 million) and the amount still to be paid (€14 million).

(3) Net of advances paid in 2011 (€19 million).

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, CO₂ certificates and electricity in the main European countries) using finan-

cial 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. 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 2012 is equal to about €31 million.

The scale of transactions in derivatives outstanding at December 31, 2012, is reported below, with specification of the fair value and notional amount of each class of instrument.

The fair value of a derivative contract 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 exchange rates at the reference date provided by the European Central Bank.

Where possible, contracts relating to commodities are measured using market prices related to the same regula-

ted 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 are 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 end-year exchange rates provided by the European Central Bank.

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 i) hedging the risk of changes in cash flows associated with long-term floating-rate borrowings; ii) hedging the exchange rate risk associated with long-term debt denominated in currencies other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) the provisioning of fuels priced in currencies other than the currency of account or the functional currency in which the company that made the purchase operates; iv) contracts to hedge fluctuations in the prices in the sale of electricity (two-way contracts for differences and other energy derivatives); and v) 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 consoli-

ation 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 is 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, 2012 and December 31, 2011 broken down by type of contract.

Millions of euro	Notional amount	
	2012	2011
Interest rate swaps	8,294	12,984
Interest rate options	50	2,700
Total	8,344	15,684

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2012 and December 31, 2011, broken down by designation (IAS 39).

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011
Cash flow hedge derivatives								
Interest rate swaps	6,433	10,007	(686)	(613)	5	6	(691)	(619)
Interest rate options	-	1,000	-	(8)	-	-	-	(8)
Fair value hedge derivatives								
Interest rate swaps	83	83	17	14	17	14	-	-
Trading derivatives								
Interest rate swaps	1,778	2,894	(110)	(122)	4	6	(114)	(128)
Interest rate options	50	1,700	(7)	(13)	-	-	(7)	(13)
Total interest rate swaps	8,294	12,984	(779)	(721)	26	26	(805)	(747)
Total interest rate options	50	2,700	(7)	(21)	-	-	(7)	(21)
TOTAL INTEREST RATE DERIVATIVES	8,344	15,684	(786)	(742)	26	26	(812)	(768)

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 at Dec. 31, 2012	Distribution of expected cash flows					
		2013	2014	2015	2016	2017	Beyond
CFH on interest rates							
Positive fair value	5	-	(5)	-	-	-	-
Negative fair value	(691)	(198)	(177)	(108)	(63)	(47)	(185)
FVH on interest rates							
Positive fair value	17	3	3	3	3	1	5
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on interest rates							
Positive fair value	4	3	2	1	-	-	-
Negative fair value	(121)	(51)	(20)	(8)	(7)	(6)	(52)

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, 2012, 17% of net long-term financial debt was floating rate (31% at December 31, 2011). Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 3% of the debt was exposed to interest rate risk at December 31, 2012 (9% at December 31, 2011). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure would be 1% (4% at December 31, 2011).

If interest rates had been 25 basis points higher at December 31, 2012, all other variables being equal, shareholders' equity would have been €79.4 million higher (€68.3 million at December 31, 2011) 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 €79.4 million lower (€68.3 million at December 31, 2011) 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 €1 million.

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

- > debt denominated in currencies other than the currency of account or the functional currency 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, 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 notional amounts denominated in different currencies,

these instruments differ from interest rate swaps in that they provide both for 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 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, 2012 and December 31, 2011, broken down by type of hedged item.

Millions of euro	Notional amount	
	2012	2011
Cross currency interest rate swaps (CCIRs) hedging debt denominated in currencies other than the euro	13,892	14,442
Currency forwards hedging exchange rate risk on commodities	6,250	7,273
Currency forwards hedging future cash flows in currencies other than euro	1,348	1,232
Currency swaps hedging commercial paper	232	240
Currency forwards hedging credit lines	201	201
Total	21,923	23,388

More specifically, these include:

- > CCIRs with a notional amount of €13,892 million to hedge the exchange rate risk on debt denominated in currencies other than the euro (€14,442 million at December 31, 2011);
- > currency forwards with a total notional amount of €7,598 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 (€8,505 million at December 31, 2011);
- > currency swaps with a total notional amount of €232 million used to hedge the exchange rate risk associated with redemptions of commercial paper issued in currencies other than the euro (€240 million at December 31, 2011);
- > 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 (€201 million at December 31, 2011).

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2012 and December 31, 2011, broken down by designation (IAS 39).

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011
Cash flow hedge derivatives:								
- currency forwards	3,458	3,751	(83)	297	4	304	(87)	(7)
- CCIRSs	13,631	13,985	(847)	(347)	927	1,297	(1,774)	(1,644)
Fair value hedge derivatives:								
- CCIRSs	261	457	18	18	23	30	(5)	(12)
Trading derivatives:								
- currency forwards	4,573	5,195	35	18	74	153	(39)	(135)
Total forwards	8,031	8,946	(48)	315	78	457	(126)	(142)
Total CCIRS	13,892	14,442	(829)	(329)	950	1,327	(1,779)	(1,656)
TOTAL EXCHANGE RATE DERIVATIVES	21,923	23,388	(877)	(14)	1,028	1,784	(1,905)	(1,798)

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 at Dec. 31, 2012	Distribution of expected cash flows					
		2013	2014	2015	2016	2017	Beyond
CFH on exchange rates							
Positive fair value	931	140	235	90	(32)	137	773
Negative fair value	(1,861)	(183)	(286)	(360)	(208)	(67)	(340)
FVH on exchange rates							
Positive fair value	23	11	5	12	(3)	2	(2)
Negative fair value	(5)	-	1	1	1	1	1
Trading derivatives on exchange rates							
Positive fair value	74	71	3	-	-	-	-
Negative fair value	(39)	(46)	(1)	-	-	-	-

An analysis of the Group's debt shows that 29% of medium- and long-term debt (30% at December 31, 2011) is denominated in currencies other than the euro.

Taking account of exchange rate hedges and the portion of debt denominated in the currency of account or the functional currency of the Group company holding the debt position operates, the proportion of unhedged debt decreases to about 2% (4% at December 31, 2011), a proportion that is felt would not have a significant impact on the Group's earnings in the event of a change in market exchange rates.

At December 31, 2012, assuming a 10% appreciation of the euro against the foreign currencies involved, all other variables being equal, shareholders' equity would have been €1,689 million lower (€1,650 million at December 31, 2011) 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 foreign currencies involved, all other variables being equal, shareholders' equity would have been €2,064 million higher (€2,028 million at December 31, 2011) 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, 2012 and December 31, 2011.

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011
Cash flow hedge derivatives:								
- derivatives on energy	1,847	1,753	19	(54)	23	18	(4)	(72)
- derivatives on coal	1,507	880	(141)	(62)	-	-	(141)	(62)
- derivatives on gas	585	584	(5)	(10)	-	1	(5)	(11)
Trading derivatives:								
- derivatives on energy	13,371	18,956	66	40	84	81	(18)	(41)
- swaps on oil commodities	3,380	8,488	(66)	(27)	1,346	1,847	(1,412)	(1,874)
- futures/options on oil commodities	4,661	1,450	5	(7)	80	30	(75)	(37)
- derivatives on coal	1,724	332	(3)	(2)	84	20	(87)	(22)
- embedded derivatives	126	268	(122)	(267)	-	-	(122)	(267)
TOTAL COMMODITY DERIVATIVES	27,201	32,711	(247)	(389)	1,617	1,997	(1,864)	(2,386)

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 ta-

ble shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2012 (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, 2012			
Fair value of cash flow hedge derivatives on energy	107	19	(70)
Fair value of cash flow hedge derivatives on coal	(227)	(141)	11
Fair value of cash flow hedge derivatives on gas	(35)	(5)	26

The following table shows the fair value of derivatives and the consequent impact on the income statement and shareholders' equity at December 31, 2012 (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, 2012			
Fair value of trading derivatives on energy	42	66	172
Fair value of trading derivatives on oil commodities	(88)	(61)	(33)
Fair value of trading derivatives on coal	(31)	(3)	(38)

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, 2012 came to a negative €122 million, composed of:

a. an embedded derivative on the EUR/USD exchange rate whose fair value at December 31, 2012 was a ne-

gative €74 million;

b. a derivative on the price of gas whose fair value at December 31, 2012 was a negative €48 million.

The following tables show the fair value at December 31, 2012, 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%	(79)
Scenario at Dec. 31, 2012	(74)
Increase of 10%	(69)

Fair value embedded derivative (b)

Millions of euro	Gas price
Decrease of 10%	(48)
Scenario at Dec. 31, 2012	(48)
Increase of 10%	(48)

The following table reports the cash flows expected in subsequent years from these financial derivatives on commodities.

Millions of euro	Fair value		Distribution of expected cash flows				
	at Dec. 31, 2012	2013	2014	2015	2016	2017	Beyond
Cash flow hedge derivatives							
Positive fair value	23	15	2	2	2	2	-
Negative fair value	(150)	(134)	(16)	-	-	-	-
Trading derivatives							
Positive fair value	1,594	1,443	131	7	6	7	-
Negative fair value	(1,714)	(1,591)	(111)	(4)	(4)	(4)	-

Credit risk

As part of the sale and distribution of electricity and gas to eligible customers, the selection of counterparties is monitored through the assessment of the related credit risk and the request for suitable guarantees and/or security deposits to ensure adequate protection from counterparty default risk.

Open positions in financial derivatives are entered into with leading Italian and international financial institutions, diversifying the exposure among different institutions and constantly monitoring their credit ratings.

In addition, 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 regards the credit risk associated with the solvency of counterparties in commodities transactions, the Group uses a centralized assessment system that enhances the monitoring and governance of the risk.

Liquidity risk

Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized Treasury function, 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.

Underscoring the Enel Group's continued capacity to access the credit market despite the financial market crisis, in 2012 the Group carried out bond issues with retail investors totaling €3 billion and bond issues within the framework of the Global Medium-Term Notes program totaling €4 billion.

To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, in particular specific segments of the commercial portfolio. More specifically, in 2011 a five-year framework agreement was reached with two leading banks for the ongoing non-recourse assignment of invoiced receivables and receivables to be invoiced in respect of customers in the enhanced protection market in Italy.

In 2012, partly in view of the macroeconomic environment, the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).

All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

At December 31, 2012, the Enel Group had a total of about €10 billion in cash or cash equivalents, of which €2 billion held by Endesa, as well as total committed credit lines of €16 billion, of which €3.2 billion held by Endesa. The limits on the committed credit lines amounted to €21.9 billion (€5.9 billion drawn), of which €3.6 billion held by Endesa (€0.4 billion drawn). In addition, the Group had uncommitted credit lines totaling €1.5 billion (€0.1 billion drawn), of which €1.2 billion held by Endesa (€3 million drawn).

Finally, the Group has outstanding commercial paper programs with a maximum ceiling of about €9.3 billion (€2.9 billion drawn), of which €3.3 billion held by Endesa through its subsidiaries (€0.4 billion drawn).

6.1 Derivatives contracts classified under non-current financial assets – €953 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		Change
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	
Cash flow hedge derivatives:					
- interest rates	25	224	5	6	(1)
- exchange rates	7,227	9,326	890	1,302	(412)
- commodities	34	30	7	10	(3)
Total	7,286	9,580	902	1,318	(416)
Fair value hedge derivatives:					
- interest rates	83	83	17	14	3
- exchange rates	254	262	23	30	(7)
Total	337	345	40	44	(4)
Trading derivatives:					
- interest rates	45	75	4	6	(2)
- exchange rates	92	181	1	13	(12)
- commodities	40	64	6	6	-
Total	177	320	11	25	(14)
TOTAL	7,800	10,245	953	1,387	(434)

At December 31, 2012, the notional amount of the cash flow hedge derivative contracts classified as non-current financial assets came to €7,286 million, with the corresponding fair value of €902 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.

Developments in the euro exchange rate against the main currencies caused the notional amount and fair value of these derivatives to decline. For some derivatives positions, this change led to the reclassification to "non-current financial liabilities" of a notional amount of €1,274 million

in respect of transactions that at December 31, 2011 had been classified under "non-current financial assets".

Commodity derivatives include derivatives on energy with a fair value of €7 million classified as cash flow hedges. Trading derivatives essentially regard energy transactions entered into by Endesa (with a fair value of €2 million) and contracts for differences (CFD) entered into by Enel Produzione (with a fair value of €5 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, 2012						
Cash flow hedge derivatives:							
- interest rates	5	-	5	-	-	-	-
- exchange rates	890	-	890	-	-	-	-
- commodities	7	-	7	-	-	-	-
Total	902	-	902	-	-	-	-
Fair value hedge derivatives:							
- interest rates	17	-	17	-	-	-	-
- exchange rates	23	-	23	-	-	-	-
Total	40	-	40	-	-	-	-
Trading derivatives:							
- interest rates	4	-	4	-	-	-	-
- exchange rates	1	-	1	-	-	-	-
- commodities	6	1	5	-	-	-	-
Total	11	1	10	-	-	-	-
TOTAL	953	1	952	-	-	-	-

6.2 Derivatives contracts classified under current financial assets – €1,718 million

The following table reports the notional amount and fair value of the derivative contracts, broken down by type and designation.

Millions of euro	Notional amount		Fair value		Change
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	
Cash flow hedge derivatives:					
- exchange rates	1,139	3,571	41	299	(258)
- commodities	1,693	835	16	9	7
Total	2,832	4,406	57	308	(251)
Trading derivatives:					
- exchange rates	2,298	2,604	73	140	(67)
- commodities	16,395	5,319	1,588	1,972	(384)
Total	18,693	7,923	1,661	2,112	(451)
TOTAL	21,525	12,329	1,718	2,420	(702)

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 decrease 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 €16 million

and trading derivatives with a fair value of €78 million, as well as hedge transactions related to fuels and other commodities classified as trading derivatives, with a fair value of €1,510 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	Fair value		
	Level 1	Level 2	Level 3
at Dec. 31, 2012			
Cash flow hedge derivatives:			
- exchange rates	41	41	-
- commodities	16	14	-
Total	57	55	-
Trading derivatives:			
- exchange rates	73	73	-
- commodities	1,588	1,285	-
Total	1,661	1,358	-
TOTAL	1,718	1,413	-

The balance for Level 1 essentially regards positions in futures on CO₂, on Brent listed on the Intercontinental Exchange (ICE) and on gas listed on the main natural gas spot markets (NBP, TTF, NCG, PEG, etc.).

6.3 Derivatives contracts classified under non-current financial liabilities – €2,553 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		Change
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	
Cash flow hedge derivatives:					
- interest rates	6,405	6,316	691	600	91
- exchange rates	5,955	4,314	1,777	1,495	282
- commodities	282	-	16	-	16
Total	12,642	10,630	2,484	2,095	389
Fair value hedge derivatives:					
- exchange rates	7	11	5	6	(1)
Total	7	11	5	6	(1)
Trading derivatives:					
- interest rates	763	698	62	66	(4)
- exchange rates	30	37	1	3	(2)
- commodities	46	166	1	137	(136)
Total	839	901	64	206	(142)
TOTAL	13,488	11,542	2,553	2,307	246

At December 31, 2012, the notional amount of derivatives classified under non-current financial liabilities came to €13,488 million, with a corresponding fair value of €2,553 million. Compared with December 31, 2011, these represent increases of €1,946 million and €246 million, respectively.

The decline in the fair value of the cash flow hedge derivatives on interest rates is mainly due to the broad decline in the yield curve over the course of the year.

New natural hedge transactions on interest rates amounted to about €1,000 million. They were entered into during the year to cover loans granted to the Renewable Energy Division and new private placements by Enel Finance International.

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 euro against the hedged currencies. The increase in the notional amount is mainly associated with the reclassification noted earlier as well as new CCIRs in the amount of €398 million.

Commodity derivatives classified as cash flow hedges regard hedges on coal and related shipping contracts with a fair value of €16 million.

Trading derivatives on commodities include derivatives on energy entered into by Endesa with a fair value of €1 million. 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, 2012				
Cash flow hedge derivatives:				
- interest rates	691	-	691	-
- exchange rates	1,777	-	1,777	-
- commodities	16	2	14	-
Total	2,484	2	2,482	-
Fair value hedge derivatives:				
- exchange rates	5	-	5	-
Total	5	-	5	-
Trading derivatives:				
- interest rates	-	-	62	-
- exchange rates	1	-	1	-
- commodities	1	-	1	-
Total	64	-	64	-
TOTAL	2,553	2	2,551	-

6.4 Derivatives contracts classified under current financial liabilities – €2,028 million

The following table shows the notional amount and fair value of the derivative contracts.

Millions of euro	Notional amount		Fair value		Change
	at Dec. 31, 2012	at Dec. 31, 2011	at Dec. 31, 2012	at Dec. 31, 2011	
Cash flow hedge derivatives:					
- interest rates	3	4,467	-	27	(27)
- exchange rates	2,768	525	84	156	(72)
- commodities	1,930	2,352	134	145	(11)
Total	4,701	7,344	218	328	(110)
Fair value hedge derivatives:					
- exchange rates	-	184	-	6	(6)
Total	-	184	-	6	(6)
Trading derivatives:					
- interest rates	1,020	3,821	59	75	(16)
- exchange rates	2,153	2,373	38	132	(94)
- commodities	6,781	23,945	1,713	2,104	(391)
Total	9,954	30,139	1,810	2,311	(501)
TOTAL	14,655	37,667	2,028	2,645	(617)

The substantial decrease in the notional amount of cash flow hedge derivatives on interest rates is entirely attributable to the natural expiry of such transactions in 2012, in particular those hedging the debt entered into by Enel SpA and Enel Finance International in 2007 (a notional of €2,100 million) in respect of the syndicated credit line with an original value of €35 billion, as well as derivatives contracts entered into by Endesa in the amount of €2,350 million.

The rise in the fair value of cash flow hedge and trading derivatives on exchange rates, mainly in respect of transactions on energy commodities carried out by Endesa, is essentially attributable to normal operations.

Cash flow hedge derivatives on commodities regard energy derivatives with a fair value of €4 million and hedges of gas and coal in the amount of €130 million; trading derivatives include contracts on fuels and other commodities

with a fair value of €1,574 million, trading operations in energy with a fair value of €17 million and embedded de-

rivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €122 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, 2012				
Cash flow hedge derivatives:				
- exchange rates	84	-	84	-
- commodities	134	4	130	-
Total	218	4	214	-
Trading derivatives:				
- interest rates	59	-	59	-
- exchange rates	38	-	38	-
- commodities	1,713	1,001	664	48
Total	1,810	1,001	761	48
TOTAL	2,028	1,005	975	48

The balance for Level 1 essentially regards positions in futures on CO₂, on Brent listed on the Intercontinental Exchange (ICE) and on gas listed on the main natural gas spot markets (NBP, TTF, NCG, PEG, etc.).

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.

The associated changes in value in 2012 are reported in the following table.

Millions of euro	Embedded derivatives of Slovenské elektrárne
Opening balance at January 1, 2012	128
(Gains)/Losses in income statement	(80)
Closing balance at December 31, 2012	48

The gains and losses recognized through profit or loss for the period include €81 million in respect of the decrease in

the operating result and €1 million in respect of higher net financial expense.

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 2012 and 2011

Results for 2012 ⁽¹⁾

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	18,170	18,862	3,818	33,708	8,015	2,215	101	84,889
Revenues from other segments	181	6,375	4,299	461	688	481	(12,485)	-
Total revenues	18,351	25,237	8,117	34,169	8,703	2,696	(12,384)	84,889
Total costs	17,679	24,097	3,979	26,796	7,110	1,009	(12,481)	68,189
Net income/(charges) from commodity risk management	17	131	-	(161)	57	(6)	-	38
Depreciation and amortization	87	626	925	2,892	453	487	126	5,596
Impairment losses/Reversals	419	(40)	69	2,663	219	73	4	3,407
Operating income	183	685	3,144	1,657	978	1,121	(33)	7,735
Capital expenditure	97	403	1,497	2,497 ⁽²⁾	1,161	1,257	163 ⁽³⁾	7,075

(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 €73 million regarding units classified as "Held for sale".

(3) Does not include €1 million regarding units classified as "Held for sale".

Results for 2011 restated ⁽¹⁾⁽²⁾

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	17,568	17,130	3,212	32,082	7,071	1,927	524	79,514
Revenues from other segments	163	6,014	4,248	565	644	612	(12,246)	-
Total revenues	17,731	23,144	7,460	32,647	7,715	2,539	(11,722)	79,514
Total costs	17,214	21,167	3,287	25,424	6,051	944	(11,906)	62,181
Net income/(charges) from commodity risk management	44	232	-	28	(22)	(10)	-	272
Depreciation and amortization	76	595	893	2,749	430	428	99	5,270
Impairment losses/ Reversals	344	(3)	21	445	150	77	23	1,057
Operating income	141	1,617	3,259	4,057	1,062	1,080	62	11,278
Capital expenditure	90	431	1,383	2,491 ⁽³⁾	1,450 ⁽⁴⁾	1,557	82	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) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for white certificates.

(3) Does not include €101 million regarding units classified as "Held for sale".

(4) Does not include €4 million regarding units classified as "Held for sale".

Financial position by segment

At December 31, 2012

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Property, plant and equipment	34	9,833	15,212	38,481	10,085	9,124	559	83,328
Intangible assets	780	687	125	29,037	2,840	2,202	299	35,970
Trade receivables	4,198	3,564	2,149	3,746	773	571	(3,282)	11,719
Other	263	2,180	757	2,661	463	294	80	6,698
Operating assets	5,275	16,264	18,243	73,925	14,161 ⁽¹⁾	12,191	(2,344)	137,715
Trade payables	3,874	3,765	2,669	5,154	1,058	1,072	(3,688)	13,904
Sundry provisions	216	1,150	1,929	4,766	2,919	149	582	11,711
Other	1,886	533	2,943	3,154	1,230	479	(88)	10,137
Operating liabilities	5,976	5,448	7,541	13,074	5,207 ⁽²⁾	1,700	(3,194)	35,752

(1) Of which €218 million regarding units classified as "Held for sale".

(2) Of which €2 million regarding units classified as "Held for sale".

At December 31, 2011 restated ⁽¹⁾

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Property, plant and equipment	28	10,000	14,693	37,871	9,528	8,277	444	80,841
Intangible assets	776	715	117	32,073	2,979	2,157	323	39,140
Trade receivables	4,072	3,871	1,783	3,959	598	528	(3,218)	11,593
Other	333	1,936	867	2,221	375	242	69	6,043
Operating assets	5,209	16,522	17,460	76,124 ⁽²⁾	13,480	11,204 ⁽⁴⁾	(2,382) ⁽⁵⁾	137,617
Trade payables	4,030	3,560	2,101	4,688	1,024	1,035	(3,504)	12,934
Sundry provisions	172	1,038	1,624	4,512	3,010	144	589	11,089
Other	1,848	506	2,919	2,652	1,220	296	(111)	9,330
Operating liabilities	6,050	5,104	6,644	11,852 ⁽³⁾	5,254	1,475	(3,026) ⁽⁶⁾	33,353

(1) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for white certificates.

(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) Of which €4 million regarding units classified as "Held for sale".

(5) Of which €3 million regarding units classified as "Held for sale".

(6) Of which €4 million regarding units classified as "Held for sale".

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro

	at at Dec. 31, 2011	
	Dec. 31, 2012	restated
Total assets	171,656	169,891
Equity investments accounted for using the equity method	1,115	1,085
Non-current financial assets	5,518	6,325
Current financial assets	9,381	10,466
Cash and cash equivalents	9,891	7,015
Deferred tax assets	6,305	6,116
Tax receivables	1,631	1,251
Financial and tax assets of "Assets held for sale"	100	16
Segment assets	137,715	137,617
Total liabilities	118,498	115,591
Long-term loans	55,959	48,703
Non-current financial liabilities	2,553	2,307
Short-term loans	3,970	4,799
Current portion of long-term loans	4,057	9,672
Current financial liabilities	3,138	3,668
Deferred tax liabilities	11,753	11,505
Income tax payable and other tax payables	1,309	1,559
Financial and tax liabilities of "Liabilities held for sale"	7	25
Segment liabilities	35,752	33,353

Information on the Consolidated Income Statement

Revenues

8.a Revenues from sales and services – €82,699 million

Millions of euro

	2012	2011 restated	Change
Revenues from the sale and transport of electricity and contributions from the Electricity Equalization Fund and similar bodies	71,322	68,308	3,014
Revenues from the sale and transport of natural gas to end users	4,402	3,624	778
Revenues from fuel sales	1,931	994	937
Connection fees for the electricity and gas networks	1,413	1,422	(9)
Revenues from the sale of green certificates	579	359	220
Revenues for contract work in progress	21	53	(32)
Other sales and services	3,031	2,813	218
Total	82,699	77,573	5,126

“Revenues from the sale and transport of electricity and contributions from the Electricity Equalization Fund and similar bodies” amounted to €71,322 million (€68,308 million in 2011). Among other items, they include €35,151 million in revenues from the sale of electricity to end users (€33,948 million in 2011), €17,802 million in revenues from the sale of electricity to wholesale buyers (€15,808 million in 2011), €5,710 million in revenues from electricity trading activities (€6,653 million in 2011), and €10,636 million in revenues from the transport of electricity (€10,098 million in 2011).

“Revenues from the sale and transport of natural gas to end users” came to €4,402 million in 2012 and include €2,473 million in revenues from the sale and transport of natural gas in Italy (€2,099 million in 2011) and €1,929 million in sales of natural gas abroad (€1,525 million in 2011).

“Revenues from fuel sales” amounted to €1,931 million in 2012, which includes €1,460 million in sales of natural gas (€641 million in 2011), while the sale of other fuels amounted to €471 million (€353 million in 2011).

The table below gives a breakdown of revenues from sales and services by geographical area.

Millions of euro

	2012	2011 restated
Italy	32,695	30,678
Europe – EU	35,034	33,552
Europe – non-EU	3,390	2,846
Americas	11,006	10,338
Other	574	159
Total	82,699	77,573

8.b Other revenues and income – €2,190 million

Millions of euro

	2012	2011 restated	Change
Cost contributions and other fees	99	81	18
Sundry reimbursements	195	184	11
Gains on disposal of assets	6	71	(65)
Measurement at fair value after changes in control	16	358	(342)
Gains on sale of property, plant and equipment and intangible assets	43	57	(14)
Service continuity bonuses	99	158	(59)
Proceeds from reimbursement of charges for elimination of Electrical Worker Pension Fund	615	-	615
Other revenues	1,117	1,032	85
Total	2,190	1,941	249

“Cost contributions and other fees” regard revenues on certain connections to the electricity and gas networks. “Sundry reimbursements” are accounted for by reimbursements from customers and suppliers in the amount of €136 million (€66 million in 2011) and insurance settlements totaling €59 million (€118 million in 2011).

The gain from “measurement at fair value after changes in control” regarded the remeasurement of the net assets already held by the Group prior to the acquisition of an additional equity interest that resulted in obtaining full control of Trade Wind Energy (€11 million), Sociedad Eólica Los Lances (€4 million) and Enel Stocaggi (€1 million).

Following the transaction that led to the acquisition of the entire share capital of Trade Wind Energy, the clause of the agreement that the latter signed with Enel Green Power North America regarding the payment of a suc-

cess fee as part of acquisition of the Caney River project by Enel Green Power North America was cancelled, with the recognition of “other revenues” in the amount of €31 million.

“Proceeds from reimbursement of charges for elimination of Electrical Worker Pension Fund” regards the authorization of the reimbursement by the Italian Authority for Electricity and Gas with its Resolution no. 157/2012. More specifically, the Resolution gives Enel Distribuzione the full and unconditional right to receive the amount set as reimbursement of the prior-year costs incurred for the elimination of the pension fund, establishing an installment plan (running until 2020) of equal payments, which although it represents the restitution of operating expenses is in fact of a financial nature comparable to a loan made to the system.

Costs

9.a Raw materials and consumables – €46,130 million

Millions of euro

	2012	2011 restated	Change
Electricity	30,080	29,045	1,035
Fuel and gas	13,272	11,456	1,816
Materials	2,778	2,400	378
Total	46,130	42,901	3,229
- of which capitalized costs for materials	(988)	(963)	(25)

Purchases of "electricity" comprise those from the Single Buyer in the amount of €5,992 million (€6,096 million in 2011) and purchases from the Energy Markets Operator in the amount of €7,252 million (€6,950 million in 2011). The increase is primarily attributable to bilateral contracts and

the rise in the purchase cost of electricity on power exchanges and from over-the-counter counterparties.

Purchases of "fuel and gas" include €6,630 million in natural gas purchases (€5,328 million in 2011) and €6,642 million in purchases of other fuels (€6,128 million in 2011).

9.b Services – €15,738 million

Millions of euro

	2012	2011 restated	Change
Electricity and gas wheeling	9,819	8,701	1,118
Maintenance and repairs	1,377	1,369	8
Telephone and postal costs	276	273	3
Communication services	130	160	(30)
IT services	254	242	12
Leases and rentals	569	571	(2)
Other	3,313	3,124	189
Total	15,738	14,440	1,298

Costs for services came to €15,738 million in 2012, rising with respect to 2011 largely due to an increase in electricity wheeling as a result of the increase in transport rates.

The increase in "other" services is mainly due to higher incidental costs associated with the sale of power, including transport capacity rights.

9.c Personnel – €4,860 million

Millions of euro

	2012	2011 restated	Change
Wages and salaries	3,511	3,335	176
Social security contributions	896	870	26
Post-employment benefits	119	120	(1)
Other costs	334	(29)	363
Total	4,860	4,296	564
- of which capitalized	(759)	(748)	(11)

Personnel costs amounted to €4,860 million in 2012, an increase of €564 million. The workforce contracted by 1,658, due to the effect of the balance between hirings and terminations (a decrease of 1,527 employees) and the change in the scope of consolidation (a decrease of 131) connected with the disposals of Endesa Ireland and Wisco. In 2011, "other costs" reflected the completion of the early retirement incentive program as well as the positive impact of the agreement reached during the year to elimi-

nate electricity discounts for employees in service in Italy, following which a gain from curtailment of €152 million was recognized.

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, 2012.

	Average number ⁽¹⁾			Headcount ⁽¹⁾
	2012	2011	Change	at Dec. 31, 2012 ⁽²⁾
Senior managers	1,176	1,219	(43)	1,123
Middle managers	14,431	13,908	523	14,766
Office staff	40,610	41,292	(682)	40,206
Workers	18,393	19,847	(1,454)	17,607
Total	74,610	76,266	(1,656)	73,702

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.

(2) Of which 37 in units classified as "Assets held for sale".

9.d Depreciation, amortization and impairment losses – €9,003 million

Millions of euro

	2012	2011 restated	Change
Depreciation	4,708	4,434	274
Amortization	888	836	52
Impairment losses	3,407	1,057	2,350
Total	9,003	6,327	2,676

"Depreciation and amortization" rose by €326 million in 2012 (comprising property, plant and equipment and intangible assets), essentially due the entry into service of a number of generation plants, as well as the reduction of the useful life of the Garoña nuclear plant in Spain, which is set to halt operations in 2013.

"Impairment losses" in 2012 mainly regard the impairment of the goodwill recognized on the Endesa-Iberian peninsula cash generating unit in the amount of €2,392 million, on Enel OGK-5 in the amount of €112 million and on Endesa Ireland in the amount of €67 million (after a writedown of

€105 million in 2011), with the company being sold during the year. The item also reports writedowns of trade receivables amounting to €588 million (€519 million in 2011) and the recognition of the writedown of the value of the net assets of Marcinelle Energie in the amount of €145 million following adjustment of that value to estimated realizable value. In 2011, the item reported 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 and Marcinelle Energie (an overall total of €96 million).

9.e Other operating expenses – €3,208 million

Millions of euro

	2012	2011 restated	Change
Provisions for risks and charges	468	47	421
Purchase of green certificates	488	155	333
Purchase of white certificates	324	266	58
Taxes and duties	1,225	1,146	79
Other	703	641	62
Total	3,208	2,255	953

Other operating expenses totaled €3,208 million, up €398 million in provisions for risks and charges made during the year and the revision of estimates for provisions costs for the purchase of green certificates and a rise of recognized in prior years.

9.f Capitalized costs – €(1,747) million

Capitalized costs consist of €759 million in personnel costs and €988 million in materials costs (compared with €748 million and €963 million, respectively, in 2011).

Net income/(charges) from commodity risk management

10. Net income/(charges) from commodity risk management – €38 million

Net income from commodity risk management reflects €219 million in net income realized on positions closed during the year and €181 million in unrealized net charges on open positions in derivatives at December 31, 2012.

Millions of euro

	2012	2011 restated	Change
Income			
Unrealized on positions open at the end of the period	1,368	1,969	(601)
Realized on positions closed during the period	220	1,426	(1,206)
Total income	1,588	3,395	(1,807)
Charges			
Unrealized on positions open at the end of the period	(1,549)	(1,857)	308
Realized on positions closed during the period	(1)	(1,266)	1,265
Total charges	(1,550)	(3,123)	1,573
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	38	272	(234)
- of which trading/non-IFRS-IAS hedge derivatives	88	237	(149)
- of which ineffective portion of CFH	(3)	(2)	(1)

11. Financial income/(expense) – €(3,003) million

Financial income

Millions of euro

	2012	2011 restated	Change
Total interest and other income from financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	49	65	(16)
- 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	284	256	28
Total interest and other income from financial assets	335	321	14
Foreign exchange gains	640	729	(89)
Income from derivative instruments:			
- income from cash flow hedge derivatives	218	568	(350)
- income from derivatives at fair value through profit or loss	273	516	(243)
- income from fair value hedge derivatives	34	45	(11)
Total income from derivative instruments	525	1,129	(604)
Income from equity investments	218	44	174
Other income	554	470	84
TOTAL FINANCIAL INCOME	2,272	2,693	(421)

Financial income amounted to €2,272 million, a decrease of €421 million compared with the previous year.

“Income from derivative instruments” came to €525 million, of which €380 million realized (€402 million in 2011) and €145 million unrealized (€727 million in 2011). The decrease for the year is mainly associated with developments in interest rates and exchange rates.

“Income from equity investments” for 2012 includes the proceeds from the disposal of the stake in Terna (€185 million).

“Other income” for 2012 include financial income in the total amount of €180 million recognized as an increase

in the financial assets recognized in application of IFRIC 12 in Brazil following the entry into force of the *Medida Provisória* no. 579/2012, which – in establishing that the payment due to the departing concession holder in restitution of the residual value of the assets serving the concession must be based on the replacement value of those assets – made it necessary to review the estimate of financial assets, which had previously been prudently recognized at their residual purchase cost. In 2011, the item included default interest relating to a decision resolving a tax dispute in the Group’s favor in Spain (€63 million).

Financial expense

Millions of euro

	2012	2011 restated	Change
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	577	600	(23)
- interest on bonds	2,206	1,893	313
- interest expense on other loans	149	259	(110)
- financial expense on securities at fair value through profit or loss	-	1	(1)
- commissions on unused lines of credit	38	21	17
Total interest expense and other charges on financial debt	2,970	2,774	196
Foreign exchange losses	573	1,146	(573)
Expense on derivative instruments:			
- expense on cash flow hedge derivatives	491	450	41
- expense on derivatives at fair value through profit or loss	269	542	(273)
- expense on fair value hedge derivatives	17	15	2
Total expense on derivative instruments	777	1,007	(230)
Accretion of post-employment and other employee benefits	359	281	78
Accretion of other provisions	259	247	12
Charges on equity investments	12	3	9
Other charges	325	259	66
TOTAL FINANCIAL EXPENSE	5,275	5,717	(442)

Financial expense totaled €5,275 million, down €442 million compared with 2011.

More specifically, the increase in "interest expense and other charges on financial debt", as well as the debt re-financing strategy to optimize the financial structure and lengthen the average maturity of the debt 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 €777 million, of which €534 million in realized charges (€623 million in 2011) and €243 million in unrealized charges (€384 million in 2011).

12. Share of income/(expense) from equity investments accounted for using the equity method – €88 million

Millions of euro

	2012	2011 restated	Change
Income from associates	123	112	11
Expense on associates	35	15	20
Total	88	96	(8)

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 the improvement in the ear-

nings of LaGeo (up €16 million) and Endesa Gas T&D (up €14 million), the impact of which was more than offset by decline in earnings of a number of small companies in the Renewable Energy Division.

13. Income taxes – €2,745 million

Millions of euro

	2012	2011 restated	Change
Current taxes	2,898	2,848	50
Adjustments for income taxes related to prior years	(319)	(55)	(264)
Deferred tax liabilities	483	273	210
Deferred tax assets	(317)	(39)	(278)
Total	2,745	3,027	(282)

Income taxes for 2012 amounted to €2,745 million, equal to 57.0% of taxable income, compared with 36.3% in 2011.

“Adjustments for income taxes related to prior years” for 2012 includes the effects of the recognition of the credit in respect of the reimbursement of IRES and the Robin Hood Tax for the non-deduction of IRAP for personnel expenses established by Decree Law 16/2012 in the total amount of €241 million.

“Deferred tax liabilities” reflect an adjustment of about €272 million of the deferred taxes of the Chilean and Slo-

vakian companies following the rise in tax rates in those two countries as from January 1, 2013, while “deferred tax assets” reflect, in addition to the same effect of the rise in tax rates (€138 million), a change connected with the recognition of an increase in provisions that cannot be recognized for tax purposes.

The following table reconciles the theoretical tax rate with the effective tax rate. Please note that the estimated tax liability of Group companies outside of Italy is €1,021 million (€924 million in 2011).

Millions of euro

	2012		2011 restated	
Income before taxes	4,820		8,350	
Theoretical taxes	1,326	27.5%	2,296	27.5%
Theoretical tax effect on impairment losses on goodwill	707	14.7%	55	0.7%
Permanent differences, effect of different foreign tax rates, and minor items	116	2.4%	(168)	-2.0%
IRES surtax (Decree Law 112/2008)	495	10.3%	506	6.1%
Difference on estimated income taxes from prior years for Italian companies	(272)	-5.6%	(14)	-0.2%
IRAP	373	7.7%	352	4.2%
Total	2,745	57.0%	3,027	36.3%

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, adjusted for the diluting effect of outstanding stock options (zero euro in both periods).

	2012	2011 restated	Change
Net income from continuing operations pertaining to shareholders of the Parent Company (millions of euro)	865	4,113	(3,248)
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)	865	4,113	(3,248)
Number of ordinary shares	9,403,357,795	9,403,357,795	-
Dilutive effect of stock options	-	-	-
Basic and diluted earnings per share (euro)	0.09	0.44	(0.35)
Basic and diluted earnings from continuing operations per share (euro)	0.09	0.44	(0.35)
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 publica-

tion 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 – €83,115 million

Changes in property, plant and equipment for 2011 and 2012 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	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 January 1, 2011 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 restated	580	5,302	63,554	92	367	1,070	71	9,556	80,592
Capital expenditure	6	58	1,633	20	68	13	5	4,633	6,436
Assets entering service	10	222	4,828	1	23	3	40	(5,127)	-
Exchange rate differences	8	29	363	-	(3)	8	-	63	468
Change in scope of consolidation	1	-	215	-	-	-	-	6	222
Depreciation	-	(237)	(4,261)	(21)	(105)	(58)	(18)	-	(4,700)
Impairment losses	(78)	32	(14)	-	-	-	-	(13)	(73)
Other changes	62	160	242	3	(30)	19	(1)	29	484
Remeasurement at fair value after changes in control	-	-	-	-	-	-	-	4	4
Reclassification from/to "Assets held for sale"	-	(4)	(314)	-	-	-	-	-	(318)
Total changes	9	260	2,692	3	(47)	(15)	26	(405)	2,523
Cost	589	11,101	149,109	433	1,463	1,275	261	9,151	173,382
Accumulated depreciation	-	5,539	82,863	338	1,143	220	164	-	90,267
Balance at December 31, 2012	589	5,562	66,246	95	320	1,055	97	9,151	83,115

"Plant and machinery" includes assets to be relinquished free of charge with a net carrying amount of €11,002 million (€12,513 million at December 31, 2011), €5,986 million of which related to power generation plants (€7,870 million

at December 31, 2011) and €3,688 million to Endesa's electricity distribution network (€3,749 million at December 31, 2011). The decrease for the year is largely attributable to regulatory changes introduced in Italy with Law 134/2012,

under which certain plants of the Group classified at December 31, 2011 as assets to be relinquished free of charge serving water diversion concessions for hydroelectric purposes (which expire on December 31, 2029) are now considered assets to be relinquished against consideration.

“Leased assets” include certain assets which the Group is using in Spain, France, Greece, Italy, 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%. The other lease agreements regard wind plants that the Group uses in France (with a term of 15 years), in Greece (with a term of 10 years) and in Italy (with a term of 18 years).

In Latin America, the assets relate to leased power transmission lines and plant (Ralco-Charrúa), with a residual term of 11 years on the lease at a 6.5% rate, as well as a number of combined cycle plants in Peru (residual lease term of four years 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, 2011		
2012	90	67
2013-2016	263	161
After 2016	750	532
Total	1,103	760

Millions of euro	Minimum lease payments	Present value
at Dec. 31, 2012		
2013	70	70
2014-2017	300	198
After 2017	687	492
Total	1,057	760

The table below summarizes capital expenditure in 2012 by category. These expenditures, totaling €6,436 million, fell by €409 million compared with 2011.

Millions of euro	2012	2011
Power plants:		
- thermal	952	1,272
- hydroelectric	656	516
- geothermal	214	113
- nuclear	802	878
- alternative energy resources	911	1,194
Total power plants	3,535	3,973
Electricity distribution network	2,782	2,668
Land, buildings and other assets and equipment	119	204
TOTAL	6,436	6,845

Capital expenditure on power plants totaled €3,535 million, a decrease of €438 million on the previous year. This mainly reflects lower investment in conventional thermal plants and nuclear power plants by the Latin America and International Divisions and lower investment in plants using alternative energy resources of the Renewable Energy Division. Capital expenditure for the electricity distribution network totaled €2,782 million, an increase of €114 million year on year.

The “change in scope of consolidation” for the period mainly concerned the acquisitions of the Mexican companies Stipa Nayaa and Eólica Zopilapan, which operate in the wind generation sector (€218 million).

“Impairment losses” on property, plant and equipment amounted to €150 million, partially offset by writebacks in respect of the Mercure plant in Italy (€41 million) and of assets in the Balearic Islands (€36 million), recognized following a favorable ruling by the Spanish courts.

“Other changes” include, among other items, the effect of the capitalization of interest on specific loans for capital expenditure in the amount of €91 million (€88 million in 2011).

“Remeasurement at fair value after changes in control” (€4 million), is attributable to the application of IAS 27 (Revised) to Sociedad Eólica Los Lances in the amount corresponding to the interest held prior to the acquisition of control.

“Reclassification to ‘Assets held for sale’” essentially reports the property, plant and equipment of the Belgian company Marcinelle Energie, which in view of the decisions taken by

management meets the requirements of IFRS 5 for classification as assets held for sale.

16. Intangible assets – €35,970 million

Changes in intangible assets for 2011 and 2012 are shown below.

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	Goodwill	Total
Cost	13	2,087	17,293	4,611	1,442	305	18,470	44,221
Accumulated amortization	-	1,583	933	1,371	799	-	-	4,686
Balance at January 1, 2011 restated	13	504	16,360	3,240	643	305	18,470	39,535
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)	317	(46)	(111)
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)	12	(128)	(486)
Cost	30	2,185	17,558	4,412	1,487	317	18,342	44,331
Accumulated amortization	9	1,609	1,262	1,466	936	-	-	5,282
Balance at December 31, 2011 restated	21	576	16,296	2,946	551	317	18,342	39,049
Capital expenditure	12	117	5	94	34	365	-	627
Assets entering service	(1)	130	19	143	25	(316)	-	-
Exchange rate differences	1	(2)	93	(300)	(5)	-	28	(185)
Change in scope of consolidation	1	-	35	-	-	19	113	168
Amortization	(4)	(250)	(289)	(213)	(128)	(4)	-	(888)
Impairment losses	-	-	2	-	(1)	-	(2,517)	(2,516)
Other changes	(3)	2	11	(202)	5	(63)	(3)	(253)
Remeasurement at fair value after changes in control	-	-	1	-	-	11	-	12
Reclassification from/to “Assets held for sale”	-	-	(44)	-	-	-	-	(44)
Total changes	6	(3)	(167)	(478)	(70)	12	(2,379)	(3,079)
Cost	41	2,432	17,605	4,196	1,570	329	15,963	42,136
Accumulated amortization	14	1,859	1,476	1,728	1,089	-	-	6,166
Balance at December 31, 2012	27	573	16,129	2,468	481	329	15,963	35,970

The “change in scope of consolidation” for the period, net of the increase in “goodwill”, mainly concerned the value attributed to the customer list acquired (on February 29, 2012 by Endesa Energia) in respect of gas customers in the Madrid metropolitan area, the acquisition of an additional 58% of Trade Wind Energy, a company in which the Group already held an interest of 42% (€18 million), and a number of acquisitions in Italy and Greece by the Renewable Energy Division.

“Remeasurement at fair value after changes in control” is attributable to the application of IAS 27 (Revised) to Trade Wind Energy (€11 million) and Enel Stoccaggi (€1 million) in the amount corresponding to the interest held prior to the acquisition of 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 €10,622 million (€10,325 million at December 31, 2011). On the basis of the

forecasts developed, 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 assets.

"Service concession arrangements", recognized pursuant to IFRIC 12, regard certain infrastructure serving electricity distribution concessions in Brazil. "Other changes" regarding that item concern the reclassification (€174 million) carried out following legislative changes in Brazil with the entry into force of the *Medida Provisória* no. 579/2012, which led to the revision of the valuation of those assets with a concomitant increase in non-current financial assets.

"Goodwill" amounted to €15,963 million, a decrease of €2,379 million over the previous year.

Millions of euro	at Dec. 31, 2011			Change in scope of consolidation	Exchange rate differences	Impairment losses	Other changes	at Dec. 31, 2012		
	Cost	Accumulated impairment	Net carrying amount					Cost	Accumulated impairment	Net carrying amount
Endesa	14,259	-	14,259	-	-	(2,392)	-	14,259	(2,392)	11,867
Enel OGK-5	1,214	-	1,214	-	43	(112)	-	1,257	(112)	1,145
Enel Green Power Group ⁽¹⁾	930	(72)	858	112	(9)	(13)	(6)	1,027	(85)	942
Slovenské elektrárne	697	-	697	-	-	-	-	697	-	697
Enel Energia	579	-	579	-	-	-	-	579	-	579
Enel Distributie Muntenia	552	-	552	-	(6)	-	2	548	-	548
Enel Energie Muntenia	114	-	114	-	(1)	-	-	113	-	113
RusEnergosbyt	43	-	43	-	1	-	1	45	-	45
Nuove Energie	26	-	26	-	-	-	-	26	-	26
Enel Stoccaggi	-	-	-	1	-	-	-	1	-	1
Marcinelle Energie ⁽²⁾	26	(26)	-	-	-	-	-	26	(26)	-
Artic Russia	10	(10)	-	-	-	-	-	10	(10)	-
Total	18,450	(108)	18,342	113	28	(2,517)	(3)	18,588	(2,625)	15,963

(1) Includes Enel Green Power España, Enel Green Power Latin America, Enel Panama, Inelec, Enel Green Power North America, Enel Green Power Hellas, Enel Green Power France, Enel Green Power Romania, Enel Green Power Bulgaria, Enel Green Power Portoscuso and other minor companies.

(2) Classified under "Assets held for sale" at December 31, 2012.

The "change in the scope of consolidation" mainly regards the acquisition of Stipa Nayaa, which operates in the wind generation sector (€14 million), the acquisition of the Mexican company Eólica Zopiloapan (€14 million), the acquisition of additional stakes in a number of Greek companies (including Kafireas pipeline) given the Enel Group full control and Enel Stoccaggi (€1 million).

"Impairment losses" are recognized following impairment tests, as discussed below.

"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 in 2008.

The criteria used to identify the cash generating units (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 manage-

ment 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 exceptions 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, 2012					
Endesa-Iberian peninsula ⁽⁴⁾	8,607	1.9%	8.0%	10 years	Perpetuity
Endesa-Latin America	3,260	3.8%(1.0%) ⁽⁵⁾	9.5%	10 years	Perpetuity
Enel OGK-5	1,145	1.2%	13.3%	10 years	Perpetuity
Slovenské elektrárne	697	1.0%	9.6%	10 years	Perpetuity
Enel Romania ⁽⁶⁾	661	2.4%	10.3%	10 years	Perpetuity
Enel Energia	579	0.4%	11.5%	10 years	10 years
Enel Green Power España	407	2.0%	8.4%	5 years	17 years
Enel Green Power Latin America	287	3.4%	9.9%	5 years	21 years
Enel Green Power North America	108	2.2%	7.7%	5 years	20 years
Enel Green Power Hellas	73	2.0%	16.8%	10 years	20 years
RusEnergosbyt	45	-	16.5%	10 years	-
Nuove Energie	26	0.4%	9.2%	10 years	18 years
Enel Green Power Portoscuso and other minor entities	25	2.0%	10.1%	10 years	15 years
Enel Green Power France	24	1.9%	7.8%	5 years	18 years
Enel Green Power Romania	13	2.4%	11.5%	5 years	20 years
Enel Green Power Bulgaria	5	3.0%	9.3%	10 years	12 years
Enel Stocaggi	1	0.4%	8.8%	10 years	31 years
Marcinelle Energie	-	-	-	-	-

(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 3.8% (4.0% at December 31, 2011) for the first 10 years after the explicit period, followed by a perpetuity at a growth rate of 1.0% (1.2% at December 31, 2011).

(6) Includes all companies operating in Romania.

At December 31, 2012, the impairment tests found the following impairment losses:

- > €2,392 million on the Endesa-Iberian peninsula CGU, to reflect the decrease in the expected cash flows from the assets belonging to the CGU, partly as a result of various measures adopted by the Spanish government in the energy field on different occasions throughout 2012, especially in the 4th Quarter. For more details on these legislative measures, please see the section on legal and regulatory developments in the Iberia and Latin America Division in the report on operations. In addition, the valuation was further affected by the rise in country risk, which is factored into the discount rate used in quantifying value in use;
- > €112 million on the Enel OGK-5 CGU, to reflect a decrease in estimated future earnings due to a contraction in the forecast medium-term rate of increase in prices and the

current regulatory uncertainty engendered by the possible postponement of the full liberalization of the electricity generation business in Russia.

At December 31, 2011, the following impairment losses had been recognized:

- > the writeoff of the goodwill allocated to the Enel Green Power Hellas CGU (€70 million) as a result of the increase in the country risk factored into the discount rate;
- > the writeoff of the goodwill allocated to the Marcinelle Energie CGU (€26 million), which is responsible for operating the CCGT in Belgium. After impairment testing, management wrote down the goodwill on the basis of a possible decrease in the earnings outlook for the business.

Amount	Growth rate ⁽¹⁾	Discount rate pre-tax WACC ⁽²⁾	Explicit period of cash flows	Terminal value ⁽³⁾
at Dec. 31, 2011				
10,999	2.1%	7.5%	10 years	Perpetuity
3,260	4.0%(1.2%) ⁽⁵⁾	9.4%	10 years	Perpetuity
1,214	1.2%	13.0%	10 years	Perpetuity
697	1.2%	9.1%	10 years	Perpetuity
666	2.8%	9.8%	10 years	Perpetuity
579	0.8%	10.6%	10 years	10 years
406	2.0%	8.3%	5 years	16 years
266	3.5%	9.2%	5 years	30 years
123	2.1%	7.8%	5 years	21 years
-	2.2%	15.8%	10 years	26 years
43	1.2%	15.6%	12 years	-
26	0.8%	9.8%	10 years	19 years
20	2.0%	10.9%	10 years	16 years
25	2.0%	7.9%	5 years	20 years
13	2.9%	11.1%	5 years	20 years
5	2.5%	9.2%	10 years	14 years
-	-	-	-	-
-	1.4%	10.3%	25 years	-

17. Deferred tax assets and liabilities – €6,305 million and €11,753 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 regula-

tions. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro		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 restated						at Dec. 31, 2012
Deferred tax assets:							
- differences in the value of intangible assets, property, plant and equipment	1,181	(18)	(25)	659	7	-	1,804
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,471	180	-	(333)	(11)	-	2,307
- tax loss carried forward	75	9	1	42	-	(11)	116
- measurement of financial instruments	659	(11)	-	(1)	3	-	650
- other items	1,730	157	-	(445)	(14)	-	1,428
Total	6,116	317	(24)	(78)	(15)	(11)	6,305
Deferred tax liabilities:							
- differences on non-current and financial assets	9,125	66	(24)	(242)	14	(15)	8,924
- measurement of financial instruments	346	(4)	-	(122)	-	-	220
- other items	2,034	421	1	177	(18)	(6)	2,609
Total	11,505	483	(23)	(187)	(4)	(21)	11,753
Non-offsettable deferred tax assets							2,311
Non-offsettable deferred tax liabilities							5,199
Excess net deferred tax liabilities after any offsetting							2,560

At December 31, 2012 "deferred tax assets" totaled €6,305 million (€6,116 million at December 31, 2011).

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,193 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 include those attributable to the holding companies located in the Netherlands (€524 million).

Similarly, in view of the possibility of controlling the increase in the shareholders' equity of Endesa by Enel Energy Europe, no deferred taxes were recognized for the difference (equal to €1,506 million) between the carrying amount and the value for tax purposes of the equity investment. The difference is generated by the deduction in 2009 of the writedown of the investment following the distribution of a special dividend.

"Deferred tax liabilities", which totaled €11,753 million at December 31, 2012 (€11,505 million at December 31, 2011), essentially include the determination of the tax effects of the value adjustments to 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.

Please note that the adjustment of the deferred taxation of the Chilean and Slovakian companies following the increase in tax rates in the two countries as from January 1, 2013, produced an increase (reflected in the income statement) in deferred tax assets and liabilities of €138 million and €272 million, respectively.

18. Equity investments accounted for using the equity method – €1,115 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, 2011 restated					at Dec. 31, 2012	
SeverEnergia	289	19.6%	-	(8)	11	292	19.6%
Elica 2	168	30.0%	(34)	-	-	134	30.0%
Enel Rete Gas	131	19.9%	-	2	(8)	125	14.8%
LaGeo	91	36.2%	-	34	(22)	103	36.2%
Chisholm View Wind Project	-	-	90	-	(30)	60	49.0%
Prairie Rose Wind	-	-	125	-	(77)	48	49.0%
CESI	29	41.9%	-	6	-	35	42.7%
Endesa Gas T&D (formerly Nubia 2000)	29	20.0%	-	11	(8)	32	20.0%
Tecnatom	25	45.0%	-	4	-	29	45.0%
Elcogas	2	45.3%	-	8	(7)	3	45.3%
Other	321		(34)	31	(64)	254	
Total	1,085		147	88	(205)	1,115	

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 some cases (including Enel Rete Gas, Chisholm View Wind Project and Endesa Gas T&D), the Group holds call options that under specified conditions and at specified times, would permit an increase in the interest held in the company. In particular, 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.

“Change in scope of consolidation” includes the impact of the acquisition of 49% of Chisholm View Wind Project, a company operating in the wind generation sector in Oklahoma, and Prairie Rose Wind. These changes were partially offset by a number of Greek companies (including the Kafireas pipeline) and Trade Wind Energy, which had been accounted for using the equity method but following the acquisition of additional share capital are now consolidated on a full line-by-line basis.

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, 2012					
SeverEnergia	3,064	121	1,429	292	128	(40)
Enel Rete Gas	2,514	387	1,750	351	627	47
Elica 2	9	2	-	1	-	-
LaGeo	243	170	18	49	197	94
Chisholm View Wind Project	278	9	61	111	1	1
Prairie Rose Wind	225	6	47	82	1	1
CESI	54	88	16	46	61	8
Endesa Gas T&D (formerly Nubia 2000)	1,406	140	1,236	139	189	55
Tecnatom	61	70	23	43	111	8
Elcogas	95	72	11	150	172	19

Millions of euro	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income/(loss)
	at Dec. 31, 2011 restated					
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
Chisholm View Wind Project	-	-	-	-	-	-
Prairie Rose Wind	-	-	-	-	-	-
CESI	47	82	17	45	59	9
Endesa Gas T&D (formerly Nubia 2000)	1,128	96	963	113	111	(16)
Tecnatom	57	61	33	29	102	5
Elcogas	120	103	7	214	148	5

19. Non-current financial assets – €5,518 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Equity investments in other companies	362	993	(631)
Receivables and securities included in net financial debt (see note 26.3)	3,576	3,576	-
Derivative contracts (see note 6.1)	953	1,387	(434)
Service concession arrangements	594	317	277
Prepaid non-current financial expense	33	52	(19)
Total	5,518	6,325	(807)

“Equity investments in other companies” includes investments measured at fair value in the amount of €237 million, while the remainder of €125 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 price 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, 2012			
Equity investments in other companies	237	228	3	6

The following table shows changes in equity investments measured using Level 3 inputs.

Millions of euro	
Balance at January 1, 2012	7
Net income/(loss) in income statement	-
Other changes	(1)
Balance at December 31, 2012	6

More specifically, equity investments in other companies break down as follows.

Millions of euro	% holding		% holding		Change
	at Dec. 31, 2012		at Dec. 31, 2011 restated		
Bayan Resources	222	10.00%	511	10.00%	(289)
Terna	-	-	266	5.12%	(266)
Echelon	6	7.36%	11	7.36%	(5)
Other	134		205		(71)
Total	362		993		(631)

The change with respect to 2011 is essentially attributable to a number of disposals, including the stake in Terna, which was sold in early 2012, and a number of minor equity investments in Spain (Euskaltel and Gas de Extremadura Transportista), as well as a reduction in the fair value of Bayan Resources.

For more on "receivables and securities included in net financial debt", please see note 26.3.

For more on derivatives classified under non-current financial assets, please see note 6.1.

"Service concession arrangements" regard amounts 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. The change for the year reflects the changes (already discussed in the comments on financial income and intangible assets) in Brazil following the entry into force of Medida Provisória no. 579/2012 in the amount of €354 million.

20. Other non-current assets – €897 million

Millions of euro	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Net assets of employee benefit programs	99	97	2
Other receivables	747	330	417
Total	897	512	385

"Receivables due from the Electricity Equalization Fund and similar bodies" at December 31, 2012, include 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.

The increase in "other receivables" includes €241 million in

respect of the reimbursement of IRES and the Robin Hood Tax for the non-deduction of IRAP for personnel expenses established by Decree Law 16/2012 and €142 million in respect of the increase in advances paid to gas suppliers under take-or-pay clauses in long-term contracts, and by amounts advanced in relation to exploration activities in Algeria.

21. Inventories – €3,338 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Raw materials, consumables and supplies:			
- fuel	2,271	2,024	247
- materials, equipment and other inventories	983	1,032	(49)
Total	3,254	3,056	198
Buildings available for sale	79	82	(3)
Advances	5	10	(5)
TOTAL	3,338	3,148	190

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. The increase for the year is mainly attributable to the rise in gas and coal inventories. The item

also includes CO₂ emission allowances in the amount of €384 million at December 31, 2012 (€293 million at December 31, 2011).

The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings.

22. Trade receivables – €11,719 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Customers:			
- sale and transport of electricity	8,838	8,756	82
- distribution and sale of natural gas	1,570	1,353	217
- other activities	1,243	1,353	(110)
Total	11,651	11,462	189
Trade receivables due from associates	29	61	(32)
Receivables for contract work in progress	39	47	(8)
TOTAL	11,719	11,570	149

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €1,421 million at the end of the year, as compared with an opening

balance of €1,661 million. The table below shows the changes in these allowances.

Millions of euro	
Total at January 1, 2011	1,349
Accruals	519
Utilization	(449)
Other changes	242
Total at December 31, 2011 restated	1,661
Accruals	588
Utilization	(802)
Other changes	(26)
Total at December 31, 2012	1,421

Trade receivables that had not been written down at December 31, 2012 break down by maturity as follows.

Millions of euro	
Not past due	7,735
Past due:	
- from 0 to 6 months	2,094
- from 6 to 12 months	489
- from 12 to 24 months	515
- more than 24 months	886
Total at December 31, 2012	11,719

23. Tax receivables – €1,631 million

Tax receivables at December 31, 2012 amounted to €1,631 million and are essentially related to income tax credits in the amount of €528 million (€512 million at December 31, 2011), credits for indirect taxes in the amount of €593 million (€406 million at December 31, 2011) and receivables for other taxes and tax surcharges in the amount of €394 million (€225 million at December 31, 2011).

24. Current financial assets – €9,381 million

Millions of euro			
	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Current financial assets included in net financial position (see note 26.4)	7,571	7,954	(383)
Derivative contracts (see note 6.2)	1,718	2,420	(702)
Other	92	92	-
Total	9,381	10,466	(1,085)

For more 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 – €2,262 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Receivables due from the Electricity Equalization Fund and similar bodies	936	959	(23)
Receivable due from employees	40	41	(1)
Receivables due from others	1,092	985	107
Accrued operating income and prepaid expenses	194	151	43
Total	2,262	2,136	126

“Receivables due from the Electricity Equalization Fund and similar bodies” include receivables in respect of the Italian system in the amount of €454 million (€833 million at December 31, 2011) and the Spanish system in the amount of €482 million (€126 million at December 31, 2011). Including the portion of receivables classified

as long-term (€51 million), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2012, amounted to €987 million (€1,044 million at December 31, 2011), offset by payables of €3,371 million (€2,782 million at December 31, 2011).

26. Net financial position and long-term financial receivables and securities – €42,948 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, 2012	at Dec. 31, 2011 restated	Change
Long-term loans	26.1	55,959	48,703	7,256
Short-term loans	26.2	3,970	4,799	(829)
Current portion of long-term loans	26.1	4,057	9,672	(5,615)
Non-current financial assets	26.3	(3,576)	(3,576)	-
Current financial assets	26.4	(7,571)	(7,954)	383
Cash and cash equivalents	26.5	(9,891)	(7,015)	(2,876)
Total		42,948	44,629	(1,681)

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2012, and December 31, 2011, reconciled

with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Cash and cash equivalents on hand	1,027	1,068	(41)
Bank and post office deposits	8,864	5,947	2,917
Securities	42	52	(10)
Liquidity	9,933	7,067	2,866
Short-term financial receivables	1,923	1,900	23
Factoring receivables	288	370	(82)
Short-term portion of long-term financial receivables	5,318	5,632	(314)
Current financial receivables	7,529	7,902	(373)
Short-term bank debt	(283)	(888)	605
Commercial paper	(2,914)	(3,204)	290
Short-term portion of long-term bank debt	(714)	(6,894)	6,180
Bonds and preference shares (short-term portion)	(3,115)	(2,473)	(642)
Other loans (short-term portion)	(228)	(305)	77
Other short-term financial payables	(773)	(707)	(66)
Total short-term financial debt	(8,027)	(14,471)	6,444
Net short-term financial position	9,435	498	8,937
Debt to banks and financing entities	(13,282)	(9,918)	(3,364)
Bonds and preference shares	(41,509)	(37,641)	(3,868)
Other loans	(1,168)	(1,144)	(24)
Long-term financial position	(55,959)	(48,703)	(7,256)
NET FINANCIAL POSITION as per CONSOB instructions	(46,524)	(48,205)	1,681
Long-term financial receivables and securities	3,576	3,576	-
NET FINANCIAL DEBT	(42,948)	(44,629)	1,681

There are no transactions with related parties for these items.

26.1 Long-term loans (including the portion falling due within 12 months) – €60,016 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, 2012, 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, 2012		at Dec. 31, 2011		2014
Bonds:											
- listed, fixed rate	2013-2097	29,882	30,176	25,042	1,960	27,922	490	2,603	3,696	2,486	18,647
- listed, floating rate	2013-2031	6,507	6,558	6,521	157	6,350	1,197	1,476	1,201	409	2,067
- unlisted, fixed rate	2013-2039	6,460	6,466	6,606	758	5,702	1,033	-	116	1,133	3,420
- unlisted, floating rate	2013-2032	1,594	1,594	1,765	59	1,535	61	63	64	65	1,282
Total		44,443	44,794	39,934	2,934	41,509	2,781	4,142	5,077	4,093	25,416
Bank loans:											
- fixed rate	2013-2046	853	861	900	50	803	52	58	75	81	537
- floating rate	2013-2035	11,814	11,876	10,514	664	11,150	870	738	1,420	4,561	3,561
- use of revolving credit lines	2013-2017	1,329	1,329	5,398	-	1,329	800	124	402	3	-
Total		13,996	14,066	16,812	714	13,282	1,722	920	1,897	4,645	4,098
Preference shares: ⁽¹⁾											
- floating rate	2013	181	181	180	181	-	-	-	-	-	-
Total		181	181	180	181	-	-	-	-	-	-
Non-bank loans:											
- fixed rate	2013-2035	915	915	931	99	816	93	85	102	61	475
- floating rate	2013-2030	481	481	518	129	352	72	42	43	63	132
Total		1,396	1,396	1,449	228	1,168	165	127	145	124	607
TOTAL		60,016	60,437	58,375	4,057	55,959	4,668	5,189	7,119	8,862	30,121

(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 €633 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, 2012	at Dec. 31, 2011	at Dec. 31, 2012		
Euro	42,777	43,104	40,608	3.70%	3.92%
US dollar	8,380	8,402	8,795	5.85%	6.13%
Pound sterling	4,102	4,154	4,483	5.80%	5.91%
Colombian peso	1,600	1,600	1,299	8.80%	8.80%
Brazilian real	839	842	1,090	10.40%	10.70%
Chilean peso/UF	532	547	712	7.00%	8.50%
Peruvian sol	349	349	356	6.80%	6.80%
Russian ruble	347	347	335	7.90%	8.13%
Japanese yen	304	304	314	2.35%	2.37%
Other currencies	786	788	383		
Total non-euro currencies	17,239	17,333	17,767		
TOTAL	60,016	60,437	58,375		

Long-term financial debt denominated in currencies other than the euro decreased by €528 million. The change is largely attributable to repayments of loans falling due de-

nominated in pounds sterling, dollars and the Latin American currencies, partially offset by new borrowing in Swiss francs, Brazilian reais and Colombian pesos.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	New financing	Exchange rate differences	Nominal value
	at Dec. 31, 2011					at Dec. 31, 2012
Bonds	40,188	(2,558)	(114)	7,285	(7)	44,794
Bank loans	16,871	(9,039)	-	6,247	(13)	14,066
Preference shares	181	-	-	-	-	181
Other loans	1,449	(223)	-	207	(37)	1,396
Total financial debt	58,689	(11,820)	(114)	13,739	(57)	60,437

Compared with December 31, 2011, the nominal value of long-term debt at December 31, 2012, increased by €1,748 million, which is the net effect of €11,820 million in repayments, repurchases of €114 million of own bonds, €13,739 million in new loans, and €57 million in exchange rate losses.

The main repayments in 2012 concerned bonds in the amount of €2,558 million, bank loans in the amount of €9,039 million and other loans totaling €223 million.

More specifically, the main bonds maturing in 2012 included:

> €600 million in respect of a fixed-rate bond for retail investors issued by Enel SpA maturing March 2012;

> €400 million in respect of a floating-rate bond for retail investors issued by Enel SpA maturing March 2012;

> €300 million in respect of a floating-rate bond issued by Endesa Capital maturing in July 2012;

> £400 million (consolidated at €477 million) in respect of a fixed-rate bond issued by International Endesa BV maturing in July 2012;

> \$230 million (consolidated at €177 million) in respect of a fixed-rate bond issued by International Endesa BV maturing in September 2012;

> €150 million in respect of a floating-rate bond issued by International Endesa BV maturing in November 2012.

The main repayments of bank loans in the years included the following:

- > €1,933 million in respect of the tranche maturing in 2012 of the 2007 and 2009 Credit Facilities by Enel SpA and Enel Finance International NV;
- > €2,000 million in respect of repayments of revolving credit lines by Enel SpA;
- > €1,000 million in respect of repayments of revolving credit lines by Enel Finance International NV;
- > €1,358 million in voluntary repayments of the tranche falling due in 2014 of the 2009 Credit Facility by Enel SpA and Enel Finance International NV;
- > €887 million in respect of floating-rate bank loans of Endesa;
- > €1,426 million in respect of revolving credit lines by Endesa.

The main loan contracts finalized in 2012 include:

- > in February, Enel SpA negotiated a bilateral revolving credit facility in the total amount of €950 million falling due in 2013. In September, the facility was cancelled and Enel SpA negotiated a new bilateral revolving credit facility in the total amount of €1,000 million, falling due in July 2014;
- > in February, Endesa entered into long-term loan agreements in the total amount of €150 million;
- > in April, Enel Finance International NV agreed:
 - a term loan facility agreement with a pool of banks with a total value of €3,200 million falling due in 2017;
 - bilateral term loans with a total value of €350 million falling due in 2017;
- > in February, Enel SpA renegotiated a bilateral revolving credit facility with a total value of €500 million falling due in July 2014;
- > during the year, Emgesa agreed long-term loans with local banks in the total amount of €130 million.

The main financing operations carried out in 2012 include:

- > in February, Enel SpA issued a retail bond totaling €3,000 million structured into the following tranches:
 - €2,500 million fixed-rate 4.875% maturing on February 20, 2018;
 - €500 million floating-rate maturing on February 20, 2018;
- > in October, Enel Finance International issued a bond for institutional investors totaling €2,000 million structured into the following tranches:
 - €1,000 million fixed-rate 4.875% maturing on April 17, 2023;

- €1,000 million fixed-rate 3.625% maturing on April 17, 2018;
- > in September, Enel Finance International issued a bond for institutional investors totaling €1,000 million, fixed-rate 4.875% maturing on March 11, 2020;
- > in June, Ampla issued bonds in Brazilian reais totaling €155 million;
- > in December, Emgesa issued bonds in Colombian pesos totaling €213 million;
- > in October, Enel Finance International issued a bond in Swiss francs for institutional investors totaling €290 million maturing on December 17, 2018;
- > Enel Finance International made private placements totaling €550 million;
- > drawings by Enel Finance International on term loan facility agreements and long-term bilateral credit facilities (falling due in 2017) totaling €3,550 million;
- > an increase in drawings by Slovenské elektrárne on committed revolving credit facilities in the amount of €250 million;
- > the drawing by Enel Distribuzione on a facility granted by Cassa Depositi e Prestiti in the amount of €340 million falling due in 2028;
- > the drawing by Enel Distribuzione and Enel Green Power on an European Investment Bank (EIB) loan in the total amount of €680 million;
- > drawings by Enel Green Power International on a loan granted by the Danish Export Credit Agency in the amount of €205 million;
- > the drawing by Endesa on bank loans in the total amount of €830 million.

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within 12 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 credit spreads of Enel SpA.

Millions of euro	Carrying amount		Fair value	
	at Dec. 31, 2012		at Dec. 31, 2011	
Bonds:				
- fixed rate	36,342	38,338	31,648	30,701
- floating rate	8,101	7,891	8,286	7,874
Total	44,443	46,229	39,934	38,575
Bank loans:				
- fixed rate	853	932	900	851
- floating rate	13,143	12,982	15,912	13,332
Total	13,996	13,914	16,812	14,183
Preference shares:				
- floating rate	181	181	180	181
Total	181	181	180	181
Non-bank loans:				
- fixed rate	915	959	931	957
- floating rate	481	476	518	560
Total	1,396	1,435	1,449	1,517
TOTAL	60,016	61,759	58,375	54,456

The following tables show the changes in long-term loans for the period, distinguishing current amounts from amounts falling due at more than 12 months.

Long-term loans (excluding current portion)

Millions of euro	Carrying amount		
	at Dec. 31, 2012	at Dec. 31, 2011	Change
Bonds:			
- fixed rate	33,624	30,300	3,324
- floating rate	7,885	7,161	724
Total	41,509	37,461	4,048
Bank loans:			
- fixed rate	803	807	(4)
- floating rate	12,479	9,111	3,368
Total	13,282	9,918	3,364
Preference shares:			
- floating rate	-	180	(180)
Total	-	180	(180)
Non-bank loans:			
- fixed rate	816	753	63
- floating rate	352	391	(39)
Total	1,168	1,144	24
TOTAL	55,959	48,703	7,256

Current portion of long-term loans

Millions of euro	Carrying amount		
	at Dec. 31, 2012	at Dec. 31, 2011	Change
Bonds:			
- fixed rate	2,718	1,348	1,370
- floating rate	216	1,125	(909)
Total	2,934	2,473	461
Bank loans:			
- fixed rate	50	93	(43)
- floating rate	664	6,801	(6,137)
Total	714	6,894	(6,180)
Preference shares:			
- floating rate	181	-	181
Total	181	-	181
Non-bank loans:			
- fixed rate	99	178	(79)
- floating rate	129	127	2
Total	228	305	(77)
TOTAL	4,057	9,672	(5,615)

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 2009 and the €10 billion revolving line of credit agreed in April 2010 and the Term Loan Facility Agreement of €3.2 billion. 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 principle 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 pro-

vided 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 Italian 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 its 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 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 2009, the €10 billion revolving line of credit and the €3.2 billion Term Loan Facility Agreement 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 (a) the renegotiation of the terms and conditions of the financing or (b) 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;
- > under cross-default clauses, 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 €3.2 billion Term Loan Facility Agreement (signed by Enel Finance International NV and guaranteed by Enel SpA) also contains the following covenant:

- > a gearing clause, under which, at the end of each measurement period (half yearly), the Enel Group's net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

The Credit Agreement 2009 also provides 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 "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.

As from 2012, the Credit Agreement 2009 will be subject to the following covenants:

- > a gearing clause, under which, at the end of each measurement period (half yearly), the Enel Group's net financial debt shall not exceed 4.5 times annual consolidated EBITDA;
- > an interest cover clause, under which, at the end of each measurement period (half yearly), 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 – €3,970 million

At December 31, 2012 short-term loans amounted to €3,970 million, a decrease of €829 million compared with December 31, 2011. They break down as follows.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2012		at Dec. 31, 2011 restated		Change	
Short-term amounts due to banks	283	283	888	888	(605)	(605)
Commercial paper	2,914	2,914	3,204	3,204	(290)	(290)
Cash collateral and other financing on derivatives	691	691	650	650	41	41
Other short-term financial payables	82	82	57	57	25	25
Short-term financial debt	3,970	3,970	4,799	4,799	(829)	(829)

Short-term amounts due to banks totaled €283 million. The payables represented by commercial paper relate to issues outstanding at the end of December 2012 in the context of the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, which was renewed in April 2010, as

well as the €3,309 million program of Endesa Internacional BV (now Endesa Latinoamérica) and Enersis.

At December 31, 2012, the issues in respect of the above programs totaled €2,914 million, of which €2,555 million for Enel Finance International and €359 million for Endesa Latinoamérica.

26.3 Non-current financial assets included in debt - €3,576 million

Millions of euro	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Securities held to maturity	130	68	62
Financial investments in funds or portfolio management products at fair value through profit or loss	12	10	2
Securities available for sale	4	2	2
Other financial receivables	3,430	3,496	(66)
Total	3,576	3,576	-

“Securities held to maturity” are bonds.

The following table reports the breakdown of the first three items on the basis of the measurement inputs used in determining fair value, as provided for under the amendments to IFRS 7.

Millions of euro	Fair value	Level 1	Level 2	Level 3
	at Dec. 31, 2012			
Securities held to maturity	130	130	-	-
Financial investments in funds or portfolio management products at fair value through profit or loss	12	12	-	-
Securities available for sale	4	-	-	4

More specifically, changes in Level 3 securities are shown in the following table.

Millions of euro	
Balance at January 1, 2012	-
Profit/(Loss) in income statement	-
Subscriptions	4
Balance at December 31, 2012	4

The securities classified in Level 3 are promissory notes issued in 2012.

At December 31, 2021, "other financial receivables" include, among other things:

- > receivables in respect of the State Decommissioning Fund of Slovakia in the amount of €653 million (€568 million at December 31, 2011);
- > receivables in respect of the Electricity Equalization Fund in the amount of €434 million for reimbursement of the extraordinary costs incurred for the early replacement of electromechanical meters with digital meters;
- > receivables in respect of the reimbursement established by the Italian Authority for Electricity and Gas with Reso-

lution no. 157/2012 of costs incurred with the termination of the Electrical Worker Pension Fund in the amount of €504 million. For more details, please see note 8.b.;

- > the receivable of the Argentine generation companies in respect of the wholesale electricity market deposited with the FONINMEMEM (*Fondo Nacional de Inversión Mercado Eléctrico Mayorista*) in the amount of €281 million (€202 million at December 31, 2011). The sum was for the construction of three combined cycle plants, two of which were completed in 2010, and will be reimbursed to the generation companies within 120 months of the entry into service of those plants. The loans earn interest at an annual rate of Libor +1%.

26.4 Current financial assets included in debt – €7,571 million

Millions of euro		at Dec. 31, 2011		Change
	at Dec. 31, 2012	restated		
Short-term portion of long-term financial receivables	5,011	5,632		(621)
Receivables for factoring advances	288	370		(82)
Securities:				
- securities available for sale	42	51		(9)
- securities held to maturity	-	1		(1)
Cash collateral	1,402	1,076		326
Other financial receivables	828	824		(4)
Total	7,571	7,954		(383)

"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 €4,839 million (€5,379 million at December 31, 2011). The change for the period essentially reflects new receivables accrued in 2012 and collections received (€3,059 million including the effects of reimbursements in respect of extra-peninsular ge-

neration, of which €2,674 million through 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 in determining fair value, as provided for under the amendments to IFRS 7.

Millions of euro		Fair value	Level 1	Level 2	Level 3
at Dec. 31, 2012					
Securities available for sale	42	39	-	3	

More specifically, the following table breaks down changes in Level 3 securities.

Millions of euro

Balance at January 1, 2012	-
Profit/(Loss) to income statement	-
Subscriptions	3
Balance at December 31, 2012	3

26.5 Cash and cash equivalents – €9,891 million

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €194 million (€160 million at December 31, 2011) primarily in respect of deposits pledged to secure transactions.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Bank and post office deposits	8,864	5,947	2,917
Cash and cash equivalents on hand	1,027	1,068	(41)
Total	9,891	7,015	2,876

27. Assets and liabilities held for sale – €317 million and €8 million

Changes in assets held for sale during the year are reported in the following table.

Millions of euro	at Dec. 31, 2011 restated	Reclassification from/to current and non- current assets	Disposals and change in scope of consolidation.	Other changes	at Dec. 31, 2012
Property, plant and equipment	249	315	(249)	(101)	214
Intangible assets	1	44	(1)	(44)	-
Goodwill	91	-	(24)	(67)	-
Deferred tax assets	1	11	(1)	-	11
Non-current financial assets	9	-	80	-	89
Cash and cash equivalents	5	-	(6)	1	-
Inventories, trade receivables and other current assets	25	4	(26)	-	3
Total	381	374	(227)	(211)	317

“Assets held for sale” amounted to €317 million at December 31, 2012. They essentially include the assets of Marcinelle Energie and other assets of smaller companies. “Reclassification from/to current and non-current assets” regards Marcinelle Energie, for which negotiations for its disposal are currently under way.

“Other changes” reports the impairment loss on the assets of Marcinelle Energie in the amount of €145 million and the goodwill of Endesa Ireland in the amount of €67 million.

At December 31, 2011, the item reported certain assets held by Endesa Ireland (€360 million), as well as the assets of Wisco. The sale of those assets was completed in 2012.

“Liabilities held for sale” amounted to €8 million at December 31, 2012. They comprised the liabilities of Marcinelle Energie and other certain liabilities of smaller companies. At December 31, 2011, the item reported certain liabilities of Endesa Ireland in the amount of €54 million.

Changes in liabilities held for sale during the year are as follows:

Millions of euro	at Dec. 31, 2011 restated	Reclassification from current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	at Dec. 31, 2012
Long-term loans	1	-	(1)	-	-
Post-employment and other employee benefits	1	-	(1)	-	-
Provisions for risks and charges	30	-	(30)	-	-
Deferred tax liabilities	19	21	(18)	(15)	7
Short-term loans	1	-	(1)	-	-
Trade payables and other current liabilities	6	1	(6)	-	1
Total	58	22	(57)	(15)	8

The decrease in all items of assets and liabilities held for sale compared with December 31, 2011 essentially reflects assets and liabilities classified as held for sale in 2011 and then disposed of in 2012.

28. Shareholders' equity – €53,158 million

28.1 Equity attributable to the shareholders of the Parent Company – €36,771 million

Share capital – €9,403 million

At December 31, 2012 (as at December 31, 2011), the share capital of Enel SpA – considering that no options were exercised as part of stock option plans in 2012 – 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%, and BlackRock Inc., which holds a 3.33% stake, held as at November 8, 2012 for asset management purposes.

Other reserves – €9,109 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 Italian 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 – €92 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 – €(1,253) 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.

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 – €8 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 other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2011 restated			Change			at Dec. 31, 2012					
	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	609	120	489	73	-	-	73	(28)	101	682	92	590
Reserve from measurement of financial instruments	(174)	(49)	(125)	(1,282)	(53)	159	(1,176)	(1,204)	28	(1,350)	(1,253)	(97)
Share of OCI of equity investments accounted for using the equity method	15	15	-	(7)	-	-	(7)	(7)	-	8	8	-
Total gains/ (losses) recognized in equity	450	86	364	(1,216)	(53)	159	(1,110)	(1,239)	129	(660)	(1,153)	493

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure

and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2012.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2012 and 2011 is summarized in the following table.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Non-current financial position	55,959	48,703	7,256
Net current financial position	(9,435)	(498)	(8,937)
Non-current financial receivables and long-term securities	(3,576)	(3,576)	-
Net financial debt	42,948	44,629	(1,681)
Equity attributable to the shareholders of the Parent Company	36,771	38,650	(1,879)
Non-controlling interests	16,387	15,650	737
Shareholders' equity	53,158	54,300	(1,142)
Debt/equity ratio	0.81	0.82	(0.01)

28.2 Non-controlling interests – €16,387 million

The following table reports the composition of non-controlling interests by division.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Iberia and Latin America	11,747	11,528	219
International	2,273	1,958	315
Renewable Energy	2,162	1,952	210
Generation and Energy Management	205	212	(7)
Total	16,387	15,650	737

29. Post-employment and other employee benefits – €3,063 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 and the benefits due to personnel under law or contract at the time the employment relationship is terminated. In addition, as from December 2012, the item also includes the supplementary post-employment benefits paid to employees of the Group's wholly-owned Italian subsidiaries who, if they meet certain requirements, terminate their employment relationship four years earlier than the pension age established under current labor law. 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 replaced by 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 item.

The table below reports the change for the year in the defined-benefit obligation and the fair value of plan assets, as well as a reconciliation of the defined-benefit obligation, net of assets, with the carrying amount of the obligation recognized as at December 31, 2012 and December 31, 2011.

Millions of euro	2012					2011				
	Pension benefits	Electricity discount	Health insurance	Other benefits	Total	Pension benefits	Electricity discount	Health insurance	Other benefits	Total
Changes in defined-benefit obligation										
Defined-benefit obligation at the beginning of the year	2,416	1,500	250	192	4,358	3,175	1,750	225	119	5,269
Current service cost	16	5	1	34	56	25	14	2	34	75
Interest cost	147	68	17	10	242	154	66	14	8	242
Benefits paid	(178)	(88)	(16)	(42)	(324)	(207)	(83)	(17)	(35)	(342)
Past service cost	970	-	-	11	981	-	-	-	-	-
Other changes	26	3	13	-	42	(538)	(162)	-	(7)	(707)
Curtailments/settlements	(2)	-	-	(3)	(5)	25	3	1	71	100
Actuarial (gains)/losses	324	194	(22)	42	538	(161)	(88)	32	3	(214)
Foreign exchange (gains)/losses	(68)	-	(7)	1	(74)	(57)	-	(7)	(1)	(65)
Defined-benefit obligation at the end of the year	3,651	1,682	236	245	5,814	2,416	1,500	250	192	4,358
Changes in plan assets										
Fair value at the beginning of the year	1,094	-	-	-	1,094	1,575	-	-	-	1,575
Expected return on plan assets	88	-	-	-	88	93	-	-	-	93
Actuarial gains/(losses)	156	-	-	-	156	(75)	-	-	-	(75)
Contributions paid by company	132	88	16	22	258	153	83	17	20	273
Curtailments/settlements	-	-	-	-	-	(418)	-	-	-	(418)
Other changes	(3)	-	-	-	(3)	21	-	-	-	21
Foreign exchange (gains)/losses	(68)	-	-	-	(68)	(48)	-	-	-	(48)
Benefits paid	(178)	(88)	(16)	(22)	(304)	(207)	(83)	(17)	(20)	(327)
Fair value at the end of the year	1,221	-	-	-	1,221	1,094	-	-	-	1,094
Reconciliation with carrying amount										
Net defined-benefit obligation	2,430	1,682	236	245	4,593	1,322	1,500	250	192	3,264
Net unrecognized (gains)/losses	1,199	288	5	38	1,530	123	95	35	11	264
Carrying amount of defined-benefit obligation	1,231	1,394	231	207	3,063	1,199	1,405	215	181	3,000

The change in respect of past service cost regards the establishment at the end of 2012, in Italy, of a new plan, the defined benefits of which also accrue for service before the establishment of the new plan. The plan is dependent on future service to be performed and provides for benefits for a maximum of 48 months as from termination of the employment relationship, which under the rules of the plan is only permitted for personnel with a contribution history/age four years less than the normal pensionable age set under current labor legislation in Italy for employees who meet the requirements to participate in the plan.

The employees of the foreign companies included in the framework agreement of October 25, 2000 in Spain 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 obligation recognized at the end of the year is 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 €1,221 million at December 31, 2012, and of the net unrecognized actuarial losses in the amount of €1,530 million at the same date.

As regards plan assets, which at December 31, 2012 amounted to €1,320 million (of which €1,221 million adjusting the liability for pension benefits and €99 million recognized under non-current financial assets), 49% of the mar-

ket value of such assets regards assets located in Spain (52% at December 31, 2011) and 51% regards assets in Brazil (48% at December 31, 2011). The assets break down as follows:

% composition

	2012	2011
Shares	19	22
Fixed-income securities	72	70
Property and other	9	8
Total	100	100

At December 31, 2012, shares and fixed-income securities included shares or bonds issued by Endesa Group companies in the amount of €7 million (€17 million at December 31, 2011). The expected return on the assets was estimated on the basis of forecasts for their performance in 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 2012 was equal to 8.84% in Spain and 18.89% in other countries (1.34% in Spain and 13.47% in other countries in 2011).

The following table reports the impact on the income statement of the actuarial estimate of employee benefit plans.

Millions of euro	2012					2011				
	Pension benefits	Electricity discount	Health insurance	Other benefits	Total	Pension benefits	Electricity discount	Health insurance	Other benefits	Total
Current service cost	16	5	1	34	56	25	14	2	34	75
Interest cost	147	68	17	10	242	154	66	14	8	242
Expected return on plan assets	(88)	-	-	-	(88)	(93)	-	-	-	(93)
Amortization of actuarial (gains)/losses	14	-	3	20	37	54	26	22	2	104
(Gains)/Losses for curtailment/settlement of plans	-	-	-	(1)	(1)	(18)	(152)	-	(5)	(175)
Past service cost	39	-	-	3	42	-	-	-	-	-
Other changes	4	-	-	-	4	4	-	-	-	4
Total	132	73	21	66	292	126	(46)	38	39	157

Employee benefit expenses recognized in 2012 came to €292 million (€157 million in 2011), of which €154 million in respect of net accretion cost recognized under financial expense (€149 million in 2011) and €138 million in respect of service costs recognized under personnel costs.

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	2012				2011			
	Italy	Iberian peninsula	Latin America	Other	Italy	Iberian peninsula	Latin America	Other
Discount rate	1.60% - 3.20%	1.22% - 3.74%	5.50% - 9.80%	4.20% - 7.00%	4.70%	2.74% - 4.66%	5.50% - 10.50%	5.25% - 8.64%
Rate of wage increases	2.00%-4.00%	2.30%	0.00% - 7.61%	3.00%-6.00%	2.00%-4.00%	2.30%	0.00% - 6.59%	2.50% - 7.00%
Rate of increase in healthcare costs	3.00%	3.50%	4.50% - 11.57%	-	3.00%	3.50%	3.00% - 10.50%	-
Expected rate of return on plan assets	-	3.74%	9.98%	-	-	3.94% - 5.21%	11.10%	-

If, at December 31, 2012, the 12-month rate of change in healthcare costs had been 1 percentage point higher, all other variables being equal, the liability for healthcare benefits would have been €19 million higher, with an overall negative impact on the income statement in terms of service cost and interest cost of €1 million. Conversely, if, at December 31, 2012, the 12-month rate of change in healthcare costs had been 1 percentage point lower,

all other variables being equal, the liability for healthcare benefits would have been €16 million lower, with a positive impact on the income statement in terms of service cost and interest cost of about €1 million.

The amount of contributions that is expected to be paid into defined-benefit plans in the subsequent year is equal to €24 million.

30. Provisions for risks and charges – €8,648 million

Millions of euro	Taken to income statement		Utilization and other changes		
	at Dec. 31, 2011 restated			at Dec. 31, 2012	
				<i>of which short term</i>	
Provision for litigation, risks and other charges:					
- nuclear decommissioning	2,946	28	564	3,538	35
- non-nuclear plant retirement and site restoration	538	12	65	615	4
- litigation	846	187	109	1,142	55
- CO ₂ emissions charges	3	47	-	50	48
- taxes and duties	346	47	18	411	26
- other	1,830	627	(871)	1,586	715
Total	6,509	948	(115)	7,342	883
Provision for early-retirement incentives	1,548	71	(313)	1,306	429
TOTAL	8,057	1,019	(428)	8,648	1,312

Nuclear decommissioning provision

The nuclear decommissioning provision includes the following:

> €2,511 million (€2,513 million at December 31, 2011) for the V1 and V2 plants at Jaskovske Bohunice and the EMO 1 and 2 plants at Mochovce, and also includes the provision for nuclear waste disposal in the amount of €114 million (€117 million at December 31, 2011), the provision for spent nuclear fuel disposal in the amount of €1,542 million (€1,578 million at December 31, 2011), and the provision for nuclear plant retirement in the amount of €855 million (€818 million at December 31, 2011). 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%;

> €1,027 million (€433 million at December 31, 2011) 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).

The change in 2012, recognized as an increase in the assets as provided for under IFRIC 1, reflects regulatory changes in Spain following the introduction of Law 15/2012, which increases the burden on generators operating nuclear power plants.

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. In particular, as regard current and potential disputes concerning local property tax (whether the *Imposta Comunale sugli Immobili* (“ICI”) or the new *Imposta Municipale Unica* (“IMU”)) in Italy, the Group has taken due account of the criteria introduced with circular no. 6 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Land Agency offices and municipalities.

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 – €2,553 million

The item reports the fair value of derivatives only. For more information, please see note 6.3.

32. Other non-current liabilities – €1,151 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Accrued operating expenses and deferred income	910	929	(19)
Other items	241	384	(143)
Total	1,151	1,313	(162)

At December 31, 2012, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets.

33. Trade payables – €13,903 million

The item, which amounts to €13,903 million, includes payables in respect of energy supplies, fuel, materials, equipment associated with tenders and other services.

Trade payables break down by maturity at December 31, 2012 as follows.

Millions of euro

By June 30, 2013	10,409
Between July 1 and December 31, 2013	2,899
In 2014	101
Beyond	494
Total at December 31, 2012	13,903

34. Current financial liabilities – €3,138 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Deferred financial liabilities	921	796	125
Derivative contracts (see note 6.4)	2,028	2,645	(617)
Other items	189	227	(38)
Total	3,138	3,668	(530)

For more on “derivative contracts”, please see note 6.4.

35. Other current liabilities – €9,931 million

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011 restated	Change
Payables due to customers	1,637	1,599	38
Payables due to the Electricity Equalization Fund and similar bodies	3,371	2,782	589
Payables due to employees	519	484	35
Other tax payables	945	888	57
Payables due to social security institutions	226	218	8
Payables for put options granted to minority shareholders	814	820	(6)
Payables for acquisition of equity investments	81	-	81
Other	2,338	2,116	222
Total	9,931	8,907	1,024

“Payables due to customers” include €1,101 million (€1,049 million at December 31, 2011) 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 12 months.

“Payables due to the Electricity Equalization Fund and similar bodies” mainly include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €1,862 million (€1,797 million at December 31, 2011) and on the Spanish market amounting to €1,491 million (€985 million at December 31, 2011).

The item “Payables for put options granted to minority shareholders” at December 31, 2012 includes the liability to Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million (€776 million at December 31, 2011) and the payable in respect of the exercise of the put option, carried out in December 2012, for Marcinelle Energie in the amount of €36 million (€43 million at December 31, 2011). That liability was settled in January 2013.

The liabilities in respect of Enel Distributie Muntenia and Enel Energie Muntenia, 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 payables for the acquisition of equity investments regard the acquisition in 2012 of a number of companies in Mexico in the amount of €81 million.

36. Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange. Purchase of electricity on the Power Exchange for pumping and plant planning
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity. Payment of A3 component for renewable resource incentives
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market. Purchase of transport, dispatching and metering services
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services. Purchase of fuels for generation plants, storage services and natural gas distribution
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods
Italian Post Office	Fully controlled (directly) by the Ministry for the Economy and Finance	Purchase of postal services

Finally, Enel also maintains relationships with the pension funds FOPEN and Fondenel, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity and Gas.

The following table summarizes transactions with related parties and with associated companies outstanding at December 31, 2012 and carried out during the period, respectively.

Millions of euro	Related parties							Total
	Single Buyer	EMO	Terna	Eni	ESO	Italian Post Office	Other	
Balance sheet								
Trade receivables	4	487	227	51	29	-	66	864
Current financial assets	-	-	-	-	-	-	-	-
Other current assets	1	-	17	19	-	-	-	37
Trade payables	992	533	525	188	874	83	29	3,224
Current financial liabilities	-	-	-	-	-	-	-	-
Other current liabilities	-	-	21	8	-	-	-	29
Non-current financial assets	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	2	2
Income statement								
Revenues from sales	14	4,856	1,083	596	515	-	60	7,124
Other revenues and income	-	-	45	-	-	-	-	45
Raw materials and consumables	5,992	3,290	124	229	1	-	8	9,644
Services	-	146	1,611	57	1	132	40	1,987
Other operating expenses	2	17	14	1	1	-	3	38
Net income from commodity risk management	(2)	-	84	-	-	-	-	82
Financial income	-	-	-	-	-	-	-	-

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/it-IT/group/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in imple-

mentation of the provisions of Article 2391-bis of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2012, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

Associated companies

GNL Chile	Enel Rete Gas	Elica 2	CESI	Other	Total	Overall total	Total balance-sheet item	% of total
-	20	-	-	9	29	893	11,719	7.6%
1	-	-	-	38	39	39	9,381	0.4%
1	-	1	-	7	9	46	2,262	2.0%
41	95	-	15	121	272	3,496	13,903	25.1%
1	-	-	-	-	1	1	3,138	-
-	-	-	-	10	10	39	9,931	0.4%
-	-	-	-	74	74	74	5,533	1.3%
-	-	-	-	55	55	55	897	6.1%
-	-	-	-	-	-	2	1,151	0.2%
38	41	-	-	14	93	7,217	82,699	8.7%
-	1	-	-	-	1	46	2,190	2.1%
324	1	-	-	2	327	9,971	46,130	21.6%
-	299	-	6	6	311	2,298	15,738	14.6%
-	-	-	1	-	1	39	3,208	1.2%
-	-	-	-	-	-	82	38	-
-	-	-	-	13	13	13	2,272	0.6%

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, 2012	at Dec. 31, 2011	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	5,586	4,766	820
Commitments to suppliers for:			
- electricity purchases	50,634	54,708	(4,074)
- fuel purchases	62,576	69,008	(6,432)
- various supplies	2,120	3,153	(1,033)
- tenders	1,922	1,936	(14)
- other	2,315	2,458	(143)
Total	119,567	131,263	(11,696)
TOTAL	125,153	136,029	(10,876)

Guarantees granted to third parties amounted to €5,586 million and include €469 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 renewable 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:

- > 2013: €48 million;
- > 2014: €49 million;
- > 2015: €49 million;
- > 2016: €50 million;
- > 2017: €51 million.

The expected cash flow of the operating lease contracts of Endesa is as follows:

- > 2013: €52 million;
- > 2014-2015: €81 million;
- > 2016 and beyond: €249 million.

Commitments for electricity amounted to €50,634 million at December 31, 2012, of which €22,486 million refer to the

period 2013-2017, €9,915 million to the period 2018-2022, €6,896 million to the period 2023-2027 and the remaining €11,337 million beyond 2027.

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, 2012, was €62,576 million, of which €34,976 million refer to the period 2013-2017, €21,136 million to the period 2018-2022, €4,685 million to the period 2023-2027 and the remaining €1,779 million beyond 2027.

38. Contingent liabilities and assets

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 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, Enel 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 the hearing of February 7, 2012, the pre-trial hearing judge of Rovigo, granting the request of the Public Prosecutor's Office of Rovigo, ordered the committal for trial of all of the accused for the offence of willful omission of accident prevention measures. At the hearing of September 27, 2012, the Prosecutor also added the charge of willfully causing a disaster. Consequently, the case was sent before the Court of Rovigo. The next hearing is scheduled for June 6, 2013.

Mass litigation

The following mass litigation is currently pending.

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 against Enel Distribuzione 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. Most 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. The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. Currently, pending cases number about 37,000 due to Court decisions as well as abandonment of suits by the plaintiffs or joinder of proceedings. In addition, in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation, the flow of new claims has come to a halt. During 2012, a number of actions for recovery were initiated and settlements reached to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.

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. The case now also involves a number of reinsurance companies in the

proceedings, which have challenged Enel's claim. The suit will be heard before the Court of Rome at the hearing of June 6, 2013, for submission of final pleadings.

Litigation concerning free bill payment procedures

In its ruling no. 2507/2010 of May 3, 2010, the Council of State granted the appeal of the Authority for Electricity and Gas (the Authority) against ruling no. 321/08 of February 13, 2008 with which the Lombardy Regional Court had voided Resolution no. 66/2007. With the latter, the Authority had fined Enel Distribuzione €11.7 million for violation of the provisions of Resolution no. 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 still pending. The appeal seeks a judgment against the Italian State and damages equal to the amount paid with the fine. 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.

Since the end of 2006, Enel has been sued by numerous customers, especially in Campania and Calabria (with the support of a number of consumer associations), alleging violations of a number of Authority Resolutions (200/1999, 55/2000 and 66/2007) concerning the requirement to provide at least one free method for paying invoices and to publicize that method in invoices themselves. In the civil suits, the customers have requested restitution of amounts paid for postal expenses and, often, further damages.

At December 31, 2012, pending cases numbered about 51,000, but the number of new suits is declining, especially following the judgment of the Court of Cassation in 2011 that the rule set out in Authority Resolution no. 200/1999 did not have supplementary validity for existing supply contracts, thereby finding the action for non-performance of contract advanced by customers to be unfounded, because it was based on a non-existent clause. No new suits were filed in the last Quarter of 2012.

BEG litigation

Following an arbitration proceeding initiated by BEG in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million, a request that Enelpower and Enel rejected, vigorously contesting its legitimacy and filing a request in Albania for revocation of the ruling for conflict with the ruling of the Italian Court of Cassation.

As the Albanian Court of Cassation upheld the ruling of the court of first instance, the Enel Group companies then filed an appeal 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 the Republic of Albania to pay damages for financial and non-financial losses incurred by Enel and Enelpower. That suit is pending.

In addition, in 2012, Albania BEG Ambient filed suit against Enel and Enelpower with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel and Enelpower have challenged the suit. The next hearing is scheduled for June 19, 2013. Subsequently, again at the initiative of BEG Ambient, Enel France was served with two "*Saisie Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France.

Furthermore, proceedings continue in the suit lodged by Enelpower and Enel 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, through the legal action taken by Albania BEG Ambient in Albania. With this action, Enelpower and Enel are asking the Court to find BEG liable and order it to pay damages 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 April 23, 2013.

Violations of Legislative Decree 231/2001

The following four cases for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons are pending. Three involve Enel Produzione and one involves Enel Distribuzione, for omission of accident prevention measures:

- > for a fatal accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2008, Enel Produzione has been charged with administrative liability for manslaughter. The next hearing is scheduled for March 18, 2013;
- > for an accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2009, Enel Produzione has been charged with administrative liability for negligent personal injury. The next hearing is scheduled for July 4, 2013;
- > for a fatal accident involving an employee of a subcontractor at the Enel plant at Termini Imerese in 2008, Enel Produzione has been charged with administrative liability for manslaughter. The next hearing is scheduled for March 27, 2013;
- > for a fatal accident involving an employee of a subcontractor in Palermo in 2008, Enel Distribuzione has been charged with administrative liability for manslaughter. The next hearing is scheduled for May 9, 2013.

Josel litigation - 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 February 13, 2012, the *Audiencia Provincial de Palma de Mallorca* overturned the initial ruling. The latter judgment was appealed by Josel with the *Tribunal Supremo* on March 19, 2012.

Tax litigation in Brazil

In 1998, Ampla Investimentos financed the acquisition of Coelce with the issue of bonds in the amount of \$350 million ("Fixed Rate Notes" – FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2006, the interest paid by Ampla to its subsidiary was not subject to withholding tax in Brazil.

However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax.

On November 6, 2012, the *Camara Superior de Recursos Fiscales* (the highest level of administrative courts) issued a ruling against Ampla, which the company may now appeal before the ordinary courts (*Tribunal Superior de justiça*). To that end, Ampla must provide security – through a "*fianza bancaria*" and/or a "*seguro garantia*" – for the tax liability increased by 20% or 30% depending on the type of security used.

In 2002, the State of Rio de Janeiro changed the deadlines for payment of the ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*) by withholding agents (to the 10th, 20th and 30th of each month). Owing to liquidity problems, between September 2002 and February 2005, Ampla continued to pay the ICMS in compliance with the previous system (the 5th day of the subsequent month). Despite an informal agreement, the Brazilian tax authorities issued an assessment for late payment of the ICMS ("*multa de demora*"). Ampla appealed the measure, arguing that the penalties imposed were not due owing to the application of a number of amnesties granted between 2004 and 2006 (*Ley Benedicta*).

Following entry of the amount requested in the Public Register of the State of Rio de Janeiro, Ampla was required to provide security in the amount of €108 million in order to continue to receive public grants.

Meridional litigation - Brazil

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. The Brazilian court granted the complaint and Ampla and the State of Rio de Janeiro filed appeals against the decision, which were granted in December 2009.

Following that decision, Meridional lodged a further appeal (*mandado de segurança*) in June 2011. That request was denied. Subsequently Meridional lodged a new appeal with the *Tribunal Superior de Justiça*, arguing that there were a number of formal errors in the ruling denying the request for the *mandado de segurança*. This latter appeal was granted and the proceeding continues. The amount involved in the dispute is about €353 million.

CIEN litigation - Brazil

In 1998 the Brazilian company 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. The amount involved in the dispute is estimated at about €50 million, plus unspecified damages.

For analogous reasons in May 2010 the company Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about €227 million in addition to unspecified damages.

In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line.

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

LaGeo: Paris Court of Appeal upholds ruling of International Court of Arbitration

On January 8, 2013, the Court of Appeal of Paris upheld the ruling of the International Court of Arbitration (International Chamber of Commerce) concerning the international arbitration proceeding brought by Enel Green

Power against Inversiones Energéticas (INE), its partner in LaGeo, a joint venture for the development of geothermal energy in El Salvador. The judges rejected the appeal lodged by INE asking for the ruling in favor of Enel Green Power to be voided, confirming that the ruling had been issued at the end of a fair trial. The decision of the Court of Appeal reaffirms Enel Green Power's right to allocate investments in LaGeo to share capital through the subscription of newly issued shares in the joint venture.

Forward starting revolving credit facility

On February 11, 2013, Enel SpA signed in Amsterdam a 5-year revolving credit facility amounting to about €9.4 billion, which will replace the €10 billion revolving credit facility (currently not drawn) scheduled to expire in April 2015.

The new revolving credit line is "forward starting", meaning that it may be used starting from the expiry date of the €10 billion revolving credit facility noted above or, before that date, in concomitance with any early cancellation of the latter by Enel.

The new forward starting revolving credit line, which may be used by Enel and/or its Dutch subsidiary Enel Finance International (with a Parent Company guarantee), is intended to give the Group's treasury operations a highly flexible instrument to manage working capital. Accordingly, the credit facility is not part of Enel's debt refinancing program.

A large group of national and international banks participated in the transaction, including Mediobanca in the role of Documentation Agent. The cost of the new credit line will vary in relation to Enel SpA's credit rating. At the current rating level, it is equal to a spread of 170 basis points over Euribor, with commitment fees of 40% of the applicable spread.

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 2012.

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 in 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, 2011	Options lapsed at Dec. 31, 2011	Options lapsed in 2012	Options outstanding at Dec. 31, 2012
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, 2012 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 2010, 2011 and 2012 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, 2010	8,019,779 ⁽¹⁾
Options exercised at December 31, 2010	-
Options lapsed at December 31, 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⁾
Options lapsed in 2012	-
Options outstanding at December 31, 2012	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 SpA 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 deter-

mined 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, 2010	1,527,706
<i>of which vested at December 31, 2010</i>	<i>1,527,706</i>
RSU lapsed in 2011	10,500
RSU exercised in 2011	1,159,460
RSU outstanding at December 31, 2011	357,746
<i>of which vested at December 31, 2011</i>	<i>357,746</i>
RSU lapsed in 2012	-
RSU exercised in 2012	103,432
RSU outstanding at December 31, 2012	254,314
<i>of which vested at December 31, 2012</i>	<i>254,314</i>
Fair value at the grant date (euro)	3.16
Fair value at December 31, 2012 (euro)	3.653
Expiry of the restricted share units	December 2014

Reliability

A neon sign spelling the word "Reliability" in a bright yellow, sans-serif font. The sign is mounted on a light-colored wall. Two black wires extend downwards from the sign, one from the left side and one from the right side, curving slightly as they hang.



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 its corporate group (hereinafter, in short, the "Enel Group" or the "Group") complies with the principles set forth in the edition of the Corporate Governance Code for listed companies ⁽¹⁾ (hereinafter, in short, the "Corporate Governance Code") adopted by the Company.

Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

In December 2012, Enel's Board of Directors resolved to implement the recommendations set forth in the edition of the Corporate Governance Code published in December 2011 (drafted by the Corporate Governance Committee promoted by ABI, Ania, Assogestioni, Assonime,

Borsa Italiana and Confindustria), in compliance with the timetable provided for under the applicable transitional legal framework. Until such date, in 2012, the Company's and the Group's corporate governance system was in line with the recommendations set forth in the edition of the Corporate Governance Code published in the month of March 2006 (and drafted by the Corporate Governance Committee promoted by Borsa Italiana), as well as with the amendments on directors' compensation made to Article 7 of the same Code in the month of March 2010.

The corporate governance system adopted by Enel and its Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The Company's share capital consists exclusively of ordinary shares with full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. At the end of 2012 (and as of the date of this report), Enel's share capital amounted to Euro 9,403,357,795, comprised of the same number of ordinary shares having a par value of Euro 1 each, which are listed on the Electronic Stock Exchange organized and managed by Borsa Italiana.

Major shareholdings and shareholders' agreements

Based upon the entries in Enel's shareholders' ledger, reports made to CONSOB and received by the Company, and other available information, as of the date of this report, none of the Company's shareholders holds a stake exceeding 2% of the Company's share capital, with the exception of the Ministry for the Economy and Finance of the Italian Republic (which owns 31.24% of the share capital), and the group controlled by BlackRock Inc. (which owns 3.33%, held as of November 8, 2012 under an asset ma-

(1) The code is available in its various editions on Borsa Italiana's website (at <http://www.borsaitaliana.it>).

nagement arrangement) nor, to the Company's knowledge, do any of the shareholders' agreements referred to in the Consolidated Financial Act exist with regard to Enel's shares. It shall be noted that in the month of January 2012 Natixis SA temporarily resulted holding a stake slightly higher than the 2% of Enel's share capital.

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 Enel's Ordinary Shareholders' Meetings. However, the above-mentioned Ministry is not in any way involved in managing and coordinating the Company, since the Company makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies. The foregoing is confirmed by 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 on the ownership of shares and voting rights

In implementing the provisions of the legal framework on privatizations, the Company's bylaws provide that with the exception of the government, public bodies, and parties subject to their respective control, no shareholder may own, directly or indirectly, Enel shares representing more than 3% of its 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 affected by the limit on share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders involved. In the event of non-compliance, resolutions passed by Shareholders' Meetings may be challenged in court if it is found that the majority required would not have been attained without the votes expressed in excess of the above-mentioned limit.

Under the legal framework on privatizations, as subsequently amended, the provisions of the bylaws concerning the limit on share ownership and voting rights will lapse if the 3% limit is exceeded following a takeover bid, following which the bidder holds shares representing at least 75% of the capital with the right to vote on resolu-

tions regarding the appointment and removal of directors.

Special powers of the Italian government

In implementing the provisions of the legal framework on privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) certain special powers, which are exercisable regardless of the number of shares owned by the aforesaid Ministry.

Specifically, the Minister for the Economy and Finance, in agreement with the Minister for Productive Activities (currently the Minister for Economic Development), has the following special powers, to be exercised in accordance with the criteria established by the Decree of the President of the Council of Ministers issued on June 10, 2004:

- a) the power to challenge the acquisition of significant shareholdings (or, in other words, shareholdings representing 3% or more of Enel's share capital) by parties to whom the aforesaid limit on 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 effectively detrimental to vital national interests;
- b) the power to challenge the shareholders' agreements referred to in the Consolidated Financial Act if they concern 5% or more of Enel's share capital. In this case as well, 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 on the adoption of resolutions liable to have a major impact on the Company (meaning resolutions to wind up, transfer, merge, or split up the Company or to move its headquarters abroad or to change its corporate purpose, as well as those aimed at abolishing or changing the content of the special powers). 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 voting rights (and of the related substitute in case he or she should cease to hold office).

It should be noted that on March 26, 2009, the European Court of Justice declared that, by adopting the provisions

of Article 1, paragraph 2, of the aforesaid Decree of the President of the Council of Ministers issued on 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 Treaty on the establishment of the European Community.

Thereafter, the Decree of the President of the Council of Ministers issued on 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 European Court of Justice, which set forth 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, which provides that 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, including through the possible provision of appropriate time constraints, without prejudice to national and EU rules, and among those, first and foremost, the non-discrimination principle", remains applicable.

In order to ensure that Italian laws regarding the Italian Government's special powers in privatized companies fully comply with EU principles, a new legal framework on this matter has been recently prepared and is meant to replace the provisions described above. In fact, Decree Law 21/2012 (converted with amendment by Law 56/2012) sets forth new rules on special powers on the governance structures of companies operating in defense and national security sectors, as well as companies which operate in the energy, transportation and communications sectors.

In particular, to the extent it concerns to Enel, Article 2 of such Decree provides, first and foremost, that the networks, plants, assets and interests of national strategic importance in the energy, transportation and communications sectors shall be identified by means of one or more regulations to be enacted through a Decree of the President of the Republic. Such regulations shall be updated at least every three years.

It is therefore envisaged 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 in the ownership, control or availability of the same assets or that may modify their use, shall be notified by the company to the Presidency of the Council of Ministers

within 10 days and, in any case, before their execution. Resolutions concerning the transfer of subsidiaries which own such assets shall be notified within the same term. Within 15 days from the notification, the President of the Council of Ministers, through a Decree passed with a conforming resolution by the Council of Ministers: (i) may exercise its veto whenever the resolutions, acts or transactions may give rise to an extraordinary situation that is not governed by national and European laws applicable to the sector, involving a 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 are sufficient to protect such public interests.

If the President of the Council of Ministers has not passed any measures within 15 days of the notification date, the aforementioned resolutions, acts or transactions shall become effective.

Furthermore, it is provided that any acquisition by a non-EU person, of any nature and for any reason, of controlling shareholdings in companies having assets identified as strategic shall be notified to the Presidency of the Council of Ministers within 10 days. In the event that such purchase represents a real threat of serious prejudice for the above-mentioned public interests, within 15 days from the notification, the President of the Council of Ministers, through a Decree adopted in accordance with a related resolution passed by the Council of Ministers: (i) may impose a condition precedent upon the purchase, whereby the purchaser shall undertake certain commitments aimed at protecting the above-mentioned public interests; or (ii) may oppose the purchase in cases of extraordinary risk for the protection of such interests, which cannot be eliminated through the foregoing commitments. Upon the expiry of 15 days from the notification date, the purchase may be executed, if no measures have been passed by the President of the Council of Ministers by such date.

Article 2 of Decree Law 21/2012 also provides that the special powers set forth under the same Article may be exercised 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 non-EU 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 that have engaged in risky behaviors vis-à-vis the international com-

munity inferred from the nature of their alliances, or that have relationships with terrorist or criminal organizations or with persons otherwise related 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 the purchaser’s economic, financial, technical and organizational capacity – to guarantee the safety and continuity of the supplies and/or the maintenance, safety and the functioning of networks/grids and plants.

Article 3 of Decree Law 21/2012 provides, lastly, that starting from the date of entry into force of the Decrees of the President of the Republic that identify the strategic assets, Italian privatization laws (currently in force) would be automatically cancelled and the underlying provisions of Enel’s bylaws shall automatically cease to be effective. However, pursuant to the same Decree Law 21/2012, the provisions of the Company’s bylaws concerning limits on the ownership of shares and voting rights (as well as the legal framework on privatizations), as described in the previous paragraph, shall remain effective.

Employee shareholdings: mechanism for exercising voting rights

The Consolidated Financial Act sets forth specific rules regarding voting proxies for 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 (on 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 capable of influencing the vote. However, the Consolidated Financial Act clarifies that the request for proxies accompanied by recommendations, declarations and other indications capable of influencing the vote, which is submitted by associations of shareholders to their affiliates – including those associations comprised of employee shareholders – shall not be considered a solicitation of proxies and, therefore, is not subject to the relevant specific legal framework provided that such associations comply with the specific requirements set forth in the Consolidated Financial Act.

At the same time, the Consolidated Financial Act recommends that the bylaws of listed companies contain provisions aimed at simplifying the exercise of voting rights through proxy by employee shareholders, thus fostering their participation in the decision-making process at shareholders’ meetings.

In such respect, since 1999, Enel’s bylaws expressly provide that for purposes of simplifying the collection of proxies by the employee-shareholders of the Company and its subsidiaries, who are affiliated with shareholders’ associations which comply with the requirements imposed under applicable laws, areas 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 Company was informed of the establishment of an employee-shareholders’ association called *A.D.I.G.E. - Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) which meets the requirements set forth in the Consolidated Financial Act and is subject to the above-mentioned bylaws provisions.

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”).

With regard to the rules applicable to amendments to the bylaws, extraordinary shareholders’ meetings resolve on the same, in accordance with the relevant majorities provided for by law.

As permitted by law, however, the Company’s bylaws assign to the Board of Directors’ authority on all resolutions concerning:

- > mergers by incorporation of wholly-owned or at least 90% owned companies, as well as de-mergers of such companies;
- > the establishment or closing of secondary offices/branches;
- > the selection of directors with powers to represent the Company;
- > the reduction of the share capital in the event that one or more shareholders should withdraw;

- > the harmonization of the bylaws with applicable provisions of law;
- > moving the registered office to a different location within Italy.

Furthermore, in implementing the provisions of the legal framework on 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 foregoing paragraph entitled “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, there is outstanding an authorization for the Board of Directors to increase the share capital in order to service a stock option plan aimed at the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.

In particular, on the basis of such authorization, in June 2008, the extraordinary session of the Shareholders' Meeting 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 later verified the achievement of the objectives upon which the exercise of the option rights was conditioned. It should be noted that the unit exercise price of the stock options assigned under the 2008 stock option plan is equal to €7.118, the term for exercise shall expire at the end of year 2014, and the amount authorized above could entail a potential maximum total dilution amounting to 0.10% of the share capital as recorded as of the date of this report. For a detailed description of the 2008 stock option plan, see the comments set forth in the Company's financial statements and Enel Group's consolidated financial statements for year 2012.

For the sake of thoroughness, it should be pointed out that the total actual dilution of the share capital as of the end of 2012 as a consequence of the exercise of the stock options awarded through the plans preceding the above-

mentioned plan amounts to 1.31%.

As of the date of this report, the Board of Directors has not been authorized either to issue financial instruments granting shareholdings or to buy back shares.

Change-of-control clauses

A) The Credit Agreement to finance the acquisition of 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 such company by Enel, its subsidiary Enel Energy Europe Srl and the Spanish companies Acciona SA and Finanzas Dos SA (the latter of which is controlled by Acciona SA), in April 2007, Enel and its subsidiary Enel Finance International SA (which subsequently merged into Enel Finance International NV) entered into a syndicated term and guarantee facility agreement (hereinafter, in short, 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 increase in the Credit Agreement for an additional €8 billion and an extension (with respect to the deadlines set forth in such Credit Agreement) of the term for the repayment of this additional sum, with the intention of financing the acquisition by the subsidiary Enel Energy Europe Srl of 25.01% of Endesa SA's share capital held by Acciona SA and Finanzas Dos SA. Specifically, it was agreed that of the additional Euro 8 billion obtained through the increase in 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 25.01% of Endesa SA's capital held by Acciona SA and Finanzas Dos SA, in June 2009, the aforesaid increase in the Credit Agreement, amounting to €8 billion, was used in its entirety. As of December 2012, following the repayments made, the remaining amount outstanding of the Credit Agreement (including the above-mentioned additional €8 billion) is equal to €617.5 million.

The Credit Agreement makes specific provisions for circumstances (hereinafter, for the sake of brevity, the “Change of control events”) 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, such that the Group's creditworthiness is significantly

compromised in the opinion of the pool of banks. Specifically, if one of the aforesaid hypothetical change of control events should occur:

- > each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention to withdraw from the agreement;
- > Enel and its subsidiary Enel Finance International may decide to repay the sums received early and to cancel, without incurring any 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 notified its intention to withdraw from the agreement;
- > each of the latter banks belonging to the pool may demand the early repayment of the sums disbursed and the cancellation of the entire financial commitment undertaken;
- > 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 shall remain in full force and effect in accordance with the terms and conditions originally agreed.

B) The revolving credit facility agreement

In order to meet general treasury requirements, in April 2010, Enel and its subsidiary Enel Finance International SA (which subsequently merged into 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 matter, entered into in 2005, in the amount of €5 billion.

Such agreement sets forth rules regarding possible changes of control and their consequences that are essentially similar to those provided under the Credit Agreement described in paragraph A) above.

C) The Term Loan Facility

In February 2012, the subsidiary Enel Finance International NV entered into a term loan with a pool of banks in the amount of €3.2 billion, backed by a guarantee granted by Enel, for a term of five years from the date of the initial drawdown.

The term loan contains provisions governing possible changes in control and their consequences that are essentially similar to those provided under the Credit Agreement described in paragraph A) above.

D) The revolving credit facility agreement entered into with UniCredit

In order to satisfy specific treasury requirements, in July 2012, Enel entered into a revolving credit facility agreement with UniCredit SpA for a total amount of €500 million, with a term of approximately 18 months from the execution date.

This contract also provides that in the event that control over 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 Enel's capacity to fulfill its obligations under the revolving credit facility agreement, it may request the suspension of Enel's use of the unused funds under the facility agreement and the reimbursement of the amounts already drawn.

E) 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, in short, "EIB") for up to €450 million (amount that the parties subsequently agreed to reduce to €400 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 proposed, EIB shall be entitled to unilaterally terminate the loan agreement in question.

F) The EIB loans to Enel Distribuzione

In order to develop the process of making its electricity grid more efficient, in November 2006 the controlled company Enel Distribuzione SpA entered into a loan agree-

ement with the EIB in the amount of €600 million, which expires in December 2026. In December 2012, following repayments, the outstanding loan amounted to €560 million.

Such agreement is backed by a guarantee agreement entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the loan, is obliged to inform the EIB of any changes in its control structure. After receiving such notification, the EIB will examine the new circumstances in order to decide upon a possible change in the conditions governing such loan to Enel Distribuzione SpA.

G) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, Enel Distribuzione SpA entered into a framework loan agreement with Cassa Depositi e Prestiti SpA (hereinafter, in short, "CDP") for an amount of €800 million, which will expire in December 2028. It is also aimed at developing the process of making the power grid of such subsidiary more efficient. In 2011, the parties entered into two extensions to 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 guarantor of 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 control of said company, as well as (ii) of any significant deterioration in Enel Distribuzione SpA's and/or Enel's financial condition, balance sheet, income statement, cash flow, or operations or prospects. The occurrence of such circumstances may give rise to an obligation for Enel Distribuzione SpA to repay immediately to CDP the loan received.

Compensation owed to directors in the event of early termination of the relationship, including as the result of a takeover bid

The payment package due to the Chief Executive Officer (as well as the General Manager) of Enel includes an end of mandate severance indemnity, which is also granted in the event of early termination of the directorship relationship following resignation for cause or revocation without cause.

For a detailed description of such compensations please make reference to paragraph 1.2.3 of the first section of the remuneration report approved by the Board of Directors on April 4, 2013, upon proposal of the Compensation Committee, which is available at the Company's registered office, on the Company's website.

No specific indemnities are due in the event that the relationship with any member of the Board of Directors should terminate following a takeover bid.

Organizational structure

In compliance with the current legal framework applicable in Italy to listed companies, the organizational structure of the Company includes:

- > a Board of Directors in charge of managing the Company;
- > a Board of Statutory Auditors responsible for monitoring (i) the Company's compliance with the law and bylaws, as well as compliance with proper management principles in the carrying out of the Company's activities, (ii) the process of financial disclosure and the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system, (iii) the audit of the annual financial statements and the consolidated financial statements and the independence of the external auditing firm and, lastly (iv) how the corporate governance rules pro-

vided by the Corporate Governance Code are actually implemented;

- > Shareholders' Meetings, called to resolve upon – in either an ordinary or extraordinary session – among other things, (i) the appointment or removal of members of the Board of Directors and the Board of Statutory Auditors, as well as their compensation and responsibilities, (ii) the approval of financial statements and the allocation of net earning, (iii) the purchase and sale of treasury shares, (iv) stock-based compensation plans, (v) amendments to the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm enrolled in the relevant registry and appointed by the Shareholders' Meeting, upon a reasoned proposal by the Board of Statutory Auditors.

Section II: Implementation of the recommendations of the Corporate Governance Code and additional information

Board of Directors

Role and functions

The Board of Directors has a central role in the Company's governance structure, since it has powers over the strategic, organizational and control guidelines for the Company and the Group. In consideration of its role, the Board of Directors meets regularly and endeavors to ensure the effective performance of its duties.

In particular, and in accordance with the legal framework and specific resolutions of the Board itself (and, in particular, the one recently passed in December 2012), the Board of Directors:

- > establishes the corporate governance system for the Company and the Group;
- > constitutes the Board's internal committees, with consultative and proposing powers, appoints their members and, by approving their internal rules, 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 legal or regulatory provisions 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, as well as the Board of Statutory Auditors does, 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, based on the analyses and proposals of the relevant committee, the compensation of the directors and key executives; in implementing such policy, it determines, based on proposals of the committee and after consulting with the Board of Statutory Auditors, the compensation of the Chief Executive Officer and the other directors who hold specific offices and resolves upon the adoption of incentive plans aimed at the general management;
- > 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;
- > examines and approves the strategic, business and financial plans of the Company and the Group, whose implementation monitors periodically. In this regard, the current division of powers within the Company specifically provides that the Board of Directors resolves upon the approval of:
 - the annual budget and the business plan of the Group (which incorporate the annual budgets and long-term plans drafted by the Group companies);
 - strategic agreements, also defining – upon proposal by the Chief Executive Officer and after consulting the Chairman – the Company's and the Group's strategic objectives;
- > examines and approves in advance 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 concluded with related parties or otherwise characterized by a potential conflict of interests.

In particular, all financial transactions of a significant size (meaning: (i) the Company's issuance of bonds or contracting of loans for an amount exceeding €50 million; (ii) the issuance of bonds or the entering into loans by subsidiaries where, in both cases, the grant of a guarantee by Enel is required or the transaction's amount exceeds €300 million; and (iii) the grant of guarantees by Enel, in the interest of subsidiaries or third parties, in both cases, where such guarantees cover amounts exceeding €25 million) must be approved in advance (if they concern the Company) or evaluated (if they regard other Group companies) by the Board of Directors.

In addition, acquisitions and disposals of equity investments amounting to more than €25 million must be approved in advance (if they are carried out directly by the Company) or evaluated (if they concern other 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 guidance and assessments on the adequacy of the internal control and risk management system, defining the nature and level of risk that is compatible with the Company's and the Group's strategic targets, in line with the prerogatives set forth in such regard in the Corporate Governance Code (as better described in the paragraph entitled "Internal control and risk management system");
- > provides for the exercise of voting rights at the shareholders' meetings of the main companies of the Group and designates the directors and statutory auditors of such 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 interests, 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 at such meetings on the activities carried out and planned, ensuring that the shareholders have adequate information on the elements necessary to enable them to participate in a well-informed manner in the decisions falling under 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 three to nine members who are appointed by an Ordinary Shareholders' Meeting (which determines their number subject to such limits) for a term not exceeding three financial years and may be reappointed at the expiration of their term of office. A non-voting director may be appointed in addition to the foregoing members, whose appointment is reserved to the Italian government by virtue of the legal framework on privatizations and a specific provision of the bylaws (as explained in the first section of this report in the paragraph entitled "Ownership Structure – Special powers of the Italian government"). To date, the Italian government has not yet exercised such power of appointment.

Under the current legal framework, all of the directors must meet the integrity requisites imposed upon statutory auditors of listed companies, and the company representatives of entities holding equity stakes in financial intermediaries. In compliance with the legal framework governing privatizations and in accordance with the amendments made at the end of 2005 to the Consolidated Financial Act, the bylaws also provide that the appointment of the entire Board of Directors must take place in accordance with the slate voting system aimed at ensuring the presence on the Board of Directors of members appointed by minority shareholders totaling 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 meeting the independence requisites established by law (i.e., those applicable to the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them as the first name on the slate.

Furthermore, pursuant to the amendments to the Consolidated Financial Act introduced in July 2011, aimed at ensuring a balance between genders in managing and supervisory boards of listed companies, and in light of the implementing regulations issued by CONSOB and included in the Issuers Regulation, and in compliance with the bylaws amendments resolved by the extraordinary Shareholders' Meeting held on April 30, 2012, on the next three renewals of the Board of Directors following August 12, 2012, those slates which contain a number of candidates equal to or over three shall also include candidates belonging to different genders, as indicated in the notice

of call. With regard to the modalities for the appointment of the Board of Directors, such bylaws amendments shall include, under the Company's bylaws, a specific correction mechanism ("sliding clause") to be used in the event that, following the vote, a balance between genders, as required under the applicable legal framework, is not achieved. 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 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 called to resolve upon the appointment of the members of the Board of Directors is scheduled. Such slates shall be published by the Company on its internet website and shall also be 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 containing exhaustive information on the personal and professional qualifications of the candidates, accompanied by a statement as to whether or not they qualify as independent under the applicable provisions of law and the Corporate Governance Code, must be filed at the Company's registered office together with the slates, and must also be published promptly on the Company's website.

For 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 in accordance with the slate voting 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 meeting the independence requisites established by law (in other words, 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);
- > compliance with the applicable laws on balance between genders; and
- > the principle of a proportional representation of minorities on the Board of Directors.

The replacement of directors is regulated by applicable provisions of law. In addition to such provisions, the by-laws 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 meeting the independence requisites established by the law, and ensuring the compliance with the applicable laws on balance between genders;
- > 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.

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 for the 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 comprised of nine members, whose term shall expire 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 comprised of the members indicated here below, together with the specification of the slates from 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, 52, Chairman (designated in

the slate presented by the Ministry for the Economy and Finance);

- > Fulvio Conti, 65, Chief Executive Officer and General Manager (designated in the slate presented by the Ministry for the Economy and Finance);
- > Alessandro Banchi, 66, director (designated in the slate presented by institutional investors);
- > Lorenzo Codogno, 53, director (designated in the slate presented by the Ministry for the Economy and Finance);
- > Mauro Miccio, 57, director (designated in the slate presented by the Ministry for the Economy and Finance);
- > Fernando Napolitano, 48, director (designated in the slate presented by the Ministry for the Economy and Finance);
- > Pedro Solbes Mira, 70, director (designated in the slate presented by institutional investors);
- > Angelo Taraborelli, 64, director (designated in the slate presented by institutional investors);
- > Gianfranco Tosi, 65, director (designated in the slate presented by the Ministry for the Economy and Finance).

A brief description of the professional profiles of the above-mentioned members of the Board of Directors is set forth in Schedule 1 to this report.

The directors are aware of the duties and responsibilities resting with the office they hold and they are, like the statutory auditors, informed on an on-going basis by the relevant corporate departments on the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be in a position to perform their role even more effectively, they also participate to initiatives aimed at increasing their knowledge of the Company's structure and dynamics. In particular, in 2012, the non-executive director and the statutory auditors were offered the possibility of taking part, at the Company's expense, in a training course organized by Assogestioni and Assonime about duties and responsibilities of members of management and control bodies of listed companies, in connection with the new edition of the Corporate Governance Code published in December 2011.

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 over the medium-long term.

Remuneration

Shareholders' Meetings determine the remuneration of the members of the Board of Directors. The Board of Di-

rectors sets the additional remuneration for the members of the committees with consultative and proposing functions instituted within the Board of Directors, upon a proposal by the Compensation Committee, after consulting the Board of Statutory Auditors. The total remuneration of the Chairman and the Chief Executive Officer/General Manager is also established by the Board of Directors, upon a proposal by the Compensation Committee and after consulting the Board of Statutory Auditors.

For a detailed description of the structure and of the amount of the above-mentioned remuneration for financial year 2012, please see the second section of the remuneration report, approved by the Board of Directors on April 4, 2013, upon a proposal by the Compensation Committee, which is available at the Company's registered office, and on the Company's website.

Limit on the number of offices held by directors

The directors accept and maintain their office provided they expect to be in a position to 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 on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other work or 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 embodied in a specific document, most recently amended in December 2012) a policy regarding the maximum number of offices that its members may hold on 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 enough time to effectively perform their duties on the Board of Directors of Enel, also taking into account their participation in committees established within the Board.

In accordance with the recommendations of the Corporate Governance Code, such policy considers significant, in this regard, only those offices held on the boards of directors and the boards of statutory auditors of the following categories 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, based upon their most recent approved financial statements.

In accordance with the recommendations of the Corporate Governance Code, the policy formulated by the Board of Directors thus establishes differentiated limits upon 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 on Enel's Board of Directors and on 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 within Enel's subsidiaries and affiliates.

In the context of the amendment of such policy in December 2012, it was provided that – in line with the recommendations introduced in the edition of the Corporate Governance Code published in December 2011 – unless otherwise decided in accordance with a reasoned opinion expressed by the Board of Directors, Enel's Chief Executive Officer may not hold the role of director of another large company outside Enel Group and where an Enel's director acts as Chief Executive Officer.

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 December 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 under such policy.

Board meetings and the role of the Chairman

In 2012, the Board of Directors held 14 meetings, which lasted an average of about 3 hours and 15 minutes 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 Auditors.

For the financial year 2013, 13 Board's meetings have been scheduled, 4 of which have already been held.

During 2012 the heads of the corporate functions in charge of the various matters related to the items on the agenda have been constantly invited to attend the meetings of the Board of Directors and, upon invitation by the Chief Executive Officer, they have brought to the discussion their valuable contribution.

The activities of the Board of Directors are coordinated by the Chairman, which has a proactive role in connection with the functioning of the Board. In particular, the Chairman calls the meetings of the Board, establishes their agenda, presides over them, and endeavors to ensure that the documentation related to the items on agenda is circulated to the directors and statutory auditors with timely advance notice prior to the date of each meeting. In this regard, it should be noted that the Board of Directors, in December 2012, deemed generally timely an advance notice of three days for mailing out the Board meeting documentation (while at the same time acknowledging that such term could be increased or decreased, respectively, in cases where the documentation is particularly important and/or complex or in the event of urgent transactions or transaction in progress), and affirmed that in 2012, such term had generally been complied with. The Chairman also ascertains whether the Boards' resolutions are implemented, chairs Shareholders' Meetings, and – like the Chief Executive Officer – is authorized to represent the Company legally.

In addition to the powers provided by law and under the bylaws regarding the functioning of the corporate bodies (the Shareholders' Meeting and the Board of Directors), the Chairman is also entrusted, pursuant to a board resolution passed in December 2012, with the duties of (i) participating in the formulation of corporate strategies in concert 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) taking part in, jointly with the Chief Executive Officer, the drafting in favor of the Board of Directors of proposals on the appointment, revocation and compensation of the head of the Company's "Audit" function.

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

Towards the end of 2012, the Board of Directors, with the assistance of a specialized consultancy firm which is not party to any other professional or business relationships with Enel or the other companies belonging to the Enel Group, began (and completed in February 2013) an evaluation of the size, composition, and functioning of the Board itself and its committees (referred to as the "Board review"), in compliance with the most advanced corporate governance practices disseminated abroad that have been adopted under the Corporate Governance Code. This Board review follows similar initiatives that have been conducted on an annual basis by the Board of Directors starting in 2004.

The analysis, which is conducted by means of a questionnaire filled out by each director followed by individual interviews performed by the consultancy firm, in accordance with standard practice, focused on the most significant issues regarding the Board of Directors, such as: (i) the composition, role, and responsibilities of such body; (ii) the organization and conduct of Board meetings, the related information flows and the decision-making processes followed; (iii) the utility and frequency of induction meetings in order to expand the visibility and understanding of the most important strategic and operating matters; (iv) relationships between the Board of Directors and the Company's and the Group's top management; (v) the composition and functioning of the committees instituted within the Board; (vi) 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 2012 Board review, the most noteworthy include the spirit of collaboration within the Board of Directors, facilitating the decision-making process; the information flows on which such decision-making process is based, which the directors consider to be complete, effective and timely; the breadth of the Board's discussions, which are supported by an adequate awareness on the part of the directors of the Company's strategies and risks; the minutes of the meetings recording the discussions and the resolutions of the Board, 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 meetings are considered to be appropriate. The activities carried out by the Chairman

and the manner in which he coordinates the works of the Board of Directors continue to be very positively assessed by the other directors, which have also confirmed their positive assessment on the transparency of the information provided by the top management during the Board's meetings and on the contributions and analyses on the most significant issues which have been provided by the top managers during the Board's Meetings and which have provided the opportunity to enrich the Board's discussions with additional information. With regard to the establishment of committees within the Board, a large consensus has been reiterated on the adequacy of their composition, their role and the effectiveness of the activities carried out, facilitated by both the support given by the dedicated corporate functions and the accessibility of the information requested. The overall picture provided above confirms that – as pointed out by the consultancy firm, also based on a specially performed benchmark analysis – Enel's Board of Directors and its internal committees work in an efficient and transparent manner, in full compliance with best practices for corporate governance.

With reference to the recommendation represented during the previous Board review regarding the advisability of including as a schedule to the more lengthy and complex documents to be reviewed by the Board of Directors summary memoranda which summarize the most important contents, it has been observed that such requests have been promptly and fully satisfied, just as the adequate timeliness of the delivery of the documentation prior to upcoming Board meetings has been confirmed.

Continuing an initiative introduced after the first Board review (conducted in 2004), the annual meeting of the Strategic Committee was again organized in October 2012 and focused on an analysis and in-depth study by the members of the Board of Directors of the long-term strategies across the Group's various business sectors. Upon the conclusion of the Board review, the directors confirmed the considerable usefulness of such meeting as part of their training, and recommended that its duration be extended in order to ensure even more in-depth discussions between the top management and the directors, which could increase the opportunities for the directors to provide their contributions to the process of definition of the corporate strategies.

Among the few areas showing room for improvement, a number of directors have recommended, on the one hand, to better analyze the strategies of the Group's main competitors at the international level, in light of the growing importance of Enel's expansion onto foreign markets and,

on the other hand, to conduct more regular and frequent reviews of the Company's and the Group's long-term strategies, including by further enhancing and extending the scope of the annual strategic summit.

Executive and non-executive directors

The Board of Directors consists of executive and non-executive directors.

In accordance with the recommendations set forth in the Corporate Governance Code, the following directors 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 individual management powers 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 fall under any of the foregoing categories qualify as non-executive.

According to the analysis carried out in December 2012 by the Board of Directors in office as of the date of this report, with the exception of the Chairman and the Chief Executive Officer/General Manager, the other seven 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 regards the Chairman, it should be noted that his classification 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, although he does not have any individual powers of management.

As regards the Chief Executive Officer, the latter is granted all powers to manage the Company, with the exception of those otherwise assigned under legal or regulatory provisions, the Company's bylaws or the structure of powers which was updated, most recently, in December 2012 (as regards the matters which under such structure are reserved to the Board of Directors, see the paragraph entitled "Board of Directors – Role and functions" above).

The number, expertise, professionalism, authoritativeness,

and availability of the non-executive directors are therefore appropriate 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 issues under discussion from different perspectives and consequently the adoption of reasoned and well-informed decisions that correspond with corporate interests.

Independent directors

Basing its decision on the information provided by the persons concerned or information otherwise available to the Company, in December 2012, the Board of Directors attested that directors Alessandro Banchi, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli, and Gianfranco Tosi are independent pursuant to the Corporate Governance Code.

Specifically, non-executive directors were considered independent if they neither are party nor have recently been party to relationships, even indirectly, with the Company or with parties related to the Company that could currently compromise their autonomy of judgment.

As usual, the procedure followed in this regard by the Board of Directors began with an examination of a document indicating the offices held and the relations maintained by the non-executive directors that could be deemed relevant for purposes 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 the final assessment was 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 Corporate Governance 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 such Code.

In this regard, it is pointed out that during such evaluation conducted in December 2012 on the independence of the non-executive directors, the Board of Directors, in compliance with the above-mentioned principle of

prevalence of substance over form, has also classified as independent, pursuant to the Corporate Governance Code, the directors Fernando Napolitano and Gianfranco Tosi, having concluded that their independence may be more properly assessed taking into account the independence of judgment shown by the same towards the Company, its executive directors and its main shareholder, the Ministry for the Economy and Finance, which presented their candidatures, rather than on the basis of the fact that Mr. Tosi has been one of the directors of Enel for over 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 Corporate Governance Code, the requisites of independence must be considered lacking) should, in principle, preclude the relevant non-executive director's satisfaction of the independence requisites provided under such Code. In this regard, it should be noted that during the above-mentioned evaluations conducted in December 2012 on the independence of the non-executive directors, the Board of Directors acknowledged that no business, financial or professional relationships, whether direct or indirect, of such a nature to compromise their independence of judgment, exist or have existed during years 2011 and 2012, between the above-mentioned directors, qualified as independent, and the Company or persons related to the Company.

During the review carried out in December 2012, the Board of Directors ascertained that the foregoing six non-executive directors – i.e. Alessandro Banchi, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi – also met the requisite of independence provided by law (namely by the Consolidated Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in Table 1 attached to this report).

In February 2013, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations on the independence of its non-executive members, the Board of Directors correctly applied the criteria recom-

mended by the Corporate Governance Code, following for such purpose a transparent assessment procedure that enabled the Board to learn about relations that were potentially relevant for purposes of the independence evaluation.

Even though independence of judgment characterizes the activities of all directors, both executive and non-executive, an adequate presence of directors (both with respect to their number and responsibilities) who can be qualified as independent according to the foregoing definition – 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 met, without the presence of the other directors, in December 2012. On that occasion, on the one hand, they verified that the recommendations that emerged from the Board review for year 2011 had been fully implemented over the course of 2012 and, on the other, agreed upon the need to hold more frequent meetings for the independent directors, in order to discuss the matters considered to be of interest in connection with the functioning of the Board of Directors and the management of the Company.

In December 2012, the Board of Directors also confirmed the absence of any conditions that, according to the Corporate Governance Code, would require the appointment 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, and does not own a controlling interest in the Company. The independent directors also concluded that the fact that they had identified within the Board, as of December 2011, a director (in the person of Mauro Miccio) in charge of coordinating the conduct of meetings reserved for them rendered unnecessary the express designation, on a voluntary basis, of a lead independent director.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up within the Board itself a Compensation Committee and an Internal Control Committee (name which, in line with the recommendations introduced in the edition of the Corporate Governance Code published in December 2011, in December 2012 was changed to Control and Risk Committee), having consultative and proposing functions.

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 (who, starting from December 2012, in line with the recommendations introduced in the edition of the Corporate Governance Code published in the month of December 2011, must meet the independence requisites) and also establishes the duties of the committee by a special resolution.

Special organizational regulations approved by the Board of Directors (amended and integrated most recently in December 2012) govern the composition, tasks, and working procedures of the Compensation Committee and the Control and Risk 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 subject to 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 avail itself of external consultants in order to obtain information on market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively compromise his independence of judgment.

Each committee appoints a secretary, who need not be one of its members, who is assigned the task of drafting the meeting minutes.

The Chairman of the Board of Statutory Auditors, or another designated auditor, attends the meetings of each committee (it should be noted that starting in December 2012 and in line with the recommendation introduced in the edition of the Corporate Governance Code published in December 2011, also the other regular statutory auditors are entitled to attend). Upon invitation by the Chairman of the relevant committee, meetings may also be attended by other members of the Board of Directors or representatives of the Company's functions/departments or third parties whose presence may support the performance of the committee's duties. The meetings of the Compensation Committee are also normally attended by the head of the "Human Resources and Organization" function, and the meetings of the Control and Risk Committee are also normally attended by the head of the "Audit" function.

In November 2010, the Board of Directors, during its approval of a new procedure for related party transactions, in

compliance with the requirements prescribed by CONSOB through a regulation passed in March 2010, established an internal committee (the Related Parties Committee). This committee is in charge of issuing specific opinions on transactions with related parties carried out by Enel, directly or through its subsidiaries, in the circumstances and in compliance with the procedure described above.

Subsequently, in May 2011, the Board of Directors established another internal committee with consultative and proposing functions regarding corporate governance matters (the Corporate Governance Committee), placed in charge of supervising the procedures and the regulations adopted in this respect within the Company and formulating amendment proposals in order to adapt their contents to the national and international best practices, also taking into account changes in the applicable legal framework. In December 2012, on the occasion of the implementation of the recommendations introduced in the edition of the Corporate Governance Code published in December 2011, the Board of Directors also delegated nomination committee functions to this committee.

The organizational rules governing the Related Parties Committee and the Nomination and Corporate Governance Committee regulate the functioning of such committees essentially in accordance with the principles contained in the organizational rules governing the Compensation Committee and the Control and Risk Committee.

Compensation Committee

The compensation of the Company's directors and key executives is established in an amount that is sufficient to attract, retain, and motivate people endowed 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 the key executives is defined so as to align their interests with the priority objective of pursuing the creation of value for the shareholders over the medium-long term. In particular, a significant portion of the compensation of executive directors and key executives is linked to the achievement of specific performance objectives, which also include non-economic objectives, which are 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 requested of each of them,

taking into account their participation in the committees. It should be noted in this regard that, in line with the recommendations of the Corporate Governance Code, this compensation is in no way linked to the economic results achieved by the Company or the Group and that the non-executive directors are not beneficiaries of stock-based incentive plans.

No directors may attend those meetings of the Compensation Committee that are called to resolve upon proposals regarding their own emoluments, to be submitted to the Board of Directors, except in the 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 most recently determined by the Board of Directors in December 2012):

- > presenting proposals to the Board of Directors for the compensation of the directors and key executives, evaluating periodically the adequacy, overall consistency and concrete application of the adopted policy, also on the basis of information provided by the Chief Executive Officer concerning the implementation of such policy with respect to the key executives;
- > submitting to the Board of Directors proposals for or express opinions on the remuneration of the executive directors and the other directors who hold particular offices, as well as 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, in particular, the actual achievement of performance objectives;
- > examining 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 incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate abilities and experience and developing their sense of belonging and ensuring their constant, enduring effort to create value.

In addition to those recommended by the Corporate Governance 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 2012, the Compensation Committee consisted of directors Fernando Napolitano (acting as Chairman), Alessandro Banchi and Pedro Solbes Mira. The Board of Directors verified that all members of the committee have adequate experience and expertise in financial matters.

In 2012, the Compensation Committee held 6 meetings, which were duly attended by its members (and the Chairman of the Board of Statutory Auditors) and lasted, on average, 1 hour and 45 minutes each. The committee availed itself of external consultants, at the Company's expense.

During 2012, the Compensation Committee defined over the first few months of the year the remuneration policy for the directors and key executives. Such policy was approved by the Board of Directors on April 5, 2012 and was submitted for a consultative vote to the Ordinary Shareholders' Meeting held on April 30, 2012, which expressed its favourable vote in such regard. The Compensation Committee, in addition to elaborating the long-term incentive plan for year 2012 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; in this respect, the committee also worked on implementation aspects concerning 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 and verifying their attainment of the objectives for the previous year. The committee lastly analyzed developments in the management compensation plan and toward the end of the year started to prepare a compensation policy for directors and key executives for year 2013 which, following definition by the committee, was approved by the Board of Directors on April 4, 2013.

Control and Risk committee

The Control and Risk Committee (which until December 2012 operated under the name "Internal Control Committee" in accordance with the responsibilities assigned in line with the recommendations of the edition of the Corporate Governance Code published in March 2006) has the task of supporting, through an adequate review process, the assessments and decisions on the part of the

Board of Directors regarding the internal control and risk management system and the approval of periodic financial reports. Specifically, the Control and Risk Committee is entrusted with the following consultative and proposing tasks (as most recently defined by the Board of Directors, in December 2012), which were broadened to include new responsibilities in addition to those already assigned to it as internal control committee:

- > supporting the Board of Directors, by formulating specific opinions, in connection with the performance of its tasks delegated under the Corporate Governance Code on internal control and risk management matters (it should be noted that such tasks are analysed in the paragraph entitled "Internal control and risk management system" below);
- > assessing, together with the executive in charge of preparing the corporate accounting documents, after consulting with the auditing firm and the Board of Statutory Auditors, the proper application of accounting principles and their uniformity for purposes of preparing the periodic financial reports;
- > expressing opinions on specific aspects regarding the identification of the Company's and the Group's main risks;
- > reviewing periodic reports concerning assessments on the internal control and risk management system and the particularly important reports prepared by the "Audit" function;
- > monitoring the independence, adequacy, effectiveness and efficiency of the "Audit" function;
- > performing the additional tasks assigned to the Committee by the Board of Directors, with particular regard to:
 - reviewing the contents of the sustainability report that are relevant for purposes of the internal control and risk management system, issuing in such regard a prior opinion to the Board of Directors called to approve such report (it should be noted that such task was assigned to the committee starting in December 2012, while until such time the committee had handled, more broadly, 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 disclosure provided in this regard through the sustainability report);
 - reviewing the main corporate rules and procedures related to the internal control and risk management

system which are relevant for stakeholders, with particular reference to the Compliance Program prepared pursuant to Legislative Decree 231/2001, the Code of Ethics, the "Zero tolerance for corruption" plan and the Human Rights Policies, submitting such documents to the Board of Directors for approval and assessing any subsequent amendments or supplements to the same;

- > reporting to the Board of Directors at least once every six months on the work performed and on the adequacy of the internal control and risk management system. The committee may also ask the "Audit" function to perform checks on specific operating areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the director in charge of the internal control and risk management system, except where the subject matter of the request specifically concerns such persons' work.

During 2012, such committee consisted of directors Gianfranco Tosi (acting as Chairman), Lorenzo Codogno (in which respect the Board of Directors recognized that the requisite of appropriate experience in accounting and finance had been met), Mauro Miccio and Angelo Taraborrelli.

In 2012, such committee held 15 meetings, which were duly attended by its members (as well as the Chairman of the Board of Statutory Auditors) which lasted, on average, 2 hours each.

During 2012, such committee focused on, first of all, the evaluation of the work plan prepared by the head of the "Audit" function, on the results of the audits performed during the previous year. Based upon such results, the committee formulated, within the scope of its responsibilities, a positive assessment of the adequacy, efficiency and effective functioning of the internal control system during the previous year. During 2012, the committee also analyzed the main accounting decisions, the most important accounting standards and the impact of new international accounting standards on the Enel Group's consolidated financial statement for 2011 and the half-year report for 2012, also reviewing the impairment test procedure in the consolidated financial statement for 2011. In addition, over the course of 2012, the committee: (i) reviewed the sustainability report which was updated on the main initiatives conducted by the Group concerning corporate social responsibility; (ii) assessed the reports received during the previous financial year on the basis of the provisions of the Code of Ethics; (iii) examined the main issues rai-

sed by the Court of Auditors in its report on the management for the year 2010 and examined the considerations raised by the Company's functions with responsibilities in this regard; (iv) analyzed the proposals for updating the Compliance Program adopted pursuant to Legislative Decree 231/2001. Finally, the committee acknowledged the on-going compliance within the Group with the laws and regulations on accounting transparency, adequacy of the organizational structure and the internal control systems of the subsidiaries established under and governed by the laws of non-EU countries.

Related Parties Committee

The Related Parties Committee is comprised of at least 3 independent directors, who are appointed by the Board of Directors, which appoints one of its members as Chairman and also resolves upon the duties assigned to the Committee itself, in accordance with the provisions of the specific procedure for the governance of related party transactions, adopted by the Board of Directors in November 2010.

Based upon the above-mentioned procedure and its own organizational rules, the Related Parties Committee essentially has the duty of formulating specific reasoned opinions on the interests of Enel – as well as those of Enel's directly or indirectly controlled subsidiaries that may be involved from time to time in the completion of transactions with related parties, expressing an assessment on the advantageousness and substantial fairness of the relevant conditions, after receiving timely and adequate information in advance. In connection with transactions of major importance (as defined in the aforementioned procedure), such committee may also request information and make comments to the Chief Executive Officer and those persons in charge of the negotiations or the inquiry on matters related 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 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 from among persons of proven expertise and competence on the subject matters of the transactions on which the committee is asked to give its opinion, after having verified their independence and the absence of any conflicts of interests.

During 2012, the committee was comprised of directors Alessandro Bianchi (acting as Chairman), Pedro Solbes

Mira, Angelo Taraborrelli and Gianfranco Tosi. Starting in December 2012, the director Angelo Taraborrelli ceased to be a member of the committee and at the same time became a member of the Nomination and Corporate Governance Committee in order to ensure a fair allocation of workloads among the members of the internal committees established within the Board of Directors.

Moreover, during 2012, the committee held one meeting which was duly attended by all of its members (as well as the Chairman of the Board of Statutory Auditors) and lasted for approximately 1 hour.

At such meeting, the Related Parties Committee: (i) examined the main views expressed by CONSOB on the initial experiences involving the application of the legal framework on related party transactions; (ii) analyzed the disclosure set forth in the periodic financial documents concerning the related party transactions concluded within the Group; and (iii) agreed upon a number of proposed amendments to be made to the corporate procedure on the regulation of related party transactions and the organizational rules on the related committee, essentially for purposes of updating their provisions on the occasion of the implementation of the recommendations set forth in the edition of the Corporate Governance Code published in December 2011.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee (which until December 2012 operated under the name "Corporate Governance Committee" in accordance with the responsibilities assigned to such committee) is comprised of at least 3 directors; the members of the committee are appointed by the Board of Directors, which also appoints, among them, a Chairman and establishes the duties of the same committee. Based upon the provisions of its organizational rules, until December 2012, such committee was comprised mainly of non-executive directors of whom at least one met the independence requisites, while starting from December 2012 (upon the assignment to such body of the nomination committee functions), the majority of the committee's members shall meet the independence requisite.

According to the provisions contained in its organizational rules (as most recently amended by the Board of Directors in December 2012), the Nomination and Corporate Governance Committee, which has preliminary review,

consultative and proposing functions, shall assist the Board of Directors on its assessments and decisions related to the size and composition of the Board of Directors, as well as the corporate governance of the Company and the Group and corporate social responsibility. Within these duties, the Nomination and Corporate Governance Committee has the following specific tasks (which have been expanded to include additional tasks with respect to those assigned to it as corporate governance committee):

- > formulating opinion to the Board of Directors on the size and composition of the Board and expressing recommendations on the professional figures whose participation on the Board would be deemed advisable. In this regard, the committee oversees/handles the Board review process, formulating to the Board of Directors proposals on granting mandates to companies with specialized experience in the sector, identifying the matters to be assessed and defining the modalities and timetable of the process;
- > expressing recommendations to the Board of Directors on the contents of the policy on the maximum number of mandate within boards of directors and control over other large companies which could be considered compatible with an effective performance of the mandate as director of the Company;
- > expressing recommendations to the Board of Directors on problematic issues related to the application of the restriction on competition imposed upon the directors pursuant to Article 2390 of the Italian Civil Code, if the Shareholders' Meeting, for organizational reasons, has authorized on a general and preliminary basis exemptions from such restriction;
- > proposing to the Board of Directors candidates for the role of director, taking into account possible reports received from the shareholders:
 - in the event of co-optation, if it is necessary to replace independent directors;
 - if, in the event of the renewal of the Board of Directors, it is envisaged that it will not be possible to attain from the lists submitted by the shareholders the required number of directors, such that the outgoing Board may therefore express its own candidatures to be submitted to the Shareholders' Meeting;
 - if, in the case of a renewal of the Board of Directors, the outgoing Board decides to avail itself of the right provided under the bylaws to submit its own list;
- > monitoring the evolution of the legal framework, as well as national and international best practices, in re-

lation to corporate governance, updating the Board of Directors in case of significant changes;

- > verifying that the corporate governance system adopted by the Company and the Group is compliant with applicable laws, recommendations set forth under the Corporate Governance Code and national and international best practices;
- > submitting to the Board of Directors proposals for the adjustment of the aforementioned corporate governance system, if it is deemed necessary or appropriate;
- > examining in advance the annual report on corporate governance to be included in the documentation of the annual financial statements;
- > assessing the adequacy of the commitment dedicated to matters of corporate social responsibility; examining the general structure of the sustainability report and the structure of its contents, as well as the completeness and transparency of the disclosure provided on matters of corporate social responsibility through such financial statement, issuing in such regard a prior opinion to the Board of Directors called upon to approve such document (it should be noted that such task has been assigned to the committee starting in the December 2012, while until such time it had been assigned to the Internal Control Committee);
- > performing additional tasks assigned it by the Board of Directors.

During 2012, such committee was comprised of directors Paolo Andrea Colombo (acting as Chairman), Lorenzo Codogno, Mauro Miccio and Fernando Napolitano. Starting in December 2012, upon the assignment to the committee of the nomination committee functions, the director Angelo Taraborrelli joined the committee.

During 2012, such committee held 7 meetings that were duly attended by its members (as well as of the Chairman of the Board of Statutory Auditors) and lasted, on average, 1 hour and 45 minutes each. The committee availed itself of external consultants, at the Company's expense.

During 2012, the committee analyzed in the first place the contents of the edition of the Corporate Governance Code published in December 2011, determining the modalities for implementing within the Enel Group the recommendations set forth in such document, which were submitted to the Board of Directors for approval in December 2012, together with the related proposals for the amendment of the structure of powers and the various corporate procedures and rules on corporate governance.

The committee also worked on preparing the Board re-

view process, promoting, through a specific selection procedure, for purposes of selecting a consultancy firm engaged to support the Board of Directors and its committees in the self-assessment procedure for financial year 2012. The committee also reviewed the structure and contents of the corporate governance report and the ownership structures for year 2011, which was submitted to the Board of Directors for approval on April 5, 2012, and reviewed the amendments to the bylaws aimed at ensuring balance between genders within the Company's management and control bodies, which were agreed by the Board of Directors and later approved by the Extraordinary Shareholders' Meeting held on April 30, 2012. The committee lastly addressed the developments in the national and EC legal frameworks on corporate law and corporate governance (with particular reference to the new legal framework on "special powers" of the Italian State for business operations of strategic importance within the energy sector and the results of the consultations on the "green book" published by the European Commission on the corporate governance of listed companies).

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three acting auditors and two alternates (to be increased to three upon the renewal of the members of such body expected to take place over the course of 2013), who are appointed by an Ordinary Shareholders' Meeting for a period of three accounting periods and may be re-appointed when their term expires.

As part of the tasks assigned to it by law (and indicated in the first section of this report in the paragraph entitled "Organizational structure"), and in compliance with the recommendations set forth in the Corporate Governance Code, the Board of Statutory Auditors has the following powers:

- > 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 Control and Risk Committee.

According to the legislation in force, the members of the Board of Statutory Auditors must possess the requisites of integrity, professionalism and independence imposed

upon the statutory auditors of listed companies, as supplemented (only as regards the professionalism requisites) by specific provisions of the bylaws. They must also comply with the limits concerning the number of offices on boards of directors and boards of statutory auditors of Italian companies as established by CONSOB through a specific regulation.

Similar to the bylaws provisions applicable to the Board of Directors – and in compliance with the Consolidated Financial Act – the bylaws provide that the appointment of the entire Board of Statutory Auditors must take place in accordance with a slate voting system, which aims to ensure the presence on the Board of an acting auditor (who is entitled to the office of Chairman) and an alternate auditor (who will take the office of Chairman if the incumbent leaves before the end of his term) designated by minority shareholders.

This election system provides that the slates, in which the candidates must be listed in progressive order, may be presented by shareholders which, either alone or together with other shareholders, own the minimum equity interest in the Company, as determined by CONSOB through a regulation, for the presentation of slates of candidates for the office of director (specifically, based upon the stock exchange capitalization of Enel's shares, at the date of this report, the equity interest required is at least 0.5% of the share capital).

Moreover, in implementing the amendments to the Consolidated 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 approved by the Extraordinary Shareholders' Meeting held on April 30, 2012 at the first three renewals of the Board of Statutory Auditors after August 12, 2012, the slates that contain an overall number of candidates (both acting and alternate members) that is equal to or higher than three shall include candidates of different genders in both the first two positions of the slate's section related to the acting auditors and the first two positions of the slate's section related to alternate auditors.

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 presenting 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 on its website, and also filed at the Company's registered office at least 21 days before the scheduled date of 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 law and without the need to follow the foregoing 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.

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 held on 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 acting 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 19% of the Company's share capital).

- > Sergio Duca, 65, Chairman (designated in the slate presented by institutional investors);
- > Carlo Conte, 65, acting auditor (designated in the slate presented by the Ministry for the Economy and Finance);
- > Gennaro Mariconda, 70, acting auditor (designated in the slate presented by the Ministry for the Economy and Finance).

A brief professional profile of the above-mentioned acting auditors is provided in Schedule 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 gross remuneration to which the Chairman of the Board of Statutory Auditors is entitled at €85,000 a year and the gross remuneration to which

each of the other regular statutory auditors is entitled at €75,000 a year, in addition to the reimbursement of the expenses necessary for the performance of their duties.

During 2012, the Board of Statutory Auditors held 16 meetings, which lasted on average about 2 hours and 15 minutes each, which were duly attended by the acting auditors and the magistrate representing the Court of Auditors.

In February 2013, the Board of Statutory Auditors established that the Chairman, Sergio Duca, and the acting auditor Gennaro Mariconda meet the requisites of independence provided under the Corporate Governance Code with regard to directors. As regards the acting auditor Carlo Conte, the Board of Statutory Auditors established that even though he does not meet the aforesaid requisites of independence (because he was General Manager at the Ministry for the Economy and Finance, the Company's main shareholder until June 30, 2012), he does meet the independence requisites imposed upon statutory auditors of listed companies under the Consolidated Financial Act.

Auditing firm

The auditing firm Reconta Ernst & Young S.p.A. has been engaged to perform the legal audit of Enel's financial statements and the Group's consolidated financial statements. 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, for purposes of preserving the independence of auditing firms that do business with the Group, a special procedure was formalized for regulating the appointment of such auditing firms and entities belonging to their networks by companies belonging to the Group. In accordance with the amendments made to this procedure in September 2012, the Board of Statutory Auditors expresses a preliminary binding opinion (or, in situations in which such appointments in no way compromise the auditing firm's independence, receives periodic updates) on the assignment by companies belonging to the Group of additional mandates other than the main auditing mandate and which would not be found incompatible by law – to the Group's main external auditor or to entities

belonging to the auditor's network. The assignment of such additional mandates is allowed only in certain circumstances of proven necessity (from a legal, economic or service quality standpoint).

Oversight of the Court of Auditors

The Court of Auditors oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. During 2012, this role was performed by the delegated judge Francesco Paolo Romanelli. In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Auditors an attendance allowance of €1,000 for each meeting of corporate bodies attended. This position was confirmed by the Board of Directors in June 2011.

The magistrate appointed by the Court of Auditors attends the meetings of the Board of Directors and the Board of Statutory Auditors. The Court of Auditors 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 2012, the role of executive in charge of preparing Enel's corporate accounting documents was held by the head of the Accounting, Finance and Control Department (Luigi Ferraris) who was appointed to such position by the Board of Directors (after consultation with the Board of Statutory Auditors) since June 2006. Such executive meets the professionalism requisites provided under the Company's bylaws.

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 stand-alone 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 interim 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 through a specific regulation.

Internal control and risk management system

With regard to internal control and risk management, for the past several years the Group has had in place a specific system, consisting of a set of rules, procedures and organizational structures aimed at allowing for the identifica-

tion, measurement, management and monitoring of the Group's main risks. The mission of such system consists in (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 and risk management 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 "Accounting, Finance and Control" function) with regard to the monitoring of the business-financial trend of the Company and of the Group, and (ii) Enel's Risk Management function with regard to elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk);
- > internal auditing, meaning activities of general verification on the structure and functioning of the internal controls assigned to the Company's "Audit" function. Such activities are aimed essentially at the identification and containment of corporate risks 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 is therefore applied to all corporate processes of the Company and the Group companies. The personnel in charge of such activity is responsible for both indicating the corrective actions deemed necessary and carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control and risk management system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors.

Based upon what was decided in December 2012 when the Company implemented the new internal control and risk management system set forth in the edition of the Corporate Governance Code published in December

2011, in the first place the Board of Directors identifies within the Board one or more directors in charge of establishing and maintaining an effective internal control and risk management system. In particular, in December 2012, the Board of Directors confirmed the Chief Executive Officer as director in charge of the internal control and risk management system (who, starting in July 2011 already held the role of sole executive director in charge of overseeing the functioning of the internal control system).

In addition, the Board of Directors, having obtained the Control and Risk Committee's opinion:

- > defines the guidelines of the internal control and risk management system in a way allowing the main risks regarding the Company and its subsidiaries be correctly identified, measured, managed, and monitored, and also determines the level of compatibility of such risks with corporate management that is in line with the strategic targets identified. It should be observed in this regard that in February 2013 the Board of Directors, after reviewing the content of an analysis document prepared by the Enel's "Accounting, Finance and Control" function with support from the "Risk Management" function, and after acknowledging the opinion expressed in such regard by the Control and Risk Committee, has assessed the compatibility of the main risks related to the strategic targets set forth in the 2013-2022 business plan with a management of the Company that is in line with such targets;
- > evaluates, at least on annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the Company's business and the types of risks taken, as well as its effectiveness. It should be noted that in February 2013 the Board of Directors expressed a positive evaluation in this respect;
- > approves, at least on annual basis, the work plan prepared by the head of the "Audit" function, after consulting with the Board of Statutory Auditors and the director in charge of the internal control and risk management system. It should be noted in this regard that, in February 2013, the Board of Directors approved the audit plan for the same year; as regards 2012, the audit plan was reviewed by the internal control committee, in line with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006;
- > assesses, after consulting with the Board of Statutory Auditor, the results published by the auditing firm in its

letter of suggestions (referred to as the “management letter”), if any, and in the report on fundamental issues that have emerged over the course of the legal audit. It should be noted that, over the course of 2012, the management letter from the auditing firm referring to the financial statements of the Company and the Group for the year 2011 was assessed by the Control and Risk Committee in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006; starting in 2013, the management letter, if any, and the report on fundamental issues that may emerge over the course of the legal audit will be assessed by the Board of Directors, after obtaining the Control and Risk Committee’s opinion and after consulting with the Board of Statutory Auditors.

Lastly, the Board of Directors, on the basis of a proposal formulated by the director in charge of the internal control and risk management system in agreement with the Chairman, and upon receiving a favourable opinion from the Control and Risk Committee and after consulting with the Board of Statutory Auditors, appoints and removes the head of the “Audit” function and determines his compensation in accordance with the Company’s policies and ascertains that the person in question is endowed with resources adequate for the performance of his duties.

The director in charge of the internal control and risk management 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;
- > implements the guidelines established by the Board of Directors, overseeing the planning, implementation, and management of the internal control and risk management system and continuously monitoring its overall adequacy and effectiveness.
- > supervises the adaptation of the internal control and risk management system to the dynamics of operating conditions and the applicable legal framework;
- > asks the “Audit” function to perform checks on specific operational areas and to monitor the compliance with internal rules and procedures in the performance of corporate transactions, providing simultaneous update to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;

- > reports in a timely manner to the Board of Directors on any problems and issues faced over the course of his/her activities or that may come to his/her attention, enabling the Board to take any opportune initiatives.

The head of the “Audit” function (which role was held in 2012 by Francesca Di Carlo, who has been the head of such function since January 2008):

- > is in charge of verifying, both on an on-going basis and with regard to specific needs, in compliance with international standards, the functioning and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors and based upon a structured process of analysis and identification of the priorities concerning the main risks;
- > is not in charge of any specific operational area and, from a hierarchical standpoint, reports to the Board of Directors. Without prejudice to such hierarchical reporting line, the Board of Directors has assigned to the director in charge of the internal control and risk management system the task of managing the relationship with the head of the “Audit” function;
- > has direct access to all the information that may be useful for the performance of his or her duties;
- > drafts periodic reports containing adequate information on his/her activities, on the processes followed for the risks management and on compliance with the plans for risk containment purposes. The periodic reports contain an assessment on the adequacy of the internal control and risk management system;
- > promptly prepares reports on any particularly material events;
- > transmits his/her reports on particularly material events to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, and to the director in charge of the internal control and risk management system;
- > verifies, as part of the audit plan, the reliability of disclosure/reporting systems, including the accounting disclosure/reporting systems.

It should be noted that in 2012, a specific “Risk Management” function was in place within the Company (established in June 2009), having the mission of ensuring the effective implementation at the Group level of a process for the analysis and monitoring of all financial, operating, strategic and business risks having a material impact, as well as the main risks that could, in any manner, impact on the financial condition or the results of operations of the Com-

pany or the Group.

The procedures for implementing the organizational model entitled "One Company", which was adopted within the Group in 2012 and which is aimed at simplifying, rationalizing and harmonizing the Group's processes, envisage modalities aimed at the coordination of the majority of the above-mentioned persons involved in the internal control and risk management system, with a view to maximizing the efficiency of the system and reducing duplications in work performed.

The system of risk management and internal control of financial information

The Group has had in place for the last several years a specific internal control and risk management system focusing on financial disclosure (referred to in this section, in short, as the "System") which governs the preparation of the Company's annual financial statement, the Group's consolidated financial statement and the Group's consolidated half-year report. The purpose of such System is to ensure the reliability of the financial disclosure and the adequacy of the process of drafting the above-mentioned financial documents in order to have a disclosure compliant with the international auditing standards accepted in the European Community.

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 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 special set of procedures – which all the personnel concerned has been informed of – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of maintaining and monitoring the System. Specifically, the Group set a procedure that regulates the reference model and a procedure that describes the process of managing such System and also defines roles and responsibilities within the Company's organization, providing for

a specific flow of internal certifications.

The controls established have been monitored to check both their design (i.e., that the control is potentially adequate to mitigate the identified risk in an acceptable way) and their actual effectiveness.

The management responsible for the processes and controls and the Company's "Audit" function are entrusted with responsibilities regarding the periodic monitoring of the System.

The System is structured in accordance with the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (known as the "COSO Report"), which consists of five components (control, risk assessment, control activities, disclosure systems and information/communication flows and monitoring activities) which, depending upon their characteristics, operate at both the organizational entity level and the operating process level. The COSO Report has been 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 proper book-keeping provided for in section 404 of the Sarbanes-Oxley Act are applied by some Latin-American companies of the Group having American Depositary Shares ("ADS") listed on the New York Stock Exchange. The process of defining, implementing and managing the System, which is progressively extended to cover newly acquired material companies, is divided into the following phases:

- > definition of the perimeter of the companies, processes/risks and controls and communications of methodologies and instructions;
- > mapping and updating of processes, risk assessment and definition of controls, quality assurance and identification and updating of Primary Key Controls (using the Top-Down Risk-Based Approach);
- > assessment of the design and effectiveness of the controls (referred to as "line monitoring" through self-assessment);
- > independent monitoring, entrusted to the Company's "Audit" function;
- > assessment of gaps, approval and monitoring of corrective measures;
- > consolidation of results and overall assessment of the System, in order to finalize the final certification letters to be issued by the Chief Executive Officer and the executive in charge of preparing the corporate accounting documents regarding separate financial

statements, consolidated financial statements and the half-year financial report, supported by a reporting flow of internal certification letters;

- > publication of administrative and accounting procedures.

The perimeter of the Group companies to be included 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 system's 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 likelihood of their occurrence. 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 levels.

The entity level controls are classified in compliance with the five above-mentioned components referred to in the COSO Report.

With a view to improving the efficiency of the System and its sustainability over time, the specific controls have been sub-divided into standard controls and key controls, meaning controls that are decisive for purposes of preventing false representations in accounting documents. As part of the System, over-arching structural controls are identified, meaning structural elements of the control system aimed at defining a general context which promotes the proper execution and control of operating activities. In particular, over-arching structural controls are those related to the segregation of incompatible duties (known as "segrega-

tion of duties"), which aims to ensure that tasks and duties that could facilitate the commission and/or concealment of frauds/errors are not concentrated with the same person. Where activities are carried out with the support of IT systems, the proper segregation is verified also with regard to the assigned roles and usernames.

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, every six months, specific monitoring is conducted 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 (referred to as "administrative and accounting procedures") 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.

The Company's "Audit" function is entrusted with the task of performing an assessment of the controls subject to independent monitoring.

The findings of the assessments performed are notified 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 – with regard to 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 disclosure/updates on the adequacy of the System, provided by the executive in charge of preparing the corporate accounting documents to the Board of Statutory Auditors, the Control and Risk Committee, and to the auditing firm.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned, the executive in charge of preparing

corporate accounting documents, 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 (depending upon the relevant document in question from time to time).

Following the monitoring activities performed by the persons handling the processes, aimed at verifying the structure and functioning of the processes/sub-processes assigned to them, and the related controls identified, the documents comprising the administrative and accounting procedures (narratives, flow charts and list of controls) are extracted from the support system in order to proceed with the formalization of the same. The administrative and control procedures are then issued by the executive in charge of preparing corporate accounting documents and are published on the Company's intranet.

In order to ensure the proper application of the methodology described above, over the course of 2012, specific training sessions have been held aimed at both the structures that handle the internal controls over the Group's financial disclosure and the persons who handle the processes involved in the line monitoring (850 users out of a total of 2000), which are expected to be completed in 2013.

Non-EU foreign subsidiaries

With reference to year 2012, in March 2013, the Control and Risk 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, 2011 and in application of the parameter concerning material significance for consolidation purposes provided under the CONSOB's Market Regulation, 15 non-EU foreign subsidiaries were identified within the Enel Group to which the regula-

tions were applicable for 2012. Reference is made, in particular, to the following companies, 14 of which were already subject to the legal framework during the year 2011, are: 1) Ampla Energia e Serviços SA (a Brazilian company); 2) Chilectra SA (a Chilean company); 3) Compañía Distribuidora y Comercializadora de Energía - Codensa SA ESP (a Colombian company); 4) Companhia Energética do Ceará - Coelce SA (a Brazilian company); 5) Edegel SA (a Peruvian company); 6) Emgesa SA ESP (a Colombian company); 7) Empresa de Distribución Eléctrica de Lima Norte - Edelnor SAA (a Peruvian company); 8) Empresa Distribuidora Sur - Edesur SA (an Argentinian company); 9) Empresa Nacional Electricidad - Endesa Chile SA (a Chilean company); 10) Endesa Brasil SA (a Brazilian company); 11) Endesa Capital Finance LLC (a US company); 12) Enel Fortuna SA (a Panamanian company); 13) Enel Green Power North America Inc. (a US company); 14) Enersis SA (a Chilean company); and 15) Enel OGK-5 OJSC (a Russian company);

- > the balance sheet and income statement for 2012 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's consolidated financial statements for 2012, will be made available to the public by Enel at its registered office and on its corporate website at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2012 financial statements of Enel, together with the summary reports regarding the main data of the last financial reports of the subsidiaries and affiliated companies;
- > 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

In 2012, a procedure has been implemented within the Group aimed at governing the approval and conclusion of related party transactions carried out by Enel, either directly or through its subsidiaries, in order to ensure the transparency and fairness of such transactions from both a substantive and procedural/formal standpoint. Such procedure was approved by the Board of Directors in November 2010 in compliance with the requirements imposed by CONSOB through a specific regulation issued in March 2010.

In accordance with such procedure, transactions with related parties concluded directly by Enel may be sub-divided into 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 in force from time to time;
- > 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 such transactions, as well as the advantageousness 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 "Legal and Corporate Affairs" function, provides to 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, 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 "Legal and Corporate Affairs" function, provides to 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 effectiveness/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 held on 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 (referred to as a "whitewash"). In any case,

the completion of transactions of major importance 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, if the relation exists with a director of the Company or with a party related through him, the interested director shall promptly notify the other directors and statutory auditors of the nature, the terms, the origin and the range of its interest.

If, on the other hand, the relationship exists with the Company's Chief Executive Officer or with a related party linked to 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 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 advantageousness of Enel in the completion of the transactions and the advantageousness 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 structure of powers in force from time to time, 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 structure of powers in force from time to time, 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 Consolidated 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 key executives 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

In 2012, the Group applied special rules 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. Under such rules, which were approved by the Board of Directors in February 2000 (and most recently amended in December 2012), the directors and statutory auditors are required to keep confidential 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 disclosed 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 confidential 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, as well as financial analysts and institutional investors.

In 2012, in compliance with the provision of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, Enel has kept regularly updated the Group register for all individuals and legal entities with access to privileged information through the exercise of his or her employment, profession or duties on behalf of the Company or the other companies belonging to the Group. 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.

In 2012, in compliance with the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the legal framework on internal dealing continued to apply to the Group. Such legal framework concerns the transparency of transactions involving the Company's shares and related financial instruments carried out by its largest shareholders, representatives/exponents, and persons closely connected with them.

In particular, in 2012, the legal framework on 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 and the Group's development 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 was prompted by a desire to improve the Company's governance standards with respect to the relevant regulations, through the adoption of a measure and 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 divulgence 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 "Legal and 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 shares issued by Enel and its main listed subsidiaries) 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 its corporate governance and code of ethics).

Shareholders' Meetings

The recommendation contained in the Corporate Governance 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 in place between listed companies 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 at Shareholders' Meetings (this provision is specifically described in the first part of the report, under "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 Consolidated 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), as well as subsequent corrections approved by Legislative Decree 91 of June 18, 2012. Such measures have modified, *inter alia*, the laws regarding the terms for the shareholders' meetings, the number of meetings, quorums, the exercise on the part of minority shareholders of the right to convene the meeting and to put items on the agenda, the information provided before the meeting, representation at the meeting, identification of shareholders and introduction of the record date with the aim of identifying entitlement to attend and vote at the meeting.

Some of the most significant new regulations introduced by Legislative Decrees 27/2010 and 91/2012 are briefly 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 sessions, 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 Consolidated Financial Act provides that entitlement to attend and vote in the Shareholders' Meeting must be certified by a notice to 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 scheduled date of the Shareholders' Meeting (so called "record date").

Those entitled to vote may ask questions on the items on the agenda before the Shareholders' Meeting by the deadline indicated in the notice of call. Such questions 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 Consolidated 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, the costs of which shall not be borne by the shareholders and which 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 Consolidated Financial Act and the related implementing provisions issued by CONSOB, Enel's bylaws empower the Board of Directors to provide for, with respect to single Shareholders' Meetings and taking into account the reliability of any such electronic means, the possibility of participating by electronic means, specifying the conditions for such participation in the notice of call.

Shareholders' Meetings are governed, in addition to the law and bylaws, by specific rules the contents of which are in line with models prepared by a number of professional associations (Assonime and ABI) for listed companies.

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the Deputy Chairman, if appointed, or if both are absent, by a person designated by the Board, failing which the meeting shall elect its own 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 that the meeting is duly constituted, and verifies the identity and entitlement of those attending, regulates the proceedings and ascertains the voting results.

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 discussions on the matter in question. 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 since March 2002 (and updated, most recently, in 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 calling for maximum transparency and fairness for all stakeholders. Specifically, the Code of Ethics consists of:

- > general principles regarding relations with stakeholders, which define the principal values guiding the Group in the conduct of its business operations. 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.

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 of 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 and environmental 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 presupposti"*) triggering liability pursuant to Legislative Decree 231/2001, (ii) case law on this matter, (iii) the expertise accrued 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 type of business operations conducted) 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 for Enel or for any of its Italian subsidiaries, pursuant to Legislative Decree 231/2001, due to the illegal conduct on the part of such international subsidiaries in their business operations.

Enel has appointed a collective body to supervise the functioning and observance of the said program and to update it (hereinafter referred to as the "supervisory body"). In particular, such supervisory body can be comprised of a number of members ranging between three and five, who are 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 2012, the supervisory body was comprised of an external member with expertise on corporate organization matters (Matteo Guiliano Caroli), acting also as Chairman of the body, the heads of the "Audit", and "Legal and Corporate Affairs Italy" and the Secretary of the Board of Directors, on account of their 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 2013 financial report.

During 2012, the supervisory body, while monitoring the functioning of and compliance with the program:

> held 8 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 year 2012;

- > promoted the updating of the program, particularly with reference to the special part concerning the prevention of environmental crimes;
- > verified the state of 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 Control and Risk Committee and to the Board of Statutory Auditors.

Zero tolerance for 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 U.N. 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.

Attached below are the professional profiles of the members of the Board of Directors and of the acting auditors in office at the date of the present report, together with two tables that summarize some of the most significant information contained in the second section of the report on the structure and functioning of the Board of Directors and its committees, as well as the Board of Statutory Auditors over the course of 2012.

SCHEDULE 1: Biography of the members of the Board of Directors

Paolo Andrea Colombo, 52, Chairman (designated in the slate presented by the Ministry for the Economy and Finance).

A 1984 graduate with honors of the "Bocconi" University in Milan with a degree in business economics, where he was tenured professor from 1989 until 2010 of accounting and financial statements and where he is currently tenured senior contract professor. He is a founding partner 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 has been member of the boards of directors of several significant industrial and financial companies, which include Eni, Saipem, Telecom Italia Mobile, Pirelli Pneumatici, Publitalia '80 (Mediaset Group), RCS Quotidiani, RCS Libri, RCS Broadcast e Fila Holding (RCS Mediagroup), Sias, Interbanca e 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 F.C.

Currently, he is director of Mediaset and Versace, and chairman of the Board of Statutory Auditors of GE Capital Interbanca and member of the Board of Statutory Auditors of A. Moratti Sapa and of Humanitas Mirasole. He is also on the Board of Directors of the Italy-China Foundation, a member of the management board and council of Confindustria, a member of the management board of Assonime, member of the Board of Directors of ISPI, as well member of the board of relations between Italy and the United States.

He has been Chairman of Enel's Board of Directors since May 2011.

Fulvio Conti, 65, 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, he joined the Mobil Group in 1969, 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), in charge of 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 AON Corporation, Barclays Plc and RCS Mediagroup. He is also Chairman of Eurelectric and Deputy Chairman of Endesa, Deputy Chairman of Confindustria per il Centro Studi as well as director of the Accademia Nazionale di Santa Cecilia and of the Italian Technology Institute. In 2007 he was awarded with the Doctor Honoris Causa degree in Electrical Engineering, from Genoa University; in May 2009 he was appointed "Cavaliere del Lavoro" of the Italian Republic and in December of the same year he became "Officier de la Légion d'Honneur" of the French Republic.

Alessandro Banchi, 66, 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, and became 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 (and 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 Farindustria, as well as in the G10 at the European Commission in Brussels. He is member of Enel's Board of Directors since May 2011, and currently also the chairman of the supervisory board of Biotest AG.

Lorenzo Codogno, 53, 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 (1986-1987) 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. From January 2010 until December 2011, he was 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 since 2006), and he was Chairman of the Lisbon Methodology Working Group from November 2006 until January 2010. Since January 2013, he has been Chairman of Working Party I of the OECD (of which he had been Deputy Chairman since October 2007 and head of the Italian delegation since 2006). He is also the Italian delegate to the OECD's Economic Policy Committee. 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 scientific committee of

the "Fondazione Masi" (since April 2009) and a member of the Board of Directors of the "Fondazione universitaria economia Tor Vergata CEIS" (since November 2009). He has been a Director of Enel since June 2008.

Mauro Miccio, 57, Director (designated in the slate presented by the Ministry for the Economy and Finance).

Graduate with honors 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 A.S. 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 for 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 Enel's Board of Directors from 2002 until 2005, and now has held the office once again since May 2011.

Fernando Napolitano, 48, 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.

Since May 2011, he has been founding member of Italian Business & Investment Initiative, 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 for 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, 70, 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 Eu-

ropean 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.

Until November 2012 he was Head of the Supervisory Board of EFRAG (European Financial Reporting Advisory Group), and currently is member of the *Conseil de Garants di 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, 64, Director (designated in the slate presented by institutional investors).

A graduate with honors 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 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 registered office in London) in

2010. He has been a member of Enel Board of Directors since May 2011.

Gianfranco Tosi, 65, 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 Leco). Author of more than 60 publications, he has been extensively involved in scientific activities. Member of the boards 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.

SCHEDULE 2: Biography of the members of the Board of Statutory Auditors

Sergio Duca, 65, Chairman (designated in the slate presented by institutional investors).

Sergio Duca graduated with honors 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 Exor and of the Lottomatica Group, Chairman of the Board of Directors of Orizzonte SGR, an independent director of Autostrada Torino-Milano, 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), and the supervisory body of Exor established pursuant to Legislative Decree 231/2001. He has been Chairman of Enel's Board of Statutory Auditors since April 2010.

Carlo Conte, 65, Acting 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 planning, budgets and controls Civil Service School, and the Economy and Finance School. A 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, which position he left in June 2012 due to age-related limitations. He has represented the Civil Service on a number of commissions and committees and in various research and working groups, has represented Italy on several committees of the OECD and was Chairman of the Board of Statutory Auditors of INPS (from 2002 until 2011) and of INAIL (from 2011 until 2012). A statutory auditor of Enel since 2004, he has also performed and continues to perform the same duties in a number of other bodies, institutions, and companies.

Gennaro Mariconda, 70, Acting 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 a past professor of civil law at the University of Cassino's School of Law. 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 auditor of Salini Costruttori SpA and 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

Board of Directors											Control and Risk Committee	Compensation Committee	Related Parties Committee	Corporate Governance Committee	Executive Committee (if any)
Office	Members	In office since	In office until	Slate (M/m) (*)	Executive	Non-executive	Indep. pursuant CGC (****)	Indep. pursuant CFA (*****)	Other offices (%) (**)	(***)	(****)	(****)	(****)	(****)	(****)
Chairman	Colombo Paolo Andrea	1/2012	12/2012	M	X				100%	2				X	100%
CEO / General Manager	Conti Fulvio	1/2012	12/2012	M	X				100%	3					
Director	Banchi Alessandro	1/2012	12/2012	m		X	X	X	86%	1		X	100%	X	100%
Director	Codogno Lorenzo	1/2012	12/2012	M		X			93%	-	X	80%		X	71%
Director	Miccio Mauro	1/2012	12/2012	M		X	X	X	100%	-	X	100%		X	100%
Director	Napolitano Fernando	1/2012	12/2012	M		X	X	X	100%	-		X	100%		86%
Director	Solbes Mira Pedro	1/2012	12/2012	m		X	X	X	100%	1		X	100%	X	100%
Director	Taraborrelli Angelo	1/2012	12/2012	m		X	X	X	100%	-	X	100%		X	100%
Director	Tosi Gianfranco	1/2012	12/2012	M		X	X	X	100%	-	X	100%		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 2012	BoD: 14	Control and Risk Committee: 15	Compensation Committee: 6	Related Parties Committee: 1	Corporate Governance Committee: 7
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(*) 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 which importance shall be considered to this purpose:

- 1) Alessandro Banchi: Chairman of the supervisory board of Biotest AG;
- 2) Paolo Andrea Colombo: director of Mediaset SpA; Chairman of the Board of Statutory Auditors of GE Capital Interbanca SpA;
- 3) Fulvio Conti: director of AON Corporation, Barclays Plc. and RCS Mediagroup SpA;
- 4) Pedro Solbes Mira: director of Barclays Espana 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 Corporate Governance Code. Specifically, according to applicative criterion 3.C.1 of the Corporate Governance 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 (2) 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;

(2) It should be noted that, according to applicative criterion 3.C.2 of the Corporate Governance 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 president of the organization, the Chairman of the Board of Directors, the executive directors, and the key executives 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 Corporate Governance 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 and compensation for participation on the committees with consultative and proposing functions established within the Board of Directors, also in the form of 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 (3) 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 Consolidated Financial Act, applicable to the directors pursuant to Article 147-ter, Subsection 4, of the Consolidated Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Consolidated 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: Structure of Enel's Board of Statutory Auditors

Office	Members	In office from	In office until	Slate (M/m) (*)	(**)	Number of offices (***)
Chairman	Duca Sergio	1/2012	12/2012	m	100%	5
Acting auditor	Conte Carlo	1/2012	12/2012	M	94%	-
Acting auditor	Mariconda Gennaro	1/2012	12/2012	M	88%	-
Alternate Auditor	Salsone Antonia Francesca	1/2012	12/2012	M	-	-
Alternate Auditor	Tutino Franco	1/2012	12/2012	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 2012: 16

NOTES

- (*) 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 acting 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 called until that date, the quorum was equal to 1% of the share capital.

- (3) The comment on Article 3 of the Corporate Governance 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.

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, 2012, 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 no. 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, 2012 and December 31, 2012.

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, 2012:
 - a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 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, 2012 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 12, 2013

Fulvio Conti

Chief Executive Officer of Enel SpA



Luigi Ferraris

Officer responsible for the preparation of the financial reports of Enel SpA



Excellence



Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2012

In compliance with CONSOB Notice no. DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution no. 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2012, 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%	68.29%
							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%	22.76%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Proportionate	Enel Produzione SpA	33.33%	33.33%
Aes Distribuidores Salvadoreños Ltda De Cv	San Salvador	El Salvador	200,000.00	SVC	Electricity generation from renewable resources	Equity	Grupo Egi SA de Cv	20.00%	13.66%
Aes Distribuidores Salvadoreños Y Compañía 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%	13.66%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	80.00%	27.32%
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%	
Aguilón 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	39.68%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	77.80%
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	Proporzionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
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%	68.29%
Ampla Energia e Serviços SA	Rio de Janeiro	Brazil	998,230,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil	46.89%	58.57%
							SA Cono Sur Participaciones SLU	7.70%	
							Chilectra Inversud SA	21.02%	
							Chilectra SA	10.34%	
							Enersis SA	13.68%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Ampla Investimentos e Serviços SA	Rio de Janeiro	Brazil	120,000,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil	46.89%	58.58%
							Cono Sur Participaciones SLU	7.71%	
							Chilectra Inversud SA	21.02%	
							Chilectra SA	10.34%	
							Enersis SA	13.68%	
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%
Apiacás Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
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%	68.29%
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%
Aridos Energias Especiales SL (in liquidation)	Villalbilla	Spain	600,000.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	41.05%	31.94%
Artic 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	Management and maintenance of power plants	Proportionate	Endesa Generación SA	85.41%	78.63%
Asoleo SL (in liquidation)	Madrid	Spain	320,000.00	EUR	Wind plants	-	Enel Green Power España SL	50.01%	38.91%
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%	39.68%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Ayesa Advanced Technologies, SA	Seville	Spain	663,520.00	EUR	IT Services	Equity	Endesa Servicios SL	22.00%	20.25%
Aysén Transmisión SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Proportionate	Empresa Nacional de Electricidad SA	0.51%	17.07%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity	Proportionate	Empresa Nacional de Electricidad SA	0.51%	17.07%
							Centrales Hidroeléctricas de Aysén SA	99.00%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Azucarera Energías SA	Madrid	Spain	570,600.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc. Enel Green Power North America Inc.	90.00% 10.00%	68.29%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings Ltd	67.50%	46.09%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000.00	EUR	Marketing of projects for electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Black River Hydro Assoc	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	(Cataldo) Hydro Power Associates	75.00%	51.22%
Blue Line Valea Nucarilor SRL	Bucharest	Romania	600	RON	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Boiro Energia SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
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%	68.29%
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Finance Holding Company Inc.	100.00%	68.29%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Idaho Inc. Enel Green Power North America Inc.	68.00% 32.00%	68.29%
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Fulcrum Inc. Bp Hydro Associates	24.08% 75.92%	68.29%
Braila Power SA	Sat Chiscani, Comuna Chiscani	Romania	90,000.00	RON	Electricity generation	Proportionate	Enel Investment Holding BV	28.50%	28.50%
Buffalo Dunes Wind Project, LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Bypass Limited,	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc. El Dorado Hydro Chi West Inc.	69.35% 1.00% 29.65%	68.29%
Bypass Power Company	Los Angeles (California)	USA	1	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%

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CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Research and testing	Equity	Enel SpA	42.70%	42.70%
Calizas Elycar SL	Huesca	Spain	1,803,000.00	EUR	Combined-cycle generation plants	Equity	Enel Green Power España SL	25.00%	19.45%
Campos - Recursos Energéticos ACE	Barroelas	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Camposgen - Energia Lda	Oeiras	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Pp - Co-Geração SA Tp - Sociedade Térmica Portuguesa SA	20.00% 80.00%	77.80%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Carboex SA	Madrid	Spain	24,040,480.00	EUR	Fuel supply	Line-by-line	Endesa Generación SA	100.00%	92.06%
Carbopego - Abastecimientos e Combustíveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Proportionate	Endesa Generación Portugal SA Endesa Generación SA	0.01% 49.99%	46.03%
Carvemagere - Manutenção e Energias Renováveis Lda	Barcelos	Portugal	84,700.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	65.00%	50.57%
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Chi Hydroelectric Company Inc. Enel Alberta Wind Inc.	99.90% 0.10%	68.29%
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%	56.31%
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	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%	56.53%
Central Hidráulica Gúejar-Sierra SL	Seville	Spain	364,210.00	EUR	Operation of hydro-electric plants	Equity	Enel Green Power España SL	33.30%	25.91%
Central Térmica de Anillares 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 Endesa Costanera SA Hidroeléctrica El Chocón SA	6.40% 1.30% 33.20%	9.92%

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	Nuclenor SA Endesa Generación SA	0.69% 23.57%	22.02%
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 Desarrollo 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%	68.29%
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%	68.29%
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	223,727,429.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Chi Idaho Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Chi Acquisitions Inc.	100.00%	68.29%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Operations Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
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%	68.29%
Chi S F LP	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc. Enel Alberta Wind Inc.	99.00% 1.00%	68.29%
Chi West Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
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	Inmobiliaria Manso de Velasco Ltda Enersis SA	0.01% 99.08%	55.30%
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	Equity	Enel Kansas LLC	49.00%	33.46%
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	Cono Sur Participaciones SLU Chilectra SA Enersis SA	26.66% 9.35% 12.47%	36.67%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Cogeneración El Salto SL (in liquidation)	Zaragoza	Spain	36,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	20.00%	15.56%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	20.00%	15.56%
Colbuccaro Fotovoltaica Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Compagnia Porto di Civitavecchia SpA	Rome	Italy	19,622,000.00	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	Investluz SA Endesa Brasil SA	56.59% 2.27%	33.69%
Companhia Térmica do Serrado ACE	Paços de Brandão	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	60.00%	46.68%
Companhia Térmica Hectare ACE	Alcochete	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	60.00%	46.68%
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Companhia Térmica Oliveira Ferreira ACE (in liquidation)	Riba de Ave	Portugal	-	EUR	Electricity generation	-	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Companhia Térmica Ribeira Velha ACE	São Paio de Oleiros	Portugal	-	EUR	Electricity generation	Line-by-line	Pp - Co-Geração SA Tp - Sociedade Térmica Portuguesa SA	49.00% 51.00%	77.80%
Companhia Térmica Tagol Lda	Algés	Portugal	5,000.00	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
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%	56.53%
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%	56.53%
Compañía Eléctrica San Isidro SA	Santiago	Chile	130,047,400,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA Cono Sur Participaciones SLU Inversiones Endesa Norte SA	95.60% 4.39% 0.01%	36.04%
Compañía Eléctrica Tarapacá SA	Santiago	Chile	103,099,640,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA Inversiones Endesa Norte SA	99.94% 0.06%	33.47%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	35.63%	27.72%
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 Insurance NV	100.00%	96.03%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Produzione SpA Enel Ingegneria e Ricerca SpA	51.00% 49.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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%	68.29%
Conexión Energética 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 Enel Green Power International BV	40.86% 59.14%	68.29%
Cono Sur Participaciones SLU	Madrid	Spain	351,658,470.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
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%	68.29%
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%	68.29%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Gauley River Power Partners LP Enel Green Power North America Inc.	5.00% 95.00%	68.29%
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	55.87%
Consorcio Ara-Ingendesa Ltda	Santiago	Chile	1,000,000.00	CLP	Design and consulting services	Proportionate	Inversiones Endesa Norte SA	50.00%	16.74%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cádiz	Spain	200,000.00	EUR	Wind plants	Proportionate	Enel Green Power España SL	50.00%	38.90%
Construcciones y Proyectos Los Maitenes SA	Santiago	Chile	41,742,265,201.00	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. Enel Green Power North America Inc.	50.00% 50.00%	68.29%
Corinth Solar Park SA	Halandri	Greece	60,000.00	EUR	Electricity generation from renewable resources (solar)	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	2,524,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	19.45%
Cte - Central Termica do Estuário Lda	Porto	Portugal	563,910.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
Desarrollo Photosolar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv	99.99%	68.28%
Diseño de Sistemas en silicio SA (In liquidation)	Valencia	Spain	578,000.00	EUR	Photovoltaic plants	-	Endesa Servicios SL	14.39%	13.25%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL Endesa Red SA	45.00% 55.00%	92.06%

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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 purchase, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Distrielec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA Chilectra SA Enersis SA	0.89% 23.42% 27.19%	28.42%
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Emgesa Panama SA	Pacifiudad Panama	Panama	10,000.00	USD	Electricity trading	Line-by-line	Emgesa SA ESP	100.00%	28.88%
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	13,509,360.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	13,067,280.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Electricity generation from renewable resources (wind)	Line-by-line	Endesa Brasil SA Enel Brasil Participações Ltda	40.00% 60.00 %;	63.58%
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Electricity generation from renewable resources (wind)	Line-by-line	Endesa Brasil SA Enel Brasil Participações Ltda	40.00% 60.00%	63.58%
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 Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
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 Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	8,972,400.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
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 Generandes Perú SA	29.40% 54.20%	20.91%
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
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%	29.17%
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%	68.29%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc. Chi West Inc.	17.50% 82.50%	68.29%
Elcogas SA	Puertollano	Spain	20,242.26	EUR	Electricity generation	Equity	Enel SpA Endesa Generación SA	4.32% 40.99%	42.06%
Elcomex Eol SA	Cernavoda	Romania	1,000,000.00	RON	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power International BV Enel Green Power Romania Srl	0.10% 99.90%	68.29%
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	Lima	Peru	46,508,170.00	PEN	Holding company	Line-by-line	Generalima SA Endesa Latinoamérica SA	20.00% 80.00%	92.06%
Electricidad de Puerto Real SA	Cádiz	Spain	6,611,130.00	EUR	Electricity distribution and sale	Equity	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	Proporzionate	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	Empresa Nacional de Electricidad SA Cono Sur Participaciones SLU	26.88% 21.60%	28.88%
Empreendimento Eólico de Rego Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
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%	40.75%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Empreendimentos Eólicos de Alvadia Lda	Porto	Portugal	1,150,000.00	EUR	Electricity generation from renewable resources	Proportionate	Finerge-Gestão de Projectos Energéticos SA	48.00%	37.34%
Empreendimentos Eólicos de Viade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	80.00%	62.24%
Empreendimentos Eólicos Cerveirenses SA	Vila Nova de Cerveira	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Evm - Empreendimentos Eólicos Vale do Minho SA	84.99%	24.79%
Empreendimentos Eólicos da Espiga SA	Caminha	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Evm - Empreendimentos Eólicos Vale do Minho SA	100.00%	29.17%
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	Inversiones Distrilima SA Enersis SA	51.68% 24.00%	48.68%
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%
Empresa Distribuidora Sur SA	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Cono Sur Participaciones SLU Chilectra SA Enersis SA Distrilec Inversora SA	6.22% 20.85% 16.02% 56.36%	42.22%
Empresa Eléctrica Panguipulli SA	Santiago	Chile	14,053,147.00	CLP	Electricity generation from renewable resources	Line-by-line	Energía Alerce Ltda Enel Latin America (Chile) Ltda	0.01% 99.90%	68.29%
Empresa Eléctrica Puyehue SA	Santiago	Chile	11,169,752,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Energía Alerce Ltda Enel Latin America (Chile) Ltda	0.10% 99.99%	68.29%
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	Eléctrica Cabo Blanco SA Generalima SA	60.00% 36.50%	88.84%
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%	34.83%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Endesa Latinoamérica SA	11.11%	10.23%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity	Line-by-line	Central Geradora Termelétrica Fortaleza SA	0.01%	56.53%
							Endesa Brasil SA	99.99%	
Endesa Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	99.66%	33.47%
							Inversiones Endesa Norte SA	0.34%	
Endesa Brasil SA	Rio de Janeiro	Brazil	916,880,000.00	BRL	Holding company	Line-by-line	Edegel SA	4.18%	56.53%
							Empresa Nacional de Electricidad SA	36.27%	
							Cono Sur Participaciones SLU	28.48%	
							Chilectra Inversud SA	4.35%	
							Chilectra SA	4.66%	
							Enersis SA	22.06%	
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 Philippines Inc.	Makati City (Manila)	Philippines	8,600,000.00	PHP	Coal trading	Line-by-line	Endesa Carbono SL	100.00%	75.95%
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%
Endesa Camsa SA	Buenos Aires	Argentina	14,010,014.00	ARS	Electricity sales	Line-by-line	Cono Sur Participaciones SLU	55.00%	65.70%
							Endesa Argentina SA	45.00%	
Endesa Comercialização de Energia SA	Porto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energia 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 Financiación Filiales 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	Empresa Nacional de Electricidad SA	99.99%	33.47%
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%

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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	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 D'Arcos -Oieiras	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Energías de Aragón II SL	0.20%	91.97%
							Enel Green Power España SL	0.20%	
							Finerge-estão de Projectos Energéticos SA	0.20%	
							Endesa Energía SA	0.20%	
							Endesa Generación SA	99.20%	
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 Latinoamérica SA	Madrid	Spain	796,683,058.00	EUR	Holding company	Line-by-line	Endesa SA	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%
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 (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Enel Atlantic Canada LP	St. John (Newfoundland)	Canada		- CAD	Wind power	Line-by-line	Chi Hydroelectric Company Inc.	82.05%	68.29%
							Enel Green Power Canada Inc.	17.85%	
							Newind Group Inc.	0.10%	
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%	68.29%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Cove Fort LLC	Wilmington (Delaware)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
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%	68.29%
Enel Distribuție Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distribuție Dobrogea SA	Constanța	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%

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Enel Distributie Muntenia 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	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	Saint 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	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Panama SA	50.06%	34.19%
Enel France Sas	Paris	France	34,937,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Gas Rus LLC	Moscow	Russian Federation	350,000.00	RUB	Energy services	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%	68.29%
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	10,000.00	EUR	Design, construction and maintenance of photovoltaic plants (holding company)	Proportionate	Enel Green Power SpA	50.00%	34.14%
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%	68.29%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources (holding company, biomass)	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	68.29%
Enel Green Power Canaro Srl	Rome	Italy	10,400.00	EUR	Electricity generation from renewable resources (solar)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Colombia SA	Bogotá D.C.	Colombia	10,000,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Endesa Generación SA	60.00% 40.00%	77.80%
Enel Green Power France Sas	Lyon	France	98,200,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Granadilla SL	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power España SL	65.00%	50.57%

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Enel Green Power Hellas SA	Maroussi	Greece	3,603,240.00	EUR	Holding company, energy services	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power International BV	Amsterdam	Netherlands	244,532,298.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Jeotermal Enerji Yatirimlari AŞ	Istanbul	Turkey	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	98.99%	67.60%
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
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%	68.29%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources (holding company)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Perú SA	Lima	Peru	1,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Energía Alerce Ltda	99.90% 0.10%	68.29%
Enel Green Power Portoscuso Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Primavera SA	Rio de Janeiro	Brazil	16,506,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Romania Srl	Sat Rusu De Sus Nusenii	Romania	890,000,500.00	RON	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power São Judas Eólicas SA	Rio de Janeiro	Brazil	17,256,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Enel Green Power San Gillio Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources (solar)	Line-by-line	Enel Green Power SpA	80.00%	54.63%
Enel Green Power South Africa	Amsterdam	Netherlands	18,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	68.29%	68.29%
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%	40.97%
Enel Green Power TSS Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	68.29%
Enel Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Ingegneria e Ricerca 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%

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Enel Insurance NV	Amsterdam	Netherlands	60,000.00	EUR	Holding company from insurance services	Line-by-line	Enel Investment Holding BV	50.00%	96.03%
							Endesa SA	50.00%	
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%	68.29%
Enel Latin America (Chile) Ltda	Santiago	Chile	15,649,360,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Hydromac Energy BV	0.01%	68.29%
							Energía Alerce Ltda	99.99%	
Enel Lease 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%	68.29%
Enel OIG-5 OJSC	Ekaterinburg	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	Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Productie Srl	Bucharest	Romania	20,110,200.00	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	71,949,719.84	EUR	Gas distribution	Equity	Enel Distribuzione SpA	14.80%	14.80%
Enel Romania Srl	Judetul Ilfov	Romania	200,000.00	RON	Business 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%	68.29%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	Enel Distributie Dobrogea SA	50.00%	51.00%
							Enel Distributie Banat SA	50.00%	
Enel Servizi Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology, real estate 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%
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%	68.29%
Enel Stocaggi Srl	Rome	Italy	3,030,000.00	EUR	Construction and operation of storage fields. Storage of natural gas	Line-by-line	Enel Trade SpA	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	68.29%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Beograd	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.	Zagreb	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.si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enelco SA	Athens	Greece	60,108.80	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 Green Power International BV	0.01%	68.29%
							Enel Brasil Participações Ltda	99.99%	
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	Lisbona	Portugal	5,000,000.00	EUR	Electricity generation from renewable resources	Equity	Finerge-Gestão de Projectos Energéticos SA	17.98%	27.98%
							Tp - Sociedade Térmica Portuguesa SA	17.98%	
Enercampo - Produção 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%	77.80%
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	70.00%	54.46%
Energex Co.	Cayman Islands	Cayman Islands	10,000.00	USD	Holding company	Proportionate	Gas Atacama Chile SA	100.00%	16.74%
Energía Alerce Ltda	Santiago	Chile	1,000,000.00	CLP	Holding company	Line-by-line	Enel Green Power International BV	0.10%	68.29%
							Hydromac Energy BV	99.90%	
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Energía Global de México (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%	67.61%
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%	68.29%
Energía Nueva Energía Limpia México Srl de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Guatemala SA	0.01%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energía Nueva de Iggú Srl de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv	99.90%	68.29%
							Energía Nueva Energía Limpia México Srl de Cv	0.10%	
Energiaki Polymyloy SA	Athens	Greece	45,553,352.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Energías Especiales de Careón SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	59.90%
Energías Especiales de Pena Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
Energías 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	100.00%	77.80%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv	99.99%	68.29%
							Energía Nueva de Iggú Srl de Cv	0.01%	
Energie Electricque de Tahaddart SA	Tangier	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	Equity	Slovenské elektrárne AS	20.00%	13.20%
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL	27.00%	21.01%
Energía de La Loma SA	Jaén	Spain	4,450,000.00	EUR	Biomass	Equity	Enel Green Power España SL	40.00%	31.12%
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	50.00%	38.90%
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	100.00%	77.80%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	51.87%
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	68.42%	53.23%
Enerlasa SA (in liquidation)	Madrid	Spain	1,021,700.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	45.00%	35.01%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	40.97%
Enerlousado Lda	Porto	Portugal	5,000.00	EUR	Combined-cycle generation plants	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	50.00%	77.80%
							Tp - Sociedade Térmica Portuguesa SA	50.00%	
Enerisis SA	Santiago	Chile	2,824,882,830,000.00	CLP	Electricity generation and distribution	Line-by-line	Endesa Latinoamérica SA	60.62%	55.81%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enerviz - Produção de Energia de Vizela Lda	Porto	Portugal	673,380.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Enxon Hellas SA	Maroussi	Greece	18,771,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	88.00%	60.09%
Eol Verde Energia Eólica SA	Porto	Portugal	50,000.00	EUR	Water treatment and distribution	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	58.35%
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Eolflor - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
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	50.00%	38.90%
Erecosalz SL (in liquidation)	Zaragoza	Spain	18,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	33.00%	25.67%
Erfei AIE	Tarragona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL	42.00%	32.67%
Essex Company	Boston (Massachusetts)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Eurohucoco Cogeneración AIE	Barcelona	Spain	2,606,000.00	EUR	Cogeneration of electricity and heat	Proportionate	Enel Green Power España SL	30.00%	23.34%
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	70.00%	54.46%
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	73.60%	57.26%
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	65.00%	50.57%
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	90.00%	70.02%
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	90.00%	70.02%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL	51.00%	39.68%
Eólica del Principado SAU	Oviedo	Spain	90,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	31.12%
Eólica Fazenda Nova - Geração e Comercialização de Energia SA	Rio Grande do Norte	Brazil	1,839,000.00	BRL	Wind plants	Line-by-line	Endesa Brasil SA	99.95%	56.50%
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	50.50%	39.29%
Eólica Zopiloapan, SA P.I. de Cv	Mexico City	Mexico	1,877,201,536.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv	60.50%	68.22%
							Enel Green Power Partecipazioni Speciali Srl	39.40%	
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	80.00%	62.24%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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	55.00%	42.79%
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	31.12%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
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	40.00%	31.12%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	46.68%
Feneralt - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Equity	Tp - Sociedade Térmica Portuguesa SA	25.00%	19.45%
Finerge-Gestão 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	100.00%	77.80%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
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	USA	1,002.50	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	500,000.00	EUR	Electricity generation	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	50.00%	38.90%
Garofeica SA	Barcelona	Spain	721,200.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	21.01%
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 Gasatagama Holding Ltda	100.00%	16.74%
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	Energex Co.	42.71%	16.74%
							Gas Atacama SA	57.23%	
							Inversiones Endesa Norte SA	0.03%	
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%
							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%	68.29%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Gauley River Management Corporation	Willison (Vermont)	USA	1	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Gauley River Management Corporation	100.00%	68.29%
Generadora de Occidente Ltda	Guatemala	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Enel Guatemala SA	99.00% 1.00%	68.29%
Generadora Montecristo SA	Guatemala	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Enel Guatemala SA	99.99% 0.01%	68.29%
Generalima SA	Lima	Peru	146,534,335.00	PEN	Holding company	Line-by-line	Endesa Latinoamérica 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%
Geotérmica del Norte SA	Santiago	Chile	53,644,788,997.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Latin America (Chile) Ltda	51.00%	34.83%
Geotérmica Nicaragüense SA	Managua	Nicaragua	92,050,000.00	NIO	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Equity	Egp Geronimo Holding Company Inc.	49.20%	33.60%
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	114,057,353.00	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 Corporación SA	Santader	Spain	121,000.00	EUR	Biodiesel development, construction and operation	Equity	Enel Green Power España SL Endesa Generación SA	24.24% 12.97%	30.80%
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%	68.29%
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%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hidroelectricidad del Pacífico 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%	68.28%
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 Oroul SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	23.34%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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 - Hidroeléctrica do Mondego Lda	Lisbona	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	Tp - Sociedade Térmica Portuguesa SA	100.00%	77.80%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
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%	13.66%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
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%	68.29%
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	Williston (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	68.29%
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%	68.29%
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	60.00%	60.00%
Hydromac Energy BV	Amsterdam	Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
IMA Engineering Solutions. SA	Prahova	Romenia	90,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	1.10%	68.29%
							Enel Green Power Romania Srl	98.90%	
Ict Servicios Informáticos Ltda	Santiago	Chile	500,000,000.00	CLP	ICT services	Line-by-line	Chilectra SA	1.00%	55.80%
							Enersis SA	99.00%	
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%	68.29%
Ingendesa do Brasil Ltda	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Empresa Nacional de Electricidad SA	1.00%	33.47%
							Inversiones Endesa Norte SA	99.00%	
Inkolan Información y Coordinación de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	14.29%	13.16%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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%	20.49%
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%	54.63%
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%	20.49%
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%	20.49%
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%	20.49%
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%	20.49%
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%	20.49%
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%	20.49%
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%	20.49%
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%	20.49%
International Eolian of Skopelos SA	Maroussi	Greece	159,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power International BV	30.00%	20.49%
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	10,126,310.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Inversiones Distrilima SA	Lima	Peru	287,837,245.00	PEN	Holding company	Line-by-line	Chilectra SA	30.15%	68.28%
							Enersis SA	35.02%	
							Endesa Latinoamérica SA	34.83%	
Inversiones Endesa Norte SA	Santiago	Chile	98,010,964,618.00	CLP	Investments in energy projects	Line-by-line	Empresa Eléctrica Pehuenche SA	0.08%	33.47%
							Empresa Nacional de Electricidad SA	99.90%	
							Endesa Eco SA	0.02%	
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	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Cono Sur Participaciones, SLU	57.14%	52.60%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Investluz SA	Fortaleza	Brazil	954,620,000.00	BRL	Holding company	Line-by-line	Endesa Brasil SA	63.57%	57.27%
							Ampla Investimentos e Serviços SA	36.43%	
Iris 2006 Srl	Cutro	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
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%	68.29%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Kalenta Ltd	Maroussi	Greece	2,367,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
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%	68.29%
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%	68.29%
Kromschroeder SA	L'Hospitalet de Llobregat (Barcelona)	Spain	657,000.00	EUR	Services	Equity	Endesa Gas SAU	27.93%	25.71%
La Pereda Co2 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%	68.29%
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%	24.72%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	92.50%	68.29%
							Enel Green Power North America Inc.	7.50%	
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%
Lipetskenergoby LLC	Lipetskaya Oblast	Russian Federation	7,500.00	RUB	Electricity sales	Proportionate	RusEnergoby LLC	75.00%	18.93%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Lower Saranac Corporation	New York (New York)	USA	1	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Lower Saranac Hydro Partners LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	99.00%	68.29%
							Lower Saranac Corporation	1.00%	
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity transmission, distribution and sales and fuel	Line-by-line	Chilectra SA	99.90%	55.30%
							Energis SA	0.10%	
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%

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Marcinelle Energie SA	Charleroi	Belgium	110,061,500.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Marko PV Energy SA	Maroussi	Greece	420,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
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%	34.83%
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%	68.28%
Midway Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Trade Wind Energy LLC	100.00%	68.29%
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%	68.29%
Minas de Esteruel 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%
Minicentrales del Canal de Las Bardenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	11.67%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	28.40%
Missisquoi Associates GP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Springs Hydro Associates LP	99.00%	68.29%
							Sheldon Vermont Hydro Company Inc.	1.00%	
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%	33.46%
Montegranaro Fotovoltaica Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Myrini Energiaki SA	Maroussi	Greece	420,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	68.29%
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc.	1.00%	68.29%
							Enel Green Power North America Inc.	99.00%	
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%	68.29%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%

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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%	68.29%
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	Enel Green Power Canada Inc.	100.00%	68.29%
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance	Line-by-line	Enel OGK-5 OJSC	100.00%	56.43%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Services di security	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 Endesa Gas SAU Endesa Energía SA Endesa Distribución Eléctrica SL	2.96% 0.35% 11.50% 5.19%	18.41%
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%	58.05%
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%	68.29%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	25.93%
Parque Eólico Curva dos Ventos Ltda	Bahia	Brazil	220,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Parque Eólico Engenho Geradora de Energia Ltda.	Fortaleza	Brazil	685,423.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Parque Eólico Fontes dos Ventos Ltda	Recife	Brazil	545,334.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Parque Eólico Ouroventos Ltda	Bahia	Brazil	566,347.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%
Parque Eólico Serra Azul Ltda	Bahia	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	1.00% 99.00%	68.29%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Cristal Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel de Costa Rica SA	65.00%	44.39%
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%	22.84%
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%	27.32%
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%	23.44%
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%	68.29%
Paglalionga Due Srl	Castrovillari	Italy	10,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Palo Alto Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Trade Wind Energy LLC	100.00%	68.29%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	70.02%
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	23.34%
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	30.00%	23.34%
Parc Eolien de Beauséjour Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parc Eolien de Bouville Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parc Eolien de La Grande Epine Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parc Eolien de La Vallière Sasu	Saint Priest	France	59,240.00	EUR	Electricity generation from renewable resources (wind)	Equity	Enel Green Power France Sas	49.00%	33.46%
Parc Eolien des Ramiers Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parque Eólico Cristal Ltda	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.01%	68.29%
							Enel Brasil Participações Ltda	99.99%	
Parque Eólico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	39.02%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Energía Alerce Ltda	0.01%	68.29%
							Enel Latin America (Chile) Ltda	99.99%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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	100.00%	77.80%
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	80.00%	62.24%
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
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	100.00%	77.80%
Parque Eólico de Gevancas SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
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	82.00%	63.79%
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	65.67%	51.09%
Parque Eólico do Alto da Vaca Lda	Porto	Portugal	125,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	58.35%
Parque Eólico do Vale do Abade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
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	90.00%	70.02%
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	75.50%	58.74%
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	52.00%	40.45%
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA Tp - Sociedade Térmica Portuguesa SA	50.00% 50.00%	77.80%
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	58.00%	45.12%
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Energía Alerce Ltda Enel Latin America (Chile) Ltda	0.01% 99.99%	68.29%
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%
Pegop - Energía Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Proportionate	Endesa Generación Portugal SA Endesa Generación SA	0.02% 49.98%	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%	68.29%
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%

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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%	68.29%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	43.66%
Pontinia FV Srl	Rome	Italy	60,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Powercer - Sociedade de Cogeração de Vialonga SA	Loures	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Equity	Finerge-Gestão de Projectos Energéticos SA	30.00%	23.34%
Pp - Co-Geração SA	São Paio de Oleiros	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	100.00%	77.80%
Pragma Energy SA	Lugano	Switzerland	4,000,000.00	CHF	Coal trading	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Prairie Rose Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind LLC	100.00%	33.46%
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	49.00%	33.46%
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%	68.29%
Productor Regional de Energía Renovable SA	Valladolid	Spain	710,500.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL	85.00%	66.13%
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	82.89%	64.49%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	23.34%
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	1,495,000.00	CLP	Gas distribution	Proportionate	Gas Atacama SA Gas Atacama Chile SA	0.10% 99.90%	16.74%
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Promociones y Desarrollo Sector Levante SL	Madrid	Spain	6,000.00	EUR	Real estate	Equity	Bolonia Real Estate SL	45.00%	41.43%
Provedora 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%	68.28%
Proyecto Almería Mediterraneo SA	Madrid	Spain	601,000.00	EUR	Desalination and water supply	Equity	Endesa SA	45.00%	41.43%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	33.33%	25.93%
Puignerel AIE	Barcelona	Spain	11,299,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	25.00%	19.45%
Pyrites Associates GP	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc. Enel Green Power North America Inc.	50.00% 50.00%	68.29%
Q-Channel SpA (In liquidation)	Rome	Italy	1,607,141.00	EUR	-	-	Enel Servizi Srl	24.00%	24.00%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Quatiara Energia SA	Rio de Janeiro	Brazil	12,148,511.80	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Red Centroamericana de Telecomunicaciones Sa	Panama	Panama	9	USD	Telecommunications	-	Endesa Latinoamérica SA	11.11%	10.23%
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 Green Power SpA Enel Green Power International BV Enel Guatemala SA	51.00% 42.83% 0.01%	64.08%
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	Northwest Hydro Inc. Chi West Inc.	17.50% 82.50%	68.29%
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Rofeica d'Energía SA	Barcelona	Spain	1,983,300.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	21.01%
Ronfegen - Recursos Energéticos Lda	Oeiras	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Pp - Co-Geração SA Tp - Sociedade Térmica Portuguesa SA	10.00% 90.00%	77.80%
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%	34.83%
SF Energy Srl	Rovereto	Italy	7,500,000.00	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%
Solar Thessalia Societe Anonyme of Energy	Maroussi	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Proportionate	Empresa Distribuidora Sur SA	50.00%	21.11%
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Proportionate	Enel Green Power España SL	50.00%	38.90%
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%	68.29%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Energy services	Line-by-line	OGK-5 Finance LLC Enel OGC-5 OJSC	0.01% 99.99%	56.43%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Santo Rostro Cogeneración SA (in liquidation)	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	35.01%
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bypass Power Company Chi West Inc.	1.00% 99.00%	68.29%
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-Gestão de Projectos Energéticos SA	100.00%	77.80%
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv Energía Nueva Energía Limpia México Srl de Cv	99.99% 0.01%	68.29%
Severenergia	Moscow	Russian Federation	55,114,150,000.00	RUB	Processing and transport of gas and oil	Equity	Artic 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%	68.29%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
Sisconer - Exploração de Sistemas de Conversao de Energia Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	55.00%	42.79%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	12.99%
Sistema Eléctrico de Conexión Valcaire SL	Granada	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	21.88%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	74.69%
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%	68.29%
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%	68.29%
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%	68.29%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	68.29%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Snyder Wind Farm LLC	Dallas (Texas)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
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%	68.29%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Finance 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	Empresa Nacional de Electricidad SA	99.99%	33.47%
							Inversiones Endesa Norte SA	0.01%	
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	50.37%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Sociedad Eólica Los Lances SA	Cádiz	Spain	2,404,040.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	46.68%
Sociedad Portuaria Central Cartagena SA	Bogotá D.C.	Colombia	5,800,000.00	COP	Construction and management of port infrastructure	Line-by-line	Emgesa SA ESP	94.95%	29.22%
							Inversora Codensa Sas	4.90%	
Società Agricola Trino Srl	Trento	Italy	50,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Agatos Green Power Trino	100.00%	27.32%
Società di sviluppo, realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA "in breve Galsi SpA"	Milan	Italy	37,242,300.00	EUR	Engineering in energy - and infrastructure sector		Enel Produzione SpA	15.61%	15.61%
Società Energetica Vibonese Srl	Castrovillari	Italy	107,615.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
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%
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%
Solar Morea Energiaki SA	Maroussi	Greece	4,000,890.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
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%	68.29%
Sorgente Solare Calabria Srl	Castrovillari	Italy	10,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	28.01%
Soternix - Produção de Energia ACE	Barcelos	Portugal		- EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	51.00%	39.68%
Southern Cone Power Argentina SA	Buenos Aires	Argentina	19,874,798.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	98.03%	33.47%
							Inversiones Endesa Norte SA	1.97%	

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
St-Felicien Cogeneration LP	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Chi S F LP Enel Green Power Canada Inc.	92.00% 8.00%	68.29%
Stipa Nayaá SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Impulsora Nacional de Electricidad Srl de Cv Enel Green Power Partecipazioni Speciali Srl	55.21% 40.64%	65.46%
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	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	51.22%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sviluppo Nucleare Italia Srl	Rome	Italy	200,000.00	EUR	Development, construction and operation of EPRs	Line-by-line	Enel Ingegneria e Ricerca 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%	68.29%
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Agro-industrial activities	Equity	Enel Green Power SpA	15.00%	10.24%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Targusor Wind Farm SA	Cernavoda	Romania	90,000.00	RON	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power International BV Enel Green Power Romania Srl	0.10% 99.90%	68.29%
Tecnom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	41.43%
Tecnoquat SA	Guatemala	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	75.00%	51.22%
Tejo Energia Produção e Distribuição 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%
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 Endesa Costanera SA Hidroeléctrica El Chocón SA	5.32% 5.51% 15.35%	6.60%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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%
							Endesa Costanera SA	5.51%	
							Hidroeléctrica El Chocón SA	15.35%	
Termotec Energía AIE (in liquidation)	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	35.01%
Texkan Wind LLC	Wilmington (Delaware)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	68.29%
Thracian Eolian 1 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 2 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 3 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 4 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 5 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 6 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 7 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 8 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Thracian Eolian 9 SA	Maroussi	Greece	124,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Tirmadrid SA	Valdemingómez	Spain	16,828,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	34.00%	26.45%
Tirme SA	Palma de Mallorca	Spain	7,662,750.00	EUR	Waste treatment and disposal	Equity	Enel Green Power España SL	40.00%	31.12%
Tko Power Inc.	Los Angeles (California)	USA		1 USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	25.93%
Total Electric SA	Buzau	Romania	3,190,600.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Tp - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gesão de Projectos Energéticos SA	100.00%	77.80%
Trade Wind Energy LLC	New York (New York)	USA		- USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000.00	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	19.90%	13.59%
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Proportionate	Compañía Eléctrica San Isidro SA	50.00%	18.02%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Transmisora de Energía Renovable SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Enel Guatemala SA	99.99% 0.01%	68.29%
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%	56.53%
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	Highfalls Hydro Company Inc. Enel Green Power North America Inc.	98.00% 2.00%	68.29%
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Falls Hydro Company Inc	51.00%	34.83%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc	100.00%	68.29%
Ufefys SL	Aranjuez	Spain	2,373,950.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
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	27.00%	21.01%
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%
Varokub Green Energy SA	Prahova	Romania	90,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV Enel Green Power Romania Srl	0.10% 99.90%	68.29%
Ventominho Energias Renováveis SA	Esposende	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Evm - Empreendimentos Eólicos Vale do Minho SA	84.99%	24.79%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
WP France 3 SAS	Lyon	France	1,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
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%	68.29%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
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%	68.29%
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%	68.29%
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%	68.29%
Wind Parks of Bolibas SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Distomos SA	Maroussi	Greece	176,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Drimonakia SA	Maroussi	Greece	329,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Folia SA	Maroussi	Greece	144,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gagari SA	Maroussi	Greece	134,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Goraki SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gourles SA	Maroussi	Greece	175,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks of Grammatikaki SA	Maroussi	Greece	165,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kafoutsi SA	Maroussi	Greece	171,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Korfovouni SA	Maroussi	Greece	201,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
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%	54.63%
Wind Parks of Makrilakkoma SA	Maroussi	Greece	254,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Megavouni SA	Maroussi	Greece	208,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Mirovigli SA	Maroussi	Greece	95,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Organi SA	Maroussi	Greece	287,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Pelagia SA	Maroussi	Greece	193,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Petalo SA	Maroussi	Greece	175,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Politis SA	Maroussi	Greece	136,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Sagias SA	Maroussi	Greece	271,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Skoubi SA	Maroussi	Greece	152,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Stroboulas SA	Maroussi	Greece	176,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Trikorfo SA	Maroussi	Greece	152,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	29.25%	19.97%
Wind Parks of Vitalio SA	Maroussi	Greece	161,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Vourlas SA	Maroussi	Greece	174,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	1,110,400.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Kathara SA	Maroussi	Greece	296,500.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Kerasia SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Milia SA	Maroussi	Greece	399,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Mitika SA	Maroussi	Greece	255,500.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%

Company name	Registered office	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Platanos SA	Maroussi	Greece	179,000.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Spilia SA	Maroussi	Greece	291,500.00	EUR	Electricity generation from renewable resources (wind)	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Cono Sur Participaciones, SLU	22.22%	20.46%
Yedesa-Cogeneración SA (in liquidation)	Almería	Spain	234,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	40.00%	31.12%
Zitsa Solar SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources (solar)	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%

Glossary

The following glossary defines selected technical terms used in the consolidated financial statements. Unless otherwise specified, the terms have the following meanings.

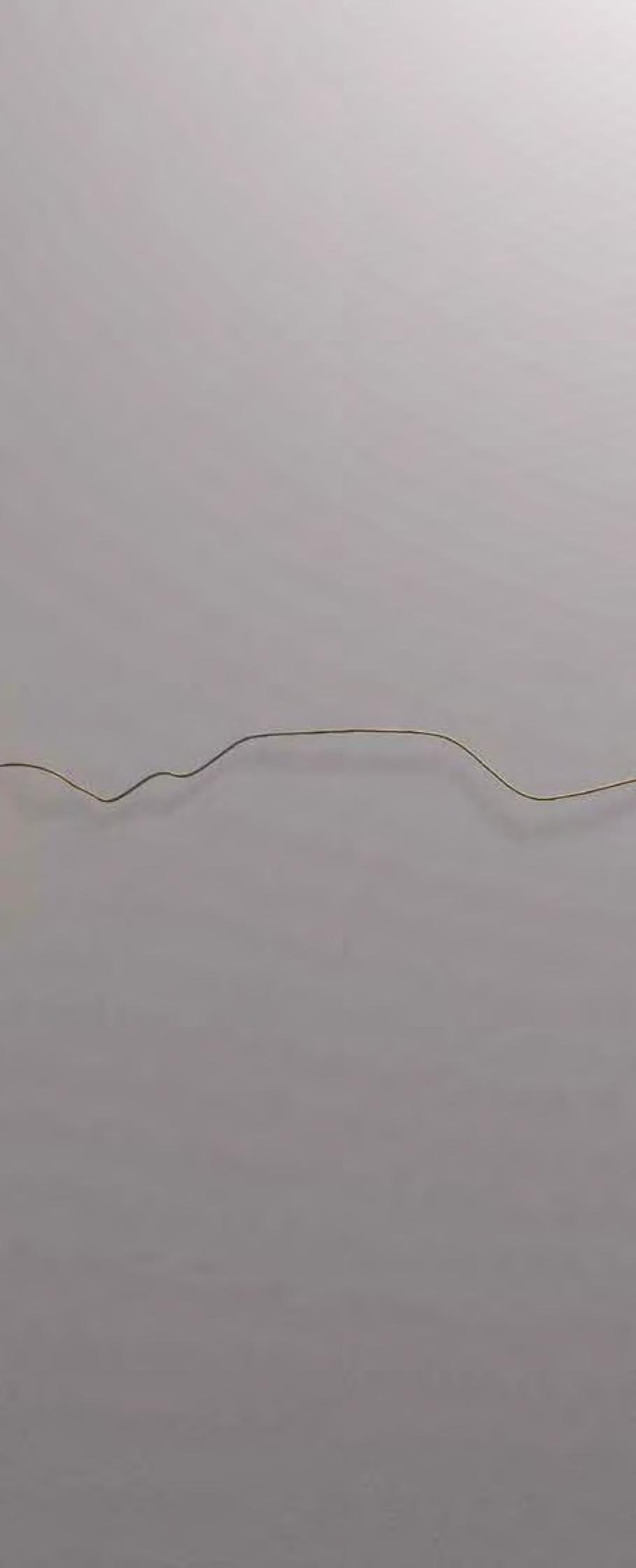
Authority for Electricity and Gas	<p>The Authority for Electricity and Gas (the Authority) is a formally independent authority charged with fostering the development of competitive markets in the electricity and natural gas industries, primarily through the regulation of tariffs, access to networks and market operations, as well as safeguarding end users.</p> <p>Under the law establishing the Authority in 1995, its function is essentially that of “guaranteeing the promotion of competition and efficiency in the public utilities sector, ensuring the uniform availability and distribution of services throughout the country, establishing a transparent and reliable tariff system based on pre-defined criteria and promoting the interests of users and consumers”. In pursuing the objective of ensuring competitive markets, the Authority develops comments and recommendations for the Government and Parliament. It has regulatory powers, sets tariffs (and in particular the general system costs component), ensures the publicity and transparency of service terms and conditions, ensures equal access to energy networks, exercises quality control and monitoring powers over service providers and assesses complaints and reports submitted by users and consumers. In addition, the Authority was recently assigned functions concerning the quality, rates and costs of integrated water services, which had originally been assigned to the national water regulator and supervisor.</p>
Biomass	<p>Organic non-fossil material of biological origin, part of which can be used to produce energy. The various forms of energy produced from biomass are always renewable, but in different ways. They depend on daily or seasonal cycles, the amount of solar radiation, changes in climate, agricultural techniques, plant growth cycles and intensive exploitation.</p>
CIP	<p>Interministerial Price Committee.</p>
Combined cycle	<p>Technology used in power generation plants, comprising one or more gas turbine sets whose exhaust heats a boiler, which may also be heated with an additional fuel. The steam produced by the boiler is used to drive a steam turbine coupled with a generator (CCGT).</p>
Decommissioning	<p>The phase of deactivation, decontamination and dismantling of plant installations and site restoration. The ultimate goal is to achieve: (i) the complete demolition of a nuclear power plant; (ii) the removal of any restriction imposed by the presence of radioactive materials; (iii) the return of the site for other uses.</p>
Distribution	<p>The transport and transformation of electricity on medium and low-voltage grids for delivery to end users.</p>

Electricity consumption	Electricity consumption for a given period is equal to the sum of electricity invoiced by utilities (Enel, municipal electric companies, other companies) and the amount consumed by self-generators. It is equal to electricity demand net of grid losses.
Electricity demand	The quantity of electricity to make available on the grid. It is equal to the sum of user consumption and grid losses.
EMO	Energy Markets Operator, the company established by the ESO to operate the financial side of the electricity market on a transparent and objective basis, with a view to fostering competition among generators and ensuring the availability of adequate reserve capacity.
Enhanced protection service	The supply of electricity on the basis of prices and contractual terms set by the Authority for Electricity and Gas. The enhanced protection service serves residential customers and small companies (those with fewer than 50 employees and an annual turnover of less than €10 million with low-voltage supply) that have never changed supplier or who have requested to return to the service after having contracted for service on the free market with other suppliers (the enhanced protection service conditions also apply to residential customers and small companies that find themselves without an electricity supplier).
ESO	Energy Services Operator (formerly GRTN), established pursuant to Article 3 of the Bersani Decree, the company, wholly owned by the Ministry for the Economy and Finance, that distributes incentives for the generation of electricity from renewable and equivalent resources. It also certifies plants and their output as renewable.
European Pressurized Reactor (EPR)	The European pressurized water reactor, more commonly referred to as an EPR (European Pressurized Reactor or Evolutionary Power Reactor), is a generation III+ nuclear fission reactor in which the core is cooled and the neutrons are moderated with ordinary water (sometimes called light water to distinguish it from heavy water).
Generation	The production of electricity, however generated.
Gigawatt or GW	Unit of measure equal to 1 billion watts (1,000 MW).
Gigawatt-hour or GWh	Unit of measure equal to 1 million Kilowatt-hours.
Green certificates	These are the certificates provided for under Article 5 of the Ministerial Decree of November 11, 1999 that certify the generation of electricity from renewable resources. Green certificates are issued by the ESO for the first fifteen years of operation of a plant and can be traded directly or on the market organized by the ESO. Demand is supported by the requirement for generation companies and importers to deliver a portion of their annual output in the form of power generated from renewable resources.
Gross generation	The total amount of electricity (including that generated subject to pumping) produced by all the generator units concerned (primary heat engine and one or more mechanically coupled electricity generators), as measured at the output terminals of the main generators.

Kilowatt or kW	A unit of measure equal to 1,000 watts.
Kilowatt-hour or kWh	A unit of measure that represents 1,000 watts of electricity supplied or demanded in an hour.
Mass market customers	Residential and micro-business customers.
Megawatt or MW	Unit of measure equal to 1 million watts.
Megawatt-hour or MWh	Unit of measure that represents 1 million watts of electricity supplied or demanded in an hour.
Micro-business customers	Customers with a VAT registration number with annual electricity consumption of less than 50,000 kWh.
Natural gas	Gas mainly composed of methane (from 88% to 98%), with the remainder accounted for by other hydrocarbons such as ethane, propane, butane, etc.
Net generation	Gross electricity production net of the electricity used by auxiliary generation services and losses in main transformers.
Net maximum electrical capacity in MW	The maximum amount of electric power that can be continuously produced over a sufficiently long given period of operation, assuming that all the parts of the plant are functioning, as measured at the point of delivery to the grid; that is, net of the power used by the plant itself and the power lost in the transformers required to raise the voltage to the grid level.
NTN	The Italian national electricity transmission network, composed of the transformer stations and high and very-high voltage power lines in Italy.
Power Exchange	The electricity market organized and operated by the ESO through an electronic platform. Participants include generation companies, wholesalers, the Single Buyer and certain end users. The market equilibrium prices is obtained through the matching of the electricity demand of and electricity supply from the participants.
Rating	Assessment of the quality of a company or its issues of debt securities on the basis of the financial soundness of the company and its outlook. The assessment is performed by specialized agencies.
Remote meter operation	A system of interconnected electronic meters (also called smart meters) used to implement an integrated system for meter reading, communication and management of electricity supply contracts remotely, using the low-voltage power grid as the data transmission infrastructure.
Renewable resources	The sun, wind, water, geothermal resources, tides, waves, biomass and organic waste.
Residential customers	Customers who consume electricity for home use, as defined by Article 2.2, letter A, of the Integrated Transport Regulations published by the Authority for Electricity and Gas.

Single Buyer	Acquirente Unico SpA (the Single Buyer) is a company established by the ESO pursuant to Article 4, paragraph 1 of the Bersani Decree. It is charged with ensuring the availability of sufficient electricity to meet the demand of all customers in the “enhanced protection” market, by purchasing the necessary power and selling it to distributors on non-discriminatory terms that enable the application of a single national rate for customers. For this purpose, the Single Buyer can purchase electricity on the Power Exchange or through bilateral contracts.
Station	An electricity transformation or switching facility.
Stranded costs	Costs generated by contractual commitments and investment decisions that electric companies undertook in response to government economic policy decisions in a non-competitive market and that could have been recovered under a monopoly.
Tax equity partnership	An agreement governed by US tax law, which permits the assignment of the tax benefits granted in the United States to companies that generate electricity from renewable resources to a third-party entity (the so-called “tax equity investor”) under certain conditions and specific circumstances.
Terawatt or TW	Unit of measure equal to 1 billion kW.
Terawatt-hour or TWh	1 billion kWh.
Transmission	The transport and transformation of electricity from generation plants or imported power over the interconnected high- and very-high-voltage grid to end users connected to that grid and to distributors.
Watt	Unit of measure of electric power.

Efficiency



Reports

Report of the Independent Auditors on the 2012 consolidated financial statements of the Enel Group

**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, 2012 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. We conducted our audit 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 of the accounting principles applied 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 and the balance sheet as of January 1, 2011 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 and to the balance sheet as of January 1, 2011, which is derived from the consolidated financial statements as of December 31, 2010, with respect to the data previously presented and audited respectively by us and other auditors, on which related auditors' reports were issued on April 6, 2012 and on 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, 2012 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Enel Group as of December 31, 2012 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 of the information presented 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) in the report on corporate governance and ownership structure, as required by 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 presented 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) in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Group as of December 31, 2012.

Rome, April 4, 2013

Reconta Ernst & Young S.p.A.

Signed by: Massimo delli Paoli, Partner

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