# Annual Report 2010

Enel Green Power

# Enel Green Power
# Annual Report
# 2010

# Contents

## Report on operations



## Consolidated financial statements



## Corporate governance



## Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports



## Attachments



## Reports

# Report on operations

# The Enel Green Power structure

## Corporate
## Enel Green Power SpA

### Italy and Europe

- Enel Green Power Portoscuso
- Enel Green Power Calabria
- Enel Green Power Strambino Solar
- Energia Eolica
- Enel Green Power Puglia
- Maicor Wind
- 3Sun
- Enel Green Power & Sharp Solar Energy
- Taranto Solar
- Enel Green Power Romania
- Enel Green Power Bulgaria
- Enel Green Power Hellas
- Enel Green Power France

### Iberia and Latin America

- Enel Green Power España
- Enel Brasil Participações
- Hydromac Energy
- Enel de Costa Rica
- Enel Guatemala
- Impulsora Nacional de Electricidad
- Enel Panama
- Grupo EGI

### North America

- Enel Green Power North America

### Retail

- Enel.si

# Corporate boards

## Board of Directors

### Chairman

Luigi Ferraris

### Chief Executive Officer

Francesco Starace

### Directors

Carlo Angelici
Andrea Brentan
Giovanni Battista Lombardo
Carlo Tamburi
Luciana Tarozzi

## Board of Auditors

### Chairman

Leonardo Perrone

### Auditors

Giuseppe Ascoli
Giuseppe Mariani

### Alternate auditors

Giulio Monti
Francesco Rocco

## Independent auditors

### KPMG 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 exclusive power to determine the strategic, organizational and internal control policies for the Company and the Enel Green Power Group.

## Chairman of the Board of Directors

The Chairman is vested by law and the bylaws with the powers to govern the operation of the corporate bodies (Shareholders' Meeting and Board of Directors) and to represent the Company. In addition, pursuant to a Board resolution of October 5, 2010, the Chairman also verifies implementation of the resolutions of the Board of Directors.

## Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and, in addition, is vested by a Board resolution of October 5, 2010 with all powers for managing the Company, with the exception of those that are otherwise assigned by law, the bylaws or resolutions of the Board of Directors.

# Letter to shareholders and other stakeholders

The year just ended was a special one for Enel Green Power.

The listing on the Milan and Madrid stock exchanges on November 4 was the culmination of a process of transformation, innovation and development rooted in the best traditions of the Enel Group, launching the Group forward towards a future of growth and leadership in the renewable energy market. The success of the largest European IPO in the last three years – despite the adverse economic climate – demonstrated all of the potential of Enel Green Power, which we have undertaken to develop in our business plan, the results of which are already evident in the financial statements for 2010. In 2010, Enel Green Power increased its revenues and gross operating margin by 19.8% and 8.8% respectively compared with the previous year. Installed capacity totaled 6,102 MW, of which 2,539 MW (41.6%) of hydroelectric, 2,654 MW (43.5%) of wind, 775 MW (12.7%) of geothermal and 134 MW (2.2%) of other renewable resources (solar, biomass and cogeneration). With more than 600 plants operating in Europe and the Americas in a total of 16 countries to date, the Group's net output in 2010 amounted to 21.8 TWh, of which 11.1 TWh (50.9%) from hydroelectric, 4.9 TWh (22.5%) from wind, 5.3 TWh (24.3%) from geothermal and 0.5 TWh (2.3%) from other renewable resources (solar, biomass and cogeneration).

In Europe, Enel Green Power is present in Italy, Spain, Portugal, Greece, France, Romania and Bulgaria. In Italy, the Group has a total of some 2,776 MW of capacity, with an output of 12.2 TWh of power. Enel Green Power is a leader in the geothermal and hydroelectric fields. Sustainable growth will be pursued by consolidating its leadership in mini-hydro and geothermal power and expanding its presence in wind and solar power. In the solar energy field, the construction, in a joint venture with Sharp and STMicroelectronics, of a plant at Catania to manufacture innovative thin-film photovoltaic panels continues. Manufacturing is expected to begin as from the last quarter of 2011 with an initial capacity of 160 MW per year, which can be expanded to 480 MW.

Enel.si, a wholly-owned subsidiary of Enel Green Power, has a network of more than 550 franchisees, which in 2010 installed more than 160 MW of photovoltaic systems for some 12,000 customers in Italy. This is 230% more than the level achieved in 2009 and represents a solid structure with which we can participate in the future development of distributed generation from renewables.

In North America, Enel Green Power is present in 20 US states and 2 Canadian provinces through Enel Green Power North America. In this area, Enel Green Power is one of the very few companies with a diversified portfolio of plants in the four segments of wind, geothermal, hydroelectric and biomass power, with an installed capacity of 788 MW and an output in 2010 of 2.6 TWh. Installed capacity in the United States is slated to grow significantly in the next few years. In Oklahoma, for example, construction has begun on a 200-MW wind farm. With a strong focus on technological innovation, Enel Green Power North America has started operation of two new binary geothermal plants in Churchill County, Nevada. With a total capacity of 40 MW, the plants are the largest in their class in the world, setting a new benchmark for geothermal generation.

In Latin America, Enel Green Power, through Enel Green Power Latin America, operates 33 plants in Mexico, Costa Rica, Guatemala, Nicaragua, Panama, El Salvador, Chile and Brazil. With a technology mix that ranges from hydroelectric to wind and geothermal, Enel Green Power has 669 MW of renewables capacity and an output of 3.6 TWh in 2010. In Panama, for example, Enel Green Power has a 300-MW hydroelectric plant, the second-largest civil work in the country after the Canal. Latin America has an important role in our growth strategy. In Guatemala and Costa Rica more than 120 MW of hydroelectric capacity are under construction, while in Brazil Enel Green Power won a tender for 90 MW of wind power in 2010. In the Atacama desert in Chile, scouting work for new geothermal plants is under way.

In the coming years Enel Green Power intends to expand its installed capacity and output from renewable resources, thanks to a large pipeline of projects in the various technologies in the diverse countries in which it operates. The portfolio of operating plants and projects under development is both balanced and diversified by technology and geographical area, thereby generating an optimal return on the plants' factors of production (the highest in the industry) while ensuring diversification and mitigation of political and regulatory risks.

This growth in size, profitability and shareholder return will, as always, be sought through sustainable development, leveraging the tradition of corporate social responsibility of the Enel Group, which has been extensively developed by Enel Green Power through constant dialogue and support for the various communities of stakeholders.

Chief Executive Officer

*Francesco Starace*

# Summary of results

## Performance

Millions of euro

| | 2010 | 2009 | Change |
|---|---|---|---|
| Total revenues including commodity risk management | 2,271 | 1,895 | 376 |
| Gross operating margin (EBITDA) | 1,313 | 1,207 | 106 |
| Operating income | 794 | 791 | 3 |
| Net income attributable to the shareholders of the Parent Company and minority interests | 493 | 439 | 54 |
| Net income attributable to the shareholders of the Parent Company | 452 | 418 | 34 |

*Total revenues including commodity risk management* of the Enel Green Power Group (hereinafter also the "Group") for 2010 amounted to €2,271 million, an increase of 19.8% on the €1,895 million posted in 2009. The change reflects the increase in revenues from international operations, which benefited from the full consolidation of ECyR (now Enel Green Power España) as from March 2010, and the revenues of Enel.si.

The *gross operating margin* (EBITDA) for 2010 amounted to €1,313 million, an increase of 8.8% on the €1,207 million registered in 2009. The change reflects the expansion of international operations.

*Operating income* for 2010 totaled €794 million, broadly in line with the €791 million achieved the previous year. The rise in the gross operating margin was largely offset by an increase in depreciation, amortization and impairment losses, essentially due to the change in the scope of consolidation.

*Net income attributable to the shareholders of the Parent Company* amounted to €452 million in 2010, an increase of 8.1% on the €418 million posted in 2009. The rise was attributable to lower taxes (€30 million), mainly as a result of the benefits from the application of the tax relief measures envisaged in Legislative Decree 78/2009 (the Tremonti-*ter* Decree) and increased income from equity investments measured using the equity method (€14 million).

# Financial position

Unless otherwise indicated, the balance sheet data at December 31, 2010 exclude amounts in respect of the investment in the associated company Tradewind and the assets and liabilities held in Bulgaria, as well as those regarding the plants of Enel Unión Fenosa Renovables (EUFER) included in the lot scheduled to be sold to Gas Natural Fenosa under the agreement to divide the assets of EUFER, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Net capital employed (1) (*) | 10,436 | 7,909 | 2,527 |
| Net financial debt (*) | 3,092 | 5,345 | (2,253) |
| Shareholders' equity (including minority interests) (*) | 7,344 | 2,564 | 4,780 |
| Operating cash flow | 648 | 897 | (249) |
| Capital expenditure (gross of grants) | 1,066 | 744 | 322 |

(1) Of which €112 million regarding "Net assets held for sale".
(*) At December 31.

*Net capital employed* at December 31, 2010 amounted to €10,436 million (€7,909 million at December 31, 2009), including net assets held for sale of €112 million (none at December 31, 2009). It is funded by shareholders' equity attributable to shareholders of the Parent Company and minority interest of €7,344 million (€2,564 million at December 31, 2009) and net financial debt of €3,092 million (€5,345 million at December 31, 2009), not including debt of €284 million associated with assets held for sale.

*Net financial debt* amounted to €3,092 million at the end of 2010, down €2,253 million compared with the €5,345 million at December 31, 2009. The decrease reflects the recapitalization by the Parent Company, Enel SpA, in the amount of €3,700 million on March 17, 2010, the effects of which were partially offset by the acquisition of ECyR (€860 million) and the consequent change in the scope of consolidation (€312 million). At December 31, 2010, the debt-to-equity ratio came to 0.4, compared with 2.1 at the end of 2009.

*Capital expenditure* in 2010 amounted to €1,066 million, up €322 million compared with 2009. Capital expenditure mainly regarded electricity generation plants (€1,017 million), of which €690 million for wind and solar plants, €174 million for geothermal generation plants and €153 million for hydroelectric facilities.

# Operations

The following table summarizes key figures on operations:

| | Italy and Europe | | Iberia and Latin America | | North America | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **Dec. 31, 2010** | Dec. 31, 2009 | **Dec. 31, 2010** | Dec. 31, 2009 | **Dec. 31, 2010** | Dec. 31, 2009 | **Dec. 31, 2010** | Dec. 31, 2009 |
| Net electricity generation (TWh) | 12.7 | 12.0 | 6.5 | 4.5 | 2.6 | 2.4 | **21.8** | **18.9** |
| Installed capacity (MW) | 3,127 | 2,859 | 2,187 | 1,161 | 788 | 788 | **6,102** | **4,808** |

Net *installed capacity* of the Group at December 31, 2010 amounted to 6,102 MW, of which 2,539 MW (41.6%) of hydroelectric, 2,654 MW (43.5%) of wind, 775 MW (12.7%) of geothermal and 134 MW (2.2%) of other renewable resources (solar, biomass and cogeneration). Installed capacity grew by 1,294 MW compared with December 31, 2009 (+26.9%). The increase, which takes account of decommissionings amounting to 2 MW, includes 904 MW from the contribution of ECyR (now Enel Green Power España) at the acquisition date and 392 MW from organic growth.

The growth in the Italy and Europe area was mainly attributable to the start of operation of wind plants in Italy (103 MW), Romania (64 MW), France (34 MW), Bulgaria (21 MW) and Greece (10 MW), and geothermal plants in Italy (33 MW).

The growth posted in the Iberia and Latin America area is essentially due to the consolidation of the capacity of ECyR (904 MW) and the start-up of wind plants installed on the Iberian peninsula (120 MW).

*Net electricity generation* for the Group as a whole in 2010 amounted to 21.8 TWh, of which 11.1 TWh (50.9%) from hydroelectric, 4.9 TWh (22.5%) from wind, 5.3 TWh (24.3%) from geothermal and 0.5 TWh (2.3%) from other renewable resources (solar, biomass and cogeneration).

Output increased by 2.9 TWh (+15.3%), thanks to growth in installed capacity, greater availability of wind plants and increased output from hydroelectric plants as a result of improved water availability.

Of total output, 12.7 TWh (+5.8% compared with December 31, 2009) came in the Italy and Europe area, 6.5 TWh (+44.4% compared with December 31, 2009) came in the Iberia and Latin America area and 2.6 TWh (+8.3% compared with December 31, 2009) came in the North America area. The growth in Italy and Europe was due to the improved water conditions in Italy and the growth in the installed capacity of the area, mainly in the wind sector. In Iberia and Latin America, the expansion in output was the result of the contribution of the capacity of ECyR (90% of which represented by wind plants), the increase in wind capacity in the Iberian peninsula and improved water conditions in Mexico and Guatemala. In North America, the growth in generation was due to full operation of wind and geothermal power plants.

# Performance and financial position by segment

On March 8, 2010, the Enel Green Power Group implemented a new organizational structure, which among other things involved the reorganization of the geographical areas in which it operates into:

> Italy and Europe;
> Iberia and Latin America;
> North America.

In addition, there is a dedicated structure for Enel.si, with independent responsibilities for the Italy and Europe area.

The following table reports performance for 2010 and 2009 by segment:

| Millions of euro | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Revenues (*) | Gross operating margin | Operating income | Revenues (*) | Gross operating margin | Operating income |
| Italy and Europe | 1,235 | 881 | 546 | 1,238 | 898 | 581 |
| Enel.si | 326 | 12 | 8 | 178 | 7 | 6 |
| Iberia and Latin America | 576 | 336 | 206 | 352 | 212 | 155 |
| North America | 157 | 84 | 34 | 144 | 90 | 49 |
| Eliminations and adjustments | (23) | - | - | (17) | - | - |
| **Total** | **2,271** | **1,313** | **794** | **1,895** | **1,207** | **791** |

(*) Total revenues including commodity risk management.

The following table reports financial position figures by segment:

| Millions of euro | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Operating assets (*) (1) | Operating liabilities (*) (2) | Capital expenditure (gross of grants) | Operating assets (*) | Operating liabilities (*) | Capital expenditure (gross of grants) |
| Italy and Europe | 6,207 | 700 | 642 | 5,619 | 465 | 453 |
| Enel.si | 249 | 261 | - | 125 | 79 | 1 |
| Iberia and Latin America | 3,126 | 284 | 251 | 1,574 | 145 | 254 |
| North America | 1,048 | 60 | 173 | 857 | 47 | 36 |
| Eliminations and adjustments | (118) | (118) | - | (20) | (20) | - |
| **Total** | **10,512** | **1,187** | **1,066** | **8,155** | **716** | **744** |

(*) At December 31.
(1) Operating assets regarding units classified as "held for sale" amounted to €353 million at December 31, 2010.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010.

The following table gives a breakdown of personnel by segment:

| No. of employees | Dec. 31, 2010 | Dec. 31, 2009 |
|---|---|---|
| Italy and Europe | 1,834 | 1,752 |
| Enel.si | 89 | 88 |
| Iberia and Latin America | 713 | 565 |
| North America | 319 | 280 |
| **Total** | **2,955** | **2,685** |

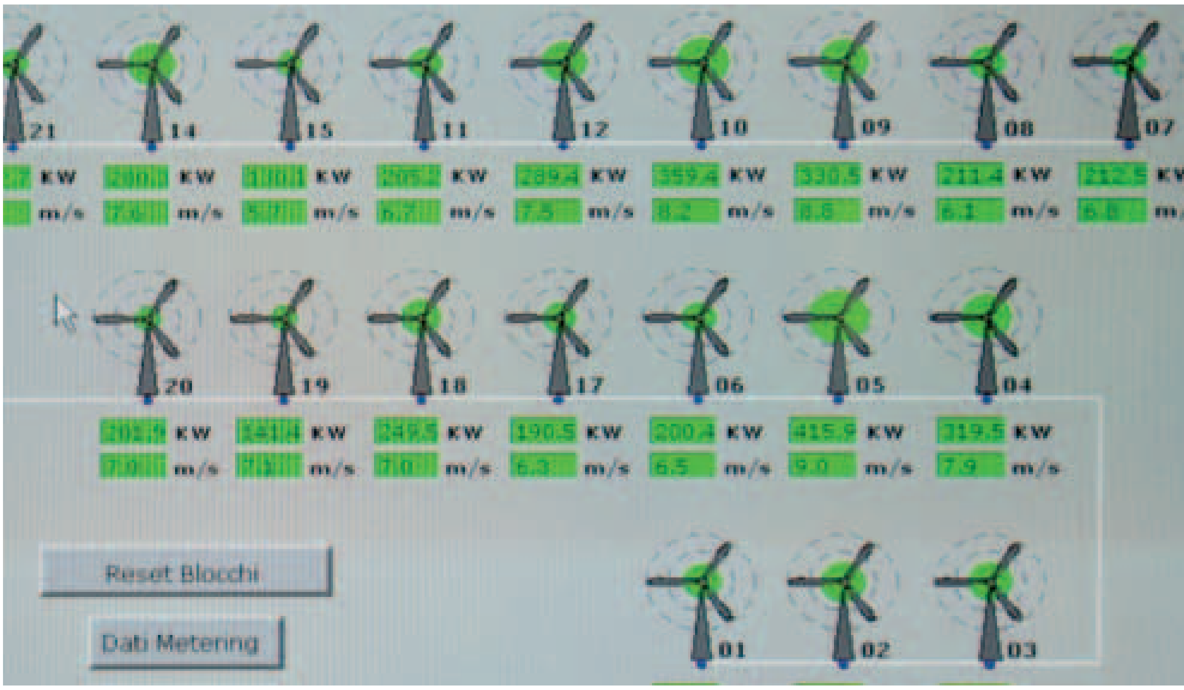
Group employees at December 31, 2010 (including 12 in units classified as "held for sale") numbered 2,955 (2,685 at December 31, 2009), up 270. The rise is attributable to the change in the scope of consolidation (183 personnel) and the net balance between new hires and terminations (a net gain of 87).

# Significant events in 2010

4
January

## Collaboration agreement with Sharp and STMicroelectronics

On January 4, 2010 Enel Green Power, Sharp Corporation ("Sharp") and STMicroelectronics NV ("STM") signed an agreement for the construction of the largest photovoltaic panel manufacturing plant in Italy. The facility will be located in Catania and will produce thin-film photovoltaic panels. Panel projection is scheduled to start in the 2nd Half of 2011. The factory will have an initial production capacity of 160 MW of panels a year, which may be increased to an annual 480 MW in the coming years.
The project is being financed in part with government funds from the Interministerial Committee for Economic Planning ("CIPE"). More specifically, on July 22, 2010, the CIPE approved a loan of €49 million to fund the project to reach an annual output of 240 MW-worth of panels. To this end, STM established 3Sun Srl, to which it transferred ownership of the Catania industrial site. On July 30, 2010, Enel Green Power and Sharp subscribed and paid a 3Sun capital increase of €120 million reserved for them, with each acquiring 33.33% of 3Sun Srl. Under the provisions of the January 4 agreement, as amended on July 30, 2010, 3Sun will be subject to the joint control of the Parent Company, Sharp and STM.
On January 4, 2010, Enel Green Power, Sharp and Sharp Electronics (Italy) SpA also agreed to create an equally held joint venture to develop by 2016 new photovoltaic fields with an installed capacity of about 500 MW in the Mediterranean area, using the panels produced at the Catania plant. The joint venture, named Enel Green Power & Sharp Solar Energy Srl (ESSE), is owned 50% by Enel Green Power and 50% by Sharp, both directly and indirectly through its subsidiary Sharp Electronics (Italy) SpA, which holds 10%.
The acquisition of the stakes in ESSE by Sharp and Sharp Electronics (Italy) was completed on July 22, 2010.
The total investment of capital by both joint ventures in the 2010-2014 period is expected to total €187 million.




13
January

## Maicor Wind Srl and Enerlive Srl

On January 13, 2010, Enel Green Power SpA acquired a majority stake in Maicor Wind Srl and Enerlive Srl from McKelcey Funds. The companies own a pipeline of three wind projects in the province of Catanzaro with a total capacity of 64 MW. On December 16, 2010, 44 of the 64 MW of the Maida, Cortale and San Floro wind plant in the province of Catanzaro entered service. The plant consists of 32 wind generators of 2 MW each. Once fully operational, it will be able to generate 150 million kWh a year, equal to the consumption of some 56 thousand households, thereby avoiding the emission of about 100 thousand metric tons of $CO_2$ per year. In addition, the Parent Company has undertaken to acquire McKelcey Funds' remaining stake two years after the start of operation at the plant.

21
January

## Acquisition of Padoma Wind Power

On January 21, 2010, Enel Green Power North America agreed to acquire the entire share capital of Padoma Wind Power from its sole shareholder, NRG Energy (a company that owns and operates one of the largest and most diversified generation portfolios in the United States). Padoma Wind Power, a California company specialized in the development of wind power, was acquired for €35 million.

29
January

## Taranto Solar

On January 29, 2010, as part of the development of wind projects in Puglia, the company Taranto Solar Srl was incorporated. It owns a project for the construction in multiple stages of a photovoltaic plant at the two sites of the Marcegaglia Group in Taranto, with a total capacity of 3 MW.

The plant, construction of which was begun in 2010, entered service on February 16, 2011.

51%-owned by Enel Green Power and 49% by the Marcegaglia Group, the plant will generate 3.7 million kWh per year, enough to meet the needs of about 1,400 households and avoid the emission of more than 1,900 metric tons of $CO_2$ per year.

17
February

## Enel Green Power Puglia Srl (formerly Italgest Wind Srl)

On February 17, 2010, as part of the development of wind projects in Puglia, Enel Green Power SpA acquired 100% of Italgest Wind Srl (now Enel Green Power Puglia) from Italgest Energia SpA. The company owns four wind projects in Puglia, with a total capacity of 184.1 MW, of which 22 MW already authorized. The price for the deal was €6 million plus bonuses linked to progress in the development/authorization of the projects for the remaining 162 MW of capacity. On May 10, 2010, Italgest Wind Srl and the subsidiary Anemos 1 Srl changed their names to Enel Green Power Puglia Srl and Enel Green Power TSS Srl.

9
February

## Enel Green Power Calabria

On February 9, 2010, Enel Green Power Calabria Srl was established in order to be able to submit applications for omnibus permits for the projects involved in the construction of wind power facilities in the towns of Bagaladi, Motta San Giovanni and Montebello Jonico in the province of Reggio Calabria. The omnibus permits were obtained for Bagaladi on June 25, 2010 (published in the official bulletin of the Region of Calabria on July 26, 2010) and for Motta San Giovanni and Montebello Jonico on July 26, 2010 (published in the official bulletin of the Region of Calabria on September 9, 2010). Work began at both sites in November 2010.

16
March

## Agreements for purchase of hydro and wind plants in Greece

As part of the acquisition of Endesa Hellas Power Generation and Supplies SA ("Endesa Hellas"), signed on March 16, 2010 and regarding the purchase by Mytilineos Holdings SA (already owner of 49.99% of Endesa Hellas) of the remaining 50.01% held by Endesa Desarrollo SL, Enel Green Power, acting through its subsidiary Enel Green Power Hellas SA, was designated by Endesa Desarrollo SL as the purchaser of a number of Greek companies owning wind and hydroelectric plants. With the transaction, Enel Green Power gained ownership of hydroelectric and wind plants with a total installed capacity of 4 MW and 6 MW respectively. The plants are already operational.

In December 2010, Enel Green Power Hellas acquired the equity investments in Wind Park Kouloukonas, as well as an additional 50% of Wind Park of Korinthia SA and International Wind Parks of Korinthia SA (in which it had already held a 30% stake), neither of which is yet in service, with a total wind capacity of 33 MW.

17
March

## Recapitalization and capital increase of Enel Green Power

On March 17, 2010, Enel SpA approved the recapitalization of Enel Green Power in the amount of €3.7 billion. The operation was carried out by way of Enel waiving part of its financial receivable in respect of Enel Green Power, with a view to strengthening EGP's capital structure.
On June 10, 2010, the Shareholders' Meeting of Enel Green Power SpA authorized an increase in the Company's share capital from €600 million to €1,000 million and changed their par value to €0.20 each, increasing the number of shares from 1,200,000,000 to 5,000,000,000.

18
March

## Enel Green Power Strambino Solar Srl

On March 18, 2010, as part of the development of photovoltaic projects in Piedmont, Enel Green Power SpA and Finpiemonte Partecipazioni established Enel Green Power Strambino Solar Srl, with stakes of 60% and 40% respectively. The new company owns a project for the construction of a "green field" photovoltaic plant with a capacity of about 3 MW within the industrial zone of the town of Strambino (province of Turin) owned by SIT, a company controlled by Finpiemonte Partecipazioni.
Construction began in December 2010. The facility will have an output of about 3 million kWh per year, sufficient to meet the consumption needs of 1,100 households and avoid the emission of 2,000 metric tons of $CO_2$. The plant is expected to begin operations by the end of the 1st Quarter of 2011.

22
March

## Acquisition of controlling stake in ECyR

On March 22, Enel Green Power, acting through its subsidiary Enel Green Power International BV, acquired the 60% of ECyR (now Enel Green Power España) held by Endesa Generación, an Enel Group company. The acquisition was carried out in the following stages: (i) the acquisition by Enel Green Power International BV from Endesa Generación SA of 30% of Enel Green Power España for about €326 million; (ii) a capital increase for Enel Green Power España reserved for Enel Green Power International BV, which subscribed the offering with the transfer of Enel Green Power International BV's 50% holding in Enel Unión Fenosa Renovables (EUFER) and a cash payment of about €534 million. The acquisition of the 30% stake and the subsequent subscription of the capital increase of Enel Green Power España were carried out at market values, as appraised by a number of independent investment banks. Following completion of the capital increase, the transaction gave Enel Green Power International BV a total stake of 60% in Enel Green Power España.

10
May

## Enel Green Power Bulgaria

On May 10, 2010 the new 21-MW wind plant at Shabla, in Bulgaria, began operations. With 7 wind towers with a capacity of 3 MW each, the new plant can generate 55 million kWh per year, meeting the needs of about 19 thousand households and avoiding the emission of some 45 thousand metric tons of $CO_2$ per year.
With the start of operations at the Shabla plant, Enel Green Power's total installed wind capacity in Bulgaria nearly doubles, to 42 MW.

June

## Enel Green Power Romania

In June 2010 the company received permission from the local authorities to build two wind farms: Salbatica I, with a capacity of 70 MW, and Corugea, also with a capacity of 70 MW, as well as the already-authorized Agighiol project.
Also in June, Enel Green Power Romania signed a framework agreement with Elcomex EOL, a company with a capacity of 272 MW awaiting authorization. Enel Green Power obtained a right of purchase valid for a year for the acquisition of the company.
On December 6, 2010, the Enel Green Power Romania's first wind plant began operations. The plant, called Agighiol, has 17 turbines with a capacity of 2 MW each, for a total installed capacity of 34 MW.
That same month, the Salbatica I wind farm (located near Tulcea – North Dobrogea in Romania) entered service. Construction had begun in 2010. The plant comprises 15 wind generators with a capacity of 2 MW each, for a total installed capacity of 30 MW.
With an estimated annual output of 180 million kWh, the two plants will be able to meet the consumption needs of 64 thousand households and avoid the emission of about 120 thousand metric tons of $CO_2$ each year.

18
June

## Enel Green Power IPO

On June 18, 2010, Enel Green Power SpA (EGP) submitted an application to Borsa Italiana requesting admission of its shares for trading on the electronic stock market and asked CONSOB to authorize the publication of the prospectus for the public offering and the listing of its shares.
On November 4, EGP shares began trading on Borsa Italiana's MTA and the Spanish regulated markets.
The offering price was set at €1.60 per share, equal to a capitalization of €8 billion.
The offering generated total gross demand for around 1,780 million shares, compared with the 1,415 million EGP shares involved in the global offering.
On December 3, 2010, the Joint Global Coordinators, in conformity with the provisions of the prospectus, announced the exercise of the greenshoe option for 126,456,258 shares, equal to about 9% of the global offering.
Following the exercise of the greenshoe, the global offering carried out by Enel SpA had assigned 1,541,426,258 shares, equal to 30.8% of share capital, to minority shareholders.

22
June

## Energia Eolica Srl

On June 22, 2010, Enel Green Power acquired 51% of Energia Eolica Srl from the Luxembourg-registered company Eurowind SA. The company owns a wind project currently under construction in the city of Trapani, in Contrada Coniglia, with a capacity of 20 MW.
On December 29, 2010, Energia Eolica entered into an 18-year finance lease contract with Leasint SpA, a leasing company of the Intesa Sanpaolo Group. The contract has a value of about €38 million.
On December 31, 2010, the installation of 9 wind generators was completed, giving a total installed capacity of 18.45 MW.
Once completed, the wind farm will have an output of 43 million kWh a year, equal to the consumption of 15 thousand households, and will avoid the emission of 30 thousand metric tons of $CO_2$ a year.

15
July

## Framework agreements for the purchase of wind turbines

On July 15, 2010, Enel Green Power signed two separate framework agreements with Siemens Wind Power A/S ("Siemens") and Vestas Italy Srl ("Vestas") for the supply of wind turbines.
The framework agreement with Siemens provides for Siemens to supply, transport, install and maintain on behalf of Enel Green Power wind turbines with a total capacity of 600 MW in the various countries in which the Group operates in the 2011-2014 period. Enel Green Power has an option to increase the capacity by an additional 600 MW in the same period.
The agreement with Vestas provides for Vestas to supply, transport, install and maintain on behalf of Enel Green Power wind turbines with a total capacity of 700 MW in the various countries in which the Group operates in the 2011-2014 period. Enel Green Power has an option to increase the capacity by an additional 700 MW in the same period.

30
July

## Agreement with Gas Natural to divide assets of Enel Unión Fenosa Renovables

On July 30, 2010, Enel Green Power and its subsidiary Enel Green Power España (EGPE) signed an agreement with Gas Natural to divide the assets of Enel Unión Fenosa Renovables (EUFER), an equally held joint venture between EGPE and Gas Natural Fenosa. The purpose is to enable each party to pursue its own strategy in the Iberian renewable energy sector most effectively.
Pending completion of the transaction, the EUFER assets have been divided into two well-balanced groups (Lot A and Lot B): Lot A will continue to be held by the Group, which will own all of EUFER, and Lot B will be transferred to Gas Natural Fenosa.

9
August

## Enel Green Power France: additional 24 MW of wind power in service

On August 9, 2010, the wind plant of Haut de Conge started operations. With 12 turbines of 2 MW each, for a total installed capacity of 24 MW, the plant is Enel Green Power's second largest facility in France. The new wind farm will generate more than 50 million kWh a year operating at full capacity, enough to meet the consumption requirements of about 15 thousand households and avoiding the emission of 40 thousand metric tons of $CO_2$.
On November 29, 2010, Enel Green Power also completed the acquisition of the "La Bouleste" wind plant, with a capacity of 10 MW (5 turbines with a capacity of 2 MW each). The plant can generate more than 20 million kWh of power a year, enough to meet the needs of about 6 thousand households and avoid the emission of some 10 thousand metric tons of $CO_2$.
Enel Green Power's total installed wind capacity in France thus reaches 102 MW, with an annual output of more than 200 million kWh. Another 64 MW are currently under construction and are expected to enter service in 2011.

26
August

## Enel Green Power awarded 90 MW of wind power in public tender in Brazil

On August 26, 2010, Enel Green Power was awarded 90 MW in a public tender in Brazil for wind power capacity. The Company was awarded the contract on the basis of three projects (of 30 MW each, denominated Cristal, Primavera and Sao Judas) with very high capacity factor of around 50%, among the highest in the world. This means that the wind turbines will be able to generate electricity for over 4,000 hours/equivalent per year, around double the European average.
The wind farms will be built in the Brazilian State of Bahia and, due to their location in semi-arid areas, will enjoy incentives targeted at infrastructure development. Through the tender, Enel Green Power also gained the right to sign a 20-year contract to sell the electricity generated by the three plants through Brazil's Chamber of Electrical Energy Commercialization at a price indexed 100% to Brazilian inflation.

November

## Geothermal in Italy

In November 2010, operations began at the geothermal plants Radicondoli 2 and Chiusdino, in the province of Siena, with a total installed capacity of 33 MW, adding to the 40 MW of the existing plant to bring the total to 73 MW. Once operating at full capacity, the two plants will generate 280 million kWh of power a year, equal to the consumption of 110 thousand households. This will avoid the emission of 400 thousand metric tons of $CO_2$ and reduce fossil fuel consumption by 110 thousand toe (tons of oil equivalent) each year.

December

## More than 100 MW of new wind capacity in Iberia

The new Alvaiázere wind plant in Portugal began operations in December 2010.
With an installed capacity of 10 MW, it consists of 5 turbines with a capacity of 2 MW each. Once fully operational, it will generate 29 million kWh a year, equal to the consumption of 11 thousand households, and avoid the emission of some 22 thousand metric tons of $CO_2$ a year.
This initial phase of the project will be followed by another in which an additional 8 MW of capacity will be installed at the same site, bringing total capacity up to 18 MW.

In December 2010, three new wind plants also began operation in Spain: Cogollos, in the region of Castille – with an installed capacity of 50 MW; Los Barrancos, in Andalusia – with an installed capacity of 20 MW; and El Puntal, in Andalusia – with an installed capacity of 26 MW.
With a total capacity of 96 MW, once fully operational the three plants will generate 260 million kWh per year, equal to the consumption of 95 thousand households, and avoid the emission of about 192 thousand metric tons of $CO_2$ each year.
With these new plants, Enel Green Power's total installed wind capacity in the Iberian peninsula rises to about 1,380 MW, of which 1,284 MW in Spain and 96 MW in Portugal.

10
December

## EIB loan

On December 10, 2010, Enel Green Power and the European Investment Bank (EIB) signed an agreement for a loan totaling €440 million – which may be increased to up to €600 million under additional agreements between the parties – to help finance Enel Green Power's plans for expansion in Italy. Under the accord, the EIB will help fund the installation of new wind and photovoltaic plants in the 2011-2013 period with a total capacity of 840 MW, for which Enel Green Power has planned to invest some €1,300 million.
On December 22, 2010, the EIB disbursed an initial tranche of €300 million.

30
December

## Altomonte

On December 30, 2010, Enel Green Power completed the disposal of 100% of Altomonte FV Srl to Enel Green Power & Sharp Solar Energy, in which it holds a 50% stake.

# The contribution of renewable energy to sustainability

Renewable energy resources have enjoyed unprecedented growth in recent years, thank to technological progress, the need to counter climate change and to enhance energy security and stability, as well as strong political support in many countries. Until a few years ago Europe was the driving force behind this movement, but development of the green economy has now spread around the globe.

This is why innovation, research and investment in new renewable energy resources are the pillars of the business of Enel Green Power, which with a balanced technology mix is helping to avoid 14 million metric tons of $CO_2$ emissions each year.

The Enel Green Power Group, entirely devoted to the development and generation of green energy, is one of the world's leading protagonists in this sector, with an integrated business in renewable energy, seeking to ensure that these resources give us a future that is environmentally and socially sustainable, as well as economically competitive. The Company is present in 16 countries in Europe, North America and Latin America, countries in which the wind, sun, water and heat of the earth can contribute to truly sustainable development and environmental protection.

Enel Green Power's commitment to the environment and our future generations, together with an awareness of our own economic and social responsibility, can contribute to creating a future in which lowering emissions will improve quality of life, delivering sustainable, economical and secure energy to society.

For Enel Green Power, this commitment means acting from a stakeholder-oriented perspective, taking full account of the positions of the interest groups that surround it by implementing effective CSR practices.

What awaits us in the future? The role of Enel Green Power is increasingly tightly linked to the path of sustainable development that many countries have begun to follow at the global level, with renewable energy one of the key drivers of economic growth in the coming years.

But the commitment to sustainability is not focused solely on the environment. The Enel Green Power Group is also committed to being a good citizen of the countries in which it operates. First and foremost, its action is governed by the Code of Ethics and the Zero Tolerance of Corruption Plan, which hold for the entire Group. These codes set out the principles of good conduct that all must follow, ensuring the fairness and transparency of our actions and, above all, respect for human rights. Social responsibility also means concrete initiatives in the areas in which the

Company operates. In Latin America, Enel Green Power is involved in developing cooperation and maintaining close ties with stakeholders through CSR initiatives for the culture, education, health and well-being of the communities in which it works.

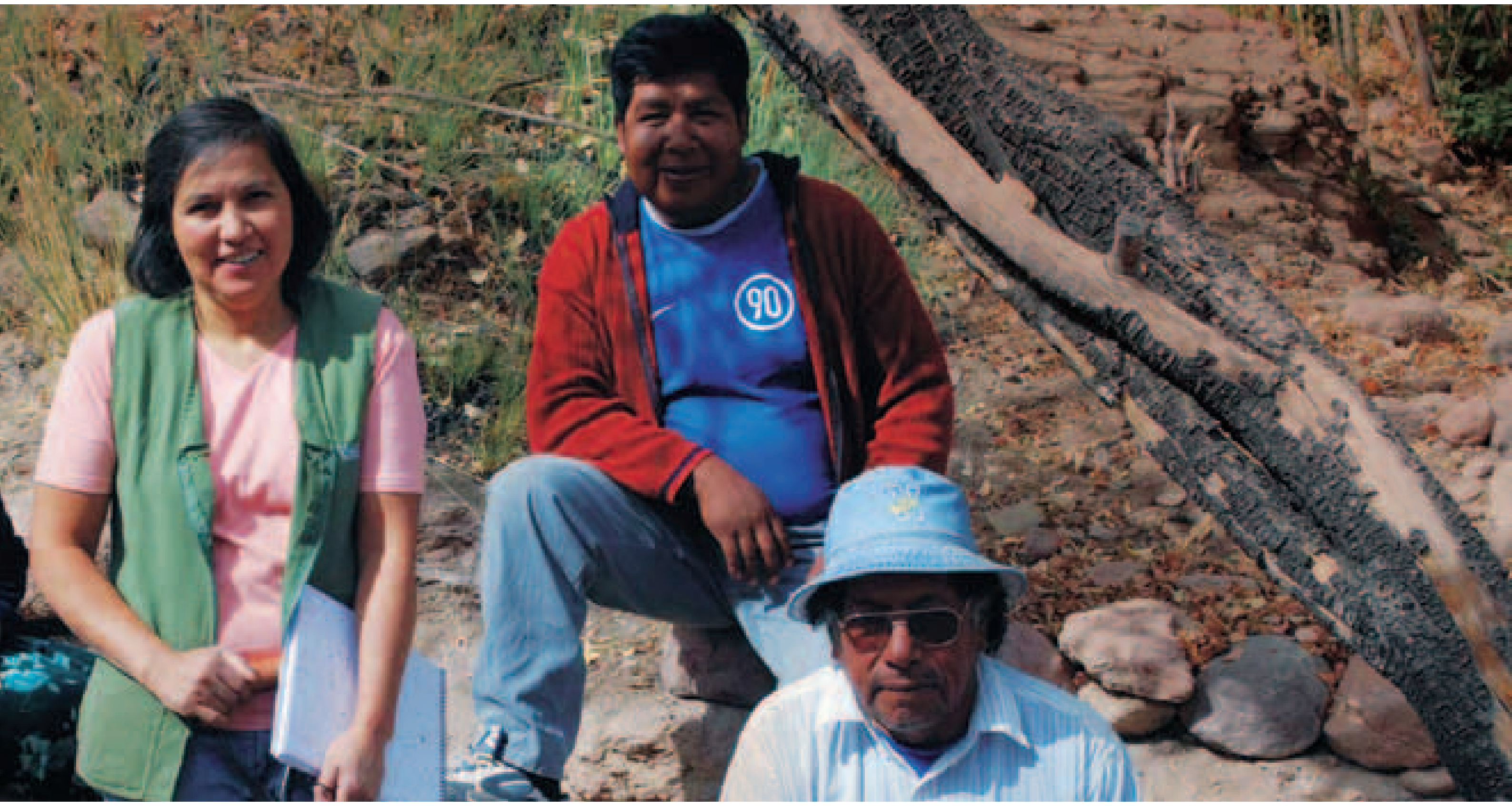
Key achievements in 2010.

> Under the Code of Ethics and the Zero-Tolerance Plan, in Latin America Enel Green Power has signed more than 8,400 contracts with its suppliers that contain clauses mandating respect for human rights, such as the protection of women and children, equal treatment and prohibition of discrimination, freedom of association and representation, prohibition of forced labor and child labor, environmental protection and safety, minimum wages and welfare guarantees, and so on;

> Special attention has been reserved for indigenous communities throughout Latin America:
  - in Panama, for example, Enel Green Power seeks to ensure the health of indigenous populations in rural areas. In the vicinity of the Fortuna plant, 17 communities received 590 medical visits in 2010;
  - in Chile, the Caspana and Toconce indigenous communities of the Atacama desert benefited from projects to preserve biodiversity and traditional cultivation techniques. Enel Green Power provided technical assistance to projects to build solar dehydrators to protect and maintain a number of local plant species at risk of extinction.

These are just a few examples of the activities undertaken in favor of the communities in which Enel Green Power is present. Other initiatives include projects for the education of the young people and promoting the welfare of the populations of these countries, in which our commitment to social responsibility is clear: namely, contributing to sustainable development for the benefit of present and future generations.

14 million fewer tonnes of $CO_2$ issued every year thanks to a well-balanced technological mix



# Reference scenario

## Enel Green Power and the financial markets

| | 2010 |
|---|---|
| Gross operating margin per share (euro) | 0.26 |
| Operating income per share (euro) | 0.16 |
| Group net earnings per share (euro) | 0.09 |
| Dividend per share (eurocents) | 2.72 |
| Pay-out ratio (1) (%) | 30 |
| Group shareholders' equity per share (euro) | 1.32 |
| Share price - 12-month high (euro) | 1.62 |
| Share price - 12-month low (euro) | 1.51 |
| Average share price in December (euro) | 1.59 |
| Market capitalization (2) (millions of euro) | 7,956 |
| No. of shares outstanding at December 31 (millions) | 5,000 |

(1) Based on Group net income.
(2) Based on average price in December.

Enel Green Power SpA share capital at December 31, 2010: 69.2% Enel SpA, 30.8% individual shareholders and institutional investors

| Enel Green Power stock weighting in | Current (1) |
|---|---|
| FTSE Italia All-Share Utilities index | 12.02% |
| FTSE Italia All-Share index | 6.79% |
| Bloomberg World Energy Alternative Sources | 1.06% |

(1) Updated to March 2, 2011.

The economic recovery, which began to emerge at the end of 2009, strengthened irregularly over the course of 2010, driven by the emerging economies of Asia and the United States. The recovery is currently being sustained by stockbuilding and the effects of the fiscal stimulus. World GDP expanded in 2010 after contracting sharply in 2009. Price changes have turned positive in almost all areas due to statistical effects and the rise in fuel prices. Monetary policies have been adjusted in a number of smaller countries tied more closely to the Chinese business cycle. Short-term interest rates were below their historical averages throughout 2010, as central banks felt that a rise in rates could have an adverse impact on the recovery, in an environment characterized by the slow removal of monetary stimuli. The performance of the dollar ran counter to that of equity markets over the last two years, rising under the impulse of the flight to safety during a period of falling equity markets and declining when risk aversion and markets began to recover.

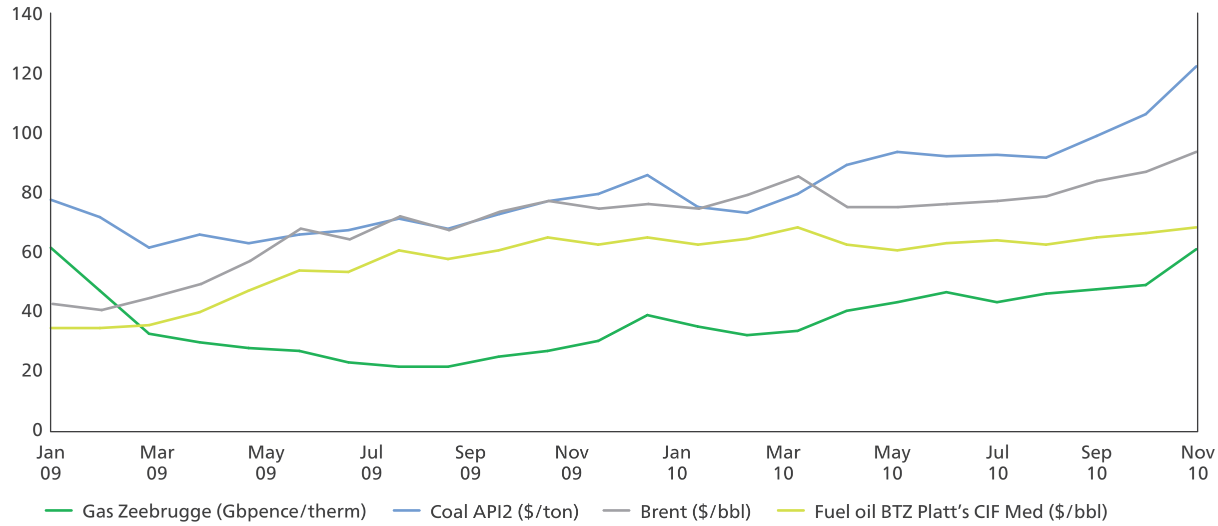
The consolidation of economic growth and earnings represents a positive development for raw materials markets and a favorable stock market environment.
In 2010, the performance of securities prices differed considerably, with some financial instruments and markets moving in the opposite direction of others, with substantial differentials between them.
Among the main European benchmark indices, performance ranged from losses for the FTSE-Italia All-Share (-12.6%), the FTSE-Italia All-Share Utilities (-5.6%), the IBEX (-18.8%) and the CAC (-3.1%) to double-digit gains for the DAX (+14.3%).
As regards Enel Green Power, trading began on the Milan and Madrid exchanges on November 4, 2010. Accordingly, it is not currently possible to compare annual stock performance with the main market indices. From the start of trading, the stock rose by 8.1% on the Milan exchange (compared with a gain of 3.9% for the FTSE-Italia All-Share index and one of 2.2% for the FTSE-Italia All-Share Utilities

index) and by 6.7% on the Madrid exchange (compared with a gain of 2.1% for the IBEX) [3].
Among the main events during the period, the stock entered the MSCI index in November 2010 and the FTSE MIB in December 2010.
At December 31, 2010, Enel SpA held 69.2% of Enel Green Power, while individual and institutional investors held 30.8%. For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enelgreenpower.com/en-GB/media_investor/), which contains financial data, presentations, on-line updates on 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 +390683052814 and via e-mail at Retail_EGP@enel.com) and for institutional investors (phone: +390683059104; e-mail: iregp@enel.com).

# Developments in the main market indicators

The following charts report developments in the main market indicators in the two reference years.

## Fuel prices

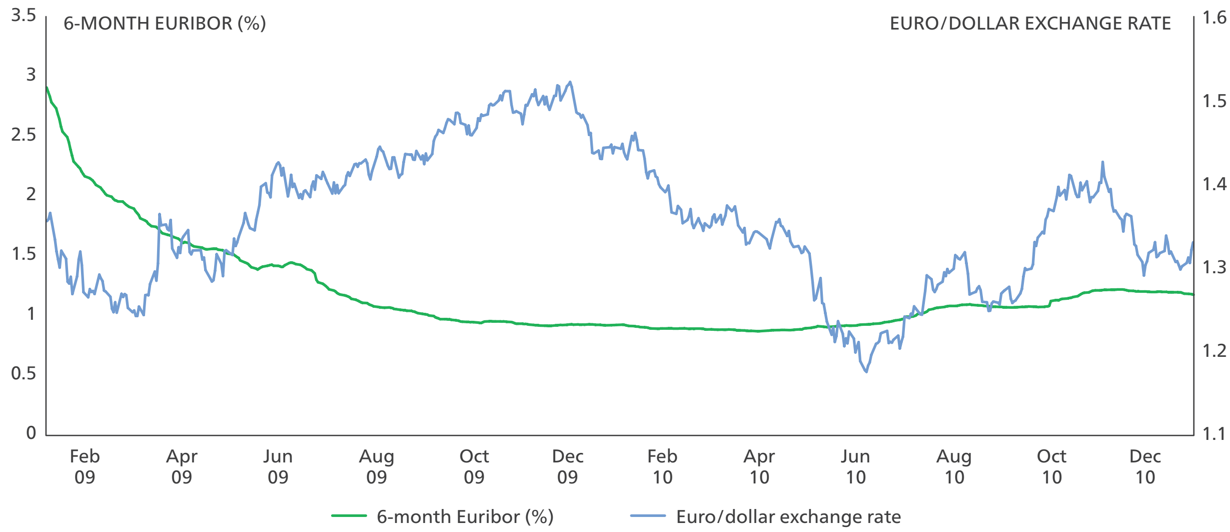



In 2010 the prices of energy commodities continued to rebound from their lows registered at the end of 2008. Compared with the previous year, the average price of Brent oil in 2010 rose by 28%, from $64.4 to $82.7 a barrel.
The recovery was spurred by the expectations engendered by the rise in demand, which was much stronger than originally forecast at the start of the year, both in the emerging areas and the OECD countries. In 2010 global demand for oil rose above its pre-crisis levels, increasing by 3%. One of the main factors driving demand was Chinese consumption, which rose by more than 11% over the year. The market still has considerable spare capacity, with inventories at their highest level in the last five years.
Coal prices rose rapidly over the course of 2010, once again under the impulse of Chinese demand, which in just a few years has transformed that country from a net exporter of coal into the world's largest importer of that commodity. Towards the end of the year, coal prices were also affected by the flooding in Australia and Indonesia, which drove the price of South African coal to $130 a metric ton in December.
In 2010 the average Cif Northern Europe (API2) price

(3) Performance calculated on the basis of closing prices on February 25, 2011.

of coal was $82.7 a metric ton, up 28% on 2009. The spot price of natural gas at the Zeebrugge up rose from 31.2 GBpence/therm in 2009 to 43.0 GBpence/therm in 2010, an increase of 38%. The price was considerably impacted by weather conditions, especially the very cold weather registered in Northern Europe at the end of the year, which triggered a sharp rise in spot prices.
Finally, the average price of low-sulfur fuel oil rose by 27%, from $371 a metric ton in 2009 to $473 a metric ton in 2010.

## Money market




Developments in the money markets in 2009 and 2010 were primarily attributable to the financial market crisis. The euro/dollar exchange rate went from an average of 1.39 in 2009 to 1.33 in 2010, a depreciation of 4.5%. 6-month Euribor fell from an average of 1.43% in 2009 to 1.26% in 2010, with a slight rise at the end of 2010 after a significant declining trend over the last two years.

# Economic developments in the countries in which Enel Green Power operates

In 2010 the recovery in the world economy strengthened, with activity rising from the trough of the crisis reached around mid-2009. Industrial output began to rise again in both the euro area and the United States, although it has not yet returned to pre-crisis levels. Part of the decline in production, however, has been structural, with the closure of plants in the worst phase of the recession in 2009.
Developments in economic indicators in the 1st Half of 2010 point to robust growth in the world economy, continuing throughout the spring, followed by a gradual deceleration from the summer onwards. Market growth slowed in the middle months of the year, partly in response to the fears about the sustainability of the sovereign debt of a number of European economies (Greece, Ireland, Portugal and Spain).
World GDP expanded by 4.1% in 2010, compared with a contraction of 1.9% in 2009. Driving the recovery last year was the rise in demand in the Asian emerging economies, which posted rapid rates of growth (China: +10.1%; India: +8.5%; Taiwan: +10.5%; Indonesia: +6.1%).
The recovery in international exports helped foster the revival of GDP growth in the United States (+2.9%) and the euro area (+1.7%).
Within the euro area, much of the growth in the first part of 2010 was attributable to stockbuilding, and the growth in exports and capital expenditure on machinery

(especially in Germany) drove the acceleration in economic activity. The most rapid growth was posted in Germany, the engine of the euro area, where GDP expanded by 3.6%, while Greece was heavily impacted by the domestic crises, causing GDP to contract by even more than it had in 2009.
Italy benefited from the recovery in the euro area, with GDP growing by 1.2% over the previous year.
Despite a revival in the final quarter of the year, Spain saw GDP contract by 0.1% for the year. Weighing on the Spanish economy was the persistence of the real estate crisis and the high rate of unemployment.
The economies of the Latin American countries improved markedly, with the area posting GDP growth of 5.6% in 2010.
On the foreign exchange front, the euro closed the year at 1.34 to the dollar, down from 1.44 at the end of 2009. Developments in the exchange rate over the year reflected the tensions created by the risk of default by a number of euro-area countries and the very expansionary monetary policy stance of the Federal Reserve in the United States.
Interest rates remained very low, although in the 2nd Half of the year a number of central banks began to adopt a more restrictive stance in response to initial signs of a resurgence in inflation.
The gradual risk in inflation towards the end of 2010 essentially reflected the changes in the prices of raw materials and agricultural products.
The following table reports GDP trends in the main countries in which Enel Green Power operates.

## Annual real GDP growth

%

| | **2010** | 2009 |
|---|---|---|
| **Italy** | 1.3 | -5.2 |
| Spain | -0.1 | -3.7 |
| Portugal | 1.3 | -2.5 |
| Greece | -4.2 | -2.0 |
| France | 1.6 | -2.6 |
| Bulgaria | -0.1 | -4.9 |
| Romania | -1.2 | -7.1 |
| Brazil | 7.7 | -0.6 |
| Chile | 5.3 | -1.4 |
| Mexico | 5.5 | -6.1 |
| Canada | 2.9 | -2.5 |
| USA | 2.9 | -2.6 |

Source: National statistical institutes and Enel based on data from Global Insight, EUROSTAT, IMF, OECD, Barclays, Credit Suisse, Morgan Stanley, Goldman Sachs, UBS and HSBC.

# Energy markets

## Italy

### Domestic electricity generation and demand

Millions of kWh

| | **2010** | 2009 | Change | |
|---|---|---|---|---|
| **Net electricity generation:** | | | | |
| - thermal | 222,157 | 216,087 | 6,070 | 2.8% |
| - hydroelectric | 49,369 | 52,844 | (3,475) | -6.6% |
| - wind | 8,374 | 6,484 | 1,890 | 29.1% |
| - geothermal and other resources | 6,631 | 5,692 | 939 | 16.5% |
| **Total net electricity generation** | **286,531** | **281,107** | **5,424** | **1.9%** |
| Net electricity imports | 43,944 | 44,959 | (1,015) | -2.3% |
| **Electricity delivered to the network** | **330,475** | **326,066** | **4,409** | **1.4%** |
| Consumption for pumping | (4,310) | (5,798) | 1,488 | 25.7% |
| **Electricity demand** | **326,165** | **320,268** | **5,897** | **1.8%** |

Source: Terna - Rete Elettrica Nazionale (monthly report – December 2010).

> Domestic *electricity demand* increased by 1.8% compared with 2009, reaching 326.2 TWh. Of this total, 86.5% was met by net domestic electricity generation for consumption (86.0% in 2009), with the remaining 13.5% being met by net electricity imports (14.0% in 2009);

> *net electricity imports* in 2010 fell by 1.0 TWh owing to the narrower differential with electricity prices in the other European markets compared with those in the domestic market;

> *net electricity generation* increased by 1.9% or 5.4 TWh, essentially attributable to an increase in thermal generation (up 6.1 TWh), wind generation (up 1.9 TWh) and generation from geothermal and other resources (up 0.9%). This was only partially offset by the decline in hydroelectric generation (down 3.5 TWh) owing to more favorable water conditions in 2009.

### Developments in domestic electricity sales prices

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|---|---|---|---|
| | **2010** | | | | 2009 | | | |
| Power Exchange - PUN IPEX (€/MWh) (1) | 64.1 | | | | 63.7 | | | |
| Residential user with annual consumption of 2,700 kWh (eurocents/kWh): (2) | | | | | | | | |
| Price including taxes | 16.3 | 15.8 | 15.7 | 15.6 | 17.1 | 16.8 | 16.6 | 16.6 |

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

In Italy, the average uniform national sales price of electricity on the Power Exchange rose by 0.6% compared with 2009.
The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas (the Authority) fell by 6% in 2010, mainly owing to the decrease in the rate components covering provisioning and dispatching costs.

# International

## Developments in electricity demand

| TWh | **2010** | 2009 | Change |
|---|---|---|---|
| Spain | 260 | 251 | 3.6% |
| Portugal | 52 | 50 | 4.0% |
| France | 513 | 486 | 5.6% |
| Greece | 52 | 52 | 0.0% |
| Bulgaria | 31 | 33 | -6.1% |
| Romania | 52 | 50 | 4.0% |
| Brazil | 525 | 487 | 7.8% |
| Chile (1) | 43 | 41 | 4.9% |
| USA (2) | 3,750 | 3,597 | 4.3% |

(1) Figures for the SIC – Sistema Interconectado Central.
(2) Net of grid losses.
Source: Enel based on TSO data.

## Developments in prices in the main markets

| €c/kWh | **2010** | 2009 | Change |
|---|---|---|---|
| **End-user market (residential):** (1) | | | |
| France | 9.2 | 9.2 | 0.0% |
| Portugal | 10.9 | 13.2 | -17.4% |
| Romania | 8.6 | 8.2 | 4.9% |
| Spain | 14.2 | 13.4 | 6.0% |
| **End-user market (industrial):** (2) | | | |
| France | 6.9 | 6.3 | 9.5% |
| Portugal | 9 | 9.3 | -3.2% |
| Romania | 8.5 | 8.2 | 3.7% |
| Spain | 11.1 | 10.8 | 2.8% |

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

# Regulatory and rate issues

## Italy and Europe

### Italy

#### Green certificates

On February 9, 2010, the Energy Services Operator (ESO) notified operators of the reference price for green certificates for 2010: €112.82/MWh, equal to the difference between the reference price of €180/MWh in the 2008 Finance Act and the annual average sales price for electricity in 2009, reported by the Authority for Electricity and Gas (the Authority) in Resolution ARG/elt no. 3/10. In addition, the ESO also announced the guaranteed withdrawal price for green certificates issued for generation in 2007, 2008 and 2009 (with the exception of those regarding cogeneration plants connected with district heating) at €88.91/MWh. This corresponds to the weighted average price in green certificate trading on the market run by the Energy Markets Operator (EMO) in 2007-2009.

Article 2, paragraph 3, of Law 111/2010 repealed the transfer of the obligation of delivering a share of renewable energy to the national electricity system from the producers or importers of electricity from non-renewable resources to those who enter into one or more ancillary services contracts relating to withdrawal with Terna. The transfer had been established under Law 99/2009 (the "Development Act").

With a decree of March 2, 2010, the Minister for Agricultural Policy set a multiple of 1.8 for green certificate incentives for power generation from locally-sourced biomass (produced within a radius of 70 km of the generation plant) and industry agreement biomass (produced under industry agreements or framework agreements pursuant to Articles 9 and 10 of Legislative Decree 102/2005).

The law ratifying the decree law containing budget adjustment measures establishes (Article 45) that as from 2011 the charges incurred by the ESO for the withdrawal of expiring green certificates shall be 30% less than those for 2010. The measure could be repealed under the provisions of the draft decree approved by the Council of Ministers on November 30, 2010. Generally, the decree regards the transposition of the EU Directive on the promotion of the use of renewable energy resources. The text of the decree is currently being examined by the Joint Conference and the Chamber and Senate committees, with final approval scheduled for the 1st Quarter of 2011. Under the measure, as from 2013 the incentive mechanism for electricity generated from renewable resources will comprise auctions run by the ESO for larger plants and special rates for smaller plants and all plants running on biofuels. The measure also provides for a transitional period with the gradual elimination of the green certificates system.

## Energy efficiency

In order to enable coverage of costs incurred in meeting energy efficiency requirements for 2009, with Resolution EEN no. 12/10, the Authority ordered the payment of the rate contribution due to distribution companies.

With Resolution EEN no. 17/10, the Authority set the rate contribution for achievement of energy savings targets for 2011 at 93.68 €/toe.

With Resolution EEN no. 18/10, the Authority specified the energy efficiency targets for electricity and natural gas distributors for 2011.

With Resolution EEN no. 19/10, the Authority provided for the publication of consultation documents, the calling of technical meetings and hearings of the parties involved and the possibility of establishing working groups with those parties, with a view to acquiring information and recommendations.

In consultation document DCO 43/10, the Authority discusses its initial policy stance regarding the review and updating of the technical and financial rules implementing the white certificate mechanism.

With its ruling of December 21, 2010, the Regional Administrative Court rejected Enel.si's appeal of the decision by the Authority to not certify energy savings achieved through the free distribution of compact fluorescent light bulbs to residential customers in 2007 and the first half of 2008.

## National action plan

As regards implementation of Directive 2009/28/EC on the promotion of the use of energy from renewable sources, on July 28, 2010 the Ministry for Economic Development sent the national renewable energy action plan to the European Commission. The plan divides the national development target between the electricity, heating and transport sectors. Specifically, for the electricity sector the plan sets a target for renewables' contribution to gross final electricity consumption of about 26%.

## 2009 Community Act

Law 96 of June 4, 2010, containing measures for the performance of obligations arising in respect of Italy's membership in the European Communities (the 2009 Community Act), sets out the enabling measures for the implementation of the renewable resources directive. These include:

> the joint promotion of energy efficiency and the use of renewable resources;
> the integration of renewable resources in electricity transport and distribution networks, including support for smart grids;
> the reorganization of the incentives system, with the harmonization and reordering of the provisions of the Development Act and the 2008 Finance Act.

The transposition of the Directive will be completed with the approval, in the 1st Quarter of 2011, of the draft decree approved by the Council of Ministers on November 30, 2010, as discussed below.

## Draft legislative decree containing provisions implementing Directive 2009/28/EC on the promotion of the use of energy from renewable sources

The text of the decree currently under examination establishes that:

> The generation of electricity from plants using renewable resources entering service by December 31, 2012 shall continue to benefit from the green certificates system until December 31, 2015. The withdrawal price for the green certificates (for those exceeding the amount necessary to reach the compulsory share) by the ESO shall be equal to 78% of the value obtained as the difference between €180/MWh and the annual average electricity sale price set by the Authority and registered the previous year.

> After December 31, 2015, the right to receive green certificates is transformed into the right to receive an incentive (for the remaining period of validity of green certificates) that will be specified in a ministerial decree to be published within six months of the entry into force of the legislative decree, ensuring profitability of the investments undertaken. As from 2013, the compulsory share shall be reduced on a linear basis starting from the value set for 2012 (7.55%) until it reaches zero in 2015.

> The generation of electricity by plants using renewable resources entering service after December 31, 2012 shall benefit from a set incentive for a period equal to the average conventional useful life of the individual plant types. The capacity ceiling for eligibility to receive an incentive broken down by source and capacity bracket will be at least 5 MW. Above that level, the incentive will be awarded by reverse auctions run by the ESO. The auctions shall be held periodically and, among other things, envisage minimum requirements for projects, financial soundness requirements for participants and mechanisms to guarantee construction of the plants. The incentive will be that awarded in the reverse auction. The auction procedures provide for a minimum incentive to be awarded by the ESO.

The "Third Energy Account" will continue to apply to plants that enter service by May 31, 2011, as discussed in greater detail in the section "Energy Account and guidelines" below. The implementing procedures will be set out in decrees issued by the Minister for Economic Development and the Minister for the Environment, having obtained the opinion of the Authority and the Joint Conference, to be adopted within six months of the entry into force of the legislative decree.

## Energy Account and guidelines

With a decree of August 6, 2010 ("New Energy Account"), the Minister for Economic Development established the incentive mechanism for photovoltaic generation of electricity for plants entering service in 2011-2013. The new energy account sets a national cumulative target for capacity to be installed by 2020 of 8 GW, establishing a ceiling on capacity eligible for the rates set out in the decree of 3 GW for photovoltaic plants, 300 MW for innovative integrated plants and 200 MW for concentrating solar plants. Law 129/2010 establishes that the rates set out in the ministerial decree of February 19, 2007 will apply to plants built by the end of 2010 that enter service by June 30, 2011. Under the draft legislative decree implementing Directive 2009/28/EC on the promotion of the use of energy from renewable sources, the third energy account will continue to apply to plants that enter service by May 31, 2011. For plants that enter service after that date, the incentive will be governed with a decree to be adopted by April 30, 2011 (with an annual cap).

With a decree of September 10, 2010, the Minister for Economic Development also issued guidelines for the authorization of plants using renewables (in implementation of Article 12 of Legislative Decree 387 of December 29, 2003). The decree includes connected works within the scope of the omnibus permit process and reaffirms the eligibility thresholds set out in Legislative Decree 387/2003 for the simplified "work start declaration" system.

## Dispatching conditions

With Resolution ARG/elt no. 5/10, partially amended by ARG/elt no. 207/10, the Authority for Electricity and Gas set the conditions for dispatching electricity generated from non-schedulable renewable resources. Specifically, the resolution:

> establishes the procedures for providing remuneration in the event of lack of production by wind plants halted due to dispatching orders placed by Terna in order to ensure system security;

> defines network services (including remote interruption, remote metering and remote signaling) to which wind power plants are subject;

> provides for incentive mechanisms for scheduling and forecasting plants powered by non-schedulable renewable resources.

### Amendments to the Integrated Active Connections Code (IACC)

The Authority's Resolution ARG/elt no. 125/10 of August 4, 2010 amends the IACC, requiring, *inter alia*, that applicants submit a surety (or security deposit) at the time estimates are accepted in order to prevent occupation of transport capacity on the grid in critical areas and on critical lines. The value of the surety shall be equal to the product of the capacity for connection purposes and €20,250/MW for extra-high- and high-voltage connections, €60,000/MW for medium-voltage connections and €110/kW for low-voltage connections.

All guarantees submitted in the form of bank sureties:

> shall be enforced by the grid operator in the event the estimate lapses;

> shall be enforced by the grid operator in the amount of 70% in the event the applicant withdraws the application;

> shall be enforced in the amount of the connection fee in the event the applicant fails to pay such fee.

All guarantees submitted in the form of a security deposit:

> shall not be returned in the event the estimate lapses;

> shall be returned in the amount of 30% plus statutory interest by the grid operator within two months of completion of the generation plant in the event the applicant withdraws the application;

> shall be withheld in the amount of the connection fee in the event the applicant fails to pay such fee.

The main operators and industry associations filed numerous appeals against the resolution with the Regional Administrative Court. In an order of January 13, 2011, the Regional Administrative Court suspended the resolution. The next hearing is scheduled for June 30, 2011.

### Implementation of Directive 2009/28/EC

Directive 2009/28/EC requires each Member State to adopt a national renewable energy action plan by June 30, 2010. The plan must contain the country's national targets in terms of the percentage of energy consumed in the transport, electricity and heating sectors accounted for by renewable resources until 2020. The plan must specify forecast energy consumption for the 2010-2020 period and the measures necessary to achieve the targets set out in the Directive.

Spain and Bulgaria are among the Member States that have already submitted their plans to the European Commission.

Slovakia, Romania and Italy, among other countries, are finalizing the plan consultation process with industry operators.

## Enel.si

### Energy efficiency

With Resolutions EEN nos. 2/10 and 9/10, the Authority approved new technical specifications for the quantification, respectively:

> of the energy savings achieved with the replacement of incandescent bulbs in traffic lights with LED system, the replacement of incandescent votive light bulbs with LED votive bulbs and the installation of automatic shutoff devices for equipment in standby mode in the home and in hotels;

> of the energy savings achieved with the installation of central winter and/or summer air conditioning systems in civil use buildings, the application of small-scale cogeneration systems in the civil sector for winter and summer air conditioning and the production of hot water and the application of district heating systems for space heating and the production of hot water in the civil sector.

With Resolution EEN no. 17/10, the Authority set the rate contribution for achievement of energy savings targets for 2011 at 93.68 €/toe.

With Resolution EEN no. 18/10, the Authority specified the energy efficiency targets for electricity and natural gas distributors for 2011.

With Resolution EEN no. 19/10, the Authority provided for the publication of consultation documents, the calling of technical meetings and hearings of the parties involved and the possibility of establishing working groups with those parties, with a view to acquiring information and recommendations.

With consultation document DCO 43/10, the Authority has set out its initial position concerning the review and updating of the technical and financial regulations implementing the white certificate system.

With its ruling of December 21, 2010, the Regional

Administrative Court rejected Enel.si's appeal of the decision by the Authority to not certify energy savings achieved through the free distribution of compact fluorescent light bulbs to residential customers in 2007 and the first half of 2008.

Under the draft legislative decree implementing Directive 2009/28/EC, currently being examined by Parliament, the white certificate system would be rationalized as follows:

> linkage of obligations for distribution companies and national energy efficiency targets;

> single interface for the issue of white certificates, managed by the ESO;

> 15 new standardized specifications prepared by Enea-Utee;

> linkage of the period of entitlement to white certificates with the useful life of the initiative;

> reduction of time required and formalities needed to obtain the certificates;

> criteria to determine the rate contribution for costs incurred by entities required to achieve energy savings targets.

## Energy Account

With a decree of August 6, 2010 ("New Energy Account"), the Minister for Economic Development established the incentive mechanism for photovoltaic generation of electricity for plants entering service in 2011-2013. The new energy account sets a national cumulative target for capacity to be installed by 2020 of 8 GW, establishing a ceiling on capacity eligible for the rates set out in the decree of 3 GW for photovoltaic plants, 300 MW for innovative integrated plants and 200 MW for concentrating solar plants. Law 129/2010 establishes that the rates set out in the ministerial decree of February 19, 2007 will apply to plants built by the end of 2010 that enter service by June 30, 2011. Under the draft legislative decree implementing Directive 2009/28/EC on the promotion of the use of energy from renewable sources, the third energy account will continue to apply to plants that enter service by May 31, 2011. For plants that enter service after that date, the incentive will be governed with a decree to be adopted by April 30, 2011 (with an annual cap).

# Greece

## Renewable energy support law

The ministerial decision of December 28, 2009 approved the proposal made by the regulator, RAE, in August 2009 to raise the feed-in tariff by €7.71/MWh (about 9% over 2008) for wind and hydroelectric plants, retroactive to January 1, 2009.

## Renewable resources law

On May 26, 2010, the Greek Parliament approved the expected amendment to the renewable resources law (L 3851/2010). It provides for:

> higher size limits for the purposes of license exemptions;

> an increase of 20% in the subsidized rate for renewables plants (excluding photovoltaic systems) that do not benefit from any financial support;

> higher subsidized rates (to be specified in a subsequent decree) for new wind projects in zones with the lowest number of hours of use;

> offshore wind projects to be developed solely by the State using Build-Operate-Own concessions;

> an increase of 10-25% in subsidized rates (depending on distance and capacity) for renewable energy plants on non-interconnected islands with self-financed submarine connections;

> greater differentiation of subsidized rates on the basis of the size of the plant and the technology used.

## Geothermal power exploration

In August 2010, the Greek Ministry for the Environment and Energy published a consultation document for the tender to award exploration contracts for four areas of the country in order to discover new geothermal fields for subsequent development.
On November 23, the Ministry launched an auction with a deadline for tenders set at March 16, 2011.

## Extension of rate regime for roof-top photovoltaic panels to islands

In September 2010, the Ministry for the Environment and Energy announced its decision to extend the rate regime for photovoltaic panels installed on roof-tops (less than 10 kW) to the Greek isles, but with a lower threshold (<5 kW – except for Crete where the 10 kW restriction applies). The decision extends the program beyond systems installed on top of residential buildings to photovoltaic panels on any type of building.

### Financial guarantees required for renewable plants with exemption from generation license

On November 24, the Ministry for the Environment and Energy established that renewable energy generators exempted from the generation license requirement will be required to supply a bank guarantee in the amount of €150/kW under a connection contract with the grid operator. The plants must be connected within 18 months.

## France

### New remuneration rules for photovoltaic systems

On January 14, 2010, the new decree on feed-in rates for photovoltaic power systems was approved. The following rates will apply to systems coming into operation in 2010:

> €580/MWh for systems integrated into residential buildings;

> €500/MWh for systems integrated into other types of buildings;

> €420/MWh for simplified-integration systems;

> for systems installed on the ground, the remuneration depends on the location of the systems, since it is based on the product of €314/MWh and an "R" location coefficient.

These rates will remain in force until 2011, when they will be cut by 10% per year starting from 2012.

The regulation of the sale of electricity generated by photovoltaic systems was further clarified by two decrees published on March 23, 2010. The first decree requires that the system be less than 250 kW for it to be considered integrated into the building. The second decree sets out in detail the conditions photovoltaic systems must meet to qualify for the rates (more favorable on average) found in the July 10, 2006 decree. This clarification was required due to the large number of applications for *"contrat d'achat"* submitted between November 2009 and January 2010.

On September 1, 2010, the French Energy Ministry approved a new decree on remuneration for photovoltaic systems, which replaces that approved on January 14, 2010.

As of September 1, the following rates apply:

> €580/MWh for systems integrated into residential buildings of less than 3 kWc;

> €510/MWh for systems integrated into residential buildings of more than 3 kWc and into hospitals and schools;

> €440/MWh for systems integrated into other types of buildings;

> €370/MWh for simplified-integration systems;

> for systems installed on the ground, the remuneration depends on the location of the systems, since is it based on the product of €276/MWh and an "R" location coefficient.

These rates remain unchanged for plants in operation from 2011 and will be cut by 10% per year for plants that enter into operation starting from 2012.

On December 10, a new decree for the photovoltaic sector was published. It suspends new applications for the feed-in tariff for three months. The only exceptions are as follows:

> plants of less than 3 kWc;

> plants whose technical and financial connection plan (PTF) had been accepted nine months before publication of the decree, or before December 2, 2010, with start of generation within 18 months of the acceptance of the PTF.

The suspended applications must be resubmitted to obtain the feed-in rates, which in the meantime are to be redefined in a new decree.

### Renewal of hydroelectric concessions

On April 22, 2010 the Ministry of Energy issued a notice concerning the renewal of hydroelectric concessions expiring in the coming years. The notice sets out the procedure and the schedule for renewals, as well as the scope of the concessions. The term of the new concessions and the ceiling on royalties have yet to be determined.

The first round of concession renewals was to have begun at the end of 2010 and last until mid-2012. There is currently a 6-month delay compared with the calendar initially established by the Ministry. The concessions involved in this first stage are located in the Alps, the Massif Central and the Pyrenees, with a total capacity of about 5,300 MW.

Article 35 of the "*Grenelle 2*" Act (now before Parliament for approval) will set out the framework for royalties for the renewal of the hydroelectric concessions.

### *Grenelle de l'Environnement*

On May 11, 2010 the National Assembly approved the "*Grenelle 2*" Act, which will implement the provisions of the *Grenelle de l'Environnement* Act. The law had been approved by the Senate on October 8, 2009. As the measure had been declared urgent, the text did not go through a second reading in the two houses. Instead, it was submitted to the *Commission Mixte Paritaire* (CMP, composed of 7 deputies and 7 senators) established on June 17, 2010 to draft a definitive compromise text for final approval by Parliament. The CMP held its final vote on "*Grenelle 2*" on June 28, 2010 and the text was officially published on July 13, 2010.
Some of the changes introduced with "*Grenelle 2*" have a direct impact on the energy sector. In addition to extending the benefits of the *obligation d'achat* to local authorities, *Grenelle 2* also introduces a regional planning system for the climate and energy that also provides for the preparation of regional plans for the connection of renewable resources to the network (with priority for a period of ten years for the renewables capacity set out in the regional plan). The law also governs the payments to be made at the time hydroelectric concessions are renewed: royalties will be specific to each concession and will depend on the value of plant output (with a specific ceiling for each plant); the revenues from royalties will be divided among the State, the provinces and the municipalities in the proportion of 1/2, 1/3 and 1/6, respectively. Finally, the rules for authorization of wind projects were tightened: a regional plan for wind development will redefine the ZDEs (*Zone Developpement Eolien*) for each territory; plants must have a minimum of 5 turbines (with the exception of plants less than 30 meters tall and a capacity of less than 250 kW) and be located at least 500 meters from inhabited areas. In addition, wind plants with structures more than 50 meters tall are required to comply with the ICPE, a more complex procedure for plants with a larger potential environmental impact.

### Renewable energy support measures

In December 2010, the Ministry of Energy, using the auction mechanisms envisaged for installations in the electricity sector set out in Law 2000-108 of February 10, 2000, launched two auctions for wind and biomass power. Tenders for the biomass auction must be submitted by the end of February 2011, while for the wind auction the Ministry defined the zones covered and set May 2011 as the deadline for tenders.

## Bulgaria

### National renewable energy action plan (Directive 2009/28/EC)

The Ministry for the Economy, Energy and Tourism is preparing amendments to the Bulgarian RES and Alternative Energy Act, which should be ready by the end of 2010, once the principles for implementing Directive 2009/28/EC and the broader rules for encouraging investment in renewable energy are determined.
The renewable energy action plan, submitted to the European Commission on June 30, 2010, sets a target of about 16% for the contribution of renewable resources to final gross electricity consumption.

## Romania

### Renewable energy support law

In December 2009, with Measure 1479/2009, the government issued rules for implementing Law 220/2008 for supporting power generation from renewable energy resources. The government decision establishes that the introduction of the incentive mechanisms (quantitative requirement for electricity suppliers and a system of transferable certificates, which can be traded bilaterally or on a dedicated market) shall be subject to the approval of the European Commission. On July 9, 2010 an amended version of Law 220/2008 was published in the official journal (Law 139/2010): the incentive mechanism for green certificates, which is retained in the new law, does not require approval by the European Commission to be implemented. The main changes with respect to the previous legislation include:

- the mandatory percentage of annual electricity output that must be generated from renewables will rise gradually from 8.3% in 2010 to 20% in 2020;
- the penalty for suppliers who do not have the required amount of green certificates has been increased from €70 to €110 per certificate not held;
- the penalty and the minimum and maximum prices of

certificates will be indexed to the EU27 inflation rate;
> two green certificates per MWh of wind output until 2017 (one certificate thereafter);
> six green certificates per MWh of photovoltaic output.

A government decision will establish the rules governing the trading of excess green certificates. Following the pre-notification of the European Commission of Law 220/2008, the DG Competition recommended proceeding with a formal notification. The initiation of the formal notification process will be handled by Romania's Ministry of the Economy and will include the amendments presented in the new law (139/2010).

### National renewable energy action plan (Directive 2009/28/EC)

The plan sets a target of about 38% for the contribution of renewable resources to gross final electricity consumption. The plan was distributed for consultation with operators and will be submitted to the European Commission shortly.

# Iberia and Latin America

## Spain

### Rate deficit

On December 24, 2010, Royal Decree Law 14/2010 containing urgent measures to correct the rate deficit was published. Among other steps, they limit the number of hours of operation eligible for incentives for photovoltaic plants.

### Remuneration for photovoltaic plants

In application of Royal Decree 1578/08, four *convocatorias* for the submission of applications to enter photovoltaic plants in the special register to receive remuneration were held in 2010. Plants with a total capacity of 481 MW were registered, of which 273 MW for integrated systems and 208 MW for ground-based systems. As regards developments in the remuneration of registered plants (subject to change in relation to the ratio between registered capacity and the capacity ceilings for each *convocatoria*), the feed-in tariffs declined by 5.3% for integrated systems with a capacity of up to 20 kW, by 8% for integrated systems with a capacity of more than 20 kW and 8% for ground systems.

On December 15, 2010, the government published the results of the fourth *convocatoria* of 2010. Based on the capacity registered, the rates that will apply starting from the 1st Quarter of 2011 were recalculated and set as follows: for integrated systems, €313.54/MWh for plants of less than or equal to 20 kW and €278.89/MWh for those of more than 20 kW; for ground installations, €251.71/MWh.

On August 6, 2010 Royal Decree 1003/2010, governing the payment of incentives for the use of photovoltaic systems, was published. Due to the numerous irregularities discovered during inspections of these installations, the government has established a procedure through the measure to improve the qualification process for the incentive scheme.

The National Energy Commission (CNE) will check whether certain systems identified by DGPEM (the Energy and Mineral Policy Directorate General) have installed all the components required for electricity generation, upon threat of suspension of the incentive as a precautionary measure and return of payments received if found to not be in compliance.

In order to be exempt from Royal Decree 1003/2010, applicants have until October 5, 2010 to waive the financial terms of Royal Decree 661/2007 and instead receive the remuneration set in the first *convocatoria* of Royal Decree 1578/2008.

With the Resolution of August 6, 2010, the DGPEM established that inspections will begin with those systems listed in the administrative register prior to September 30, 2008, for a total capacity of 800 MW.

Under Royal Decree 1003/2010, on September 24, 2010 CNE send requests for information to the owners of 9,041 photovoltaic systems with a total capacity of 955 MW. The documentation must be submitted to CNE within two months of the receipt of the request.

On October 28, 2010, the Ministry of Industry announced that it had received a total of 907 applications to withdraw from the system established under Royal Decree 661/2007 (for a total capacity of 64.56 MW, substantially less than expected). The change of payment system for these plants will reduce annual system costs by €17.2 million.

On November 23, 2010 Royal Decree 1565/2010 was published. The measure governs the new remuneration system for photovoltaic plants and regulates a number of technical features of the special regime. The main provisions include the following:

- compulsory participation in control centers is extended to groups of plants exceeding 10 MW and remote metering is mandatory for plants over 1 MW;
- more stringent requirements are established for the control of reactive power;
- a ceiling of 25 years of useful life on the entitlement of photovoltaic plants to receive the incentive;
- an extraordinary reduction of the remuneration of photovoltaic plants as from the next *convocatoria* equal to 45% for ground systems, 5% for integrated systems of up to 20 MW and 15% for integrated systems of more than 20 MW.

### Remuneration of wind and thermal solar plants

With Royal Decree 1614/2010, published on December 8, 2010, certain aspects of the regulatory framework for generation by wind and thermal solar plants were amended. For wind plants, the most significant changes include:

- a temporary 35% reduction (from 2011 to 2012) in the *prima de referencia* (reference bonus);
- if the Spanish system registered an average of more than 2,350 hours, the maximum number of hours for each plant eligible to receive the subsidized price would be 2,589, with the excess receiving the market price;
- no future changes in the remuneration of plants in operation and preregistered plants;
- an additional 300 MW for plants that are not registered but whose "*acta de puesta in marcha*" came prior to May 1, 2010 and 600 MW for plants in the Canary Islands;
- a specific tariff system for experimental plants with a total capacity up to 160 MW, with remuneration determined on the basis of the system set out in Royal Decree 661/2007.

For thermal solar plants:

- elimination of the pool option, plus a bonus in the first year of operation;
- delays in the construction of a number of projects;
- a ceiling on the number of hours eligible to receive the subsidized price, based on the type of technology involved; the excess hours will receive the market price;
- no future changes in the remuneration of plants in operation and preregistered plants;
- a specific tariff system for innovative plants (up to 80 MW).

### Rate updates

With Ministerial Order 3519/09 of December 31, 2009, the government updated the rates, bonuses, ceilings and floors for renewable energy plants that fall within the remuneration system set out by Royal Decree 661/2007 (integrated feed-in rate or bonus). The amounts were revised downwards due to the decline in the consumer price index.

### National renewable energy action plan (Directive 2009/28/EC)

The plan sets a target of about 38% for the contribution of renewable resources to gross final electricity consumption. The plan was submitted to the European Commission on June 30, 2010.

## Mexico

### Regulatory measures in support of renewable energy

In March 2010, the regulator CRE approved the *"Contrato de Interconexión para Centrales de generación de energía eléctrica con energías renovables o con generación eficiente y sus anexos"*, setting out the legal and financial conditions for the contract between the electricity company CFE (*Comisión Federal de Electricidad*) and the alternative generators, for the transmission of electricity produced by the alternative generators.

The three types of services that CFE will provide to generators are ancillary services (including frequency and voltage monitoring), transmission services and the purchase of electricity in emergency situations (beyond that stipulated in the contract).

The *"Metodología para la determinación de los cargos correspondientes a los servicios de transmisión que preste la CFE a los generadores renovables"* was also approved. This document sets the transmission services rates for 2010, to be revised annually. The high-voltage rate was set at $2.20/MWh, the medium-voltage rate at $4.40/MWh and the low-voltage rate at $8.80/MWh. These rates cover use of the infrastructure, losses, services connected with transmission and a fixed component for contract administration. The new methodology provides an incentive for eligible renewable projects in an amount that varies based on the voltage level.

## Chile

### Renewable energy resource legislation

In the final months of 2010, the Senate Committee on Energy and Mineral Resources discussed a proposal to increase the targets set out in the renewable energy act to 20% in 2020 (rather than 10% in 2024). Following the unanimous approval by the parliamentary committee (October 2010), the text will go to the Senate and then to the Chilean Parliament's Lower House. The debate currently under way in the country is focusing on a possible increase in final rates as a result of any increase in the targets.

## Brazil

### Renewable energy resource auctions

On July 22, 2010 the Brazilian regulator, ANEEL, approved the rules for reserve electricity capacity auctions and plants required to enter service within three years of the award (so-called A-3 plants) for hydroelectric, wind and biomass sources (regulations no. 05/2010 and no. 07/2010 respectively). At the auctions, held on August 25 and 26, 2010, a total of 2,892 MW of installed capacity were awarded for 70 wind plants, 12 biomass plants and 7 small hydro plants. The average allotment price for wind projects was R$130/MWh (about €58/MWh). The contracts will have a term of 15 years for biomass plants, 20 years for wind plants and 30 years for hydroelectric plants.

# North America

## United States

### Carbon Regulation

During the year, bills to establish a federal system for trading $CO_2$ allowances were dropped given the impossibility of reaching a political agreement on the legislation. Meanwhile, the Environmental Protection Agency (EPA), whose power to regulate greenhouse gas emissions under the Clean Air Act had been confirmed by the Supreme Court, developed a new permit scheme to allow industrial sites meeting certain emission performance standards to release greenhouse gases, in effect starting from 2011. The EPA proposal would apply to industrial plants, refineries, petrochemical facilities and power stations and would cover only 13 states. All of the industrial sites covered by the EPA regulation that emit more than 25,000 tons of $CO_2$ a year will have to report their 2010 emissions by March 31, 2011.

At the sub-federal level, the Regional Greenhouse Gas Initiative (RGGI), which involves the states in the Northeast, is the only operating cap-and-trade system in North America.

In December 2010, California proposed a regulation for the introduction of an ETS, which is planned to take force on January 1, 2012. It will apply to industrial sites, including refineries and power stations that emit more than 25,000 tons of $CO_2$ a year.

## Law in support of renewable energy

The Recovery Plan, i.e. the stimulus plan approved by the US Congress on February 12, 2009, among other measures targeted at the energy sector, establishes specific incentive mechanisms for renewables including the Investment Tax Credit (ITC) and confirmation of the extension of the Production Tax Credit (PTC) to 2012 for wind power and 2013 for geothermal, incremental hydroelectric and biomass power.

On December 16, 2010 the Senate approved the extension of Section 1602 (cash grants) of the American Recovery and Reinvestment Act. The measure received final approval by the House of Representatives on December 21, 2010, enabling plants under construction in 2009, 2010 and 2011 or completed during that period to participate in the Cash Grant program.

## American Power Act

On May 12, 2010 Senators John Kerry and Joe Lieberman announced the details of the "American Power Act", which establishes the financial incentives for the construction of nuclear power plants, a cap-and-trade mechanism with floor ($12) and ceiling ($25) prices that will rise respectively by 3% and 5% over inflation annually and a federal Renewable Portfolio Standard system that establishes mandatory percentages of generation from renewables.

# Overview of the Group's performance and financial position

## Definition of performance indicators

In order to present the results of the Enel Green Power Group and analyze its financial structure, EGP has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and presented in these 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 its business. The criteria used to calculate these indicators are described below:

*Total revenues including commodity risk management:* calculated as the sum of "Revenues" and "Net income/(charges) from commodity risk management".

*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";
> "Financial receivables due from other entities", "Other securities designated as at fair value through profit or loss" and other items reported under "Non-current financial assets";
> "Long-term loans";
> "Post-employment and other employee benefits";
> "Provisions for risks and charges";
> "Deferred tax liabilities".

*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 current assets:* calculated as the difference between "Current assets" and "Current liabilities" with the exception of:

> "Long-term financial receivables (short-term portion)", "Other securities" and other items reported under "Current financial assets";
> "Cash and cash equivalents";
> "Short-term loans" and the "Current portion of long-term loans" and certain items under "Current financial liabilities".

*Net financial debt*: a financial structure indicator, determined by "Long-term loans", the current portion of such loans and "Short-term loans" and certain items reported under "Current financial liabilities" less "Cash and cash equivalents" and "Current financial assets" and "Non-current financial assets" not previously considered in other balance sheet indicators.

# Main changes in the scope of consolidation

In the two periods examined here, the scope of consolidation changed as a result of the following main transactions.

## 2009

*Business combinations between entities under common control*

> On January 1, 2009, Enel Green Power SpA acquired 100% of Enel Green Power International BV from Enel Investment Holding BV, a subsidiary of Enel SpA, for €1,690 million. At the same date, it also acquired 100% of Enel.si Srl from Enel SpA for €9 million. Enel Green Power International BV operates in the generation of electricity from renewable resources in North and South America and in Europe, while Enel.si Srl provides services, products and integrated turn-key solutions for energy savings and efficiency, as well as installations and sales to third parties in Italy.

> In October 2009, Enel Green Power International BV acquired from Enel France Sas, a subsidiary of Enel SpA, 100% of Enel Erelis Sas for €28 million. Enel Erelis Sas operates in the generation of electricity from wind in France.

*Business combinations with non-Group entities*

> Between April 22, 2009, and June 23, 2009, Enel Green Power International BV acquired 100% of International Wind Rhodes SA, International Wind Achaia SA and Glafkos Hydroelectric AE for a total of €79 million. The companies operate in the generation of electricity from wind power in Greece.

> On December 30, 2009, Enel Green Power International BV acquired 100% of Ailiko Voskerou SA, a company that operates in the wind power sector in Greece, for a total of €5 million.

## 2010

*Business combinations between entities under common control*

> On March 22, Enel Green Power, acting through its subsidiary Enel Green Power International BV, acquired the 60% of Endesa Cogeneración y Renovables (now Enel Green Power España). The acquisition was carried out in the following stages: (i) the acquisition by Enel Green Power International BV from Endesa Generación SA of 30% of ECyR for about €326 million; (ii) a capital increase for ECyR reserved for Enel Green Power International BV, which subscribed the offering with the transfer of Enel Green Power International BV's 50% holding in Enel Unión Fenosa Renovables (EUFER) and a cash payment of about €534 million. The acquisition of the 30% stake and the subsequent subscription of the capital increase of ECyR were carried out at market values, as appraised by a number of independent investment banks. Following completion of the capital increase, the transaction gave Enel Green Power International BV a total stake of 60% in Enel Green Power España.

> In July, Enel Green Power Hellas acquired the Martino Eolian wind plant and 3 mini-hydro plants (Argyri, Kastaniotiko and Pougakia) from Endesa Hellas Power Generation for €21 million.

*Business combinations with non-Group entities*

> On January 21, 2010, Enel Green Power, acting through its subsidiary Enel North America Inc., acquired the entire share capital of Padoma Wind Power LLC, a company specialized in the wind power sector, for a total price of €35 million.

> On January 4, 2010, Enel Green Power Sharp Corporation ("Sharp") and STMicroelectronics NV ("STM") signed an agreement to establish 3Sun Srl, to which it transferred its Catania industrial site. On July 30, 2010 Enel Green Power and Sharp subscribed a 3Sun capital increase reserved for them in the total amount of €120 million, giving them a stake of 33.33% each.

- Enel Green Power also completed a number of smaller acquisitions in Italy during the year.

*Net assets held for sale*

At December 31, 2010, "net assets held for sale" include the net assets that, in the light of decisions taken by management, meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

More specifically, they regard:

- the part of the net assets in EUFER (€27 million) to be transferred to Gas Natural SDG, SA under the agreement signed on July 30, 2010 to divide those assets.
- the assets of Enel Green Power Bulgaria (€65 million) and in ECyR (€4 million);
- the value of the holding in the associated company Trade Wind Energy LLC (€16 million).

# Group performance

The following table reports the reclassified income statement for 2010, which takes account of the change in the scope of consolidation, with comparative figures for 2009.

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| **Total revenues including commodity risk management** | **2,271** | **1,895** | **376** |
| **Total costs** | **958** | **688** | **270** |
| **GROSS OPERATING MARGIN** | **1,313** | **1,207** | **106** |
| Depreciation, amortization and impairment losses | 519 | 416 | 103 |
| **OPERATING INCOME** | **794** | **791** | **3** |
| Financial income | 50 | 26 | 24 |
| (Financial expense) | (178) | (161) | (17) |
| **NET FINANCIAL EXPENSE** | **(128)** | **(135)** | **7** |
| Share of income/(expense) from equity investments accounted for using the equity method | 16 | 2 | 14 |
| **INCOME BEFORE TAXES** | **682** | **658** | **24** |
| Income taxes | 189 | 219 | (30) |
| **NET INCOME FOR THE PERIOD** | **493** | **439** | **54** |
| - Attributable to shareholders of the Parent Company | 452 | 418 | 34 |
| - Attributable to minority interests | 41 | 21 | 20 |

# Revenues

Millions of euro

| | 2010 | 2009 | Change |
|---|---|---|---|
| Revenues from electricity sales | 1,553 | 1,332 | 221 |
| Revenues from green certificates and other incentives | 206 | 176 | 30 |
| Other revenues and income | 420 | 269 | 151 |
| **Total** | **2,179** | **1,777** | **402** |
| Net income/(charges) from commodity risk management | 92 | 118 | (26) |
| **Total revenues including commodity risk management** | **2,271** | **1,895** | **376** |

*Total revenues including commodity risk management* amounted to €2,271 million in 2010, an increase of 20% on the €1,895 million posted in 2009. The change reflects:

> the rise in revenues from the sale of photovoltaic materials (€192 million), partially offset by lower revenues from the sale of white certificates (€39 million);

> an increase in revenues in the Iberian peninsula, partly due to the consolidation of ECyR (€186 million) and in Latin America, mainly in Chile, Mexico and Brazil (€28 million).

# Costs

Millions of euro

| | 2010 | 2009 | Change |
|---|---|---|---|
| Electricity and materials | 377 | 206 | 171 |
| Personnel | 187 | 172 | 15 |
| Services | 331 | 275 | 56 |
| Other operating expenses | 85 | 60 | 25 |
| Capitalized costs | (22) | (25) | 3 |
| **Total** | **958** | **688** | **270** |

**Costs** amounted to €958 million in 2010 and €688 million in 2009. The rise of €270 million (39%) largely reflects:

> the increase in costs for *electricity and materials* owing to greater purchases of photovoltaic materials by Enel.si for resale (up €147 million in 2009) and greater costs for fuels and gas in respect of the cogeneration plants of the newly acquired ECyR (€22 million);

> an increase of €56 million in costs for *services*, mainly attributable to the change in the scope of consolidation with ECyR (€41 million) and the newly acquired Padoma (€6 million);

> an increase in *other operating expenses* (€25 million), mainly associated with higher local taxes and the change in the scope of consolidation with ECyR.

The **gross operating margin** amounted to €1,313 million in 2010, an increase of €106 million (9%) compared with 2009. The change mainly reflects the expansion of international operations, which benefited from the consolidation of ECyR.

**Operating income** for 2010 totaled €794 million, an increase of €3 million on the previous year. The rise in the gross operating margin of €106 million was largely offset by an increase in depreciation, amortization and impairment losses of €103 million, essentially due to the change in the scope of consolidation.

**Net financial expense** amounted to €128 million in 2010, slightly down with respect to 2009 (€7 million), mainly reflecting the combined effect of the reduction in financial expense with the Parent Company, Enel SpA, following the latter's waiver of its receivable (-€36 million), and the increase in expense on financial derivatives (+€28 million).

The **share of income from equity investments accounted for using the equity method** was a positive €16 million, up 14 million on 2009, mainly attributable to the share of income of the associated companies of the newly acquired ECyR (€16 million).

**Net income attributable to the shareholders of the Parent Company** amounted to €493 million in 2010, an increase of €54 million (+12%) compared with the previous year. In addition to the income from equity investments accounted for using the equity method (€14 million), the rise was attributable to lower taxes (€30 million), which mainly regarded the benefits from the application of the tax relief measures envisaged in Legislative Decree 78/2009 (the Tremonti-*ter* Decree).

# Analysis of the Group's financial position

The following table reports the reclassified balance sheet at December 31, 2010, which takes account of the change in the scope of consolidation following, among other things, the acquisition of Endesa Cogeneración y Renovables as from March 22, 2010, with comparative figures at December 31, 2009:

Millions of euro

| | **Dec. 31, 2010** | Dec. 31, 2009 | Change |
|---|---|---|---|
| **Net non-current assets:** | | | |
| Property, plant and equipment | 8,571 | 7,200 | 1,371 |
| Intangible assets | 910 | 259 | 651 |
| Goodwill | 866 | 532 | 334 |
| Equity investments accounted for using equity method | 425 | 261 | 164 |
| Net non-current financial assets/(liabilities) | (3) | (4) | 1 |
| Net other non-current assets/(liabilities) | (21) | (29) | 8 |
| **Total** | **10,748** | **8,219** | **2,529** |
| **Net current assets:** | | | |
| Inventories | 116 | 31 | 85 |
| Trade receivables | 602 | 512 | 90 |
| Net tax receivables/(payables) | 9 | (189) | 198 |
| Net current financial assets/(liabilities) | (49) | (10) | (39) |
| Trade payables | (865) | (454) | (411) |
| Net other current assets/(liabilities) | 121 | (12) | 133 |
| **Total** | **(66)** | **(122)** | **56** |
| **Gross capital employed** | **10,682** | **8,097** | **2,585** |
| **Provisions:** | | | |
| Post-employment and other employee benefits | 46 | 46 | - |
| Provisions for risks and charges | 109 | 81 | 28 |
| Net deferred taxes | 203 | 61 | 142 |
| **Total** | **358** | **188** | **170** |
| Assets held for sale | 440 | - | 440 |
| Liabilities held for sale | (328) | - | (328) |
| **Net assets held for sale** | **112** | **-** | **112** |
| **Net capital employed** | **10,436** | **7,909** | **2,527** |
| **Shareholders' equity** | **7,344** | **2,564** | **4,780** |
| **Net financial debt** | **3,092** | **5,345** | **(2,253)** |

*Property, plant and equipment* came to €8,571 million, an increase of €1,371 million mainly due to the net impact of the change in the scope of consolidation (€982 million), the reclassification to "Assets held for sale" of part of the property, plant and equipment of EUFER and EGP Bulgaria (€327 million), capital expenditure (€1,039 million), depreciation (€476 million) and foreign exchange gains (€157 million).

*Intangible assets* amounted to €910 million, an increase of €651 million attributable largely to the change in the scope of consolidation (€625 million).

*Goodwill* totaled €866 million, an increase of €334 million largely due to the acquisition of ECyR (338 million) and the stake in Padoma Wind Power LLC (€30 million) and foreign exchange gains (€29 million), partially offset by the reclassification to "Assets held for sale" of the share of goodwill associated with the EUFER assets to be divested (€42 million).

*Equity investments accounted for using equity method* amounted to €425 million, an increase of €164 million, mainly attributable to the change in the scope of consolidation (€138 million).

*Net current assets* were a negative €66 million at December 31, 2010 and €122 million at December 31, 2009. The change of €56 million was mainly attributable to:

> *trade receivables*, which increased by €90 million, mainly in respect of increased receivables for green certificates (up €37 million), sales of electricity to the EMO, which are settled through Enel Produzione (up €36 million) and the change in the scope of consolidation;

> the change in *net tax receivables/(payables)*, which were a positive €9 million at December 31, 2010 and a negative €189 million at December 31, 2009. In 2009 the Parent Company had made payments on account on the basis of taxable income for 2008, during which it had only been operational for one month, and thus at December 31, 2009 it had income tax liabilities essentially equal to taxes due for the year, which were paid in 2010;

> *trade payables*, which increased by €411 million, mainly due to increased purchases of photovoltaic panels by Enel.si (€184 million), the increase in capital expenditure in the final part of the year (€80 million) and the change in the scope of consolidation;

> the change in *net other current assets/(liabilities)*, which were a positive €121 million at December 31, 2010 and a negative €12 million at December 31, 2009, mainly attributable to the recognition of advances to suppliers of photovoltaic panels (€73 million).

**Provisions** show an increase of €170 million, mainly attributable to the increase in deferred taxes as a result of the change in the scope of consolidation (€166 million).

**Net assets held for sale** amounted to €112 million at December 31, 2010 (€440 million in assets and €328 million in liabilities). They regard the net assets of EUFER (€27 million), the assets of Enel Green Power Bulgaria (€65 million) and of ECyR (€4 million), and the value of the holding in the associate Trade Wind Energy LLC (€16 million).

**Net capital employed** at December 31, 2010 amounted to €10,436 million (€7,909 million at December 31, 2009), funded by shareholders' equity attributable to the shareholders of the Parent Company and minority interests of €7,344 million (€2,564 million at December 31, 2009) and net financial debt of €3,092 million (€5,345 million at December 31, 2009). At December 31, 2010, the debt-to-equity ratio was 0.4 (2.1 at December 31, 2009).

# Analysis of the financial structure

## Net financial debt

*Net financial debt* breaks down as follows:

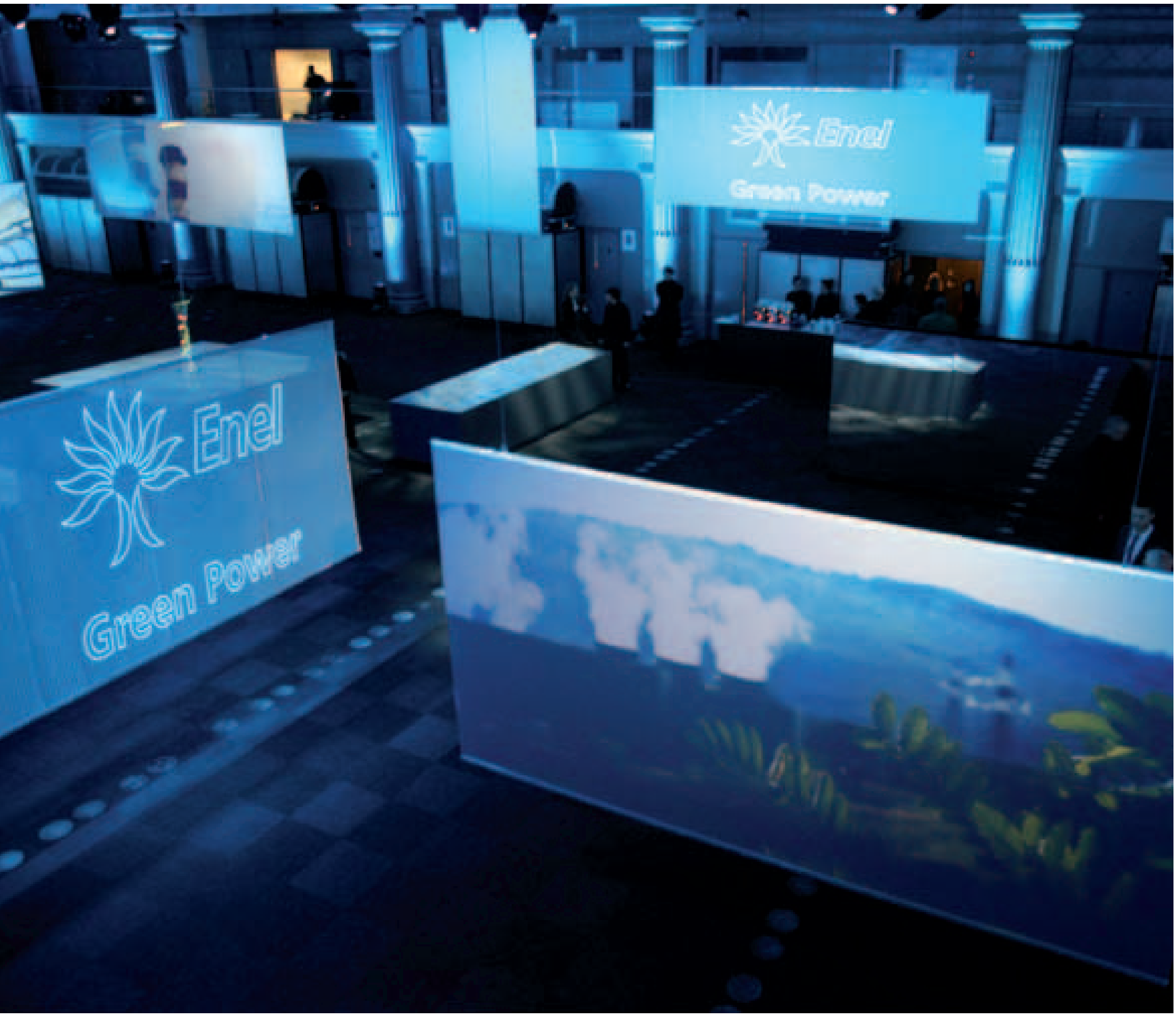
Millions of euro

| | **Dec. 31, 2010** | Dec. 31, 2009 | Change |
|---|---|---|---|
| **Long-term debt:** | | | |
| Bank loans | 754 | 724 | 30 |
| Bonds | 36 | 47 | (11) |
| Other loans | 256 | 260 | (4) |
| Due to related parties | 650 | 100 | 550 |
| **Long-term debt** | **1,696** | **1,131** | **565** |
| Long-term financial receivables | (132) | (17) | (115) |
| **Net long-term debt** | **1,564** | **1,114** | **450** |
| **Short-term debt:** | | | |
| Short-term portion of long-term bank debt | 261 | 82 | 179 |
| Drawings on revolving credit facilities | 3 | 7 | (4) |
| Other short-term bank debt | 14 | 70 | (56) |
| **Short-term bank debt** | **278** | **159** | **119** |
| Bonds - short-term portion | 16 | 13 | 3 |
| Other loans - short-term portion | 27 | 20 | 7 |
| Commercial paper | 21 | - | 21 |
| Other short-term financial payables and payables due to related parties | 1,592 | 4,336 | (2,744) |
| **Other short-term debt** | **1,656** | **4,369** | **(2,713)** |
| Other short-term financial receivables | (115) | (85) | (30) |
| Cash with banks and short-term securities | (291) | (212) | (79) |
| **Cash and cash equivalents and short-term financial receivables** | **(406)** | **(297)** | **(109)** |
| **Net short-term financial debt** | **1,528** | **4,231** | **(2,703)** |
| **NET FINANCIAL DEBT** | **3,092** | **5,345** | **(2,253)** |
| **Net financial debt of "Net assets held for sale "** | **284** | **-** | **284** |

Net financial debt declined by €2,253 million, mainly due to the net effect of the recapitalization carried out by Enel SpA on March 17, 2010 by way of its waiver of part of its financial receivable in respect of Enel Green Power (€3,700 million), partially offset by the outlay to acquire ECyR (€860 million).

The "net financial debt of net assets held for sale" includes the net financial liabilities of EUFER that, in the light of decisions taken by management, meet the requirements under IFRS 5 for classification in this item.

In addition, in preparation for the public offering of Enel Green Power SpA's shares and their listing on the MTA electronic stock exchange, it was decided to revise the Enel Green Power Group's funding and treasury system. Under the new organization, the Dutch-registered company Enel Green Power International BV, already the holding company for the Group's foreign equity investments, has also been given the role of finance company in order to boost efficiency and increase control over the use of financial resources.



# Cash flows

Millions of euro

| | 2010 | 2009 | Change |
|---|---|---|---|
| **Cash and cash equivalents at the beginning of the period** | **144** | **163** | **(19)** |
| | | | |
| Cash flows generated by operating activities (a) | 648 | 897 | (249) |
| *- of which generated by net assets held for sale* | *(1)* | - | *(1)* |
| Cash flows used in investing activities (b) | (1,947) | (852) | (1,095) |
| *- of which generated by net assets held for sale* | *414* | - | *414* |
| Cash flows generated by financing activities (c) | 1,362 | (60) | 1,422 |
| *- of which generated by net assets held for sale* | *(400)* | - | *(400)* |
| Effect of exchange rate changes on cash and cash equivalents (1) | 5 | (4) | 9 |
| **Cash and cash equivalents at the end of the period** | **212** | **144** | **68** |

(1) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €13 million at December 31, 2010 (none at December 31, 2009).

*Cash flows generated by operating activities* in 2010 generated funds in the amount of €648 million, down €249 million or 28% on 2009. The change reflects an increase of €208 million in taxes paid in the period, partially offset by the increase in the gross operating margin (€106 million) and the positive change in other items of net current assets (€95 million).

*Cash flows used in investing activities* used cash in the amount of €1,947 million (€852 million at December 31, 2009), of which investments in property, plant and equipment accounted for €1,066 million (€700 million at December 31, 2009) and corporate acquisitions for €862 million (€51 million at December 31, 2009).

*Cash flows generated by financing activities* generated funds amounting to €1,422 million, mainly attributable to new long-term debt (€1,029 million) and repayments of short-term financial debt (€333 million).

The combined effect of the cash flows and the impact of exchange rate changes, which was a positive €5 million, produced an increase in cash and cash equivalents of €68 million, of which €13 million in respect of assets held for sale.

# Performance and financial position by segment

**The representation of performance and financial position by segment reflects the structure used by management in assessing Group performance.**

## Results by segment for 2010 and 2009

On March 8, 2010, the Enel Green Power Group implemented a new organizational structure, which among other things involved the reorganization of the geographical areas in which it operates into:

> Italy and Europe;
> Iberia and Latin America;
> North America.

In addition, there is a dedicated structure for Enel.si, with independent responsibilities for the Italy and Europe area.

### Results by segment for 2010

Millions of euro

| | Italy and Europe | Enel.si | Iberia and Latin America | North America | Eliminations and adjustments | **Total** |
|---|---|---|---|---|---|---|
| **Total revenues including commodity risk management** | 1,212 | 326 | 576 | 157 | - | 2,271 |
| **Revenues from other segments** | 23 | - | - | - | (23) | - |
| **Gross operating margin** | 881 | 12 | 336 | 84 | - | 1,313 |
| Depreciation, amortization and impairment losses | 335 | 4 | 130 | 50 | - | 519 |
| **Operating income** | 546 | 8 | 206 | 34 | - | 794 |
| Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method | | | | | | (112) |
| Income taxes | | | | | | 189 |
| **Net income for the period** | | | | | | 493 |
| **Operating assets** (1) | 6,262 | 249 | 3,424 | 1,048 | (118) | 10,865 |
| **Operating liabilities** (2) | 700 | 261 | 297 | 60 | (118) | 1,200 |
| **Capital expenditure (gross of grants)** | 642 | - | 251 | 173 | - | 1,066 |

(1) Operating assets regarding units classified as "held for sale" amounted to €353 million at December 31, 2010, of which €298 million in respect of the Iberia and Latin America area and €55 million in respect of the Italy and Europe area.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010 and regarded the Iberia and Latin America area.

**Gross operating margin 2010**

€1,313

million

## Results by segment for 2009

Millions of euro

| | Italy and Europe | Enel.si | Iberia and Latin America | North America | Eliminations and adjustments | **Total** |
|---|---|---|---|---|---|---|
| Total revenues including commodity risk management | 1,221 | 178 | 352 | 144 | - | 1,895 |
| Revenues from other segments | 17 | - | - | - | (17) | - |
| Gross operating margin | 898 | 7 | 212 | 90 | - | 1,207 |
| Depreciation, amortization and impairment losses | 317 | 1 | 57 | 41 | - | 416 |
| Operating income | 581 | 6 | 155 | 49 | - | 791 |
| Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method | | | | | | (133) |
| Income taxes | | | | | | 219 |
| Net income for the period | | | | | | 439 |
| Operating assets | 5,619 | 125 | 1,574 | 857 | (20) | 8,155 |
| Operating liabilities | 465 | 79 | 145 | 47 | (20) | 716 |
| Capital expenditure (gross of grants) | 453 | 1 | 254 | 36 | - | 744 |

The following table reconciles assets and liabilities by segment and the consolidated figures:

Millions of euro

| | **Dec. 31, 2010** | Dec. 31, 2009 | Change |
|---|---|---|---|
| **Total assets** | **13,131** | **9,494** | **3,637** |
| Financial assets, cash and cash equivalents | 577 | 407 | 170 |
| Tax assets | 311 | 139 | 172 |
| Other assets | 1,378 | 793 | 585 |
| Operating assets (1) | 10,865 | 8,155 | 2,170 |
| **Total liabilities** | **5,787** | **6,930** | **(1,143)** |
| Loans and other financial liabilities | 3,721 | 5,766 | (2,045) |
| Tax liabilities | 505 | 389 | 116 |
| Other liabilities | 361 | 59 | 302 |
| Operating liabilities (2) | 1,200 | 716 | 484 |

(1) Operating assets regarding units classified as "held for sale" amounted to €353 million at December 31, 2010.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010.

# Italy and Europe

In Italy and Europe, Enel Green Power operates:

> in Italy with 361 plants with a net installed capacity of 2,776 MW, broken down into 288 hydroelectric plants (1,510 MW), 34 geothermal plants (728 MW), 34 wind plants (532 MW) and 5 solar plants (6 MW);

> in Greece with 12 wind plants with a net installed capacity of 129 MW and 5 hydro plants with a net installed capacity of 14 MW (Enel Green Power Hellas);

> in France with 7 wind plants with a net installed capacity of 102 MW (Enel Green Power France);

> in Romania with 2 wind plants with a net installed capacity of 64 MW (Enel Green Power Romania);

> in Bulgaria with 2 wind plants with a net installed capacity of 42 MW (Enel Green Power Bulgaria).

In addition, Enel Green Power has major wind and solar development projects under way in Italy (Enel Green Power Portoscuso – formerly Portoscuso Energia, Enel Green Power Calabria, Maicor Wind, Enel Green Power Puglia – formerly Italgest Wind, Enel Green Power Strambino Solar, Altomonte FV, EnerLive, Enel Green Power TSS – formerly Anemos 1 and Energia Eolica), in Romania (Enel Green Power Romania) and in Greece (Enel Green Power Hellas).

## Operations

### Net electricity generation

Electricity delivered to the grid in 2010 amounted to 12.7 TWh, breaking down by source as follows:

Millions of kWh

| | **2010** | 2009 | Change |
|---|---|---|---|
| Hydroelectric | 6,457 | 6,248 | 209 |
| Geothermal | 5,029 | 5,001 | 28 |
| Wind and solar | 1,217 | 798 | 419 |
| **Total** | **12,703** | **12,047** | **656** |

Electricity generation is mainly concentrated in Italy with 12.2 TWh (11.7 TWh in 2009), in Greece with 0.3 TWh (0.3 TWh in 2009) and in France with 0.1 TWh (0.1 TWh in 2009). The increase reflected the entry into service of new plants.
Electricity generation increased by about 0.7 TWh thanks to greater output from wind and solar (+419 GWh) as a result of the increase in installed capacity, greater hydroelectric output (+209 GWh) as a result of better water availability and increased geothermal output following the entry into service of the Chiusdino and Radicondoli 2 facilities (+28 GWh).

## Performance and financial position

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Total revenues including commodity risk management | 1,212 | 1,221 | (9) |
| Gross operating margin | 881 | 898 | (17) |
| Depreciation, amortization and impairment losses | 335 | 317 | 18 |
| Operating income | 546 | 581 | (35) |
| Operating assets (1) | 6,262 | 5,619 | 643 |
| Operating liabilities | 700 | 465 | 235 |
| Employees at period-end (no.) | 1,834 | 1,752 | 82 |
| Capital expenditure (gross of grants) | 642 | 453 | 189 |

(1) Operating assets regarding units classified as "held for sale" amounted to €55 million at December 31, 2010 and regarded Enel Green Power Bulgaria.

## Performance

**Total revenues including commodity risk management** for 2010 amounted to €1,212 million, a decrease of €9 million from the €1,221 million posted in 2009, essentially attributable to the decrease in revenues from the generation and sale of electricity by the Parent Company (€29 million), partly offset by an increase in revenues from generation and sale of electricity in the rest of Europe (€19 million).

The **gross operating margin** totaled €881 million, down €17 million from the €898 million posted in 2009. The decline in the gross operating margin was partly offset by the increase in the results of international operations.

**Operating income** amounted to €546 million, a decrease of €35 million compared with the previous year. The decline reflects an increase in depreciation as a result of the start-up of new generation plants (€18 million).

**Capital expenditure** in 2010 amounted to €642 million (€453 million in 2009), of which €515 million in Italy (€343 million in 2009) and €127 million in the rest of Europe (€110 million in 2009).
Investments in Italy mainly regarded the construction of wind plants in the amount of €195 million (€148 million in 2009), photovoltaic plants in the amount of €93 million (none in 2009), geothermal plants in the amount of €137 million (€138 million in 2009), hydroelectric plants in the amount of €59 million(€47 million in 2009) and other expenditure in the amount of €31 million (€10 million in 2009).
In Europe, capital expenditure primarily regarded the construction of wind plants in Romania (€75 million) and France (€40 million).

# Enel.si

Enel.si Srl is involved in developing the photovoltaic and energy efficiency markets. The company continued its activities to reposition and enhance the retail network, including the creation of corner kiosks within existing businesses, confirming its position as Italy's leading plant franchisor.
In 2010, work continued on focusing on the retail network, retaining its position as the leading franchising system in Italy for distributed generation from renewable resources, with more than 550 sales outlets at December 31, 2010 (517 sales outlets at December 31, 2009). In the photovoltaic segment, during the year a total of 162.3 MWp of photovoltaic modules were delivered and sold, an increase of 113.1 MWp on 2009 (49.2 MWp), while continuing to supply other components of photovoltaic systems (inverters, support structures, etc.).

## Performance and financial position

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Revenues | 326 | 178 | 148 |
| Gross operating margin | 12 | 7 | 5 |
| Depreciation, amortization and impairment losses | 4 | 1 | 3 |
| Operating income | 8 | 6 | 2 |
| Operating assets | 249 | 125 | 124 |
| Operating liabilities | 261 | 79 | 182 |
| Employees at period-end (no.) | 89 | 88 | 1 |
| Capital expenditure (gross of grants) | - | 1 | (1) |

## Performance

**Revenues** amounted to €326 million (€178 million in 2009) an increase of €148 million, due to the rise in revenues from the sale of photovoltaic materials (€192 million) in line with the increase in volumes sold (113.1 MWp), offset by lower revenues from the sale of white certificates (€39 million).

The **gross operating margin** totaled €12 million, up €5 million compared with the previous year (€7 million in 2009).

**Operating income** amounted to €8 million in 2010, up €2 million compared with the previous year after depreciation and amortization and accruals to the provision for doubtful accounts totaling €4 million.

# Iberia and Latin America

Enel Green Power operates in the Iberian peninsula in Spain and Portugal, in Latin America in Panama, Mexico, Costa Rica, Guatemala, Chile and Brazil and with development projects in Nicaragua and El Salvador with a net installed capacity of 2,187 MW broken down into 104 wind plants (1,378 MW), 43 hydro plants (702 MW), 22 cogeneration plants (71 MW), 3 biomass plants (23 MW) and 4 photovoltaic plants (13 MW).

## Operations

### Net electricity generation

Net electricity generation breaks down as follows:

Millions of kWh

| | **2010** | 2009 | Change |
|---|---|---|---|
| Hydroelectric | 3,694 | 3,444 | 250 |
| Wind | 2,412 | 841 | 1,571 |
| Cogeneration | 271 | 143 | 128 |
| Biomass | 86 | - | 86 |
| Solar | 21 | - | 21 |
| **Total** | **6,484** | **4,428** | **2,056** |

Electricity output increased by 2.1 TWh, mainly attributable to the acquisition of ECyR, which generated 1.7 TWh, of which 1.4 TWh from wind plants, 0.2 TWh from cogeneration and 0.1 TWh from biomass plants.
As well as the positive impact of the change in the scope of consolidation, other favorable factors included the rise in hydroelectric output in Mexico, Guatemala and Costa Rica thanks to better water availability (176 GWh) and wind output (173 GWh) thanks to the entry into service of 4 new EUFER plants.

## Performance and financial position

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Revenues | 576 | 352 | 224 |
| Gross operating margin | 336 | 212 | 124 |
| Depreciation, amortization and impairment losses | 130 | 57 | 73 |
| Operating income | 206 | 155 | 51 |
| Operating assets (1) | 3,424 | 1,574 | 1,850 |
| Operating liabilities (2) | 297 | 145 | 152 |
| Employees at period-end (no.) | 713 | 565 | 148 |
| Capital expenditure (gross of grants) | 251 | 254 | (3) |

(1) Operating assets regarding units classified as "held for sale" amounted to €298 million at December 31, 2010.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010.

## Performance

**Revenues** amounted to €576 million, an increase of €224 million compared with the previous year, thanks to the contribution of ECyR (€186 million) and the combined impact of the improvement in output in Mexico (€8 million), developments in spot prices in Chile (about €13 million) and positive exchange rate effects in Brazil (about €6 million).

The **gross operating margin** came to €336 million, up €124 million compared with 2009 (€212 million) as a result of the increase in revenues noted above, partially offset by the increase in costs mainly attributable to the consolidation of EcyR in the amount of €75 million.

**Operating income** amounted to €206 million in 2010, a rise of €51 million compared with the previous year due to the rise in the gross operating margin, partly offset by the increase in depreciation charges, mainly due to the consolidation of ECyR (€72 million).

**Capital expenditure** in 2010 amounted to €251 million, broadly in line with the previous year. Of the total, €124 million regarded the construction of wind plants in the Iberian peninsula, €24 million regarded geothermal plants in Chile and €68 million involved hydro facilities in Guatemala.

# North America

Enel Green Power is present in North America through the Enel North America Group, mainly in the United States, with 62 hydroelectric plants (314 MW of net installed capacity), 21 wind plants (379 MW of net installed capacity) and a geothermal facility in Nevada (47 MW of net installed capacity) as well as 1 biomass plant (21 MW of net installed capacity) and 1 wind plant (27 MW of net installed capacity) in Canada, for a total installed capacity of 788 MW.

On January 21, 2010 Enel North America Inc. acquired 100% of Padoma Wind Power LLC, a company involved in developing the wind-power sector.

## Operations

### Net electricity generation

Net electricity generation breaks down as follows:

Millions of kWh

| | **2010** | 2009 | Change |
|---|---|---|---|
| Hydroelectric | 920 | 997 | (77) |
| Wind | 1,298 | 1,128 | 170 |
| Geothermal | 248 | 154 | 94 |
| Biomass | 181 | 149 | 32 |
| **Total** | **2,647** | **2,428** | **219** |

The year saw an increase in wind generation (170 GWh), due to the start of full operations at the wind plants of Smoky Hill I and Snyder, in geothermal generation (94 GWh), due to the increase in operations at the Stillwater New and Saltwells plants (which entered service in the 2nd Half of 2009), and in biomass output (32 GWh), which had been suspended for a number of weeks during the course of 2009. Hydroelectric generation decreased by 77 GWh as a result of poorer water availability, mainly in the north-eastern United States.

## Performance and financial position

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Total revenues including commodity risk management | 157 | 144 | 13 |
| Gross operating margin | 84 | 90 | (6) |
| Depreciation, amortization and impairment losses | 50 | 41 | 9 |
| Operating income | 34 | 49 | (15) |
| Operating assets | 1,048 | 857 | 191 |
| Operating liabilities | 60 | 47 | 13 |
| Employees at period-end (no.) | 319 | 280 | 39 |
| Capital expenditure (gross of grants) | 173 | 36 | 137 |

## Performance

**Total revenues including commodity risk management** amounted to €157 million, an increase of €13 million compared with 2009, mainly due to the rise in generation and the recognition of the income in respect of the ineffective portion of a commodity price hedge, (€12 million), partially offset by the decline in the benefits from the tax partnership agreements (€18 million).

The **gross operating margin** amounted to €84 million, a decrease of €6 million compared with the previous year. The rise in revenues was offset by increased costs associated with the expansion of development activities.

**Operating income** came to €34 million, a reduction of €15 million compared with the previous year as a result of the decline in the gross operating margin and increased depreciation and amortization for the period (€9 million).

**Capital expenditure** in 2010, gross of grants, amounted to €173 million, mainly accounted for by the wind plants at Castle Rock Ridge (€68 million) and Caney River (€76 million) and the geothermal installation at Cove Fort (€11 million).

# Main risks and uncertainties

## Price and market risks

Owing to the very nature of its business, the Group is exposed to the risk of changes in the market prices of electricity and in the regulatory framework.
In order to mitigate its exposure to price risk, the Group has developed a margin stabilization strategy that involves placing the electricity generated under contract in advance, using long-, medium- and short-term contracts in line with commercial practices in the countries in which the Group operates. 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. The Group is only marginally exposed to changes in the prices of fuels.
As regards the risk of unexpected rule changes in regulated sectors that could impact results, the Group maintains constant relations with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach to assessing and removing sources of instability in the regulatory context.

# Volume risks

The volume of output can vary, both due to the natural variability of the sources used to produce power and to the possible unavailability of plants.
The technological and geographical diversification of the Group's generation assets helps mitigate the natural variability of the availability of hydroelectric, wind and solar energy resources, which as we know changes in relation to the weather conditions in which the plants are located. A significant share of geothermal output, which is not exposed to the variability of weather conditions, helps mitigate this volume risk.

The risk associated with possible breakdowns or accidents that temporarily compromise the operation of plants is mitigated using appropriate prevention and protection strategies, including preventive and predictive maintenance techniques and applying international best practices. The residual risk is managed using specific insurance policies to cover a broad range of operational risks, including financial losses due to lost production.

# Financial risks

The Group is exposed to exchange rate risk associated with cash flows in respect of the sale of electricity on international markets, cash flows in respect of investments or other items in foreign currency and, to a marginal extent, debt denominated in currencies other than the functional currency of the respective countries.
In order to reduce the exchange rate risk associated with these exposures, the Group uses derivatives (especially forwards) as well as a policy to balance inward and outward cash flows in respect of assets and liabilities denominated in foreign currencies.

The source of exposure to interest rate risk for the Group is floating-rate debt. The Group's risk management policy has the dual objective of curbing borrowing costs and their volatility. More specifically, in order to reduce the amount of debt exposed to changes in interest rates, the Group uses derivatives (especially interest rate swaps and interest rate options).

# Outlook

2011 will be a key year in the consolidation of Enel Green Power SpA's leadership in the renewable energy sector and the achievement of the strategic goals set out for our investors following the recent listing of the Company.

The Group will continue to execute the business plan, accelerating the expansion of our installed capacity and pursuing balance growth in all the main technologies and in the countries in which it operates. Achieving these goals will be based on exploiting economies of scale, mainly in procurement, and our international presence.

In order to preserve the geographical diversification of our portfolio, the Group's attention will be directed at markets with abundant renewable resources, stable regulatory systems and high rates of economic growth. At the same time, we will assess and select any new opportunities in countries with considerable potential for expansion, as well as carrying out appropriate disposals in non-strategic countries.

In addition, the Group will complete the integration of the Spanish and Portuguese assets from the acquisition of the Spanish company ECyR and from the division of the assets of EUFER.

In view of its joint venture with Sharp and STM, the Group has recently begun construction of a manufacturing plant for photovoltaic panels, where production should begin by the end of 2011. The consequent start-up and development of the second joint venture with Sharp (ESSE) will seek to develop and operate photovoltaic plants in the EMEA area (Europe, Middle East and Africa). In addition, the Group will continue development of retail activities in the photovoltaic and energy efficiency sector through Enel.si.

The Group will continue to work on research and development of innovative technologies, devoting the greatest attention to environmental and safety issues.

# Research and development

The research and development activities of Enel Green Power in 2009 and 2010 focused on innovative technologies for electricity generation from renewable energy sources (RES).
Expenditure on those activities by Enel Green Power from the start of 2009 through December 2010 amounted to about €16.6 million on projects for which overall expenditure is expected to total more than €50 million by 2015.

## Wind

In the wind generation field, the "Forecast Wind" project has developed a preliminary model for the short-term forecasting (from 6 to 72 hours) of the output of wind farms, using computational fluid dynamics techniques combined with artificial neural network statistical approaches in order to improve the compatibility of plant output profiles (which are not schedulable for wind plants) and grid management. The system which was initially tested and validated for two different plants, can currently process meteorological data and forecasts for 14 Italian wind plants with a total nominal capacity of about 390 MW.
In order to predict breakdowns and to optimize plant operation and maintenance planning, the new "Wind Plant Predictive Remote Diagnostics" project, which was formalized during 2010, envisages the development of remote monitoring/diagnosis systems that can subsequently be implemented with the wind forecasting systems developed by the Forecast Wind project.
As regards the "Wind – Characterization of Existing Systems and New Technology Development" project, the construction of the test station was completed. Testing of small-scale wind generators available on the market is currently under way in order to enable Enel to acquire technical know-how on the operation of these machines and verify their power curve. The generators have capacities ranging from 1 kW to 20 kW and have both traditional horizontal axes as well as vertical axes.

## Solar

In the solar generation field, the "Innovative Low-Cost Solar" project has identified low-cost innovative concentrating solar power technologies with high market potential. A feasibility study has been launched for a CSP plant of about 30 MW at a site in Sicily. The study will compare the technical and financial performance of two concentrating thermal solar plants with parabolic-trough collectors, one a traditional diathermic oil plant and the other a molten salt plant deriving from the experience acquired at the Archimede plant.

For the "Innovative Photovoltaic – Catania Advanced Solar Laboratory" project, work was completed on the definition of the sensor systems and data acquisition methodologies for photovoltaic plants that enable monitoring and remote diagnostics. An optimized architecture has also been developed that uses reliable, high-quality measurement and acquisition systems to collect, transmit and analyze the characteristic parameters of a photovoltaic plant.
Under the "Photovoltaic Modules Characterization" contract, tests were conducted of various panels in both indoor and outdoor conditions, with consequent assessment of their actual performance.
As part of the "Joint Enel – Sharp – STM Research Program", work began on studying and developing innovative technology solutions in areas that offer higher value added than existing state-of-the-art photovoltaic technology.

The "Diamante" plant, an integrated solar generation and storage system located at the Medicean villa of Pratolino in Tuscany, was put in operation to verify performance and optimize the production process. The transition to operation under EGP is under way.

In parallel with these developments, research continued on the "RE Storage" and "Energy Farm" projects, for which work was completed on the construction of a test facility at Livorno. These structures permit the characterization of innovative energy storage systems for wind or solar plants, thereby improving the schedulability of operations. Testing was also carried out for woody biomass generators to be used to heat steam in geothermal generation plants.

## Geothermal

Three projects are under way in the geothermal sector:

> the first is denominated "Innovative Geothermal – Low Enthalpy", with the development of a new 500 kW pilot plant using binary supercritical ORC cycle to exploit low-temperature geothermal resources. The purchase order for the plant has been issued and it will be installed at Enel's experimental area at Livorno for characterization. In addition, work was completed on demonstrating the technical and financial feasibility of the integration of low-temperature geothermal and solar power, carried out in collaboration with the Massachusetts Institute of Technology;

> the second geothermal project is "Amis β", which is focused on improving the environmental performance of the geothermal generation sector (reduction of emissions using alternative catalysts to those currently used in the Amis plants) and building the pilot plants now under development;

> the third project is "Environmental Characterization and Innovative Geo Cycles", which seeks to improve the performance of geothermal generation plants in Italy and abroad and to develop innovative sampling methods for characterizing gaseous currents.

## Other research

A new area of study is covered by the "Energy from the Sea" project, which is assessing potential sites for the construction of a test station to characterize generation systems using wave energy and marine currents on Europe's Atlantic coast. The scope of the assessment includes an investigation of the specific authorization and environmental issues associated with an appropriate site and the performance of a pre-feasibility study.

# Human resources and organization

## Organization

In 2010, the Enel Green Power Group defined and implemented a new organizational model with the goals of:

> the centralization of plant development and construction in order to maximize process efficiency and effectiveness;
> central coordination and local operation of plants in service;
> full compliance of organizational arrangements with the best practices of other listed companies;
> maximizing area synergies;
> developing centers of technological excellence without peers at the global level for Engineering & Construction and for Operation & Maintenance to support the Company's ambitious plans for expansion in Italy and abroad.

Specifically, this involved:

> unifying the Italy and International Business Development department;
> centralizing the Engineering & Construction and Purchasing departments, with the establishment of a new operating model that seeks to maximize the synergies and distinctive expertise in every country in which the Company operates;
> forming the central Operation & Maintenance department in order to maximize the performance of the Company's plant assets by leveraging O&M practices and identifying the best internal and external operational practices to be implemented throughout Enel Green Power;
> redefining the areas with the formation of the Italy and Europe Area and the Iberia and Latin America Area;
> within the Iberia and Latin America Area, launching and implementing an important project of integrating Enel Green Power España within the Enel Green Power Group. Enel Green Power España resulted from the merger of part of the assets of EUFER (controlled 50/50 by Enel Green Power and Gas Natural) into ECyR (a renewable energies company from the Endesa Group).

The structure of the Enel Green Power Group is currently divided into the following areas and central departments:

> areas: Italy and Europe Area, North America Area, Iberia and Latin America Area, Enel.si;
> central departments: Safety & Environment, Business Development, Engineering & Construction, Purchasing, Operation & Maintenance, Legal Affairs, Administration, Finance and Control, Audit, Corporate Secretariat, Regulatory Affairs, Human Resources and Organization, External Relations, and Information & Communication Technology.

Alongside the new organizational structure and in line with Borsa Italiana's requirements for listed companies, all the key processes of the Enel Green Power Group were redefined in order to ensure managerial autonomy from Enel, with the relative procedural documents being updated.

Moreover, continual improvements are being made to bring the Group in line with the best market practices. This is seen specifically in the Overhead project, which strives to improve, at the Group level, the efficiency and effectiveness of staff department processes, assessing their adequacy and determining global actions, planning and implementing individual initiatives.

During the year, in the countries that fall within its scope of consolidation, Enel Green Power launched the SAP HR Global project which seeks to unify all of the Group's human resources management procedures and to create a single reporting model for staffing levels and costs. The system was implemented in Latin America in 2010, and the project is expected to be completed in North America, France and Greece in early 2011.

# Development and training

In 2010, training and development efforts shared the common goals of promoting international integration, expanding employees' awareness of being part of a larger Group, improving interactions and the sharing of best practices and supporting bringing employee practices in line with the leadership model adopted by the Group.

The main actions taken related to:

> development of Top Team Training for Enel Green Power's Top Team in order to provide support for the "ownership of the managerial role" process by recognizing their own motivations and personal makeup, the process for interacting with other team members and sharing a common set of Group values;
> planning and holding the first Change Management event aimed at Enel Green Power's Engineering & Construction department staff in order to share with them the 2011-2014 business plan and to help them understand and to explain the reasons for the organizational changes made. The course will be repeated in 2011 for Engineering & Construction department staff located in North America and Latin America;
> planning the O&M Citizens course for Operation & Maintenance staff who work in the various countries in order to create a system of relationships and processes that will facilitate the sharing of best practices and support the development of a sense of belonging to the new organization;
> holding the Empowering Diverse Team course for key managers of Enel Green Power who work mainly in an international context in order to make them more aware of the role that culture plays in organizational exchange practices;
> holding the Building and Transfer Solar Competencies course aimed at Business Development staff from the various countries in which Enel Green Power operates in order to promote mutual understanding among employees and to discuss issues pertaining to solar power. The training course is part of the broader Technological Academy curriculum that will be developed further in 2011;
> the International Mobility Program ("IMP"), launched in 2009, which offered certain employees from differ-

ent parts of the world the chance to gain international experience, mapping out for each a personalized career path;
> drafting the succession plan for all employees, with emphasis on internal growth and international mobility;
> holding a training course for Enel.si's account managers as part of the broader "N.E.T. – Network Enel.si Training" program to work on building a unified vision and one message to be shared with all the network affiliates;
> holding a training course for Enel.si's account managers as part of the broader "N.E.T. – Network Enel.si Training" program in order to help them reinforce their role as "network cheerleaders";
> holding the Train-the-Trainer course for EGP's human resources managers in order to help trainers develop key skills and to serve as a point of reference during the Performance Review 2010 process;
> managing the Performance Review 2010 evaluation involving all Enel Green Power staff in Italy (excluding blue-collar workers) and abroad (only the first- and second-line managers were evaluated in Latin America). The Performance Review 2011 evaluation process will encompass all employees of Enel Green Power's foreign companies;
> providing post-performance review training courses in order to work on the areas for improvement that emerged during the evaluation of staff compliance with the leadership model;
> managing the 360° evaluation (department heads-direct supervisors-peers) of the first-line managers of Enel Green Power and Enel North America based on the standards of conduct for top management set out in the leadership model;
> conducting the climate study that involved all Enel Green Power staff in Italy and abroad. Actions plans will be developed in 2011 based on the results of the study.

# Staffing levels

Changes in staffing levels in 2010 are summarized below:

| | Initial workforce at Dec. 31, 2009 | Hirings | Terminations | Change in scope of consolidation | **Final workforce at Dec. 31, 2010** |
|---|---|---|---|---|---|
| Italy and Europe | 1,752 | 188 | (126) | 20 | 1,834 |
| Enel.si | 88 | 11 | (10) | - | 89 |
| Iberia and Latin America | 565 | 251 | (238) | 135 | 713 |
| North America | 280 | 59 | (48) | 28 | 319 |
| **Total** | **2,685** | **509** | **(422)** | **183** | **2,955** |

The Group workforce at December 31, 2010 (including 12 in units classified as "held for sale") numbered a 2,955 (2,685 at December 31, 2009), up 270. The rise is mainly attributable to the change in the scope of consolidation (+183) and the net balance of hirings and terminations (+87).

# Labor relations

In 2010, the Enel Green Power Group's relations with trade unions focused primarily on new negotiations concerning changes made in the Group's macrostructure, which has been redesigned with a view to rationalizing and integrating existing structures, consistent with the Group's goal of developing plans for expanding production capacity in Italy and abroad.

As provided in the agreement signed on July 20, 2010 at the conclusion of the negotiations, the new organizational structure was subsequently settled at a regional meeting in Tuscany that focused on further understanding the organizational impact for the Geothermal Area, which, under the new model, would undergo significant changes, and on how personnel would be affected during the various stages of implementation of the new structure.

Also during the year, the groundwork was laid for initiating and pursuing discussions on the Hydroelectric O&M, Wind and Solar - Italy Area structure and on Enel.si, which are scheduled for early 2011.

Under the protocol, a special session of the Industrial, Employment and Environmental Polices Observatory was held in mid-November to address the issues of renewable energy and Enel Green Power.
The business plans and competitive strategies unveiled during that meeting met with the general approval of the local trade unions and their national counterparts. The unions also expressed their willingness to work in concert at the institutional level, with the hope of being able to contribute to a more fully integrated system of "country choices" in the renewable energy industry.

# Reconciliation of shareholders' equity and net income of Enel Green Power 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 | |
|---|---|---|---|---|
| | **2010** | 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| **Financial statements - Enel Green Power SpA** | **344** | **322** | **6,303** | **2,291** |
| Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method | 16 | 7 | (7,134) | (4,570) |
| 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 minority interests | 128 | 163 | 6,692 | 4,342 |
| Intragroup dividends | (47) | (75) | - | - |
| Consolidation differences at the Group consolidation level | 11 | 1 | 761 | 321 |
| **Total Group** | **452** | **418** | **6,622** | **2,384** |
| **Total minority interests** | **41** | **21** | **722** | **180** |
| **CONSOLIDATED FINANCIAL STATEMENTS** | **493** | **439** | **7,344** | **2,564** |

# Consolidated financial statements

# Consolidated Income Statement

| Millions of euro | Notes | 2010 | | 2009 | |
|---|---|---|---|---|---|
| | | | *of which with related parties* | | *of which with related parties* |
| **Revenues** | | | | | |
| Revenues from sales and services | 6.a | 2,121 | *1,084* | 1,733 | *1,105* |
| Other revenues | 6.b | 58 | *3* | 44 | *3* |
| | *Subtotal* | 2,179 | | 1,777 | |
| **Costs** | | | | | |
| Raw materials and consumables | 7.a | 377 | *17* | 206 | *9* |
| Services | 7.b | 331 | *80* | 275 | *89* |
| Personnel | 7.c | 187 | | 172 | |
| Depreciation, amortization and impairment losses | 7.d | 519 | | 416 | |
| Other operating expenses | 7.e | 85 | *1* | 60 | |
| Capitalized costs | | (22) | | (25) | |
| | *Subtotal* | 1,477 | | 1,104 | |
| **Net income/(charges) from commodity risk management** | 8 | **92** | *80* | **118** | *118* |
| **Operating income** | | **794** | | **791** | |
| Net financial income/(expense) | 9 | (128) | *(68)* | (135) | *(82)* |
| Financial income | | 50 | *8* | 26 | *5* |
| Financial expense | | (178) | *(76)* | (161) | *(87)* |
| Share of income/(expense) from equity investments accounted for using the equity method | 10 | 16 | | 2 | |
| **Income before taxes** | | **682** | | **658** | |
| Income taxes | 11 | 189 | | 219 | |
| **Net income for the year** | | **493** | | **439** | |
| Attributable to shareholders of the Parent Company | | 452 | | 418 | |
| Attributable to minority interests | | 41 | | 21 | |
| *Earnings per share: basic and diluted (in euros)* | 28 | 0.10 | | 0.14 | |

# Statement of Consolidated Comprehensive Income

Millions of euro

| | Notes | **2010** | 2009 |
|---|---|---|---|
| Net income for the period | 26 | 493 | 439 |
| Other comprehensive income: | | | |
| Losses on cash flow hedge derivatives | | (52) | (36) |
| Gain/(Loss) on translation differences | | 146 | (20) |
| Income/(Loss) recognized directly in equity (net of taxes) | | 94 | (56) |
| **Comprehensive income for the period** | | **587** | **383** |
| Attributable to: | | | |
| *- shareholders of the Parent Company* | | 546 | 385 |
| *- minority interests* | | 41 | (2) |

# Consolidated Balance Sheet

| Millions of euro | Notes | | | | |
|---|---|---|---|---|---|
| **ASSETS** | | **at Dec. 31, 2010** | | at Dec. 31, 2009 | |
| | | | *of which with related parties* | | *of which with related parties* |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 8,571 | *33* | 7,200 | *20* |
| Intangible assets | 13 | 910 | | 259 | |
| Goodwill | 14 | 866 | | 532 | |
| Deferred tax assets | 15 | 263 | | 121 | |
| Equity investments accounted for using the equity method | 16 | 425 | | 261 | |
| Non-current financial assets | 17 | 151 | *122* | 35 | *10* |
| Other non-current assets | 18 | 49 | | 34 | |
| | | 11,235 | | 8,442 | |
| Current assets | | | | | |
| Inventories | 19 | 116 | | 31 | |
| Trade receivables | 20 | 602 | *406* | 512 | *370* |
| Tax receivables | 21 | 48 | *24* | 18 | |
| Current financial assets | 22 | 227 | *17* | 228 | *73* |
| Cash and cash equivalents | 23 | 199 | | 144 | |
| Other current assets | 24 | 264 | *27* | 119 | *27* |
| | | 1,456 | | 1,052 | |
| Assets held for sale | 25 | 440 | | - | |
| **TOTAL ASSETS** | | **13,131** | | **9,494** | |
| | | | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| Equity attributable to the shareholders of the Parent Company | 26 | | | | |
| Share capital | | 1,000 | | 600 | |
| Other reserves | | 5,170 | | 1,366 | |
| Net income for the period | | 452 | | 418 | |
| | | 6,622 | | 2,384 | |
| Equity attributable to minority interests | 27 | 722 | | 180 | |
| *of which net income pertaining to minority interests* | | 41 | | 21 | |
| **TOTAL SHAREHOLDERS' EQUITY** | | **7,344** | | **2,564** | |
| Non-current liabilities | | | | | |
| Long-term loans | 29 | 1,696 | *650* | 1,131 | *100* |
| Post-employment and other employee benefits | 30 | 46 | | 46 | |
| Provisions for risks and charges | 31 | 103 | | 68 | |
| Deferred tax liabilities | 15 | 466 | | 182 | |
| Non-current financial liabilities | 32 | 22 | *22* | 22 | *22* |
| Other non-current liabilities | 33 | 70 | | 63 | |
| | | 2,403 | | 1,512 | |
| Current liabilities | | | | | |
| Short-term loans | 34 | 1,630 | *1,466* | 4,413 | *4,323* |
| Current portion of long-term loans | 29 | 304 | | 115 | |
| Current portion of long-term provisions and short-term provisions | 31 | 6 | | 13 | |
| Trade payables | 35 | 865 | *207* | 454 | *128* |
| Income tax payable | 36 | 39 | *2* | 207 | *127* |
| Current financial liabilities | 37 | 69 | *34* | 85 | *84* |
| Other current liabilities | 38 | 143 | *24* | 131 | *33* |
| | | 3,056 | | 5,418 | |
| Liabilities held for sale | 39 | 328 | | - | |
| **TOTAL LIABILITIES** | | **5,787** | | **6,930** | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **13,131** | | **9,494** | |

# Statement of Changes in Consolidated Equity

| Millions of euro | Share capital | Other reserves: *Other* | Other reserves: *Reserve from measurement of CFH financial instruments* | Other reserves: *Translation reserve* | Other reserves: Total Other reserves | Net income pertaining to the shareholders of the Parent Company | **Equity attributable to the shareholders of the Parent Company** | Equity attributable to minority interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2009** | **600** | *1,433* | *76* | *(95)* | 1,414 | - | **2,014** | 182 | 2,196 |
| *Income/(Loss) recognized directly in equity* | - | - | *(36)* | *3* | (33) | - | (33) | (23) | (56) |
| *Net income/(loss) for the period* | - | - | - | - | - | 418 | 418 | 21 | 439 |
| **Comprehensive income** | - | - | *(36)* | *3* | (33) | 418 | 385 | (2) | 383 |
| Common control acquisitions | - | *(15)* | - | - | (15) | - | (15) | - | (15) |
| **At December 31, 2009** | 600 | *1,418* | *40* | *(92)* | 1,366 | 418 | 2,384 | 180 | 2,564 |

| Millions of euro | Share capital | Other reserves: *Other* | Other reserves: *Reserve from measurement of CFH financial instruments* | Other reserves: *Translation reserve* | Other reserves: Total Other reserves | Net income pertaining to the shareholders of the Parent Company | **Equity attributable to the shareholders of the Parent Company** | Equity attributable to minority interests | **Total shareholders' equity** |
|---|---|---|---|---|---|---|---|---|---|
| At December 31, 2009 | 600 | *1,418* | *40* | *(92)* | 1,366 | 418 | 2,384 | 180 | 2,564 |
| *Income/(Loss) recognized directly in equity* | - | - | *(52)* | *146* | 94 | - | 94 | - | 94 |
| *Net income/(loss) for the period* | - | - | - | - | - | 452 | 452 | 41 | 493 |
| **Comprehensive income** | - | - | *(52)* | *146* | 94 | 452 | 546 | 41 | 587 |
| Allocation of net income for the period | - | *418* | - | - | 418 | (418) | - | - | - |
| Recapitalization | 400 | *3,300* | - | - | 3,300 | - | 3,700 | - | 3,700 |
| Common control acquisitions | - | *(8)* | - | - | (8) | - | (8) | 501 | 493 |
| **At December 31, 2010** | **1,000** | ***5,128*** | ***(12)*** | ***54*** | **5,170** | **452** | **6,622** | **722** | **7,344** |

# Consolidated Statement of Cash Flows

| Millions of euro | Notes | 2010 | of which with related parties | 2009 | of which with related parties |
|---|---|---|---|---|---|
| **Net income for the period** | | **493** | | **439** | |
| **Adjustments for:** | | | | | |
| Depreciation, amortization and impairment losses | 7.d | 519 | | 416 | |
| Provisions for risks and charges and post-employment and other employee benefits | | 17 | | 23 | |
| Share of income from equity investments accounted for using equity method | 10 | (16) | | (2) | |
| Net financial expense | 9 | 128 | *68* | 135 | *82* |
| Income taxes | 11 | 189 | | 219 | |
| (Gains)/Losses and other non-monetary items | | (18) | *1* | 29 | |
| *Cash flow from operating activities before changes in net current assets* | | *1,312* | *69* | *1,259* | |
| Increase/(Decrease) in provisions | | (4) | | (22) | |
| (Increase)/Decrease in inventories | | (81) | | 51 | |
| (Increase)/Decrease in trade receivables and payables | | 144 | *115* | (168) | *293* |
| (Increase)/Decrease in other current and non-current assets/liabilities | | (337) | *(112)* | (69) | *60* |
| Payment of post-employment and other employee benefits | | (3) | | (6) | |
| Interest income/(expense) and other financial income/(expense) collected/(paid) | | (98) | *(68)* | (71) | *(82)* |
| Income taxes paid | | (285) | | (77) | |
| **Cash flows from operating activities (a)** | | **648** | | **897** | |
| *- of which generated by net assets held for sale* | | *(1)* | | | |
| Investments in property, plant and equipment | 12 | (1,039) | *13* | (674) | *20* |
| Investments in intangible assets | 13 | (27) | | (12) | |
| Investments in entities (or business units) less cash and cash equivalents acquired | 4 | (862) | | (51) | |
| (Increase)/Decrease in other investing activities | | (34) | *(55)* | (129) | *53* |
| Dividends collected from associated companies | | 15 | | 14 | |
| **Cash flows used in investing activities (b)** | | **(1,947)** | | **(852)** | |
| *- of which generated by net assets held for sale* | | *414* | | | |
| Financial debt (new long-term borrowing) | 29 | 1,029 | *(550)* | 173 | *(68)* |
| Financial debt (repayments and other changes) | | 333 | *(793)* | (233) | *172* |
| **Cash flows from financing activities (c)** | | **1,362** | | **(60)** | |
| *- of which generated by net assets held for sale* | | *(400)* | | | |
| **Impact of exchange rate fluctuations on cash and cash equivalents (d)** | | 5 | | (4) | |
| **Increase/(Decrease) in cash and cash equivalents (a+b+c+d)** | | **68** | | **(19)** | |
| Cash and cash equivalents at the beginning of the year | 23 | 144 | | 163 | |
| **Cash and cash equivalents at the end of the year** | | **212** | | **144** | |
| *- of which "Net assets held for sale"* | | *13* | | - | |

# Notes to the financial statements

## Introduction

Enel Green Power SpA (hereinafter also the "Company" or the "Parent Company") and its subsidiaries (the "Enel Green Power Group" or the "Group") mainly operate in Europe, North America, the Iberian peninsula and Latin America. The Group operates in the generation of electricity from renewable resources, including hydroelectric, wind, geothermal, solar and other sources.
The Company has its registered office in Rome, Italy.
The consolidated financial statements for the year ended December 31, 2010 comprise the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the attachment.
These financial statements were authorized for publication by the Board on March 9, 2011.

## 1

## Accounting policies and measurement criteria

### Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2010 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by 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 been prepared 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 comprehensive income, the consolidated balance sheet, the statement of changes in consolidated 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 and liabilities 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 cash flow statement.

The consolidated financial statements are presented in euro, the functional currency of the Company. All figures are shown in millions of euro unless stated otherwise.

The financial statements are prepared 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.

## Use of estimates

Preparing the consolidated financial statements under IFRS-EU requires the use of estimates and assumptions that impact the carrying amount of assets and liabilities and the related information on the items involved as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.
A number of accounting policies are felt to be especially important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, as well as the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such estimates 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.

### Pensions and other post-employment benefits

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

### Recovery of deferred tax assets

At December 31, 2010, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
The assessment of recoverability takes account of the estimate of future taxable incomes and is based on prudent tax planning strategies. However, where the Group should

become aware that it would be unable to recover all or part of such recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

### Litigation

The Enel Green Power Group is involved in various legal disputes regarding the generation 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.

## Related parties

Related parties are mainly parties that have the same Parent Company (directly or indirectly) as Enel Green Power SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel Green Power 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, the Board of Auditors of Enel Green Power SpA, key management personnel, and their close relatives, of Enel Green Power SpA and the companies over which it exercises direct, indirect or joint control and over which it exercises a significant influence.
Key management personnel are those persons 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 shall be recognized through profit or loss.

## Special Purpose Entities

The Group consolidates a Special Purpose Entity (SPE) when it exercises *de facto* control over such entity. Control is achieved if in substance the Group obtains the majority of the benefits produced by the SPE and supports the majority of the remaining risks or risks of ownership of the SPE, even if it does not own an equity interest in such entity.

## 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 and are subsequently measured using the equity method, 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. 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 binding 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 shall be 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 to the aggregates in the consolidated financial statements of the main joint ventures: Enel Unión Fenosa Renovables SA (50% holding) and 3Sun Srl (33.33% holding).

Millions of euro

| | **Dec. 31, 2010** | Dec. 31, 2009 |
|---|---|---|
| Non-current assets | 445 | 759 |
| Current assets | 400 | 98 |
| Non-current liabilities | 34 | 484 |
| Current liabilities | 659 | 192 |
| Operating revenues | 103 | 90 |
| Operating expenses | 71 | 59 |

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 shall be recognized through profit or loss.

## Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2010 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 relating to impairment.

## Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized 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 consolidated income statement.

## Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel Green Power SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than that used by the Parent Company are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized in the income statement on the disposal of the subsidiary.

For a list of companies that use a functional currency different from the euro included in the scope of consolidation at December 31, 2010, please see the attachments.

The following table reports the exchange rates used in these financial statements and the comparative figures:

| | At and for the year ended December 31, 2010 | | At and for the year ended December 31, 2009 | |
|---|---|---|---|---|
| | Average | Final | Average | Final |
| USD | 1.33 | 1.34 | 1.39 | 1.44 |
| CAD | 1.37 | 1.33 | 1.59 | 1.51 |
| BRL | 2.33 | 2.22 | 2.77 | 2.51 |
| MXN | 16.74 | 16.55 | 18.8 | 18.92 |
| RON | 4.21 | 4.26 | 4.24 | 4.24 |
| GTQ | 10.69 | 10.69 | 11.37 | 12.01 |
| CRC | 692.14 | 678.45 | 797.74 | 802.05 |

## Business combinations

Business combinations initiated before January 1, 2010 and completed by the end of that year are recognized on the basis of IFRS 3 (2004).

Such business combinations are 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 is 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 is recognized as goodwill. Any negative difference is recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. The value of the non-controlling interests is 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 are remeasured to fair value and any adjustments are recognized in equity. Any adjustments resulting from the completion of the measurement process are 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). More specifically, business combinations are recognized using the acquisition method, where the acquisition cost is equal to the fair value at the date of the acquisition 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.

The acquisition cost is allocated by recognizing the identifiable assets, liabilities and contingent liabilities of the acquiree 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 is recognized as goodwill or, if negative, through profit or loss. The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

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

Business combinations involving companies "under common control" are those in which all the entities or assets involved in the transaction are ultimately controlled by the same party or parties both before and after the combination and such control is not temporary.

Such transactions are not expressly governed by IFRS 3 or any other IFRS-IAS.

In the absence of a specific accounting standard, the Group has adopted the following policies:

> book value accounting, in which recognition is carried out on the basis of the previous book values of the net assets acquired where the transaction has no economic substance. These values correspond to those reported

in the consolidated financial statements of the ultimate Parent Company, Enel SpA;

> purchase accounting, in which recognition is carried out, by analogy, on the basis of IFRS 3 where the transaction has economic substance.

## Property, plant and equipment

Property, plant and equipment, which mainly regards generation plants, 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 removing 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 obtained for the purchase/construction of assets are recognized through profit or loss in the year in which they accrue, except where they are directly attributable to the purchase or construction of an asset that requires their capitalization (qualifying assets).

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/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:

| Property, plant and equipment | Useful life (years) |
|---|---|
| **Hydroelectric power plants:** | |
| Buildings and civil works | 10-60 |
| Plant and machinery: | |
| *- Penstocks* | 20-50 |
| *- Mechanical and electrical machinery* | 20-40 |
| **Geothermal power plants:** | |
| Buildings and civil works | 30-60 |
| Plant and machinery: | |
| *- Cooling towers* | 10-40 |
| *- Turbines and generators* | 20-40 |
| *- Turbine parts in contact with fluid* | 10-40 |
| *- Other mechanical machinery* | 10-40 |
| **Wind power plants:** | |
| Buildings and civil works | 15-60 |
| Plant and machinery: | |
| *- Towers* | 20-40 |
| *- Turbines and generators* | 15-20 |
| *- Other mechanical machinery* | 15-20 |
| **Solar power plants:** | |
| Buildings and civil works | 20-25 |
| Plant and machinery: | |
| *- Other mechanical machinery* | 18-20 |

Land, both unbuilt and on which civil and industrial buildings stand, is not depreciated as it has an indefinite useful life.

### Assets held under finance leases

Property, plant and equipment acquired under finance leases, whereby all risks and rewards incident to ownership are substantially transferred to the Group, are initially recognized as Group assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.

### Assets to be relinquished free of charge

The Group's plants in Italy include assets to be relinquished free of charge at the end of the concession. These mainly regard major water diversion works. The concessions for major water diversions of hydroelectric plants terminate in 2029. Accordingly, depreciation on assets to be relinquished is calculated over the shorter of the term of the concession and the remaining useful life of the assets. If the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands will be relinquished free of charge to the State in good operating condition. The Group believes that the existing ordinary maintenance programs ensure that the assets will be in good operating condition at the termination date and has therefore not recognized any provision.

## Intangible assets

Intangible assets 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.
Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash-generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

## Impairment losses

Property, plant and equipment 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 of goodwill and intangible assets with an indefinite useful life, if any, as well as that of intangible assets not yet available for use, is estimated annually.
The recoverable amount is the higher of an asset's fair value less selling costs and its value in use.
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.
An impairment loss is recognized in the income statement if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount.
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.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.

## Goodwill and intangible assets with an indefinite useful life

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 in subsequent years even if the reasons for the impairment no longer obtain.

## Inventories

Inventories are measured at the lower of cost and net estimated realizable value. 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.

## Financial instruments

### Financial assets measured at fair value through profit or loss

This category includes debt securities held for trading, debt securities designated as at fair value through profit or loss at the time of initial recognition.

Such assets are initially recognized at fair value. Gains and losses from changes in their fair value are recognized in the income statement.

### 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. Trade receivables falling due in line with generally accepted trade terms are not discounted.

### Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.

### 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 initially recognized when the company becomes a party to the contractual clauses representing the instrument and is initially measured at fair value, less 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 derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items or forecast transactions (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and subsequently released to profit or loss in line with the gains and losses on the hedged item.

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 must be 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 deliver electricity or energy commodities, they are measured at fair value.

### Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive the cash flows associated with the instrument expire or the company has transferred substantially all the risks and rewards associated with ownership or control of the instrument.

Financial liabilities are derecognized when they are extinguished or the Company transfers all the risks and obligations associated with the instrument.

## Post-employment and other employee benefits

Liabilities related to employee benefits paid upon leaving or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period, which are recognized net of any plan assets, 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 liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

As regards liabilities in respect of defined-benefit plans, the cumulative actuarial gains and losses at the end of the previous year exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets at that date are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, they are not recognized.

Where there is a demonstrable commitment, with a formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognized as a cost and measured on the basis of the number of employees that are expected to accept the offer.

## Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment for the time factor is recognized as a financial expense.

Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the provision offsets the related asset. The expense is recognized in profit or loss through the depreciation of the item of property, plant and equipment to which it relates. Changes in estimates are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling, removal and remediation resulting from changes in the timetable and costs necessary to extinguish the obligation or a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets may not be fully recoverable. If this is the case, the assets are tested for impairment, estimating the unrecoverable amount and recognizing any loss in respect of the impairment in the income statement.

Where the changes in estimates decrease the value of the assets, the reduction is 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, please see the section on the use of estimates.

## Grants and incentives

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 and their value can be reliably estimated.

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 deducted from the value of related asset item and credited to the income statement over the period in which the related depreciation is recognized.

Incentives under the green certificates system, which are recognized "ex post", regard amounts of energy produced during the period that qualify for assignment of green certificates. They are measured on the basis of the reference value, calculated as the weighted average price in transactions carried out in 2008-2010 (regardless of the reference year). This value represents the value at which 2010 certificates will be withdrawn by the ESO pursuant to the decree of December 18, 2008.

CIP 6 incentives regard energy produced by subsidized plants pursuant to the measure of the Interministerial Price Committee CIP 6/92, as amended.

## Revenues

Revenues are recognized at the fair value of the price received or due using the following criteria 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 of electricity refer to the quantities sold during the period, even if these have not yet been invoiced, and are determined on the basis of meter readings at the generation plants and the data exchanged with any other market operators;
> 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.

## 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.

## Dividends

Dividends 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.

## Income taxes

Current income taxes for the period are determined using an estimate of taxable income and in conformity with the applicable tax 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. Taxes in respect of components recognized directly in equity are also taken to equity.

## 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. 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 and liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of selling costs. 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.

## Earnings per share

Basic earnings per share are calculated by dividing the Group's net income by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.
As regards diluted earnings per share, the Group has not issued rights that could potentially have a diluting effect. Accordingly diluted earnings per share are equal to basic earnings per share.

# 2

# Recently issued accounting standards

## First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from January 1, 2010:

> "*Amendments to IAS 27 – Consolidated and separate financial statements*". The new version of the standard establishes that disposals of equity interests in a subsidiary that do not result in a loss of control shall be recognized in equity in the consolidated financial statements. Similar treatment is required in the consolidated financial statements in the event of the acquisition of an additional stake in an existing subsidiary. Where a controlling interest is divested, any residual interest must be re-measured to fair value on that date, recognizing the effects through profit or loss. The retrospective application of the standard did not have a significant impact in the period under review.

> "*Amendment to IAS 39 – Financial instruments: recognition and measurement: eligible hedged items*". With this amendment to the current IAS 39 standard, the IASB has sought to clarify the conditions under which certain financial/non-financial instruments may be designated as hedged items. The amendment specifies that an entity may also choose to hedge only one kind of change in the cash flow or in the fair value of the hedged item (i.e. that the price of a hedged commodity increases beyond a specified price), which would constitute a one-sided risk. The IASB also specifies that a purchased option designated as a hedge in a one-sided risk hedge relationship is perfectly effective only if the hedged risk refers exclusively to changes in the intrinsic value of the hedging instrument, not to changes in its time value as well. The retrospective application of the interpretation did not have a significant impact in the period under review.

> "*Amendment to IFRS 2 – Share-based payment*". The amendments seek to:
- clarify the scope of application of the standard, incorporating the guidelines contained in IFRIC 8 *Scope of IFRS 2*;
- provide guidelines for classifying share-based payments in the consolidated financial statements and separate financial statements of the companies involved;
- specify the accounting treatment of equity-settled share-based payments involving different Group companies, incorporating and expanding on the guidelines contained in IFRIC 11 *IFRS 2 - Group and treasury share transactions*;
- specify the accounting treatment of cash-settled share-based payments involving different Group companies, a situation not addressed by IFRIC 11.

The retrospective application of the amendments – which replaced IFRIC 8 and IFRIC 11 – did not apply to the Group.

> "*Revised IFRS 3 – Business combinations*". This introduced important amendments to the method for recognizing business combinations. The main provisions regard:
- the obligation to recognize in profit or loss any changes in the consideration subsequently paid by the acquiring party, as well as the transaction costs of the business combination;
- the possibility of opting for either the full goodwill or the partial goodwill approach in choosing the methodology for initial recognition of goodwill;
- the obligation to recognize, in the case of the acquisition of additional holdings after acquiring control, the difference between the purchase price and the corresponding share of equity as an adjustment of equity;
- the obligation to recognize in profit or loss the effects of the fair value measurement, at the date of acquisition of control, of the holdings acquired previously in business combinations achieved in stages.

The application of the standard on a prospective basis did not have an impact in the period under review.

> "*IFRIC 12 – Service concession arrangements*". The interpretation, applied retrospectively as from January 1, 2009, requires that, depending on the characteristics of the concession arrangements, the infrastructure used to deliver the 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.

The new interpretation applies to both infrastructure that the concession holder builds or acquires from a third party for the purposes of the service arrangement and existing infrastructure to which the concession holder is given access by the grantor for the purposes of the service arrangement. More specifically, IFRIC 12 applies to service concession arrangements between public grantors and private operators if:

- the grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price; and
- the grantor also controls, via ownership or other arrangement, any significant residual interest in the assets at the end of the term of the arrangement.

> "*IFRIC 15 – Agreements for the construction of real estate*". This interpretation sets out the guidelines for recognizing revenues and costs arising from the contracts for the construction of real estate, clarifying when a contract falls within the scope of IAS 11 *Construction contracts* and IAS 18 *Revenue*. The interpretation also specifies the accounting treatment to be used in respect of revenues from the delivery of additional services relating to real estate under construction. The interpretation was not applicable to the Group.

> "*IFRIC 16 – Hedges of a net investment in a foreign operation*". The interpretation applies to entities that intend to hedge the exchange rate risk associated with a net investment in a foreign operation. The main aspects of the interpretation are:

- the hedge may only cover the exchange rate difference between the functional currency (not the presentation currency) of the foreign operation and the functional currency of the parent (a parent being a controlling entity at any level, whether intermediate or final);
- in the consolidated financial statements, the risk may be designated as hedged only once, even if more than one entity in the same group has hedged its exchange-rate exposure to the same foreign operation;
- the hedging instrument may be held by any entity in the group (apart from that being hedged);
- in the event of the disposal of the foreign operation, the value of the translation reserve connected with the hedging instrument that is reclassified to profit or loss in the consolidated financial statements shall be equal to the value of the gain/loss on the effective portion of the hedging instrument.

The interpretation was not applicable to the Group.

> "*IFRIC 17 – Distributions of non-cash assets to owners*". The interpretation clarifies matters relating to the distribution of non-cash dividends to owners. In particular:

- dividends shall be recognized as soon as they are authorized;
- the company shall recognize dividends at the fair vale of the net assets to be distributed;
- the company shall recognize the difference between the carrying amount of the dividend and its fair value through profit or loss.

The interpretation was not applicable to the Group.

> "*IFRIC 18 – Transfers of assets from customers*". The interpretation clarifies the recognition and measurement of items of property, plant and equipment, or cash to acquire or construct such assets, received from a customer to connect the customer to a network or to ensure access to an ongoing supply of services. In particular, the interpretation establishes that, where all the conditions provided for under the international accounting standards for the initial recognition of an asset are met, such assets shall be recognized at fair value. As regards the recognition of the corresponding revenues, where the agreement only establishes an obligation to connect the customer to the network, the related revenues shall be recognized at the time of connection; otherwise, where the agreement also provides for the supply of various services, the related revenues shall be recognized in relation to the supply of services, over the shorter of the duration of the service agreement and the useful life of the asset. The interpretation was not applicable to the Group.

## Standards not yet adopted and not yet applicable

In 2010, the European Commission endorsed the following new accounting standards and interpretations, which were applicable as from January 1, 2011:

> *"Revised IAS 24 – Related party disclosures"*, issued in November 2009: the standard allows companies that are subsidiaries or under the significant influence of a government agency to adopt special related-party disclosure rules allowing summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements.

The revised IAS 24 will apply retrospectively. The Group does not expect the future application of the new provisions to have a significant impact.

> *"Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement",* issued in November 2009: the changes clarify the circumstances in which a company that prepays a minimum funding requirement for an employee benefit plan can recognize such payments as an asset. The Group does not expect the future application of the new provisions to have an impact.
> "*IFRIC 19 – Extinguishing financial liabilities with equity instruments",* issued in November 2009: the interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to the creditor. In particular, the equity instruments issued represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized through profit or loss. The interpretation will apply retrospectively. The Group does not expect the future application of the new provisions to have an impact.

The following amendments, while endorsed in 2009, were not yet applicable as of January 1, 2010:

> *"Amendments to IAS 32 Financial instruments – Presentation"*. The amendment specifies that rights, options or warrants that entitle the holder to purchase a specific number of equity instruments of the entity issuing such rights for a specified amount of any currency shall be classified as equity if (and only if) the entity offers the rights, options or warrants pro rata to all existing holders of its equity instruments (other than derivatives) in the same class for a fixed amount of currency. The changes shall be applied retrospectively as from periods beginning on or after January 31, 2010. The application of the amendments is not expected to have a significant impact for the Group.

In 2009 and 2010, the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that as of December 31, 2010 had not yet been endorsed by the European Commission. The standards are set out below:

> *"IFRS 9 – Financial instruments"*, issued in November 2009 and revised in October 2010: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets and liabilities, based on the business model of the entity and the cash flow characteristics of the financial assets. 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 exercised. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure it at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss.
  The new standard will take effect, 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.
> "*Amendments to IFRS 7 – Financial instruments: Disclosures*", issued in October 2010; the amendments require additional disclosures to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the company's financial position. The new standard introduces new disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which the company has a continuing involvement as of the balance sheet date. The amendments to IFRS 7 will apply prospectively, subject to endorsement, for periods beginning on or after January 1, 2012. The Group is assessing the potential impact of the future application of the measures.
> "*Improvements to IFRS*", issued in May 2010: the changes regard improvements to existing standards. The main developments regard:
  - *IFRS 3 – Business combinations,* as revised in 2008: specifies that non-controlling interests in an acquiree that are present ownership interests entitle their holders, in the event of the liquidation of the company, to a proportionate share of the entity's net assets. They must be measured at fair value or as a proportionate share of the acquiree's net identifiable assets. All other components classifiable as non-controlling interests but which do not have the above characteristics (for example, share options, preference shares, etc.), must be measured at fair value at the

acquisition date unless another measurement basis is required by another IFRS. These amendments will apply, subject to endorsement, for periods beginning on or after July 1, 2010.

- *IFRS 7 – Financial instruments: Disclosures*: clarifies the disclosures required in the case of renegotiated financial instruments as well as disclosure requirements for credit risk. These amendments will apply, subject to endorsement, for periods beginning on or after January 1, 2011.
- *IAS 1 – Presentation of financial statements*: specifies that the reconciliation of the carrying amount at the start and end of the period for each component of "other comprehensive income" shall be presented either in the statement of changes in equity or in the notes to the financial statements. In this regard, with the introduction of "*Revised IAS 27 – Consolidated and separate financial statements*", the standard had been modified, calling for the reconciliation to be presented in the statement of changes in equity. The amendments introduced in May 2010 shall apply, subject to endorsement, for periods beginning on or after January 1, 2011.
- *IAS 34 – Interim financial reporting*: the standard has been amended to add disclosure requirements for interim financial reports concerning, in particular, financial assets and liabilities. For example, it now requires information on changes in the business or in economic conditions that have had an impact on the fair value of financial assets/liabilities measured at fair value or using the amortized cost method. The amendments shall apply, subject to endorsement, for periods beginning on or after January 1, 2011.

# 3

# Risk management

As part of its operations, the Group is exposed to different market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.
The Group's risk management strategy is aimed at minimizing the potential adverse impact on its performance. Certain types of risk are mitigated using derivative instruments. Risk management and control and the related hedging strategies are centralized with the Enel Green Power SpA.

The following provides a brief discussion of the risk management policies and sensitivity analysis conducted by the Group to cope with such risks.

In order to contain exposures within the limits set at the start of the year as part of risk management policies, Group companies enter into Over the Counter (OTC) derivatives contracts with market operators and within the Enel Group. The internal counterparty for derivatives on commodities and energy is primarily Enel Trade SpA, while transactions in derivatives on interest rates and exchange rates are carried out with Enel SpA.
The Group does not enter into derivatives contracts for speculative purposes.
Transactions in derivatives can be designated as cash flow hedges (CFH) where appropriate and the formal requirements for such designation under IAS 39 are satisfied; otherwise, they are classified as trading positions.

Fair value for derivatives is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.

The notional value of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance sheet date.

Financial assets and liabilities measures at fair value are classified into three levels depending on the inputs used to determine the fair value.

More specifically:

> **Level 1**: includes financial assets/liabilities measured at fair value on the basis of unadjusted quoted prices in active markets for identical assets or liabilities;
> **Level 2**: includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 that are observable either directly or indirectly in the market;
> **Level 3**: includes financial assets/liabilities measured at fair value on the basis of unobservable market inputs.

## Interest rate risk

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 in the event of an increase in market interest rates.

The twin objectives of reducing the amount of debt exposed to changes in interest rates and of containing borrowing costs is pursued with the use of interest rate swaps and interest rate options. Interest rate swaps 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), retaining the possibility of benefiting from any decreases in interest rates.

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.

At December 31, 2010, outstanding interest rate swaps had a notional value of €455 million (€368 million at December 31, 2009) while outstanding interest rate options had a notional value of €9 million (€47 million at December 31, 2009).

The following table reports the notional value and fair value at December 31, 2010 and December 31, 2009, of interest rate derivatives, broken down by type and accounting treatment.

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | | **at Dec. 31, 2010** | | |
| **Cash flow hedge derivatives** | **355** | **(21)** | **1** | **(22)** |
| Interest rate swaps | 346 | (21) | 1 | (22) |
| Interest rate collars | 9 | - | - | - |
| **Trading derivatives** | **109** | **(6)** | **-** | **(6)** |
| Interest rate swaps | 109 | (6) | - | (6) |
| **Total interest rate swaps** | **455** | **(27)** | **1** | **(28)** |
| **Total interest rate collar** | **9** | **-** | **-** | **-** |
| **Total interest rate derivatives** | **464** | **(27)** | **1** | **(28)** |

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | | at Dec. 31, 2009 | | |
| **Cash flow hedge derivatives** | **374** | **(21)** | **-** | **(21)** |
| Interest rate swaps | 365 | (21) | - | (21) |
| Interest rate options | 9 | - | - | - |
| **Trading derivatives** | **41** | **(1)** | **-** | **(1)** |
| Interest rate swaps | 3 | - | - | - |
| Interest rate options | 38 | (1) | - | (1) |
| **Total interest rate swaps** | **368** | **(21)** | **-** | **(21)** |
| **Total interest rate options** | **47** | **(1)** | **-** | **(1)** |
| **Total interest rate derivatives** | **415** | **(22)** | **-** | **(22)** |

The following table reports the cash flows expected in coming years from the these financial derivatives.

| Millions of euro | Fair value | Stratification of expected cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | at Dec. 31, 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Beyond |
| **Cash flow hedge derivatives** | | | | | | | |
| Negative fair value | (21) | (6) | (5) | (3) | (2) | (1) | (4) |
| **Trading derivatives** | | | | | | | |
| Negative fair value | (6) | (3) | (2) | (1) | (1) | - | 1 |

An analysis of the overall financial debt of the Group shows that 55% is floating rate (87% at December 31, 2009).

Taking net long-term financial debt, at December 31, 2010, 38% was floating rate (72% at December 31, 2009). Derivatives designated as cash flow hedges reduce that exposure to 19% (44% at December 31, 2009). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure of net financial debt to interest rate risk would be 13% (41% at December 31, 2009).

If market interest rates had been 1 basis point higher at December 31, 2010, all other variables being equal, shareholders' equity would have been about €116 thousand higher as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 1 basis point lower at that date, all other variables being equal, shareholders' equity would have been €143 thousand lower as a result of the decrease in the fair value of CFH derivatives on interest rates.

The negative (positive) impact on the income statement in terms of higher (lower) annual interest expense on the unhedged portion of long-term debt would be about €25 thousand.

## Exchange rate risk

In order to reduce the exchange rate risk associated with assets, liabilities and expected cash flows denominated in foreign currencies, the Group companies enter into forward contracts with Enel SpA in order to hedge cash flows in foreign currencies other than the functional currency, mainly the US dollar. At December 31, 2010, 89% of the overall financial debt of the Group was denominated in euro (93% a year earlier).

Generally, the term of forward contracts does not normally exceed 12 months. At December 31, 2010, outstanding forward contracts had a notional value of €135 million (€47 million at December 31, 2009), mainly used to hedge the exchange rate risk associated with trade flows denominated in foreign currency and intercompany loans in foreign currency.

The following table reports the notional value and fair value of exchange rate derivatives at December 31, 2010 and December 31, 2009, by type of hedge.

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | at Dec. 31, 2010 | | | |
| **Cash flow hedge derivatives** | 113 | (3) | - | (3) |
| Forwards | 113 | (3) | - | (3) |
| **Trading derivatives** | 22 | - | - | - |
| Forwards | 22 | - | - | - |
| **Total forwards** | 135 | (3) | - | (3) |
| **Total exchange rate derivatives** | 135 | (3) | - | (3) |

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | | at Dec. 31, 2009 | | |
| **Trading derivatives** | **47** | - | - | - |
| Forwards | 47 | - | - | - |
| **Total exchange rate derivatives** | **47** | - | - | - |

The following table reports the cash flows expected in coming years from the these financial derivatives:

| Millions of euro | Fair value | Stratification of expected cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | **at Dec. 31, 2010** | 2011 | 2012 | 2013 | 2014 | 2015 | Beyond |
| Cash flow hedge derivatives | | | | | | | |
| Negative fair value | (3) | (3) | - | - | - | - | - |

An analysis of the Group's net long-term financial debt at December 31, 2010, shows that 18% (29% at December 31, 2009) is denominated in currencies other than the euro, almost entirely attributable to the debt denominated in the functional currency of the country in which the Group company holding the debtor position operates.

At December 31, 2010, assuming a 10% appreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been an estimated €4 million lower as a result of the decrease in the fair value of CFH derivatives on exchange rates. Conversely, assuming a 10% depreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been about €4 million higher as a result of the increase in the fair value of CFH derivatives on exchange rates.

## Energy price risk

In the course of its operations, the Group is exposed to the risk of fluctuations in energy prices. The exposure essentially derives from the sale on spot markets (Power Exchange) of electricity generated and not sold under bilateral physical contracts.

To reduce that exposure, the Group companies use two-way contracts for differences, under which differences are paid to the counterparty if the spot price exceeds the strike price and to the Group companies in the opposite case. No premium is paid in such contracts. The Group enters into these two-way contracts for differences primarily with Enel Trade SpA and, as from 2010 for 2011, in Iberia with Endesa.

The fair value at December 31, 2010 of the contracts was determined using forward prices for electricity, taking account of the increased liquidity on the reference market.

The residual exposure mainly derives from uncertainty regarding volumes of production, a characteristic of generation from renewable resources. Such risk is constantly monitored, controlled and measured.

The following table reports the notional values and fair values of derivative contracts on commodities at December 31, 2010 and December 31, 2009.

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | | **at Dec. 31, 2010** | | |
| Cash flow hedge derivatives | 347 | 32 | 32 | - |
| *Two-way contracts for differences* | 355 | 18 | 18 | - |
| *Other energy derivatives* | 41 | 14 | 14 | - |
| **Total commodity derivatives** | **396** | **32** | **32** | **-** |

| Millions of euro | Notional value | Fair value | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| | | | at Dec. 31, 2009 | |
| **Cash flow hedge derivatives** | **507** | **84** | **85** | **(1)** |
| *Two-way contracts for differences* | 450 | 73 | 73 | - |
| *Other energy derivatives* | 57 | 11 | 12 | (1) |
| **Trading derivatives** | **5** | **-** | **-** | **-** |
| *Other energy derivatives* | 5 | - | - | - |
| **Total commodity derivatives** | **512** | **84** | **85** | **(1)** |

Enel Green Power analyzes electricity contracts in order to determine whether they qualify as derivative contracts to be measured pursuant to IAS 39 or if, while not qualifying as derivatives, they contain embedded derivatives that must be measured pursuant to IAS 39. At present, there are no embedded derivatives, while contracts that qualify as derivatives have been measured appropriately.

The following table reports the cash flows expected in coming years from these financial derivatives.

| Millions of euro | Fair value | Stratification of expected cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | **at Dec. 31, 2010** | 2011 | 2012 | 2013 | 2014 | 2015 | Beyond |
| **Cash flow hedge derivatives** | | | | | | | |
| Positive fair value | 32 | 19 | 2 | 2 | 2 | 2 | 5 |

The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2010 (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% | Fair value | +10% |
|---|---|---|---|
| Two-way contracts for differences | 46 | 18 | 12 |
| Other energy derivatives | 17 | 14 | 12 |

## Liquidity risk

The volatility of the capital market may hinder or prevent Enel Green Power from obtaining the financing it needs to operate.

In financing its development plans for specific investment projects that cannot be funded out of ordinary operating cash flows, Enel Green Power has ready access to the credit market, taking advantage of the best opportunities offered by the banking system in relation to its requirements. In parallel, it has access, either through Enel SpA or Enel Green Power International BV, to the Enel Group's centralized treasury function to raise funding and managing any excess liquidity as appropriate. To guarantee support for the Company's development plans, it turned to a variety of funding sources among related parties (which covered about 54% of requirements) as well as non-Group sources (about 46%), on occasion supported by direct or indirect guarantees from Enel SpA. At December 31, 2010, Enel Green Power had a total of €5,700 million in committed credit lines (€2,075 million drawn) and €292 million in cash or cash equivalents.

## Credit risk

The Group's exposure to credit risk is significantly concentrated with Enel Group companies and public or institutional counterparties (for more detailed information, please see the notes to the financial statements). In its core operations, the Group companies have only residual lines of trade credit with external counterparties.

A summary quantitative indicator of the maximum exposure to credit risk is given by the carrying amount of financial assets gross of the provision for doubtful accounts.

At December 31, 2010 the maximum exposure to credit risk amounted to €1,029 million (€811 million at December 31, 2009), broken down as follows:

Millions of euro

| | at Dec. 31, 2010 | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Long-term financial receivables and securities | 132 | 18 | 114 |
| Non-current financial assets | 19 | 17 | 2 |
| Other non-current assets | 49 | 36 | 13 |
| Trade receivables | 602 | 512 | 90 |
| Short-term financial receivables and securities | 207 | 153 | 54 |
| Other current financial assets | 20 | 75 | (55) |
| **Total** | **1,029** | **811** | **218** |

# 4

# Main changes in the scope of consolidation

In the two periods examined here, the scope of consolidation changed as a result of the following main transactions.

## 2009

*Business combinations between entities under common control*

> On January 1, 2009, Enel Green Power SpA acquired 100% of Enel Green Power International BV from Enel Investment Holding BV, a subsidiary of Enel SpA, for €1,690 million. At the same date, it also acquired 100% of Enel.si Srl from Enel SpA for €9 million. Enel Green Power International BV operates in the generation of electricity from renewable resources in North and South America and in Europe, while Enel.si Srl provides services, products and integrated turn-key solutions for energy savings and efficiency, as well as installations and sales to third parties in Italy.

> In October 2009, Enel Green Power International BV acquired from Enel France Sas, a subsidiary of Enel SpA, 100% of Enel Erelis Sas for €28 million. Enel Erelis Sas operates in the generation of electricity from wind in France.

*Business combinations with non-Group entities*

> Between April 22, 2009, and June 23, 2009, Enel Green Power International BV acquired 100% of International Wind Rhodes SA, International Wind Achaia SA and Glafkos Hydroelectric AE for a total of €79 million. The companies operate in the generation of electricity from wind power in Greece.

> On December 30, 2009, Enel Green Power International BV acquired 100% of Ailiko Voskerou SA, a company that operates in the wind power sector in Greece, for a total of €5 million.

## 2010

*Business combinations between entities under common control*

The acquisition involves a business combination between entities under common control, i.e. a transaction in which the acquirer and the acquiree (in this case the Company and the ECyR Group) are controlled by the same entity (Enel) before and after the transaction and such control is not temporary.

On March 15 and March 17, 2010, the boards of directors of Endesa, Enel and Enel Green Power approved the integration of the operations of Endesa and Enel Green Power in the renewable energy sector in Spain and Portugal.

More specifically, operations in the renewables sector in Spain and Portugal had been carried out through Endesa Cogeneración y Renovables SL (now Enel Green Power España SL, hereinafter also "ECyR"), a wholly-owed subsidiary of Endesa Generación SA (in turn wholly owned by Endesa and controlled indirectly by Enel SpA) established in 1996 and which in 1999 and 2000, through a series of mergers and acquisitions, unified all of the Endesa subsidiaries operating in the generation of electricity from renewable resources.

As part of the acquisition of Endesa by Enel SpA in four tranches on June 25, July 31 and December 15 and 29, 2009, Endesa sold Acciona a number of hydroelectric plants and other renewable energy facilities in Spain and Portugal with a total capacity of 2,079 MW for about €2,817 million.

Enel Green Power was already active in Spain and Portugal through EUFER, a 50-50 joint venture with Gas Natural/Unión Fenosa, held indirectly by Enel Green Power through Enel Green Power International BV.

The acquisition was carried out on March 22, 2010, in the following stages: (i) the acquisition by Enel Green Power International BV from Endesa Generación SA of 30% of ECyR for about €326 million; (ii) a capital increase for ECyR reserved for Enel Green Power International BV, which subscribed the offering with the transfer of Enel Green Power's 50% holding in EUFER (€280 million) and a cash payment of about €534 million. The acquisition of the 30% stake and the subsequent subscription of the capital increase of ECyR were carried out at market values, as appraised by a number of independent investment banks. Following completion of the capital increase, the transaction gave Enel Green Power International BV a total stake of 60% in ECyR.

The following table reports the net ECyR assets acquired:

| Millions of euro | |
|---|---|
| Property, plant and equipment | 921 |
| Intangible assets | 625 |
| Goodwill | 330 |
| Equity investments accounted for using the equity method | 138 |
| Other non-current assets | 179 |
| Cash and cash equivalents | 83 |
| Other current assets | 132 |
| **Total assets** | **2,408** |
| Long-term loans | 201 |
| Deferred tax liabilities | 243 |
| Other non-current liabilities | 34 |
| Short-term loans | 333 |
| Trade payables | 169 |
| Other current liabilities | 98 |
| **Total liabilities** | **1,078** |
| **Minority interests** | **483** |
| **Total net assets acquired** | **847** |
| **Value of the transaction** | **860** |
| Cash and cash equivalents | (83) |
| **Cash flow impact** | **777** |

The figures reflect the allocation of the purchase price of the assets and liabilities acquired. In compliance with the accounting policies adopted by the Group, this allocation was recognized by assigning the assets and liabilities acquired the same carrying amounts reported in the consolidated financial statements of the common controlling entity, Enel SpA, at the transfer date. The difference between the cost incurred by the Group for the acquisition and the net book value of the assets and liabilities acquired as reported in the Enel consolidated financial statements (a negative €13 million) is recognized as an adjustment to Group equity. In this regard, the Enel Group's acquisition of the Endesa Group, of which ECyR is a subsidiary, was completed on June 25, 2009, as at December 31, 2010, the purchase price allocation process was completed. Accordingly, the figures reported here represent the final measurement of the difference between the cost of the equity interest and the value of the assets acquired and liabilities assumed.

In July, Enel Green Power Hellas acquired the Martino Eolian wind plant and 3 mini-hydro plants (Argyri, Kastaniotiko and Pougakia) from Endesa Hellas Power Generation for €21 million. The difference between the value of the transaction and the total assets and liabilities acquired as reported in the Enel consolidated financial statements (a positive €5 million) is recognized as an adjustment to Group equity.

The following table reports the net assets acquired:

| Millions of euro | |
|---|---|
| Property, plant and equipment | 26 |
| **Total net assets acquired** | **26** |
| **Value of the transaction** | **21** |
| **Cash flow impact** | **21** |

*Business combinations with non-Group entities - International*

On January 11, 2010, Enel Green Power, acting through its subsidiary Enel North America, acquired the entire share capital of Padoma Wind Power LLC, a company specialized in the wind power sector, for a total price of €35 million.

For the Padoma Wind Power LLC acquisition, the following table reports the assets and liabilities acquired, the value of identified goodwill and cash flows. During the year, part of goodwill (€5 million) was allocated to property, plant and equipment (€1 million) and intangible assets (€4 million). The amount "to be paid" regards contingent consideration to be paid if specific contractual conditions associated with developments in operations are met.

| Millions of euro | |
|---|---|
| **Total net assets acquired** | **5** |
| Goodwill (definitive allocation) | 30 |
| **Value of the transaction** [(1)] | **35** |
| **Cash flow impact** | **35** |
| - of which paid | 24 |
| - to be paid | 11 |

(1) Includes incidental expenses and contingent consideration.

*Business combinations with non-Group entities - Italy*

During the period under review, Enel Green Power acquired Enel Green Power Calabria, Maicor Wind, Enel Green Power Puglia (formerly Italgest Wind), Enel Green Power Strambino Solar, Altomonte FV, Enerlive, Energia Eolica and Enel Green Power TSS (formerly Anemos 1), for a total of €10 million. The acquisitions resulted in the recognition of goodwill in the amount of €20 million (of which €11 million in respect of the measurement of the option to acquire the minority stake in Maicor Wind Srl), which during the year was definitively allocated as an increase in the value of intangible assets (licenses), net of the related tax effect recognized under deferred tax liabilities.

| Millions of euro | |
|---|---|
| Cash and cash equivalents | 3 |
| Other current and non-current assets | 7 |
| **Total assets** | **10** |
| Financial debt | 2 |
| Financial liabilities and other current and non-current liabilities | 4 |
| **Total liabilities** | **6** |
| **Total net assets acquired** | **4** |
| Goodwill (definitive allocation) | 9 |
| Badwill | (3) |
| **Value of the transaction** | **10** |
| **Purchase price** | **10** |
| Cash and cash equivalents | (3) |
| **Cash flow effect** | **7** |

As regards the acquisition by way of a restricted capital increase of 33.33% of 3Sun, the following table reports the main effects of the transaction.

The positive difference between the fair value of the identifiable assets and liabilities acquired and the purchase cost was recognized as income as it regarded an acquisition on favorable price terms.

| Millions of euro | |
|---|---|
| Property, plant and equipment and intangible assets | 34 |
| Cash and cash equivalents | 27 |
| Other current and non-current assets | 7 |
| **Total assets** | **68** |
| Other current and non-current liabilities | 1 |
| **Total liabilities and minority interests** | **1** |
| **Total net assets acquired** | **67** |
| Badwill | (7) |
| **Value of the transaction** | **60** |
| Cash and cash equivalents | (27) |
| **Cash flow impact** | **33** |

# 5

# Segment information

March 8, 2010, the Enel Green Power Group implemented a new organizational structure, which among other things involved the reorganization of the geographical areas in which it operates into:

- Italy and Europe;
- Iberia and Latin America;
- North America.

In addition, there is a dedicated structure for Enel.si, with independent responsibilities for the Italy and Europe area.

The representation of the segments in which the Group operates is based on the approach used by top management when it periodically reviews Group performance for the purpose of allocating resources to the segments and evaluating performance.

More specifically, the following tables report the segments in which the Group operates in Italy and abroad as well as the indicators used by Group management in analyzing segment performance for the year ended December 31, 2010 and the year ended December 31, 2009, reclassified:

## Segment information for 2010

| Millions of euro | Italy and Europe | Enel.si | Iberia and Latin America | North America | Eliminations and adjustments | Total |
|---|---|---|---|---|---|---|
| Total revenues, including commodity risk management | 1,212 | 326 | 576 | 157 | - | **2,271** |
| Revenues from other segments | 23 | - | - | - | (23) | **-** |
| Gross operating margin | 881 | 12 | 336 | 84 | - | **1,313** |
| Depreciation, amortization and impairment losses | 335 | 4 | 130 | 50 | - | **519** |
| Operating income | 546 | 8 | 206 | 34 | - | **794** |
| Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method | | | | | | **(112)** |
| Income taxes | | | | | | **189** |
| Net income | | | | | | **493** |
| Operating assets (1) | 6,262 | 249 | 3,424 | 1,048 | (118) | **10,865** |
| Operating liabilities (2) | 700 | 261 | 297 | 60 | (118) | **1,200** |
| Capital expenditure (gross of grants) | 642 | - | 251 | 173 | - | **1,066** |

(1) Operating assets regarding units classified as "held for sale" amounted to €353 million at December 31, 2010, of which €298 million in respect of the Iberia and Latin America area and €55 million in respect of the Italy and Europe area.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010 and regarded the Iberia and Latin America area.

## Segment information for 2009

| Millions of euro | Italy and Europe | Enel.si | Iberia and Latin America | North America | Eliminations and adjustments | Total |
|---|---|---|---|---|---|---|
| Total revenues, including commodity risk management | 1,221 | 178 | 352 | 144 | - | 1,895 |
| Revenues from other segments | 17 | - | - | - | (17) | - |
| Gross operating margin | 898 | 7 | 212 | 90 | - | 1,207 |
| Depreciation, amortization and impairment losses | 317 | 1 | 57 | 41 | - | 416 |
| Operating income | 581 | 6 | 155 | 49 | - | 791 |
| Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method | | | | | | (133) |
| Income taxes | | | | | | 219 |
| Net income | | | | | | 439 |
| Operating assets | 5,619 | 125 | 1,574 | 857 | (20) | 8,155 |
| Operating liabilities | 465 | 79 | 145 | 47 | (20) | 716 |
| Capital expenditure (gross of grants) | 453 | 1 | 254 | 36 | - | 744 |

The following table reconciles segment assets and liabilities and the consolidated figures:

Millions of euro

| | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
|---|---|---|---|
| **Total assets** | **13,131** | **9,494** | **3,637** |
| Financial assets, cash and cash equivalents | 577 | 407 | 170 |
| Tax assets | 311 | 139 | 172 |
| Other assets | 1,378 | 793 | 585 |
| Operating assets (1) | 10,865 | 8,155 | 2,710 |
| **Total liabilities** | **5,787** | **6,930** | **(1,143)** |
| Loans and other financial liabilities | 3,721 | 5,766 | (2,045) |
| Tax liabilities | 505 | 389 | 116 |
| Other liabilities | 361 | 59 | 302 |
| Operating liabilities (2) | 1,200 | 716 | 484 |

(1) Operating assets regarding units classified as "held for sale" amounted to €353 million at December 31, 2010.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010.

# Information on the Consolidated Income Statement

## Revenues

### 6.a Revenues from sales and services - *€2,121 million*

Millions of euro

| | **2010** | *of which with related parties* | 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Energy | 1,759 | *1,060* | 1,508 | *1,047* | 251 |
| Other sales and services | 362 | *24* | 225 | *58* | 137 |
| **Total** | **2,121** | | **1,733** | | **388** |

"Energy" revenues include €1,533 million from the sale of electricity, €206 million from green certificates and other incentives and €20 million from energy transport.

The increase compared with the previous year, equal to €251 million, is mainly due to the change in the scope of consolidation (€186 million), and the increase in revenues from green certificates and other incentives (€30 million) and the expansion of international operations.

The share of the item in question generated in transactions with related parties in 2010 mainly regards the sale of electricity to the EMO in the amount of €513 million, under bilateral contracts with the related party Enel Trade in the amount of €206 million, to the ESO for €266 million and to the Single Buyer in the amount of €45 million, and for energy transport for Enel Distribuzione in the amount of €17 million.

The increase of €137 million in "other sales and services" mainly reflects the increase in revenues from the direct and indirect sale of photovoltaic materials (€192 million), partially offset by a reduction in revenues from the sale of white certificates (€39 million) and a decline in benefits from the tax partnership agreements (€17 million).

### 6.b Other revenues - *€58 million*

"Other revenues" increased by €14 million compared with the previous year (€44 million at December 31, 2009), mainly due to the badwill recognized on minority acquisitions in Italy (€10 million; see note 4).

# Costs

## 7.a Raw materials and consumables - *€377 million*

Millions of euro

| | **2010** | *of which with related parties* | 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Materials | 300 | | 157 | | 143 |
| Electricity | 41 | *14* | 37 | *9* | 4 |
| Fuels and gas | 36 | *3* | 12 | | 24 |
| **Total** | **377** | | **206** | | **171** |
| *- of which capitalized* | *-* | | *6* | | *(6)* |

Costs for the purchase of "materials" mainly regard purchases of photovoltaic material by Enel.si for resale, totaling €272 million, up €147 million on December 31, 2009.
Cost for the purchase of "electricity" regard power purchased in Panama under the electricity sale contract (€27 million, in line with December 31, 2009) and electricity purchased for plant auxiliary services, directly and indirectly connected with electricity generation, illumination services and motive power.
Costs for the purchase of "fuels and gas" mainly regard the cogeneration plants of the Spanish companies (cooling, heating and power); the cost attributable to plants that entered the scope of consolidation following the acquisition of ECyR is equal to €22 million.

## 7.b Services - *€331 million*

Millions of euro

| | **2010** | *of which with related parties* | 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Maintenance and repairs | 73 | | 53 | | 20 |
| Leases and rentals | 54 | *4* | 42 | *5* | 12 |
| Transmission | 25 | | 21 | | 4 |
| Other | 179 | *76* | 159 | *84* | 20 |
| **Total** | **331** | | **275** | | **56** |

The increase in costs for "maintenance and repairs" reflects both the entry into service of new plants and the change in the scope of consolidation following the acquisition of ECyR (€15 million).
"Leases and rentals" mainly include license fees for water diversions, public lands, mountain and river drainage basins due to local authorities for concessions to use public waters for hydroelectric purposes (€38 million, up €4 million on the previous year). The increase is mainly due to the entry of ECyR in the scope of consolidation (€7 million).
"Other" costs for services essentially regard costs incurred for professional and other services and management of shared services, with particular reference to external relations, legal assistance in criminal, environmental, workplace safety, privacy and industrial property matters, human resource activities, such as personnel selection and planning, corporate secretariat activities, including the management of extraordinary corporate transactions. In particular, the item also includes the effects of contracts with companies in the Enel Group, which generated costs of €76 million (€84 million at December 31, 2009).
The main items and changes during the year were as follows:

> general costs indirectly connected with production, partly governed by contracts with the Enel Group (€66 million at December 31, 2010 and €76 million at December 31, 2009), the content of which is discussed in note 41;
> fees for professional and technical services and strategic,

management and organizational consulting (€25 million), up €6 million on the previous year mainly due to the change in the scope of consolidation;
> insurance premiums on sundry policies to cover risks (€18 million), up €6 million;
> costs for personnel-related services, mainly travel expenses (€12 million);
> fees for transport capacity rights paid to GME SpA (€10 million), which increased by €2 million on 2009.

## 7.c Personnel - *€187 million*

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Wages and salaries | 144 | 121 | 23 |
| Social security contributions | 34 | 30 | 4 |
| Post-employment and other employee benefits | 6 | 4 | 2 |
| Other costs | 3 | 17 | (14) |
| **Total** | **187** | **172** | **15** |
| *- of which capitalized* | *22* | *19* | *3* |

The rise in personnel costs mainly reflects the increase in the average workforce (+9%), due to the changes in the scope of consolidation during the period (€16 million) and to organic growth.
"Post-employment and other employee benefits", equal to €6 million, regards pension and other benefits as discussed in the section on "Post-employment benefits" (note 30).

The decrease in "other costs" reflects the reversal to income of part of the provision for early retirement schemes (€6 million).

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, 2010:

| | Average number | | | Headcount (*) |
|---|---|---|---|---|
| | **2010** | 2009 | Change | at Dec. 31, 2010 |
| Senior managers | 71 | 85 | (14) | 73 |
| Middle managers | 463 | 301 | 162 | 515 |
| Office staff | 1,300 | 1,161 | 139 | 1,347 |
| Workers | 1,055 | 1,099 | (44) | 1,020 |
| **Total** | **2,889** | **2,646** | **243** | **2,955** |

(*) Including 12 in units classified as "Assets held for sale".

## 7.d Depreciation, amortization and impairment losses - *€519 million*

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Depreciation | 476 | 396 | 80 |
| Amortization | 39 | 17 | 22 |
| Impairment losses | 4 | 3 | 1 |
| **Total** | **519** | **416** | **103** |

The increase in depreciation, amortization and impairment losses is mainly associated with the change in the scope of consolidation, equal to €72 million, with the remainder due to the entry into service of a number of plants.

## 7.e Other operating expenses - *€85 million*

Millions of euro

| | 2010 | *of which with related parties* | 2009 | Change |
|---|---|---|---|---|
| Taxes and duties | 30 | | 19 | 11 |
| Royalties | 23 | | 26 | (3) |
| Other | 32 | *1* | 15 | 17 |
| **Total** | **85** | | **60** | **25** |

"Taxes and duties" include costs for municipal property tax and other minor taxes and duties connected with operations in the electricity industry in North America and Latin America. The developments in the item mainly reflected the change in the scope of consolidation (€4 million) and the increase in property taxes on the geothermal plants in North America (Stillwater and Saltwells) in the amount of €3 million.

"Royalties" report amounts paid to municipalities, provinces and regions that host power plants under specific agreements between the parties.

Of the total increase in "other" expenses, €5 million regarded the change in the scope of consolidation and €5 million the recognition of the purchase cost of white certificates from a third-party producer of Enel.si that will be subsequently resold.

# Net income/(charges) from commodity risk management

## 8. Net income/(charges) from commodity risk management - *€92 million*

Millions of euro

| | 2010 | *of which with related parties* | 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Realized income on derivatives: | 85 | | 168 | | (83) |
| trading - non-hedge on commodity prices | - | | 34 | *34* | (34) |
| CFH - hedge on commodity prices | 85 | *85* | 134 | *134* | (49) |
| Adjustments of unrealized income from previous years for derivatives position closed during year: | - | | (44) | | 44 |
| trading - non-hedge on commodity exchange rates | - | | (1) | *(1)* | 1 |
| trading - non-hedge on commodity prices | - | | (43) | *(43)* | 43 |
| Unrealized income | 12 | | - | | 12 |
| trading - non-hedge on commodity prices | 12 | | - | | 12 |
| Total income from commodity risk management | 97 | | 124 | | (27) |
| Realized charges on trading and non-hedge derivatives on commodity prices | (5) | | (12) | | 7 |
| trading - non-hedge on commodity prices | (2) | *(2)* | - | | (2) |
| trading - non-hedge on commodity exchange rates | - | | (6) | *(6)* | 6 |
| CFH - hedge on commodity prices | (3) | *(3)* | (6) | *(6)* | 3 |
| Adjustments of unrealized charges from previous years for derivatives position closed during year: | - | | 6 | | (6) |
| trading - non-hedge on commodity exchange rates | - | | 5 | *5* | (5) |
| CFH - hedge on commodity prices | - | | 1 | *1* | (1) |
| Total charges from commodity risk management | (5) | | (6) | | 1 |
| **NET INCOME FROM COMMODITY RISK MANAGEMENT** | **92** | | **118** | | **(26)** |

"Net income from commodity risk management" includes €80 million in net realized income on positions closed during the year (€156 million at December 31, 2009) and €12 million in unrealized income on commodity derivatives outstanding at December 31, 2010.

Contracts in Italy are primarily entered into with Enel Trade SpA for commodity price risk and with Enel SpA for exchange rate risk, as the hedges with Enel Trade SpA are denominated in dollars.

# 9. Net financial expense - *€(128) million*

Millions of euro

| | **2010** | *of which with related parties* | 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Foreign exchange gains | 27 | | 13 | | 14 |
| Interest and other income from financial assets | 19 | *4* | 8 | | 11 |
| Income from derivative instruments | 4 | *4* | 5 | *5* | (1) |
| **TOTAL FINANCIAL INCOME** | **50** | | **26** | | **24** |
| Foreign exchange losses | 22 | | 16 | | 6 |
| Interest and other charges on financial liabilities | 116 | | 138 | | (22) |
| *- long-term loans* | *67* | *11* | *54* | | *13* |
| *- short-term loans* | *44* | *44* | *80* | *80* | *(36)* |
| *- financial expense in respect of employee benefits* | *2* | | *2* | | *-* |
| *- financial expense on lease contracts* | *3* | | *2* | *2* | *1* |
| Writedowns and writebacks of financial assets | 5 | | - | | 5 |
| Expense on derivative instruments | 35 | *21* | 7 | *5* | 28 |
| **TOTAL FINANCIAL EXPENSE** | **178** | | **161** | | **17** |
| **NET FINANCIAL EXPENSE** | **(128)** | | **(135)** | | **7** |

"Interest and other charges on financial liabilities: short-term loans" includes interest on the intercompany current account held with Enel SpA and declined by €36 million compared with the previous year following the waiver by Enel SpA on March 17 in the amount of €3,700 million.

The increase in "expense on derivative instruments" mainly reflects recognition through profit or loss of the fair value of interest rate derivatives (€14 million) that became ineffective following the agreement with Gas Natural SDG, SA on the division of the assets of EUFER (see note 25).

# 10. Share of income/(expense) from equity investments accounted for using the equity method - *€16 million*

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Income from associates | 30 | 10 | 20 |
| Expense on associates | (14) | (8) | (6) |
| **Total** | **16** | **2** | **14** |

Income from associates regards the share of net income of the associated companies based in Portugal of the newly acquired ECyR (€16 million) and the associate LaGeo SA de Cv (€13 million).

Expense regards the share of the losses of the associates Geronimo and Tradewind.

# 11. Income taxes - *€189 million*

Millions of euro

| | **2010** | 2009 | Change |
|---|---|---|---|
| Current taxes | 254 | 245 | 9 |
| Deferred tax liabilities (assets) | (65) | (26) | (39) |
| **Total** | **189** | **219** | **(30)** |

The change mainly reflects developments in the taxes of the Parent Company, which decreased by €21 million (equal to €161 million at December 31, 2010 and €182 million at December 31, 2009), essentially due to the tax relief granted under the Tremonti-*ter* decree (which gave rise to a benefit of €25 million in 2010).
In addition, the item benefited from the above tax relief for the other Italian companies (€17 million).

The following table reconciles the theoretical tax rate with the effective rate:

Millions of euro

| | **2010** | | 2009 | |
|---|---|---|---|---|
| *Income before taxes* | 682 | | 658 | |
| **Theoretical tax** | **188** | **27.5%** | **181** | **27.5%** |
| Effect of local tax rates | (8) | (1.2)% | (9) | (1.4)% |
| Ires surtax | 32 | 4.7% | 34 | 5.2% |
| Tremonti-*ter* effect | (42) | (6.2)% | (13) | (2.0)% |
| Permanent differences and minor items | (11) | (1.6)% | (4) | 0.6% |
| Irap | 30 | 4.4% | 30 | 4.6% |
| **Effective tax** | **189** | **27.6%** | **219** | **33.3%** |

Income taxes for 2010 totaled €189 million, with an effective tax rate of 27.6%, compared with 33.3% in 2009. The change is mainly attributable to the benefit generated by the application of Legislative Decree 78/2009 (Tremonti-*ter*), which amounted to €42 million.

# Information on the Consolidated Balance Sheet

## Assets

## Non-current assets

### 12. Property, plant and equipment - *€8,571 million*

Developments in property, plant and equipment for 2009 and 2010 are set out in the following table:

Millions of euro

| | Land and buildings | Plant and equipment | Other assets | Assets under construction and advances | **Total** |
|---|---|---|---|---|---|
| Cost | 1,141 | 8,065 | 130 | 820 | 10,156 |
| Accumulated depreciation | (260) | (3,069) | (72) | - | (3,401) |
| **Balance at January 1, 2009** | **881** | **4,996** | **58** | **820** | **6,755** |
| Capital expenditure | 18 | 209 | 20 | 441 | 688 |
| Assets entering service | 17 | 250 | 14 | (281) | - |
| Depreciation | (26) | (365) | (5) | - | (396) |
| Change in scope of consolidation | 15 | 87 | 7 | 103 | 212 |
| Exchange rate differences | 4 | (20) | (1) | (4) | (21) |
| Disposals and other changes | 22 | (36) | (4) | (20) | (38) |
| **Total changes** | **50** | **125** | **31** | **239** | **445** |
| Cost | 1,232 | 8,533 | 171 | 1,059 | 10,995 |
| Accumulated depreciation | (301) | (3,412) | (82) | - | (3,795) |
| **Balance at December 31, 2009** | **931** | **5,121** | **89** | **1,059** | **7,200** |
| Capital expenditure | 24 | 168 | 6 | 841 | 1,039 |
| Assets entering service | 35 | 335 | 2 | (372) | - |
| Depreciation | (31) | (436) | (9) | - | (476) |
| Change in scope of consolidation | 27 | 899 | (14) | 70 | 982 |
| Exchange rate differences | 6 | 144 | - | 7 | 157 |
| Assets available for sale | - | (278) | - | (49) | (327) |
| Disposals and other changes | (3) | (1) | - | - | (4) |
| **Total changes** | **58** | **831** | **(15)** | **497** | **1,371** |
| Cost | 1,322 | 9,735 | 164 | 1,556 | 12,777 |
| Accumulated depreciation | (333) | (3,783) | (90) | - | (4,206) |
| **Balance at December 31, 2010** | **989** | **5,952** | **74** | **1,556** | **8,571** |

The increase is mainly attributable to the change in the scope of consolidation (€982 million), capital expenditure during the period (€1,039 million), exchange rate gains (€157 million), the reclassification to "assets held for sale" of part of the property, plant and equipment of EUFER and EGP Bulgaria (€327 million) and depreciation charges for the period (€476 million).

"Land and buildings" comprises €46 million in respect of land and €943 million in respect of buildings.

"Plant and equipment" includes assets to be relinquished free of charge in the net amount of €776 million in respect of hydroelectric plants in Italy, whose concession expires in 2029. The value of plant and equipment mainly regards hydroelectric plants (€2,360 million), geothermal plants (€1,426 million) and wind and solar plants (€2,143 million).

"Other assets" include leased assets in respect of wind plants that the Group uses in France (with a lease term of

15 years) and in Greece (with a lease term of 10 years) for a total of €47 million (€21 million at December 31, 2009).

The following table reports the minimum lease payments and the related present value:

| Millions of euro | **at Dec. 31, 2010** | |
|---|---|---|
| | Minimum lease payments | Present value |
| 2011 | 7 | 5 |
| 2012-2016 | 29 | 18 |
| After 2016 | 33 | 23 |
| **Total** | **69** | **46** |
| *- of which financial expense* | *23* | |

| Millions of euro | at Dec. 31, 2009 | |
|---|---|---|
| | Minimum lease payments | Present value |
| 2010 | 2 | 1 |
| 2011-2015 | 11 | 6 |
| After 2015 | 20 | 13 |
| **Total** | **33** | **20** |
| *- of which financial expense* | *13* | |

The table below summarizes capital expenditure in 2010 and 2009 by category. Total expenditure came to €1,039 million in 2010, up €351 million on 2009, as detailed in the section "Summary of results - Financial position":

| Millions of euro | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Power plants | | | |
| - Hydroelectric | 153 | 123 | 30 |
| - Wind | 597 | 400 | 197 |
| - Geothermal | 174 | 151 | 23 |
| - Solar | 93 | - | 93 |
| - Biomass | 4 | - | 4 |
| - Other technologies | 18 | 14 | 4 |
| **Total power plants** | **1,039** | **688** | **351** |

# 13. Intangible assets - *€910 million*

Millions of euro

| | Concessions, licenses, trademarks and similar rights | Other intangible assets and sale contracts | **Total** |
|---|---|---|---|
| Cost | 117 | 160 | 277 |
| Accumulated amortization | (18) | (35) | (53) |
| **Balance at January 1, 2009** | **99** | **125** | **224** |
| Capital expenditure | 6 | 6 | 12 |
| Amortization | (6) | (11) | (17) |
| Change in scope of consolidation | 4 | 20 | 24 |
| Exchange rate differences | 11 | (3) | 8 |
| Other changes | - | 8 | 8 |
| **Total changes** | **15** | **20** | **35** |
| Cost | 140 | 183 | 323 |
| Accumulated amortization | (26) | (38) | (64) |
| **Balance at December 31, 2009** | **114** | **145** | **259** |
| Capital expenditure | 21 | 6 | 27 |
| Amortization | (30) | (9) | (39) |
| Change in scope of consolidation | 30 | 595 | 625 |
| Allocation of goodwill | 24 | 12 | 36 |
| Assets available for sale | (15) | - | (15) |
| Exchange rate differences | 9 | 6 | 15 |
| Disposals and other changes | 9 | (7) | 2 |
| **Total changes** | **48** | **603** | **651** |
| Cost | 249 | 795 | 1,044 |
| Accumulated amortization | (87) | (47) | (134) |
| **Balance at December 31, 2010** | **162** | **748** | **910** |

The increase in "intangible assets" is mainly attributable to the change in the scope of consolidation (€625 million), foreign exchange gains (€15 million), investment for the period (€27 million), the allocation of goodwill (€36 million), the reclassification to "assets held for sale" of part of the intangible assets of EUFER and those of EGP Bulgaria (€15 million) and amortization charges for the period (€39 million).

The rise in "Concessions, licenses, trademarks and similar rights" is mainly due to the allocation of the goodwill recognized at the time of acquisitions and allocated during 2010 (€24 million).

"Other intangible assets and sale contracts" mainly increased as a result of the valuation attributed during the purchase price allocation process to the permits for the wind plants of ECyR in operation or under development (€560 million) and power purchase agreements.

## 14. Goodwill - *€866 million*

Millions of euro

| | at Dec. 31, 2009 | Acquisitions | Exchange rate differences | Options | Purchase price allocation | Other changes | **at Dec. 31, 2010** |
|---|---|---|---|---|---|---|---|
| Enel Latin America | 239 | - | 19 | - | - | (3) | 255 |
| Renovables de Guatemala | 14 | - | - | (2) | (12) | - | - |
| Enel Unión Fenosa Renovables | 90 | - | - | - | - | (42) | 48 |
| Enel Green Power Hellas (formerly Elica) (*) | 74 | - | - | - | (4) | - | 70 |
| Enel Green Power Romania (formerly Blue Line) | 5 | 4 | - | - | - | - | 9 |
| Enel Green Power Bulgaria | 3 | - | - | - | - | (3) | - |
| Enel Green Power France | 26 | - | - | - | - | (1) | 25 |
| Enel Green Power North America | 80 | 30 | 10 | - | - | - | 120 |
| Italy acquisitions | 1 | 9 | - | 11 | (20) | - | 1 |
| ECyR | - | 338 | - | - | - | - | 338 |
| **TOTAL** | **532** | **381** | **29** | **9** | **(36)** | **(49)** | **866** |

(*) Enel Green Power Hellas (formerly Elica) comprises the total goodwill attributable to the following Greek companies: International Wind Parks of Thrace, Wind Park of Thrace SA, International Wind of Crete SA, International Wind of Achaia SA, International Wind of Rhodes SA, Glafkos Hydroelectrical Station SA, Aioliko Voskerou SA and Hydro Constructional AE.

The change in "goodwill" (€334 million) is largely attributable to the recognition of the goodwill in respect of the acquisition of 60% of ECyR in the amount of €338 million and the definitive goodwill in respect of the acquisition of Padoma Wind Power LLC in the amount of €30 million, partially offset by the allocation of goodwill to "intangible assets" in the amount of €36 million (of which €20 million in respect of Italian acquisitions carried out during the year) and the reclassification of EUFER goodwill to "assets held for sale" in the amount of €42 million.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the asset using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate. More specifically, the cash flows were determined on the basis of the most recent forecasts and the assumptions underlying those forecasts concerning the performance of the Group. To discount certain flows, an explicit period in line with those forecasts was used, i.e. the average useful life of the assets or the duration of the concessions. If it was not possible to produce a reliable estimate of the cash flows over the entire time horizon of the assets, the terminal value was calculated as a perpetuity or annuity at a nominal growth rate equal to inflation as deemed appropriate for the country involved or in any case no higher than the average long-term growth rate of the reference market. The value in use of goodwill calculated as described above was found to be greater than the amount recognized on the balance sheet. A sensitivity analysis was also conducted to ascertain the impact on the recoverable value of goodwill of changes in the discount rate (+/-100 basis points) and the growth rate (+/-100 basis points) used in determining terminal values. The analysis found that a change in those parameters of this scale would not have a significant impact on the value of goodwill as recognized in the balance sheet.

The table below reports the balance of goodwill according to the company to which the cash generating unit belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted:

| | **at December 31, 2010** | Tax rate (2010) | Growth rate | Explicit period of cash flows (years) | Terminal value | Start year of perpetuity | End year of perpetuity/ annuity |
|---|---|---|---|---|---|---|---|
| Enel Latin America (1) | 255 | 28% | 2.50% | 5 | Perpetuity | 6 | 38 (3) |
| Enel Unión Fenosa Renovables | 48 | 30.00% | 2.00% | 10 | Annuity | 6 | 22 |
| Enel Green Power Hellas (formerly Elica) | 70 | 25.00% | 2.00% | 5 | Repowering | 6 | - |
| Italy acquisitions (2) | 1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Enel Green Power Romania (formerly Blue Line) (2) | 9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Enel Green Power France | 25 | 33.30% | 2.00% | 5 | Repowering | 6 | - |
| Enel Green Power North America | 120 | 35.00% | 2.00% | 5 | Annuity | 6 | 27 |
| ECyR | 338 | 30.00% | 2.00% | 10 | Annuity | 6 | 22 |
| **TOTAL** | **866** | | | | | | |

(1) Average for countries.
(2) Did not undergo impairment testing.
(3) Not including Mexico and Panama.

# 15. Deferred tax assets and deferred tax liabilities - *€263 million and €(466) million*

Below is a detail of changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations.

Millions of euro

| | at December 31, 2009 | Increase/ (Decrease) taken to income statement | Change in scope of consolidation | Portion recognized directly in equity | Other changes/ exchange rate effect | **at December 31, 2010** |
|---|---|---|---|---|---|---|
| **Deferred tax assets:** | | | | | | |
| - differences in the value of non-current and financial assets | 26 | 19 | 7 | - | 22 | 74 |
| - accruals to provisions for risks and charges with deferred deductibility | 56 | - | - | - | (41) | 15 |
| - measurement of financial instruments | 5 | - | 2 | 4 | (2) | 9 |
| - tax credit (North America) | 22 | 58 | - | - | (10) | 70 |
| - tax losses carried forward | - | 18 | - | - | - | 18 |
| - other items | 12 | 6 | 31 | - | 28 | 77 |
| **Total** | **121** | **101** | **40** | **4** | **(3)** | **263** |
| **Deferred tax liabilities:** | | | | | | |
| - differences on non-current and financial assets | 119 | 45 | - | - | - | 164 |
| - measurement of financial instruments | 26 | - | - | (21) | - | 5 |
| - allocation of excess costs to assets | - | - | 234 | 11 | - | 245 |
| - other items | 37 | (9) | 9 | 4 | 11 | 52 |
| **Total** | **182** | **36** | **243** | **(6)** | **11** | **466** |
| **Net offsettable deferred tax assets/(liabilities)** | **(39)** | | | | | **(149)** |
| **Non-offsettable deferred tax assets** | **84** | | | | | **107** |
| **Non-offsettable deferred tax liabilities** | **106** | | | | | **161** |

"Deferred tax assets" at December 31, 2010, amounted to €263 million, up €142 million on December 31, 2009. In addition to taxes for the period, the change reflects the impact of the change in the scope of consolidation (€40 million).

Deferred tax assets were recognized in respect of the tax losses posted by Italian companies that are not yet operational in the amount of €18 million, based on current estimates of their future taxable income that make recovery certain. The tax losses include €17 million in respect of the benefits from the application of the incentives provided for under Legislative Decree 78/2009 (the Tremonti-*ter* Decree).

"Deferred tax liabilities" at December 31, 2010, totaled €466 million, up €284 million on December 31, 2009. In addition to taxes for the period, the change reflects the impact of the change in the scope of consolidation (€243 million). Deferred tax liabilities essentially report the tax effects of value adjustments made on net assets acquired as part of the definitive allocation of the purchase price of acquisitions made in various years.

## 16. Equity investments accounted for using the equity method - *€425 million*

Equity investments in associated companies accounted for using the equity method are as follows:

| Millions of euro | at Dec. 31, 2009 | | | | | **at Dec. 31, 2010** | |
|---|---|---|---|---|---|---|---|
| | Value | % holding | Acquisitions/ Capital increases/ Other changes | Change in the scope of consolidation | Income effect | Value | % holding |
| ECyR Group (*) | - | | (15) | 138 | 16 | 139 | |
| Elica II (*) | 133 | 30.00% | 33 | - | - | 166 | 30.00% |
| LaGeo | 86 | 36.20% | (12) | - | 13 | 87 | 36.20% |
| Other | 42 | | 4 | - | (13) | 33 | |
| **TOTAL** | **261** | | **10** | **138** | **16** | **425** | |

(*) For a breakdown of the 50 investee companies (52 in 2009), all held at 30%, based in Greece and the companies of the ECyR Group, please see the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group" at December 31, 2010.

The increase of €164 million is mainly attributable to the change in the scope of consolidation (€138 million). In addition, companies accounted for using the equity method paid dividends totaling €15 million.

The main income statement and balance sheet aggregates for the principal equity investments in associates, and their transactions with the Group, are reported in the following table:

| Millions of euro | **at Dec. 31, 2010** | | | | at Dec. 31, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Revenues | Net income/ (Loss) | Assets | Liabilities | Revenues | Net income/ (Loss) |
| ECyR Group (*) | 1,904 | 1,668 | 191 | 31 | - | - | - | - |
| Elica II (*) | 13 | 2 | - | - | 10 | 1 | - | - |
| LaGeo | 314 | 26 | 96 | 34 | 295 | 24 | 95 | 39 |
| Other | 46 | 55 | - | (18) | 52 | 27 | 2 | (20) |

(*) For a breakdown of the 50 investee companies (52 in 2009), all held at 30%, based in Greece and the companies of the ECyR Group, please see the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group" at December 31, 2010.

| Millions of euro | Balance sheet | | Income statement | |
|---|---|---|---|---|
| | Receivables | Payables | Revenues | Costs |
| ECyR Group (*) | 130 | - | - | 2 |
| Elica II (*) | 2 | 1 | - | - |
| LaGeo | 7 | - | - | - |
| Other companies | 17 | - | - | - |

(*) For a breakdown of the 50 investee companies (52 in 2009), all held at 30%, based in Greece and the companies of the ECyR Group, please see the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group" at December 31, 2010.

# 17. Non-current financial assets - *€151 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Long-term financial receivables from non-Group parties and associates | 132 | *121* | 17 | | 115 |
| Derivative contracts | 13 | *1* | 10 | *10* | 3 |
| Other financial assets | 6 | | 8 | | (2) |
| **TOTAL** | **151** | | **35** | | **116** |

"Long-term financial receivables from non-Group parties and associates" include €112 million in loans to associated companies of Enel Green Power España, in particular ENEOP (€97 million).

"Derivative contracts" reports the fair value of derivatives outstanding at the balance sheet date. The following table reports the notional value and fair value of derivatives by type of contract and designation:

| Millions of euro | Notional value | | Fair value | |
|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| Cash flow hedge derivatives | 79 | 38 | 13 | 10 |
| Commodities | 35 | 38 | 12 | 10 |
| Interest rates | 44 | - | 1 | - |
| **TOTAL** | **79** | **38** | **13** | **10** |

The notional value of cash flow hedge derivatives classified under non-current financial assets amounted to €79 million at December 31, 2010. The related fair value came to €13 million.

The commodity derivatives mainly regard an energy derivative contract entered into in North America with a fair value of €12 million.

The interest rate derivatives are associated with the second tranche of the loan from Banca Intesa Sanpaolo, as detailed in note 29.

As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

## 18. Other non-current assets - *€49 million*

Millions of euro

| | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Grants to be received | 16 | 16 | - |
| Tax receivables | 25 | 11 | 14 |
| Security deposits (for operations) | 2 | 3 | (1) |
| Other receivables | 6 | 4 | 2 |
| **TOTAL** | **49** | **34** | **15** |

"Grants" include the receivable from the Greek government for grants approved but not yet paid out.
The change in "tax receivables" is mainly attributable to the measurement of the VAT credit in respect of geothermal projects in Chile (€13 million).

# Current assets

## 19. Inventories - *€116 million*

"Inventories" at December 31, 2010 amounted to €116 million (€31 million at December 31, 2009). Of the total, €91 million regarded the inventories of the retail business (€11 million at December 31, 2009) while the remainder consisted of sundry materials (€20 million at December 31, 2009).
The increase in the value of the inventories of the retail business, equal to €80 million, is mainly due to the recognition of goods in transit on the basis of new contractual terms (€68 million).

## 20. Trade receivables - *€602 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Sale and transport of electricity | 499 | *406* | 433 | *370* | 66 |
| Other receivables | 103 | | 79 | | 24 |
| **TOTAL** | **602** | | **512** | | **90** |

"Trade receivables" increased by €90 million mainly due to the increase in receivables for green certificates (€37 million), the sale of electricity to the EMO (€36 million) settled through Enel Produzione and the change in the scope of consolidation.
The contracts in respect of trade receivables with related parties are discussed in note 41.

## 21. Tax receivables - *€48 million*

"Tax receivables" amounted to €48 million, up €30 million. The item mainly includes the tax receivables of the Parent Company.

# 22. Current financial assets - *€227 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Securities | 92 | | 68 | | 24 |
| Derivative contracts | 20 | *17* | 75 | *73* | (55) |
| Other financial receivables | 115 | | 85 | | 30 |
| **TOTAL** | **227** | | **228** | | **(1)** |

"Securities", equal to €92 million, regard investments in short-term securities, mainly certificates of deposit, through which the subsidiaries in Brazil, Chile and Panama temporarily invest liquidity generated by operations, as provided for under Group policy.

"Derivative contracts" report the fair value of derivatives outstanding at the balance sheet date. The following table reports the notional value and fair value of derivatives by type of contract and designation:

| Millions of euro | Notional value | | Fair value | |
|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| Cash flow hedge derivatives | 312 | 455 | 20 | 75 |
| Commodities | 312 | 455 | 20 | 75 |
| Trading derivatives | 11 | 26 | - | - |
| Exchange rates | 11 | 26 | - | - |
| **TOTAL** | **323** | **481** | **20** | **75** |

The notional value of cash flow hedge derivatives classified under current financial assets amounted to €312 million at December 31, 2010. The related fair value came to €20 million.
The commodity derivatives mainly regard two-way contracts for differences with Enel Trade to hedge changes in energy prices in Italy.
The notional value of exchange derivatives classified under current financial assets amounted to €11 million at December 31, 2010. The related fair value came to nil.
As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

"Other financial receivables" include €67 million in respect of the short-term loan attributable to minority equity investments (Gas Natural), €29 million for short-term loans to associated companies and €10 million for loans to a development company in Latin America.

# 23. Cash and and cash equivalents - *€199 million*

Millions of euro

| | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Bank and post office deposits - demand | 117 | 44 | 73 |
| Bank and post office deposits - restricted | 82 | 100 | (18) |
| **TOTAL** | **199** | **144** | **55** |

"Cash and cash equivalents" are not restricted by any encumbrances, apart from "Bank and post office deposits - restricted", which essentially regard deposits securing operations. The impact of the change in the scope of consolidation on the item amounted to €114 million.

# 24. Other current assets - *€264 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Tax receivables | 61 | | 38 | | 23 |
| Advances to suppliers | 100 | | 25 | | 75 |
| Current prepaid operating expenses | 28 | | 15 | | 13 |
| Other | 75 | *27* | 41 | *27* | 34 |
| **TOTAL** | **264** | | **119** | | **145** |

"Tax receivables" mainly regard the VAT creditor position. It increased by €23 million mainly as a result of the change in the scope of consolidation (€14 million).
"Advances to suppliers" rose by €75 million, mainly in respect of advances for photovoltaic materials paid to suppliers.
"Other" receivables rose by €34 million, mainly due to the consolidation of ECyR (€33 million).

## Assets held for sale

# 25. Assets held for sale - *€440 million*

At December 31, 2010, the item was mainly composed of:

> the part of the assets of EUFER (€355 million) that, under the agreement of July 30, 2010 with Gas Natural SDG, SA for the division of the assets of EUFER, meet the requirements of IFRS 5 for classification as assets held for sale;

> the assets of Enel Green Power Bulgaria (€65 million), the value of the investment in the associate Trade Wind Energy LLC (€16 million) and a number of minor assets of ECyR (€4 million) that, on the basis of management decisions, meet the requirements of IFRS 5 for classification as assets held for sale.

Assets held for sale break down as follows:

| Millions of euro | **at Dec. 31, 2010** |
|---|---|
| Property, plant and equipment | 327 |
| Intangible assets | 15 |
| Goodwill | 46 |
| Deferred tax assets | 2 |
| Equity investments accounted for using the equity method | 16 |
| Financial receivables and securities | 2 |
| Non-current financial assets | 4 |
| Other non-current assets | 1 |
| Inventories | 1 |
| Trade receivables | 5 |
| Current financial assets | 3 |
| Cash and cash equivalents | 13 |
| Income tax receivables | 1 |
| Other current assets | 4 |
| **Total assets held for sale** | **440** |

# Liabilities

## Equity

### 26. Equity attributable to the shareholders of the Parent Company - *€6,622 million*

With a view to the listing of the Company's shares and to optimize the ratio of share capital in total equity, on June 10, 2010, the Shareholders' Meeting of Enel Green Power SpA voted to increase capital from €600 million to €1,000 million.
The increase was carried out by allocating part of an available equity reserve to share capital. The reserve was established in March 2010 following the waiver by Enel SpA of a financial receivable in the amount of €3,700 million.

For a breakdown of changes in shareholders' equity please see the statement of changes in equity.

#### Share capital - *€1,000 million*

Following the capital increase discussed above, share capital is represented by 5,000,000,000 ordinary shares (1,200,000,000 ordinary shares at December 31, 2009) with a par value of €0.20 and is entirely paid up.
At December 31, 2010, based on the shareholders register and other available information, no shareholders held more than 2% of the total share capital apart from Enel SpA.

#### Other reserves - *€5,170 million*

The main components of reserves are detailed below:

##### Legal reserve - *€120 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Civil Code, cannot be distributed as dividends.

##### Reserve from the measurement of CFH financial instruments - *€(12) million*

This reports the net charges recognized directly in equity as a result of the measurement of cash flow hedge derivatives.

##### Translation reserve - *€54 million*

This item reports the effects of the translation of the financial statements of subsidiaries denominated in a local currency different from the functional currency. The increase for the period is due to the effects of the depreciation of the functional currency against the foreign currencies used by the subsidiaries.

##### Other sundry reserves (excluding the legal reserve) - *€5,008 million*

On March 17, 2010 the Parent Enel SpA, with which Enel Green Power has an intercompany current account, waived a receivable of €3,700 million on that account, which was allocated to other available reserves. As noted, on June 10, 2010, the Shareholders' Meeting of Enel Green Power SpA voted to increase share capital from €600 million to €1,000 million by allocating to share capital part of that available equity reserve. The remainder of the reserve, totaling €3,300 million, was allocated to "Other sundry reserves". The item also includes the reserves allocated to the Parent Company as part of the spin-off from Enel Produzione SpA and, more specifically, comprises the revaluation reserve, which reports the amount of the revaluation carried out in 2003 in compliance with Law 350/2003. Taxation on that reserve has been suspended (in the event of distribution, the gross amount of the reserve will be subject to ordinary taxation with recognition of a tax credit of 19%). At present, the distribution of that reserve has been deferred indefinitely.
The table below shows the changes in gains and losses recognized directly in equity, including minority interests, with specific reporting of the related tax effects:

| Millions of euro | | Gains/(Losses) recognized in equity for the year | Released to income statement | Taxes | |
|---|---|---|---|---|---|
| | at Dec. 31, 2009 | | | | **at Dec. 31, 2010** |
| Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives | 40 | (54) | 21 | (19) | (12) |
| Exchange rate differences | (92) | 146 | - | - | 54 |
| **Total gains/(losses) recognized in equity** | **(52)** | **92** | **21** | **(19)** | **42** |

## 27. Minority interests - *€722 million*

Minority interests in equity represent the equity attributable to the minority shareholders of consolidated companies. Of the total change during the period, €501 million was attributable to the change in the scope of consolidation and €41 million to net income for the year pertaining to minority shareholders.

## 28. Earnings per share - *€0.10*

| | **at Dec. 31, 2010** | at Dec. 31, 2009 |
|---|---|---|
| Net income pertaining to shareholders of the Parent Company (millions of euro) | 452 | 418 |
| Weighted average number of ordinary shares | 4,556,000,000 | 3,000,000,000 |
| **Basic and diluted earnings per share (in euro)** | **0.10** | 0.14 |

Earnings per share at December 31, 2010 have been calculated on the basis of the average number of ordinary shares in 2010, taking account of the date on which the financial resources later used to carry out the capital increase completed on June 10, 2010, were obtained. For comparative purposes, and in compliance with IAS 33, the figure for 2009 has been calculated on the basis of the redetermined number of shares.

No diluting effects have to be considered in calculating diluted earnings per share, which therefore are equal to basic earnings per share.

# Non-current liabilities

## 29. Loans - *€2,000 million (of which current portion equal to €304 million)*

The aggregate includes long-term payables 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, 2010, grouped by loan and interest rate type:

| Millions of euro | Nominal value | Carrying amount | FV | Nominal value | Carrying amount | FV |
|---|---|---|---|---|---|---|
| | | at Dec. 31, 2009 | | | **at Dec. 31, 2010** | |
| Bonds: | | | | | | |
| - listed, fixed rate | 60 | 60 | 71 | 51 | 51 | 51 |
| **Total** | **60** | **60** | **71** | **51** | **51** | **51** |
| Bank loans | | | | | | |
| - fixed rate | 44 | 44 | 52 | 348 | 348 | 348 |
| - floating rate | 766 | 762 | 774 | 675 | 667 | 669 |
| **Total** | **810** | **806** | **826** | **1,023** | **1,015** | **1,017** |
| Non-bank loans: | | | | | | |
| - fixed rate | 241 | 241 | 240 | 245 | 242 | 245 |
| - floating rate | 39 | 39 | 42 | 39 | 39 | 40 |
| **Total** | **280** | **280** | **282** | **284** | **281** | **285** |
| Loans from related parties: | | | | | | |
| - fixed rate | - | - | - | 535 | 535 | 559 |
| - floating rate | 100 | 100 | 99 | 118 | 118 | 118 |
| **Total** | **100** | **100** | **99** | **653** | **653** | **677** |
| **TOTAL** | **1,250** | **1,246** | **1,278** | **2,011** | **2,000** | **2,030** |

"Bonds", equal to €51 million, regard the bond issue of the Panamanian company Enel Fortuna, administered by the Bank of New York and paying a fixed rate of 10.125% maturing in 2013.

"Bank loans" at December 31, 2010 amounted to €1,015 million (including the portion falling due within 12 months, equal to €261 million). It mainly regards:

> fixed-rate bank loans of €38 million (€34 million at December 31, 2009) from Banco Estado Cileno, with the short-term portion equal to €3 million;
> a fixed-rate bank loan of €10 million (€10 million at December 31, 2009) from Banco Industrial del Guatemala, with the short-term portion equal to €0.53 million;
> a bank loan from Banca Intesa Sanpaolo, agreed in November 2009 to finance the Palo Viejo project in Guatemala. The loan, equal to €44 million, benefits from an interest rate subsidy from Simest;
> bank loans totaling €208 million granted within a project financing structure (€509 million at December 31, 2009) to EUFER by more than 20 Spanish banks (regarding only the debt net of financial liabilities held for sale), including financing from BBVA in the amount of €98 million, Caixa in the amount of €65 million and Banesto in the amount of €21 million;
> bank loans totaling €181 million granted within a project financing structure to ECyR (which entered the scope of consolidation of the Renewable Energy Division in March 2010) from a number of banks, including financing form BBVA in the amount of €15 million, Banesto in the amount of €21 million, Caja De Ahorros y Pensiones de Barcelona in the amount of €78 million and Dexia Sabadell Banco Local in the amount of €23 million;
> floating-rate bank loans totaling €23 million (€27 million at December 31, 2009) from two Green banks: NBG Bank and Emporiki Bank; the short-term portion of the financing amounts to €3 million;
> loans granted by the EIB to the Parent Company, totaling €164 million (€191 million at December 31, 2009), of which €27 million falling due at short term. The loans were granted to finance investments in renewable generation. The loans pay interest equal to 3-month Euribor plus a spread of 0.25 basis points; the repayment plan provides for 22 equal half-yearly installments beginning as from June 2006;
> the second tranche of the loan granted by Banca Intesa Sanpaolo in June 2010 to finance the Palo Viejo project in Guatemala equal to €44 million;
> a long-term loan granted in December 2010 by the EIB to the Parent Company in the amount of €300 million

| Current portion | Portion falling due at more than 12 months | Maturing in | | | | |
|---|---|---|---|---|---|---|
| | | 2012 | 2013 | 2014 | 2015 | Beyond |
| | | | | | | |
| 15 | 36 | 18 | 18 | - | - | - |
| **15** | **36** | **18** | **18** | **-** | **-** | **-** |
| | | | | | | |
| 3 | 345 | 35 | 1 | 1 | 1 | 307 |
| 258 | 409 | 45 | 64 | 66 | 65 | 169 |
| **261** | **754** | **80** | **65** | **67** | **66** | **476** |
| | | | | | | |
| 21 | 221 | 32 | 22 | 20 | 32 | 115 |
| 5 | 34 | 12 | 4 | 3 | 2 | 13 |
| **26** | **255** | **44** | **26** | **23** | **34** | **128** |
| | | | | | | |
| 2 | 533 | 2 | 2 | 2 | 2 | 525 |
| - | 118 | - | 18 | - | - | 100 |
| **2** | **651** | **2** | **20** | **2** | **2** | **625** |
| **304** | **1,696** | **144** | **129** | **92** | **102** | **1,229** |

to finance investments in renewable generation. The loans pay a fixed rate of interest equal to 3.861%; the repayment plan provides for 30 half-yearly installments beginning as from June 2016.

"Non-bank loans" at December 31, 2010, amounted to €281 million (including the portion falling due within 12 months equal to €26 million). They largely regard:

> long-term loans for tax partnership arrangements in the amount of €181 million (€178 at December 31, 2009) for the Snyder, Smoky I and Smoky II projects in North America;
> long-term loans granted within a project financing structure in North America in the amount of €74 million (€72 million at December 31, 2009).

"Loans from related parties" reports the loan from Enel Finance International to Enel Green Power International BV amounting to €618 million (€80 million at December 31, 2009) and the financial debt of Enel Green Power France in respect of Enel Lease Sarl totaling €35 million (€20 million at December 31, 2009).

The following reports changes during the year in the nominal value of long-term debt:

| Millions of euro | Nominal value | Repayments | Change in scope of consolidation | New financing | Exchange rate differences | Other changes | Nominal value |
|---|---|---|---|---|---|---|---|
| | at Dec. 31, 2009 | | | | | | **at Dec. 31, 2010** |
| Bonds | 60 | (14) | - | - | 5 | - | 51 |
| Bank loans | 810 | (381) | 15 | 391 | 7 | 181 | 1,023 |
| Non-bank loans | 280 | (11) | 6 | 9 | 1 | (1) | 284 |
| Loans from related parties | 100 | (441) | 441 | 629 | - | (76) | 653 |
| **Total financial debt** | **1,250** | **(847)** | **462** | **1,029** | **13** | **104** | **2,011** |

The table below reports long-term financial debt by currency and interest rate:

| Millions of euro | Carrying amount | Nominal value | Carrying amount | *Current average interest rate* | *Current effective interest rate* |
|---|---|---|---|---|---|
| | at Dec. 31, 2009 | **at Dec. 31, 2010** | | | |
| Euro | 880 | 1,645 | 1,636 | *3.47%* | *3.60%* |
| US dollar | 312 | 307 | 307 | *6.63%* | *6.69%* |
| Chilean peso/UF | 34 | 38 | 38 | *7.75%* | *7.75%* |
| Other currencies | 20 | 21 | 19 | | |
| Total non-euro currencies | 366 | 366 | 364 | | |
| **TOTAL** | **1,246** | **2,011** | **2,000** | | |

The following table provides a breakdown of the "net financial position":

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Bank and post office deposits | 199 | | 144 | | 55 |
| Securities | 92 | | 68 | | 24 |
| **Liquidity** | **291** | | **212** | | **79** |
| **Other short-term financial receivables** | **115** | | **85** | | **30** |
| Short-term bank debt | (17) | | (77) | | 60 |
| Short-term portion of long-term bank debt | (261) | | (82) | | (179) |
| Bonds (short-term portion) | (16) | | (13) | | (3) |
| Other loans (short-term portion) | (27) | | (20) | | (7) |
| Commercial paper | (21) | | - | | (21) |
| Other short-term financial payables | (1,592) | *(1,466)* | (4,336) | *(4,336)* | 2,744 |
| **Total short-term financial debt** | **(1,934)** | | **(4,528)** | | **2,594** |
| **Net short-term financial position** | **(1,528)** | | **(4,231)** | | **2,703** |
| Debt to banks | (754) | | (724) | | (30) |
| Other loans and loans from related parties | (906) | *(650)* | (360) | *(100)* | (546) |
| Bonds | (36) | | (47) | | 11 |
| **Net long-term financial position** | **(1,696)** | | **(1,131)** | | **(565)** |
| **Net financial position as per CONSOB communication** | **(3,224)** | | **(5,362)** | | **2,138** |
| Long-term financial receivables and securities | 132 | *9* | 17 | | 115 |
| **NET FINANCIAL DEBT** | **(3,092)** | | **(5,345)** | | **2,253** |
| Financial debt of "Net assets held for sale" | (284) | | - | | (284) |

Loans issued within project financing structures (totaling €470 million at December 31, 2010) are channeled through special purpose vehicles (SPVs) in which Group generally holds a majority interest. Such loans require the borrowers, together with the SPVs, to comply with a number of corporate structure and financial covenants.

More specifically, the corporate structure covenants give lenders the right to call in the loans in the event of changes in the ownership of the companies and the SPVs.

The financial covenants generally:

> require the SPVs to meet specified debt/equity ratios – generally 15%/85% (in some cases 10%/90% or 20%/80%);
> restrict the scope for the SPV to distribute dividends: i) by generally requiring a debt service cover ratio (i.e. the ratio of a) expected cash flows from the financed project in a given year and b) the interest and principal maturing in the same year) of more than 1.10 (in some cases 1.05 or 1.15); and ii) by limiting the payment to the liquidity reported in the audited accounts;
> give lenders the right to demand early repayment if the debt service cover ratio falls below 1.05 (in some cases, below 1 or 1.1);
> provide for a decrease or increase in the interest rates on loans in relation to the level of the debt service cover ratio. In particular, the spread on the benchmark rate generally increases if the debt service cover ratio exceeds 1.25 (in some cases 1.4) and decreases in the opposite case.

The loans do not include default events.

As of the balance sheet date, all covenants had been complied with and no default events had occurred or restrictions been imposed on the use of the financing.

# 30. Post-employment and other employee benefits - *€46 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, supplementary pension and healthcare plans, residential electricity discounts and similar benefits.

Millions of euro

| | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Post-employment and other employee benefits | 26 | 28 | (2) |
| Electricity discounts | 8 | 8 | - |
| Additional months' pay and indemnity in lieu of notice | 5 | 5 | - |
| Loyalty bonus | 2 | 3 | (1) |
| Asem supplementary health care plan | 2 | 2 | - |
| Other employee benefits | 3 | - | 3 |
| **Total** | **46** | **46** | **-** |

The table below reports the change for the year in the actuarial liability.

| Millions of euro | Pension benefits | | Other benefits | |
|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| **Changes in actuarial liability:** | | | | |
| Actuarial liability at the beginning of the year | 35 | 34 | 11 | 9 |
| Service cost | - | 1 | 1 | 1 |
| Interest cost | 1 | 2 | 1 | - |
| Benefits paid | (3) | (6) | (1) | - |
| Actuarial (gains)/losses | - | 1 | (1) | 1 |
| Other changes | - | 4 | 2 | - |
| **Actuarial liability at the end of the year** | **33** | **36** | **13** | **11** |
| **Reconciliation of carrying amount:** | | | | |
| Net actuarial liability | 33 | 36 | 13 | 11 |
| Net unrecognized (gains)/losses | - | (1) | - | - |
| **Carrying amount of liability** | **33** | **35** | **13** | **11** |

"Pension benefits" reports the entire amount of the liability to employees in Italy, while for the foreign companies the amount regards post-employment benefits. "Other benefits" include the liability in respect of defined-benefit plans not included in the previous item.

The following table reports the impact of employee benefits on the income statement at December 31, 2010.

| Millions of euro | Pension benefits | | Other benefits | |
|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| Service cost | - | 1 | 1 | 1 |
| Interest cost | 1 | 2 | 1 | - |
| Amortization of actuarial (gains)/losses | - | 1 | - | 1 |
| **Total** | **1** | **4** | **2** | **2** |

Employee benefit expenses recognized in 2010 amounted to €3 million, of which €2 million for net accretion costs recognized under financial expense and €1 million recognized under personnel costs.

The main actuarial assumptions used to calculate the actuarial liabilities in respect of employee benefits are set out in the following table:

| | **2010** | 2009 |
|---|---|---|
| Discount rate | 4.30% | 4.30% |
| Rate of wage increases | 3.00% | 3.00% |
| Rate of increase in healthcare costs | 3.00% | 3.00% |

## 31. Provisions for risks and charges - *€109 million, of which €6 million at short term*

| Millions of euro | at Dec. 31, 2009 | Accruals | Utilization/ reversals | Change in scope of consolidation | Other changes and exchange rate effects | **at Dec. 31, 2010** | *of which current portion* |
|---|---|---|---|---|---|---|---|
| Provisions for litigation, risks and other charges | | | | | | | |
| - litigation | 27 | 3 | (4) | - | (1) | 25 | - |
| - charges for generation plants | 30 | 12 | (8) | 4 | 5 | 43 | 3 |
| - taxes | 11 | - | - | 8 | 9 | 28 | - |
| - other | 5 | - | - | - | 3 | 8 | 1 |
| **Total** | **73** | **15** | **(12)** | **12** | **16** | **104** | **4** |
| Early retirement incentives | 8 | 1 | (6) | 3 | (1) | 5 | 2 |
| **TOTAL** | **81** | **16** | **(18)** | **15** | **15** | **109** | **6** |

The increase in provisions for risks and charges includes €15 million due to the change in the scope of consolidation.
The composition of the main components of provisions for risks and charges is as follows:

### Litigation provision - *€25 million*

The "litigation" provision covers liabilities that could arise 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.

### Provision for charges for generation plants - *€43 million*

The item mainly includes provisions for the estimated future liability in respect of the dismantling of plants and restoration of plants and sites where there is a legal, contractual or constructive obligation to do so, or for environmental cleanup or restoration of original environmental conditions in cases in which operations have caused environmental damage and charges for sundry items and disputes with local authorities regarding fees and other duties.
The increase in the item is attributable to the change in the scope of consolidation in the amount of €4 million.

### Taxes - *€28 million*

The change in the provision for taxes is mainly due to the change in the scope of consolidation (€8 million) and exchange rate effects (€9 million).

### Early retirement incentives - *€5 million*

Provisions for early retirement incentives reports the estimated charges associated with voluntary early terminations of employment relationships in response to organizational needs.

The change in the item reflects, among other things, the change in the scope of consolidation (€3 million) and the reversal to the income statement of part of the provision as a result of the more specific calculation of the provision (€6 million).

# 32. Non-current financial liabilities - *€22 million*

The item "non-current financial liabilities" reports the fair value of derivatives. The following table reports the notional value and fair value of derivatives by type of contract and designation:

| Millions of euro | Notional value | | Fair value | | | |
|---|---|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* |
| **Cash flow hedge derivatives** | 331 | 374 | 22 | | 21 | |
| Interest rates | 311 | 374 | 22 | *13* | 21 | *21* |
| Commodity | 20 | - | - | | - | |
| **Trading derivatives** | - | 62 | - | | 1 | |
| Exchange rates | - | 21 | - | | - | |
| Interest rates | - | 41 | - | | 1 | |
| **TOTAL** | **331** | **436** | **22** | | **22** | |

The notional value of cash flow hedge derivatives classified under non-current financial assets was equal to €331 million at December 31, 2010. The related fair value was €22 million.

As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

# 33. Other non-current liabilities - *€70 million*

| Millions of euro | | | |
|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | Change |
| Liabilities for urbanization fees | 26 | 31 | (5) |
| Liabilities for purchase of equity investments | 22 | 14 | 8 |
| Deferred operating income - third parties | 22 | 18 | 4 |
| **Total** | **70** | **63** | **7** |

"Liabilities for purchase of equity investments" mainly regard the recognition of the put option for the equity interest in the investee acquired in 2010, Maicor Wind (40%), in the amount of €11 million, and the equity interest in Renovables de Guatemala held by Simest (8.8%) in the amount of €11 million (€14 million at December 31, 2009). The Parent Company is committed to acquiring Simest's entire holding in Renovables de Guatemala by June 30, 2017 (exercise of the option may take place as from June 30, 2015).

As regards the hierarchy of inputs used in determining fair value of the put options above, the associated derivative is classified as level 3. The notional value is equal to the fair value and no gains or losses were recognized in the income statement.

## Current liabilities

# 34. Short-term loans - *€1,630 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Other short-term financial payables | 1,592 | *1,466* | 4,336 | *4,323* | (2,744) |
| Other short-term amounts due to banks | 14 | | 70 | | (56) |
| Drawings on revolving credit lines | 3 | | 7 | | (4) |
| Commercial paper | 21 | | - | | 21 |
| **Total** | **1,630** | | **4,413** | | **(2,783)** |

"Other short-term financial payables" mainly regards the balance on the intercompany current account between the Parent Company and Enel SpA, the change in which reflects the waiver of the receivable (€3,700 million), partially offset by the share premium contribution of €860 million by Enel Green Power SpA to Enel Green Power International BV for the acquisition of 60% of ECyR.

"Other short-term amounts due to banks" decreased by €56 million, largely owing to the repayment of bank loans by EUFER.

"Commercial paper" includes unguaranteed paper issued by the new subsidiary ECyR, agreed with Barclays and the Spanish banks Banco Popular and Montepio.

# 35. Trade payables - *€865 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Trade payables | 864 | *207* | 452 | *128* | 412 |
| Payables in respect of construction contracts | 1 | | 2 | | (1) |
| **Total** | **865** | | **454** | | **411** |

"Trade payables" totaled €864 million. They comprise payables due to related parties in the amount of €207 million (€128 million at December 31, 2009), and increased overall by €411 million compared with the previous year, mainly attributable to Enel.si (€184 million) in respect of increased purchases of photovoltaic panels and the change in the scope of consolidation (€224 million).
The nature of the contracts underlying "trade payables with related parties" is discussed in note 41.

# 36. Income tax payables - *€39 million*

"Income tax payables" totaled €39 million (€207 million at December 31, 2009) and mainly regarded international operations.
At December 31, 2009, "income tax payables" reported €186 million in respect of the tax payables attributable to the Parent Company, as in 2009 Enel Green Power had made payments on account on the basis of taxable income for 2008, during which it had only been operational for one month, and thus at December 31, 2009 it had income tax liabilities essentially equal to taxes due for the year, which were paid in 2010.

# 37. Current financial liabilities - *€69 million*

Millions of euro

| | **at Dec. 31, 2010** | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Other financial payables | 46 | *30* | 83 | *83* | (37) |
| Current accrued financial expenses | 14 | | 1 | | 13 |
| Derivative contracts | 9 | *4* | 1 | *1* | 8 |
| **Total** | **69** | | **85** | | **(16)** |

"Other financial payables", equal to €46 million (€83 million at December 31, 2009), mainly regard interest expense on the intercompany current account between Enel Green Power and the Parent Enel SpA (€30 million at December 31, 2010 and €79 million at December 31, 2009) and payables in respect of capital increases and price adjustments (€16 million) regarding the associated companies connected with Elica II.

The following table shows the notional value and fair value of derivative contracts by type of contract and designation:

| Millions of euro | Notional value | | Fair value | |
|---|---|---|---|---|
| | **at Dec. 31, 2010** | at Dec. 31, 2009 | **at Dec. 31, 2010** | at Dec. 31, 2009 |
| **Cash flow hedge derivatives** | **142** | **14** | **3** | **1** |
| Commodities | 29 | 14 | - | 1 |
| Exchange rates | 113 | - | 3 | - |
| **Trading derivatives** | **120** | **5** | **6** | **-** |
| Commodities | - | 5 | - | - |
| Exchange rates | 11 | - | - | - |
| Interest rates | 109 | - | 6 | - |
| **TOTAL** | **262** | **19** | **9** | **1** |

The notional value of cash flow hedge derivatives classified under current financial liabilities was equal to €142 million at December 31, 2010. The related fair value was €13 million.

The commodity derivatives mainly regard two-way contracts for differences entered into with Endesa to hedge energy price changes in Spain.

The notional value of trading derivatives on exchange rates classified under current financial liabilities was equal to €11 million at December 31, 2010. The related fair value was nil.

As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

## 38. Other current liabilities - *€143 million*

Millions of euro

| | at Dec. 31, 2010 | *of which with related parties* | at Dec. 31, 2009 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Payables for sundry urbanization fees | 27 | | 29 | | (2) |
| Payables due to employees and social security institutions | 24 | | 22 | | 2 |
| Advances and accrued expenses | 32 | *2* | 14 | *5* | 18 |
| Other tax payables | 14 | | 10 | | 4 |
| Other | 46 | *22* | 56 | *28* | (10) |
| **Total** | **143** | | **131** | | **12** |

"Payables for sundry urbanization fees" reports the liability in respect of local authorities hosting power plants for fees associated with urbanization and other works in areas affected by the construction of the plants and payables for license fees for public lands, mountain and river drainage basins and other fees for concessions to use public waters for hydroelectric purposes.

# Liabilities held for sale

## 39. Liabilities held for sale - *€328 million*

At December 31, 2010, the item was mainly composed of the part of the liabilities of EUFER (€328 million) that, under the agreement of July 30, 2010 with Gas Natural SDG, SA for the division of the assets of EUFER, meet the requirements of IFRS 5 for classification as liabilities held for sale.

The item breaks down as follows:

| Millions of euro | at Dec. 31, 2010 |
|---|---|
| Long-term loans | 6 |
| Deferred tax liabilities | 3 |
| Short-term loans | 295 |
| Trade payables | 13 |
| Income tax payables | 2 |
| Current financial liabilities | 9 |
| **Total** | **328** |

# 40. Contractual commitments and guarantees

Millions of euro

| | at Dec. 31, 2010 | at Dec. 31, 2009 | Change |
|---|---|---|---|
| Guarantees given | | | |
| - sureties and other guarantees granted to third parties | 343 | 69 | 274 |
| Commitments to suppliers for: | | | |
| - various supplies | 541 | 893 | (352) |
| - tenders | 30 | 31 | (1) |
| **Total** | **914** | **993** | **(79)** |

Sureties granted to subsidiaries include €121 million in guarantees issued in the interest of Enel.si Srl to secure the purchase of photovoltaic panels from foreign suppliers and €104 million in sureties issued in the interest of the foreign subsidiaries for the construction of wind plants. In 2009 Enel Green Power SpA did not issue guarantees in the interest of subsidiaries.

The Group also has framework agreements for the purchase of turbines from Siemens Wind Power A/S and Vestas Italia Srl. The agreement with Siemens provides for Siemens to supply, transport, install and maintain wind turbines with a total capacity of 600 MW in the various countries in which the Group operates in the 2011-2014 period. Enel Green Power SpA has an option to increase the capacity by an additional 600 MW in the same period. The agreement with Vestas provides for Vestas to supply, transport, install and maintain wind turbines with a total capacity of 700 MW in the various countries in which the Group operates in the 2011-2014 period. Enel Green Power has an option to increase the capacity by an additional 700 MW in the same period.

The Group also has commitments in respect of the purchase of photovoltaic panels.

In addition, the Parent Company has entered commitments with the Region of Tuscany in respect of the protocol of understanding signed in 2007 under which Enel will work to promote research and technological innovation in the field of renewable energy. The commitments specifically associated with Enel Green Power cannot be specified until a detailed list of activities appropriate to this purpose is agreed with the Region.

# 41. Related parties [1]

Related parties are identified on the basis of the international accounting standards.

The related parties of the Enel Green Power Group are:

> the Parent Company, Enel SpA;
> the Parent Companies of Enel SpA and their subsidiaries;
> companies under the common control of Enel SpA;
> the individuals who have direct or indirect voting power in the Company preparing the financial statements such that they can exercise a dominant influence of the Company;
> key management personnel, i.e. those persons who have the power and responsibility for planning, management and control of the activities of the Company preparing the financial statements, including the directors and officers of the company and the members of their immediate families.

The Group engages in commercial and financial transactions with its related parties that are settled on normal market terms and conditions.

Such transactions generate benefits from the use of shared services and skills, from the exploitation of Group synergies and from the application of uniform policies in the financial field.

More specifically, in 2010 transactions with related parties regarded, among others:

> the management of risk of exposures to changes in interest rates and exchange rates;
> the provision of professional and other services;
> the management of shared services;
> transactions in electricity;
> transactions in green and white certificates.

In addition, during the year Enel Green Power opted to participate in the consolidated taxation mechanism of Enel SpA.

Under the provisions of the uniform tax code (Presidential Decree 917/86, art. 117 et seq.) concerning the consolidated taxation mechanism, the Company and Enel.si jointly renewed their participation in the consolidated tax mechanism of the Parent Company, Enel SpA, for the 2010-2012 period, consequently regulating all reciprocal obligations and responsibilities.

(1) On December 1, 2010, after having obtained the opinion of the Internal Control Committee on November 23, 2010, the Board of Directors of Enel Green Power SpA unanimously approved a procedure governing the approval and execution of transactions with related parties undertaken by Enel Green Power SpA either directly or indirectly through its subsidiaries. The procedure (which can be found at http://www.enelgreenpower.com/it-IT/company/governance/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB. It replaces, with effect from January 1, 2011, the rules governing transactions with related parties approved by the Board of Directors of Enel Green Power SpA on June 11, 2010, the provisions of which were in effect until December 31, 2010 (see Article 4, paragraph 7, of the CONSOB Regulation containing provisions on transactions with related parties).

The following table summarizes the relationships between the Group and its related parties for 2010:

| | Income statement | | | | | Balance sheet | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Millions of euro | | | | | | Receivables | | | Payables | | |
| | Revenues | Costs | Financial income | Financial expense | Net income from commodity risk management | Comm./ Tax (*)/ Other | Loans | Deriv. | Comm./ Tax (**)/ Other | Loans | Deriv. |
| ECyR Group | - | - | - | - | - | - | 112 | - | - | - | - |
| LaGeo | - | - | - | - | - | 7 | - | - | - | - | - |
| GSE | 266 | 2 | - | - | - | 203 | - | - | - | - | - |
| GME | 515 | 10 | - | - | - | - | - | - | - | - | - |
| Terna | 16 | 5 | - | - | - | - | - | - | - | - | - |
| Acquirente Unico | 45 | - | - | - | - | 8 | - | - | - | - | - |
| Enel SpA | 1 | 22 | 4 | 52 | - | 34 | - | 1 | 110 | 850 | 17 |
| Enel Trade | 206 | - | - | - | 80 | 52 | - | 17 | - | - | - |
| Enel Distribuzione | 17 | 1 | - | - | - | 16 | - | - | 1 | - | - |
| Enel Energia | 2 | 5 | - | - | - | - | - | - | 3 | - | - |
| Enel Factor | - | - | - | - | - | - | - | - | 59 | - | - |
| Enel Ingegneria e Innovazione | - | 3 | - | - | - | - | - | - | 4 | - | - |
| Enel Produzione | 2 | 12 | - | - | - | 119 | - | - | 41 | - | - |
| Enel Servizi | - | 28 | - | - | - | 2 | - | - | 35 | - | - |
| Enel Finance International | - | - | - | 13 | - | - | - | - | - | 1,225 | - |
| Enel Lease | - | - | - | - | - | 33 | - | - | - | 35 | - |
| Endesa | - | 1 | 2 | 3 | - | - | 9 | - | - | 6 | - |
| Other companies | 17 | 9 | 2 | 8 | - | 16 | - | - | 19 | - | - |

(*) Of which tax €24 million.
(**) Of which tax €2 million.

# The Parent Company Enel SpA

Transactions with Enel SpA mainly regard i) the centralization with the Parent of a number of support functions concerning legal services, personnel, corporate matters, and administration, planning and control activities regarding Enel Green Power; and ii) the management and coordination services performed by Enel SpA with regard to Enel Green Power.

# Related parties within the Enel Group

The most significant transactions with the subsidiaries of Enel SpA regard:

> Enel Trade SpA: sale of electricity and green certificates by Enel Green Power SpA to Enel Trade SpA and management of commodity risk by Enel Trade SpA for the Enel Group companies;

> Enel Distribuzione SpA: sale of white certificates by Enel.si to Enel Distribuzione SpA;

> Enel Produzione SpA: sale of electricity by Enel Green Power SpA to Enel Produzione SpA and provision of remote operation services for hydroelectric and wind plants, maintenance of dam safety and maintenance of hydroelectric plants by Enel Produzione SpA for Enel Green Power SpA;

- Enel Servizi Srl: management of purchasing services, facility services, administrative services, catering services and motor pool services by Enel Servizi Srl for Enel Green Power SpA;
- Enel Ingegneria e Innovazione SpA: consulting and technical management of projects involving the construction of new plants performed by Enel Ingegneria e Innovazione SpA for Enel Green Power SpA and Group companies;
- Enel Finance International BV: granting of financing to Enel Green Power SpA and Group companies.
- Companies in the Endesa subgroup: management of administrative services, software and hardware and transactions in electricity with the Enel Green Power España subgroup.

## Related parties outside the Enel Group

As a business operating in the generation of electricity from renewable resources Enel Green Power sells electricity to and uses distribution and transport services provided by a number of companies controlled by the Italian government (a shareholder of Enel SpA).

Transactions with companies held or controlled by the government primarily include:

- Gestore dei Mercati Energetici SpA;
- Gestore dei Servizi Energetici SpA;
- Acquirente Unico SpA;
- Terna SpA.

# 42. Contingent liabilities and assets

## Tax disputes

In addition to pending litigation, new disputes could arise with respect to municipal property taxes.

Article 1-*quinquies* of Legislative Decree 44 of March 31, 2005 containing urgent measures concerning local authorities (added during ratification with Law 88 of March 31, 2005) stated that Article 4 of Royal Decree Law 652 of April 13, 1939 (governing the land registry) shall be interpreted with regard to power plants alone in the sense that the buildings and permanent constructions consist of the land and those parts that are structurally attached to it, even temporarily, which may be joined by any means of connection with movable parts for the purpose of creating a single complex asset.

The Regional Tax Commission of Emilia Romagna, in Ordinance no. 16/13/06 (filed on July 13, 2006), referred the case to the Constitutional Court on the issue of the constitutionality of Article 1-*quinquies* of the Legislative Decree, finding it material and not manifestly unfounded.

On May 20, 2008, the Constitutional Court, in judgment no. 162/2008, ruled that the issues raised by the RTC of Emilia Romagna had no foundation and, therefore, confirmed the legitimacy of the new interpretation, whose primary effects on the Group are as follows:

- the inclusion of the value of the "turbines" in the land registry valuation of the plants;
- the power for local Land Registry Offices to modify, without a time limit, the imputed property incomes proposed by Enel.

The ruling also affirmed that "… the principle that the determination of imputed property income shall include all the elements constituting a plant … even if not physically connected to the land, holds for all of the buildings referred to in Article 10 of Royal Decree Law 652 of 1939" and not only power plants.

We also note that to date no valuation criterion has been introduced for the movable assets considered relevant for the determination of land registry values either with regard to the valuation method or the effective identification of the object of the valuation, and the above ruling does not appear to provide any guidance on this issue.

Accordingly, with regard to pending litigation, Enel Green Power SpA will continue to pursue the case to request a substantial reduction of the values originally assigned by the Land Registry Offices to the removable parts of the plant. We have, however, allocated an adequate amount to the "Provisions for risks and charges" to cover fully the potential charges that would result from an unfavorable outcome, including the information that has emerged from new assessments. At the same time, we do not feel that further provisions are necessary to take into account possible retroactive application of the rule on imputed rent proposals, which to date have not been the subject of comments by the Land Registry Offices and the municipalities.

## LaGeo arbitration

In October 2008, Enel Produzione undertook arbitration action, in accordance with the rules of the International Chamber of Commerce in Paris, against Comisión Ejecutiva Hidroeléctrica del Río Lempa ("CEL"), wholly owned by the Republic of El Salvador, and Inversiones Energéticas SA de Cv ("INE"), wholly owned by CEL, for breach of a number of provisions of the shareholders' agreement between Enel Produzione and INE of June 4, 2002, regarding the management of LaGeo.

More specifically, the shareholders' agreement, which was entered into on the occasion of the privatization of the electricity sector in El Salvador, gave Enel Produzione (which Enel Green Power succeeded as a result of the spin-off of 2008) the right to finance the investments of LaGeo, treating those payments as capital increases. The agreement also required LaGeo to distribute all its net income.

After complying with the agreement during the initial phase of construction of the geothermal plants in El Salvador, bringing Enel Produzione stake in LaGeo to 36.20%, LaGeo no longer allowed Enel Produzione (and then Enel Green Power) to finance the investments approved and, consequently, to subscribe any further capital increases.

Enel Produzione therefore asked the arbitration board to order INE and CEL (i) to perform the specific obligations provided for under the shareholders' agreement, with distribution of net income as dividends and allowing it to finance the investments in LaGeo and subscribe the corresponding capital increase, and to pay damages of $30 million plus interest, duties and legal costs or, alternatively, (ii) pay total damages of $264.2 million plus interest, duties and legal costs.

INE joined the proceedings, asking that CEL be excluded and requesting damages from Enel Green Power totaling $100.3 million for alleged losses caused by the poor execution of the works carried out up to the date of the request on the investments financed by the Enel Group to that date.

After completion of the preliminary proceedings, in January 2010, the arbitration board held the final hearings in the last week of February and first week of March 2010 in Panama. The final briefs of the parties were filed on May 22, 2010 and the ruling is expected to be issued in the 1st Half of 2011. Any favorable decision would be executed in accordance with the rules for the implementation of decisions of the State of El Salvador.

## Dispute between Energia XXI Energias Renováveis e Consultoria Limitada and ECyR

There are two pending disputes initiated by the Portuguese company Energia XXI Energias Renováveis e Consultoria Limitada against ECyR (now Enel Green Power España) for alleged losses due to the early termination of an exclusive agency contract for the sale of wind generators and wind farms of ECyR in Portugal and Brazil.

The first is an arbitration proceeding begun in 1999. With its ruling of November 21, 2000, the arbitration tribunal found that the termination of the contract by ECyR was illegitimate and ordered it to pay about €50,000 in respect of monthly fees under the agency contract from July 1999 to October 2000, as well as lost profits in respect of contracts for at least 15 MW of capacity (equal to about €600,000). ECyR requested that the ruling be voided and the proceeding is pending.

In a subsequent complaint against ECyR lodged on May 9, 2006, with the Civil Court of Lisbon, the Portuguese company claimed that the loss incurred as a result of the termination of the contract comprises contracts for the sale of plant and facilities with a capacity of much more than 15 MW, seeking damages of €545,666,000. ECyR considered the claim to be entirely unfounded. The proceeding is still pending.

## Dispute concerning EUFER wind farms in Spain

Spain's Ministry for Industry, Trade and Tourism has not included the EUFER wind farms denominated Peña del Gato, Valdelacasa, Valdesamario, Espina, Coto de Codesas II, Valdelín and the expansion of Valdelín in the register of renewable resource generation plants (the *Registro de pre-asignación de retribución de instalaciones de régimen especial*) that gives access to the special incentive scheme for renewable energy established with Royal Decree 661/2007 of May 25, 2007. The exclusion of those plants from the register has been appealed before the administrative authority by EUFER. If the appeal is rejected, EUFER intends to lodge an appeal with the administrative courts. In addition, the licenses for the wind farms of Valdesamario, Peña del Gato and Espina, as well as those for the Villameca high-voltage power line and the approval of the project and the declaration of public utility for the SET Ponjos substation have been challenged by the SEO environmental organization. On July 30, 2010, EUFER submitted a counter-claim against the appeal of June 2010. The *Tribunal Superior de Justicia de Castilla y León*, in granting the appeal of SEO, ordered the precautionary suspension of the licence for the Valdesamario wind farm. On June 25, 2010, EUFER appealed that order.

## Enel Power do Brasil

Enel Power do Brasil LTDA is currently involved in litigation concerning the PIS and COFINS taxes (due on gross income) for a total amount of about €24.2 million (at the exchange rate prevailing on December 31, 2010). The company appealed the assessment at the first administrative level, obtaining a reduction of the assessment to about €10.5 million (at the exchange rate prevailing on December 31, 2010). The proceeding is currently pending while awaiting the ruling of the second-level administrative ruling, which can in turn be appealed before the courts. The risk of an adverse ruling has been categorized by the company and its tax consultants as "possible". Enel Power do Brasil LTDA, in accordance with the relevant accounting policies, has not recognized an accrual to provisions. An adverse ruling could have a negative impact on the performance and financial position of the company.

## Arbitration proceeding between Geothermal del Norte and Perforadora Santa Barbara

With a summons notified on May 27, 2010, Geothermal del Norte, a Chilean company controlled by Enel Green Power Latina America BV, was called before an arbitration tribunal at the Chamber of Conciliation and Arbitration of Santiago de Chile by Perforadora Santa Barbara (Chile).
More specifically, Perforadora Santa Barbara has asked for damages (totaling about $14.8 million) as a result of the alleged termination of a contract with Geothermal del Norte regarding the supply by Perforadora Santa Barbara of drilling services for the identification of geothermal fields in the Apacheta and El Tatio sites due to the temporary suspension of the environmental permits issued to Geothermal del Norte.
On July 9, 2010, Geothermal del Norte filed its defense and counterclaim, arguing that (i) the claim of Perforadora Santa Barbara concerning the invalidity of the contract is unfounded and (ii) it is entitled to withdraw from the contract on the terms specified in that contract.
In its counterclaim, Geothermal del Norte also requested that Perforadora Santa Barbara pay damages in the amount of $4.7 million as a consequence of Perforadora Santa Barbara's delays carrying out the drilling. On August 4, 2010, Perforadora Santa Barbara filed its response, to which Geothermal del Norte replied on August 27.

# 43. Subsequent events

## Start-up of new photovoltaic plant

In the town of Deruta, in the province of Perugia, Enel Green Power has completed a ground-based photovoltaic plant with 3,330 polycrystalline silicon panels installed on about 2.5 hectares of agricultural land owned by the University of Perugia.
The photovoltaic plant has an installed capacity of 1 MW and is able to generate over 1.2 million kWh annually, equivalent to the average energy consumption of around 450 households. This will save almost 105 TOE (tons of oil equivalent) of fossil fuel a year and prevent around 700 tons of $CO_2$ from being released into the atmosphere.

## Approval of Portoscuso wind plant

Enel Green Power received the green light from the Region of Sardinia to build a wind farm in Portoscuso, in the Sulcis Iglesiente area.
The new wind farm will consist of 39 2.3-MW Siemens wind turbines, for a total installed capacity of around 90 MW. Once fully operational, the wind farm will generate 185 million kWh annually, equal to the consumption of 70,000 households, and will avoid the atmospheric emission of over 130,000 tons of $CO_2$.
Once completed, the Portoscuso wind farm will be Enel Green Power's largest wind farm in Italy.

## Start-up of Enel Green Power and Sharp photovoltaic plant (ESSE)

On January 20, 2011 the new joint venture between Enel Green Power and Sharp (ESSE) completed its first photovoltaic plant.
The new plant, located in Calabria at Serragiumenta, has an installed capacity of 5 MW and is made with Sharp modules. When fully operational it will be able to generate about 7.5 million kWh per year – equal to the consumption of about 3,000 households – thus avoiding the emission of some 6,000 tons of $CO_2$ each year.
On January 27, 2011, construction began on a new Enel Green Power photovoltaic power plant at Adrano in the province of Catania. It will rise in the site where in 1981 Enel built the first concentrating solar plant in the world.
The new plant, with an installed capacity of 9 MW, will be able to generate more than 14 million kWh a year – equal to the consumption of more than 5,000 households – thus avoiding the emission of about 10,000 tons of $CO_2$ a year.

## Geothermal agreement in Turkey

In January 2011, Enel Green Power reached an agreement with the Turkish group Uzun for the development of geothermal plants in Turkey. In particular, the agreement provides for the establishment of a research and exploration company, owned and managed by EGP, with Meteor, a company that is 70% owned by Uzun and 30% by the Turkish geothermal consultancy group G-Energy.
The new company will hold a package of 142 exploration licenses in the west of the country, where it will carry out surface and deep exploration activities with the aim of finding geothermal resources suitable for the generation of electricity and heat.
To date, installed geothermal capacity in Turkey totals 86 MW. The government's plan through 2015 envisages the development of an additional 600 MW of installed capacity for electricity generation.

# 44. Compensation of directors, members of the Board of Auditors, the General Manager and key management personnel

The compensation paid to directors, members of the Board of Auditors, the General Manager and key management personnel of Enel Green Power is summarized in the following table.
The table has been prepared with regard to the period for which the position was held on an accruals basis. The information regarding key management personnel is provided in aggregate form, pursuant to the provisions of Article 78 and attachment 3C of CONSOB Resolution no. 11971/1999 (the "Issuers Regulation").

| Last name | Name | Position | Period for which position was held | End of term |
|---|---|---|---|---|
| Directors and General Manager | | | | |
| Ferraris | Luigi | Chairman | 1/2010-12/2010 | approv. fin. stat. 2012 |
| Starace | Francesco | CEO and GM | 1/2010-12/2010 | approv. fin. stat. 2012 |
| Angelici | Carlo | Director | 10/2010-12/2010 | approv. fin. stat. 2012 |
| Brentan | Andrea | Director | 1/2010-12/2010 | approv. fin. stat. 2012 |
| Lombardo | Giovanni Battista | Director | 10/2010-12/2010 | approv. fin. stat. 2012 |
| Tamburi | Carlo | Director | 1/2010-12/2010 | approv. fin. stat. 2012 |
| Tarozzi | Luciana | Director | 10/2010-12/2010 | approv. fin. stat. 2012 |
| Cioffi | Massimo | Director | 1/2010-10/2010 | expired |
| Machetti | Claudio | Director | 1/2010-10/2010 | expired |
| Mancini | Gianfilippo | Director | 1/2010-10/2010 | expired |
| | | | **Total compensation of directors** | |
| Board of Auditors | | | | |
| Perrone | Leonardo | Chair. Board of Auditors | 1/2010-12/2010 | approv. fin. stat. 2010 |
| Ascoli | Giuseppe | Standing Auditor | 1/2010-12/2010 | approv. fin. stat. 2010 |
| Mariani | Giuseppe | Standing Auditor | 1/2010-12/2010 | approv. fin. stat. 2010 |
| | | | **Total compensation of Board of Auditors** | |
| | | **Key management personnel** (9) | **1/2010-12/2010** | |
| | | | **TOTAL** | |

(1) Waived compensation for the period from January 1, 2010 to October 5, 2010, equal to €30,000 per year; compensation for the period from October 5, 2010 to December 31, 2010 was paid to Enel SpA.
(2) Waived compensation for the period from January 1, 2010 to October 5, 2010, equal to €40,000 per year.
(3) In 2011 the Board of Directors will establish the variable portion of compensation to be paid to the CEO for the period from October 5, 2010 to December 31, 2010 (up to a maximum of €36,164.38) once the achievement of the targets set for that year has been verified.
(4) This amount regards the fixed portion of the compensation for the position of General Manager for the period from October 1, 2010 to December 31, 2010. In 2011 the Board of Directors will establish the variable portion of compensation to be paid to the GM for the period from October 1, 2010 to December 31, 2010 (up to a maximum of €122,876.71).
(5) The compensation for the period from October 5, 2010 to December 31, 2010, is composed of (i) €12,054.79 in compensation for the position of director; (ii) €7,232.88 in compensation for the position of Chairman of the Compensation Committee; and (iii) €6,027.40 in compensation for the position of member of the Internal Control Committee.
(6) The compensation for the period from October 5, 2010 to December 31, 2010, is composed of (i) €12,054.79 in compensation for the position of director; (ii) €7,232.88 in compensation for the position of Chairman of the Internal Control Committee; and (iii) €6,027.40 in compensation for the position of member of the Compensation Committee.

| Remuneration | Non-monetary benefits | Bonuses and other incentives | Other compensation | **Total** |
|---|---|---|---|---|
| | | | | |
| 16,876.71 (1) | | | | 16,876.71 |
| 48,219.18 (2) | | (3) (*) | 147,037.91 (4) | 195,257.08 |
| 25,315.07 (5) | | | | 25,315.07 |
| 12,054.79 (1) | | | | 12,054.79 |
| 25,315.07 (6) | | | | 25,315.07 |
| 12,054.79 (1) | | | | 12,054.79 |
| 24,109.59 (7) | | | | 24,109.59 |
| 0.00 (8) | | | | 0.00 |
| 0.00 (8) | | | | 0.00 |
| 0.00 (8) | | | | 0.00 |
| **163,945.21** | **0.00** | **0.00** | **147,037.91** | **310,983.11** |
| | | | | |
| 40,000.00 | | | | 40,000.00 |
| 30,000.00 | | | | 30,000.00 |
| 30,000.00 | | | | 30,000.00 |
| **100,000.00** | | | | **100,000.00** |
| | | | 1,656,700.86 | 1,656,700.86 |
| **263,945.21** | | | **1,803,738.77** | **2,067,683.97** |

(7) The compensation for the period from October 5, 2010 to December 31, 2010, is composed of (i) €12,054.79 in compensation for the position of director; (ii) €12,054.79 in compensation for the position of member of the Compensation Committee and member of the Internal Control Committee.

(8) Terminated term on October 5, 2010; the director had waived compensation for the period from January 1, 2010 to October 5, 2010, equal to 30,000 per year.

(9) In 2010 key management personnel included (i) the head of the Administration, Finance and Control department, (ii) the head of the Business Development department, (iii) the head of the North America area, (iv) the head of the Iberia and Latin America area and (v) the head of the Italy and Europe area.

(*) As regards the variable portion of compensation of the CEO/GM, the targets for 2010 (each of which has a specific weighting) include achievement of the consolidated EBITDA set in the budget Enel Green Power, reducing the consolidated financial debt of the Company, the additional capacity installed during the year, workplace safety, the qualitative contribution to the management of the IPO of Enel Green Power and alignment of management conduct with the leadership model adopted by the Enel Green Power Group. In addition to these objectives regarding Enel Green Power alone, in 2010 the variable portion of compensation for the CEO/GM will also be partly linked to achievement of the consolidated EBITDA and net debt/EBITDA ratio set in the budget of the Enel Group.

# Corporate governance

# Report on corporate governance and ownership structure

## Section I: governance and ownership structure

### Foreword

This report (the "Report") illustrates the Enel Green Power SpA ("Enel Green Power" or "the Company") corporate governance system, in force as at 4 November, 2010, date of the start of trading of the Company's shares on the Electronic Stock Exchange organized and managed by Borsa Italiana SpA (the "MTA"). This system is organized into a series of standards, rules and procedures that are in line with the standards contained in the Code of Corporate Governance of the listed Italian companies promoted by Borsa Italiana SpA ("Borsa Italiana"), published in March 2006 and available on the Borsa Italiana website at the address http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina_pdf.htm (the "Code of Corporate Governance") which the Company adhered to on June 11, 2010, as well as the recommendations made in this regard by CONSOB and, more generally, international best practice.
Such corporate governance system is mainly oriented towards the goal of creating value for the shareholders, in the awareness of the social significance of the activities that the Company undertakes and of the consequent need to consider all the interests involved.

### Ownership structure

#### Share capital structure

The corporate capital of the Company consists exclusively of registered ordinary shares fully paid-up and entitled to full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. As of December 31, 2010 (and still as of March 2011), Enel Green Power's subscribed and paid-up share capital amounted to €1,000,000,000, divided into 5,000,000,000 ordinary shares with a par value of €0.20 each.
Since November 4, 2010, the Company's shares have been listed on the MTA and on the Spanish regulated markets (Madrid, Barcelona, Bilbao, Valencia) and on the SIBE system.

#### Major shareholdings and shareholders' agreements

According to the entries in Enel Green Power's stock register, the notices made to the CONSOB and the information available to the Company, as of March 2011 no shareholder – with the exception of Enel SpA, which owns 69.17% of the share capital – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, any shareholders' agreements pursuant to Article 122 of the Unified Financial Act regarding Enel Green Power's shares exist.
The Company is therefore subject to the *de jure* control of Enel SpA, which exercises the management and coordination of the Company pursuant to Articles 2497 et seq. of the Civil Code.

#### Limitation to the transfer of the shares

The Company's bylaws (the "bylaws") does not provide for any limitation to the transfer of the shares of the Company.

## Securities which confer special rights

The Company has not issued any security which confers special control rights.

## Employee shareholdings: mechanism for exercising voting rights

The Unified Financial Act provides for a specific discipline regarding the proxies relating to the right to vote, which was significantly amended following the implementation in Italy of Directive 2007/36/EC – relating to the exercise of certain rights of the shareholders of listed companies by Legislative Decree 27 of January 27, 2010 ("D. Lgs. 27/2010"). In this respect a specific discipline is provided for the solicitation of proxies, which are defined as the request for proxies addressed to more than two-hundred shareholders, on specific voting proposals, or accompanied by recommendations, declarations or other indications suitable for the purpose of influencing the vote.

The Unified Financial Act, with respect to the discipline regarding the solicitation of proxies, clarifies that the request for proxies accompanied by recommendations, declarations and other indications suitable for the purpose of influencing the vote, which is addressed by associations of shareholders to its affiliates – including those associations which put together employees who are shareholders – which are set-up through an authenticated private deed, that do not exercise an entrepreneurial activity, save those activities which are aimed at pursuing the association's purpose, and that are formed by more than 50 individuals each of whom has shares not exceeding 0.1 of the Company's voting share capital, is not to be considered as solicitation of proxies.
At the same time, the Unified Financial Act continues to hope for the bylaws of listed companies to contain provisions aimed at simplifying the exercise of voting right through proxy by the employees who are shareholders, thus fostering their participation to the decision of the shareholders' meetings.
In this respect, a specific provision (Article 10.1) was introduced into the bylaws of the Company, providing that, in order to simplify the collection of proxies from the employees-shareholders of the Company and of its subsidiaries, which are affiliated to associations of shareholders which comply with the requirements prescribed by applicable laws, spaces to be used for the purpose of the communication and 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.
As of March 2011, no employee-shareholders association's set-up was notified to the Company.

## Limitation to the right to vote

The bylaws of Enel Green Power does not provide for any limitation to the right to vote.

## Delegations to increase the share capital and authorizations to issue financial instruments bearing participation rights or the purchase of the Company's own shares

As of March 2011 no delegations to increase the share capital pursuant to Article 2443 of the Civil Code nor authorizations to issue financial instruments bearing participation rights or to purchase the Company's own shares pursuant to Articles 2357 et seq. of the Civil Code were granted to the Board of Directors.

## Change-of-control clauses

### A) EIB loan

On December 9, 2010, in order to develop its investments in Italy in the eolic and photovoltaic technologies, the Company entered into a loan agreement with the European Investment Bank (hereinafter, "EIB") for an overall amount of €440 million. The agreement has a duration of 20 years.

Such agreement provides that Enel Green Power shall notify EIB of any change regarding its controlling structure. If EIB deems that any such change may adversely affect the financial reliability of Enel Green Power, it may request additional guarantees or amendments to the agreement or other measures it may deem satisfactory.

If the requests of EIB are not accepted by Enel Green Power, EIB may unilaterally terminate the said loan agreement.

### B) EIB loan deriving from the de-merger of Enel Produzione

The Company is part of a loan agreement entered into with EIB by Enel Produzione in 2002, for an initial amount of €300 million, and subsequently assigned to the Company in connection with the de-merger of Enel Produzione in December 2008. The agreement will expire on December 15, 2016.

Such agreement provides that Enel Green Power shall notify EIB of any change regarding its controlling structure. If EIB deems that any such change may adversely affect the financial reliability of Enel Green Power, it may request additional guarantees or amendments to the agreement or other measures it may deem satisfactory.

If the requests of EIB are not accepted by Enel Green Power, EIB may unilaterally terminate the said loan agreement.

### C) Revolving credit facility agreement with Enel SpA

The Company entered into an agreement with Enel SpA, as from January 1, 2009, for a credit line of an overall amount – as of December 31, 2010 – of €2 billion.

The agreement will be in force up to December 31, 2011, subject to automatic renewal if not terminated by serving a notice three months before its term. Enel SpA may terminate the agreement and request the anticipated reimbursement of the credit line in case of a change of control of the Company.

### D) Revolving credit facility agreement of Enel Green Power International BV

On July 1, 2010, Enel Green Power International BV ("EGPI BV") entered into an agreement with Enel Finance International NV for a long-term credit line for an initial value of €2.5 billion.

The agreement provides that in the event of loss of control by Enel SpA over EGPI BV or mergers or sales which may entail, in the opinion of Enel Finance International NV, the material reduction of the creditworthiness of EGPI BV, EGPI BV shall immediately reimburse the amounts drawn under the agreement.

### E) Revolving credit facility of EGPI BV

On July 1, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a short-term multi-currency and multi-rate credit line for an initial value of €1.2 billion, with expiration on December 31, 2011, renewable upon request of the Company.

The agreement provides that in the event of loss of control by Enel SpA over EGPI BV, the latter shall immediately reimburse the amounts drawn under the agreement.

## Management and coordination activities

Enel Green Power is subject to the management and coordination by Enel SpA pursuant to Articles 2497 et seq. of the Civil Code.

## Appointment and replacement of Directors and amendments of the bylaws

The rules governing the appointment and replacement of Directors are examined in Section II of this document (under "Board of Directors - Appointment, replacement, composition, and term").

As far as the rules applicable to amendments of the bylaws are concerned, Extraordinary Shareholders' Meetings resolve thereon according to the majorities provided for by the law.

As allowed by the law, however, the bylaws assigns to the authority of the Board of Directors the resolutions concerning:

- mergers and de-mergers in the events provided for by the law;
- the establishment or closing of secondary headquarters;
- which Directors are entrusted to represent the Company;
- the reduction of the share capital in the event one or more shareholders withdrawal;
- the harmonization of the bylaws with provisions of law;
- moving the registered office within Italy.

## Compensation of the Directors in case of early termination of the relationship, also following a takeover bid

The payment arrangements with the persons who currently hold, respectively, the positions of Chief Executive Officer/General Manager of Enel Green Power provide for forms of compensation in case of their early termination of the relationship.
Specifically, it is provided that, in case of their justified resignation or early withdrawal or their removal without just cause, the Chief Executive Officer/General Manager of Enel Green Power shall receive a compensation amounting to the overall amount of the fixed and variable remuneration (considering, with regard to the variable portion of the remuneration, the average variable remuneration received in the last two years or, absent that, 50% of the maximum amount provided for) that he would have received for the period from the termination of his office until the expiry of the initial term.
The Chief Executive Officer/General Manager, subject to the payment of a compensation which may not exceed the amount of one year of the fixed and variable remuneration that he would have received both as Chief Executive Officer and General Manager (considering, with respect to the variable remuneration, the average of the variable remuneration received in the last two years or, absent that, 50% of the maximum amount provided for) has undertaken not to engage – for a period of one year as from the termination of his office as a Director – personally and directly, anywhere in the European Union, in any business activities out of the Enel Group that could be in competition with those carried on by Enel Green Power.

Finally, it should be noted that there are no agreements providing for (i) the award or the keeping of non monetary benefits in favor of Directors who terminated their offices, or (ii) the entering into of consultancy agreements for the period following the termination of the relationship as Director; no specific compensations are also provided for in the event the relationship of any member of the Board of Directors is terminated, also following a takeover bid.

With the sole exception of the Directors Carlo Angelici, Luciana Tarozzi and Giovanni Battista Lombardo, all the members of the Board of Directors are beneficiaries, as executives of Enel SpA (which status is no longer applicable to the Chief Executive Officer as from October 1, 2010), of the incentive plans based on financial instruments to be paid out of cash adopted by the Parent Company Enel SpA.

Following the admission to listing of the shares of the Company on November 4, 2010, the latter has not adopted incentive plans based on financial instruments to be paid out of cash addressed to directors and/or employees.

A description of the total remuneration of the members of the Board of Directors and the members of the related Committees, as well as the Chairman and the Chief Executive Officer/General Manager, is provided for in the second section of this report (under “Board of Directors - Remuneration”).

# Organization of the Company

In compliance with what is foreseen by Italian legislation on listed companies, the corporate organization is characterized by the following elements:

- a Board of Directors in charge of the management of the Company;
- a Board of Statutory Auditors entrusted (i) to supervise the observance of the law and the bylaws, and also the observance of the standards of correct administration when carrying out corporate activities, (ii) to control the suitability of the organizational structure, the internal auditing system and the Company’s administrative-accounting system, (iii) to supervise the financial information process, the legal annual accounts and consolidated accounts audit and the independence of the auditing company; (iv) to check the actual implementation methods for the corporate governance regulations, provided by the Code of Corporate Governance;
- a Shareholders’ Meeting, which is competent to resolve – in Ordinary or Extraordinary Meetings – among others, upon: (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors and the relevant remuneration and responsibilities; (ii) the approval of the financial statements and the allocation of profits; (iii) the purchase and

alienation of own shares; (iv) the shareholders' plans; (v) amendments to the bylaws; (vi) the issuance of convertible bonds.

The audit of the accounts is entrusted to a specialised company enrolled in the CONSOB's list, which is specifically appointed by the Shareholders' Meeting upon proposal by the Board of Statutory Auditors.

# Section II: implementation of Code of Corporate Governance's recommendations and further information

## Board of Directors

### Role and functions

The Board of Directors plays a central role in the Company's organization and is entrusted with the powers and the responsibility for strategic and organizational policies, as well as with verifying the existence of the controls necessary for monitoring the performance of the Company. In consideration of its role, the Board of Directors meets regularly and is organized and works so as to ensure the effective performance of its duties.

In this context, and in accordance with the provisions of the law and specific resolutions of its own (and in particular the latest one, adopted on October 5, 2010), the Board of Directors:

> defines the corporate governance system within the Company and Enel Green Power Group and sets up and identifies the competences of the internal Board committees, of whom it appoints the members;

> delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and procedures, if any, for exercising them. In accordance with the delegations in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by the law or by the Company's bylaws or which are reserved to the Board of Directors according to resolutions of this latter, which are described below;

> receives, as does the Board of Statutory Auditors, a constant and full information from the Chief Executive Officer about the activities carried out in the exercise of his delegated powers, in a specific report on a quarterly basis and with regard to the main transactions carried out by the Company and by the companies of the Enel Green Power Group, including transactions which are atypical, unusual or with related parties;

> defines, based on the indications supplied by the specific committee, the guidelines for the internal auditing system, of whom it regularly checks the adequacy and the actual functioning, making sure that the main company risks are identified and managed in an adequate manner and that the necessary controls exist to monitor the Company and the Enel Green Power Group progress;

> determines, based on the proposals made by the specific committee and having consulted the Board of Statutory Auditors, the remuneration for the Chief Executive Officer and of the other Directors having particular roles;

> on the basis of analyses and proposals formulated by the committee, evaluates the general criteria that, upon indication of the Chief Executive Officer, are adopted with regards to the remuneration policy for the Company and the Enel Green Power Group top management, and decides on the adoption of incentive plans for management in general;

> assesses the suitability of the administrative, organizational and accounting organizational set-up of the Company and Enel Green Power Group and decides on the changes to be made to the general organizational set-up as proposed by the Chief Executive Officer;

> based on information received from the Chief Executive Officer, assesses the general management trends of the Company and of the Enel Green Power Group, with particular regard to conflicts of interests cases, and regularly checks that planned results have been achieved;

> appoints the general manager and confers relevant powers;
> approves and amends the Company and Enel Green Power Group general organizational set-up;
> defines the corporate structure of Enel Green Power Group, checking its suitability;
> examines and approves the Company and Enel Green Power Group strategic, industrial and financial plans. On such matters, the current organization of corporate powers foresees that, in particular, the Board of Directors must resolve upon the approval of:
  - the annual budget and the long-term plan (which includes the aggregates of the annual budgets and long-term plans of the Enel Green Power's Group companies);
  - strategic agreements, also determining the strategic objectives of the Company and Enel Green Power Group;
> examines and approves beforehand the Company and Enel Green Power Group operations with a significant strategic, economic, asset and financial importance, especially if carried out with related parties or otherwise characterized by a potential conflict of interests. In particular the Board of Directors resolves upon:
  - the issuance of bonds;
  - the entering into medium- and long-term loan agreements for an amount exceeding €25 million;
  - the issuance of guarantees and of loans in the interest of companies of the Enel Green Power Group which are controlled or participated, for an amount exceeding €25 million;
  - strategic agreements;
  - agreements with Ministers, Local authorities, etc., which entail undertakings exceeding €10 million;
  - transactions relating to the set-up of companies, the acquisition or sale (also by way of contribution) of interests in companies or going concerns, if their amount exceeds €10 million;
> draws up proposals to be submitted to the shareholders' meetings and reports to the meetings about planned and completed activities, working to make sure that the shareholders have sufficient information on necessary elements so that they can participate in the Shareholders' Meetings' decision-making activities with all necessary information;
> approves proposals on exercising voting rights in the Shareholders' Meetings of the main subsidiaries and the appointment of members of their administrative and control bodies.

## Appointment replacement, composition and duration of appointment

According to the provisions of the bylaws, the Board of Directors comprises a number from seven to thirteen members, appointed by the Ordinary Shareholders' Meeting (that determines the number of members within the said limits) for a period of maximum three financial years and who can be re-elected at the end of their mandate.
Based on the applicable laws, all the Directors shall have the requisites of honorableness provided for the statutory auditors of listed companies.
In implementing the Unified Finance Act, the bylaws also foresees that the appointment of the entire Board of Directors takes place according to the "slate-vote" mechanism, aimed at guaranteeing a presence of members appointed by minority shareholders on the board, in the proportion of three-tenths of the Directors to be elected, to be rounded up, in the event this number is a fraction, to the nearest integer.
Each slate must include at least two candidates with the requisites of independence as established by law (i.e. the requisites foreseen for statutory auditors of listed companies), mentioning such candidates separately and indicating one of them in first position on the slate.
The slates, in which the candidates are to be listed by progressive number, can be submitted by the outgoing Board of Directors or by shareholders who, alone or together with other shareholders, are the holders of the minimum shareholding in the corporate capital established by CONSOB with regulation (i.e., considering the Enel Green Power's stock capitalization, currently the minimum percentage required is equal to at least 1% of the Company's share capital).
The slates must be deposited at the corporate registered office and published in compliance with the current regulations in force. On this matter, following the significant amendments to the applicable laws, introduced by Legislative Decree 27 of January 27, 2010 – which implemented in Italy the Directive 2007/36/EC, regarding the exercise of certain rights of the shareholders of listed companies – the Unified Financial Act provides that the slates must be filed at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Directors and shall be published by the

Company at its registered office, on its website and on the website of Borsa Italiana at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the Board of Directors.

A report with exhaustive information about the personal and professional characteristics of the candidates – accompanied by an indication of the possible suitability of the candidates to qualify themselves as independent, pursuant to the law and/or the Code of Corporate Governance – is to be deposited at the Company's registered office, and is published on the website of the Company and of Borsa Italiana.

For the purposes of identifying the directors to be elected, the candidates indicated in slates that have obtained a number of votes below half the percentage required to present the slates themselves (i.e. 0.50% of the share capital) are not taken into consideration.

To appoint directors who, for any reason, have not been elected according to the "slate-voting" system, the Shareholders' Meeting decides with legal majorities and so that the necessary number of directors with the requisites of independence established by law is however guaranteed (i.e. at least one director if the Board has seven members, or two directors if the Board comprises more than seven members).

The substitution of directors is regulated by legal dispositions. In addition to what is set out in the said dispositions, the bylaws states that:

> if one or more of the directors leaving their office vacant was taken from a slate containing names of non-elected candidates, substitution must be made by appointing, following a progressive order, people from the slate, to which the above mentioned director belonged, and who can still be elected and are willing to accept the office;

> in any case, substitution of the directors leaving their office vacant must be made by the Board of Directors, ensuring the presence of the necessary number of directors with the requisites of independence as established by the law;

> if the majority of the directors appointed by the Shareholders' Meeting is no longer available, the entire Board is considered to have resigned and the Shareholders' Meeting must be convened without delay by the Directors who have maintained their office, to re-elect the Board.

The Board of Directors has deferred the constitution of a specific committee for appointment proposals, as it believes that the slate-voting system is a suitable mechanism for the appointment of a Board of Directors in compliance with the requirements of law and in line with what is recommended by the Code of Corporate Governance.

It should be noted that the Company has not adopted up to date specific plans for the succession of the Chief Executive Director.

According to what was decided by the Ordinary Shareholders' Meeting on October 5, 2010, the current Board of Directors comprises seven members, whose mandate will expire when the financial statements for the year 2012 are approved. According to the appointments made during the said Shareholders' Meeting – without applying the "slate-voting" mechanism indicated above – the Board is currently made up of the members listed below, each name followed by a short professional profile.

**Luigi Ferraris** (Chairman) – Born in Legnano (Milan) on February 23, 1962. A degree in Economics and Business Studies from the University of Genoa. He has held several positions in the administration and control departments of several Italian and overseas companies, including Elsag Bailey Process Automation, part of the Finmeccanica Group, where he was Area Controller for Europe until 1999. In 1999, he entered the Enel Group as the finance director of Eurogen, Elettrogen and Interpower (formerly Gencos). In 2001, he was appointed as finance director of the Infrastructures and Networks Division. Since June 2005, he has been the head of the Administration, Planning and Control Department, since November 2009, Administration, Finance and Control. He is currently a member of the Board of Directors of the main Enel SpA subsidiaries (including Endesa) and chairman of the Enel shared services company (Enel Servizi Srl). He is also a lecturer at the LUISS University in Rome, and holds the course "Management control systems".

**Francesco Starace** (Chief Executive Officer and General Manager) – Born in Rome on September 22, 1955. A degree in Nuclear Engineering from Milan Polytechnic. From 1982 to 1987, he held several executive management positions in Italy, the United States, Saudi Arabia, Egypt and the Arab Emirates, in the tenders and planning department of the company General Electric. From 1987 to 2000 he worked for ABB and then Alstom Powers Corporation, where he was also managing director of the company ABB Combustion Engineering Italia and later in Zurich where he was global and turnkey systems sales manager for the gas turbine division. He entered the Enel Group in 2000 as manager of Energy Management at Enel Produzione. He was the Market Division manager from 2005 to 2008. He is currently manager of the Renewable Energies Division and is also a director in some of the companies belonging to the Renewable Energies Division.

**Carlo Angelici** (Director) – Born in Rome on April 9, 1945, with a degree in law from the University of Rome obtained in the academic year 1966/67. Since 1974 he has covered several teaching roles (banking law, bankruptcy law, industrial law, mercantile law and insurance law) in various Italian Universities. He has been a tenured lecturer of mercantile law since 1983. He is currently the lecturer of mercantile law at the Faculty of Law at the La Sapienza University in Rome. He was appointed head of the Law Faculty at La Sapienza University in Rome in 1995, and held this position until 2009. He is the author of several scientific works on corporate, trade and insurance matters. He was also a lecturer of historiography of the French Revolution at the Human Sciences Faculty at the La Sapienza University of Rome. He collaborated on the reform of Italian corporate law, taking part in several government commissions ("Mirone" commission in 1998, "Vietti" commission in 2001, and the coordination commission in 2003) that dealt with the subject. He was a legal advisor to the Treasury Ministry in the 1999-2000 period. He was appointed to the Enel SpA Board of Directors from 1999 to 2002, was secretary of the Board of Directors at Alitalia SpA from 2001 to 2003, the Telecom Italia Mobile SpA Board of Directors from 2004 to 2005, the Stretto di Messina SpA Board of Directors from 2005 to 2008 and the SACE BT Board of Directors from 2007 to 2010. He is currently a director of the Board (as an independent director appointed by the minorities) at Pirelli & C. SpA.

**Andrea Brentan** (Director) – Born in Tangiers (Morocco) on March 3, 1949. A degree in Engineering from Milan Polytechnic. He was a researcher at New York University from 1975 to 1977 and then held several positions at GIE, an Italian engineering and contracting group that operates worldwide creating "turnkey" stations. From 1991 to 1999, he was the financial director, general manager and managing director of Sae Sadelmi, a Milan company belonging to the ABB Group, which operates in the planning and construction sector of electrical power stations and in the construction and maintenance of electrical generators. From 2000 to 2002, he worked in Paris, heading the international business sector of the Alstom conventional power stations. He entered the Enel Group in November 2002 as manager of International Affairs and Business Development within the Energy Management and Generation Division. He is currently managing director of Endesa and is head of the Iberia and Latin America Division.

**Giovanni Battista Lombardo** (Director) – Born in Rome on July 4, 1946, with a degree in law from the University of Trieste. He was previously a Section Manager at the Ministry of Finance, Direct Taxes - Corporate Income Headquarters. After his early experience in a district office and then in a department inspectorate, he became a direct collaborator of the *pro-tempore* Director General , Dr. Monacchi, working on the writing of legislative texts, circulars and resolutions (1969-1983). He held the role of Tax Office Manager at Ania (National Association of Insurance Companies), reporting directly to the Director General (1983-1985). He was also the Tax Service manager at IRI, then Central Co-Director at the head of the Group's Tax Affairs Unit; he actively took part in the carrying out of extraordinary operations aimed at privatising the subsidiary companies (1985-1998). He was also the Enel Tax Manager starting in the spin-off phase and then during the listing on the stock market of the group Parent Company Enel SpA (1998-2003). Over the years, he has been a director of the boards of important public limited companies such as Finmeccanica (listed company), Cementir (listed company), Finmare, Lloyd Triestino di Navigazione, Terni Acciai Speciali, Sogei. He has been a lecturer at the Central Tax School "E. Vanoni" several times. He has been a member of Confindustria and Assonime tax committees.

**Carlo Tamburi** (Director) – Born in Rome on January 1, 1959. A degree in Statistics from La Sapienza University in Rome. He has held several positions in the last 20 years at Citibank NA, IRI and the Ministry of Economics and Finance. He was the chairman of the company Tirrenia di Navigazione SpA and a member of the board of several Italian companies, including Finmeccanica and Alitalia. He entered the Enel Group in 2002, and is currently in charge of the International Division.

**Luciana Tarozzi** (Director) – Born in Sasso Marconi (Bologna) on September 9, 1944. She obtained a school-leaving certificate in book-keeping in 1963. She worked in Enel's administration department in various roles from 1965 to

2005. In particular, she was director – Manager of Corporate Administration from 1997 to 2005; Head of Group Control and Reporting from 1996 to 1997; Economic-Finance Planning Sector Manager in the Administration Department from 1994 to 1996; Head of the Budget Service at the Economic-Finance Planning Sector from 1990 to 1994; Executive Manager at the Central Administration Department from 1988 to 1990. In the 2000-2005 period, she was a board director, without power of attorney, of some Enel Group companies. In 1999 she was awarded the "Mela d'Oro", an award that the Bellisario Foundation gives to women who have distinguished themselves in professional, political and cultural activities.
The directors are aware of their duties and responsibilities concerning the positions they hold, and are kept constantly informed by the relevant corporate departments about the main new legislative and regulatory matters concerning the Company and the carrying out of their own offices, also taking part in initiatives aimed at increasing knowledge of Company situation and dynamics, in order to carry out their role even more efficiently.
The directors carry out their duties autonomously and with full knowledge of facts, pursuing the main objective of creating value for the shareholders in the mid-long term.

## Remuneration

The remuneration of the members of the Board of Directors is decided by the Shareholders' Meeting; additional remuneration to members of advisory and proposal committees that are part of the Board of Directors is set by the Board itself, after consulting the Board of Statutory Auditors; the overall economic remuneration of the Chief Executive Officer is also decided by the Board of Directors, upon proposal of the remuneration committee and consultation with the Board of Statutory Auditors.
In particular, with reference to the current Board of Directors, the Ordinary Shareholders' Meeting held on October 5, 2010 set the annual gross remuneration for each director of the Board at €50,000 and at €70,000 the remuneration of the Chairman, in addition to reimbursement of any expenses incurred for carrying out the office.
On October 5, 2010, the Board of Directors set – upon consultation with the Board of Statutory Auditors – the additional remuneration for independent directors for taking part in the remuneration committee and the internal control committee. For coordinators of these committees, the gross remuneration is €30,000 per year, while other members receive €25,000 per year.

In February 2011, the Board of Directors upon proposal of the remuneration committee and upon consultation with the Board of Statutory Auditors, determined the overall remuneration of the Chief Executive Officer and General Manager. This remuneration, features of which are described below, was established after a careful analysis, in which the remuneration of persons in positions similar to those of the persons concerned (including international comparisons) was taken into account.

Specifically, the Chief Executive Officer/General Manager is entitled, as Chief Executive Officer, to a fixed remuneration of €200,000 gross a year and a variable remuneration of up to a maximum of €150,000 gross a year.

The variable remuneration is tied to the achievement of specific and objective annual goals connected with the budget and established by the Board of Directors upon proposal by the remuneration committee. The achievement of the said goals is verified by the Board of Directors, upon proposal of the remuneration committee. The overall above remuneration includes the minimum remuneration of €50,000 set by the Shareholders' Meeting for each director.

The Chief Executive Officer/General Manager is also entitled, as General Manager, to a fixed remuneration of €583,356.91 gross a year and a variable remuneration of up to a maximum of €487,500 gross a year.
The variable remuneration is tied to the achievement of specific and objective annual goals connected with the budget and established by the Board of Directors upon proposal by the remuneration committee.

As far as the variable component of the remuneration of the Chief Executive Officer/General Manager is concerned, the objectives established for the 2010 fiscal year, in connection with each of whom a specific weight is attributed, relate to the achievement of the consolidated EBITDA of Enel Green Power set by the budget, the reduction of the consolidated financial debt of the Company, the additional production capacity installed over the year, the workplace safety, the quality contribution to the management of the IPO process of Enel Green Power and the compliance with the managerial standards adopted by

Enel Green Power. In addition to the said goals, which relate only to Enel Green Power, with reference to 2010, the variable component of the remuneration of the Chief Executive Officer/General Manager is also in part connected to the achievement of the consolidated EBITDA of the Enel Group set by the budget and to the reduction of the financial debt of the same Group. The achievement of the said goals is verified by the Board of Directors of Enel Green Power, following the favorable opinion of the remuneration committee.
The above remuneration includes the possible remuneration as member of the boards of directors of subsidiaries or participated companies of Enel Green Power, which is therefore waived or transferred to Enel Green Power.

The employment as managers continues for the whole duration of the office as Director and is terminated as soon as the latter office terminates.

Moreover it should be noted that the person concerned is entitled to (i) a compensation in case of his justified resignation or his removal without just cause in his capacity as Chief Executive Officer and (ii) a consideration for the undertaking not to engage – for one year as from the termination of his relationship as a Director, personally and directly, anywhere in the European Union – in any business activities outside of the Enel's Group that could be in competition with those carried on by Enel Green Power.

The features of such compensation are described in the first section of this report (under "Ownership structure - Compensation of the directors in case of early termination of the relationship, also following a takeover bid").

In 2011, following the integration of the Board of Directors, the Company will conform to the recommendations introduced in March 2010 in the Code of Corporate Governance in relation to the compensation of the directors and executives with strategic responsibilities.

## Limits to the number of offices held by the directors

The Directors accept the office and keep it in the belief that they can dedicate the necessary time to a diligent carrying out of their duties, considering the number and quality of appointments they hold in the administration and control bodies of other important companies, and their commitment in the performance of other professional activities and other positions held.
On this matter, we would like to point out that in June 2010 the Board of Directors approved (effective from the starting date of the dealing of Company's shares on the MTA, November 4, 2010) a policy concerning the maximum number of offices that the members of the Board can hold in the control and administration bodies of other large companies, in order to ensure a suitable availability of time for those involved which is fit for the purpose of ensuring an efficient carrying out of the role they hold in the Enel Green Power's Board of Directors.
Following the indications by the Code of Corporate Governance, and for this purpose, the above policy only considers roles in the administration and control bodies of the following types of companies:

a) listed companies in regulated markets, also overseas;
b) Italian or overseas companies, with stocks that are not listed on regulated markets and that operate in the insurance, banking, investment brokerage, managed savings or financial sectors (limited to financial companies that are supervised by the Banca d'Italia and are enrolled in the special list as set out in Article 107 of the Consolidated Bank Act);
c) other Italian or overseas companies with stocks that are not listed in regulated market and which, while operating in sectors other than the ones indicated in letter b) above, have a net equity worth of more than €1 billion, or revenues exceeding €1.7 billion according to the last approved financial statements.

In accordance with the recommendations of the Code of Corporate Governance, the policy drawn up by the Board of Directors identifies different limits to the number of offices (measurable by using a system of specific "weights" for each type of office), depending on (i) the commitment for the role performed by each director in both the Enel Green Power's Board of Directors and in the administration and control bodies of other large companies, and (ii) on the type of companies where they carry out their other positions, excluding those held in subsidiaries or

participated companies of Enel Green Power, in companies that control Enel Green Power or that manage or coordinate Enel Green Power or in companies that share with Enel Green Power the same controlling entity.
Based on the communications made by the Company's directors, as well as the inquiry carried out by the Board of Directors, most recently in February 2011, it was ascertained that each of the Enel Green Power's directors currently holds a number of offices in the administration and control bodies of other large companies that is compatible with the limits imposed by the policy.

## Board of Directors' Meetings and the Chairman's role

During 2010 financial year, the Board of Directors held 15 meetings, lasting on average about 40 minutes each, with the regular participation of the various directors and the presence of the Board of Statutory Auditors. As far as 2011 is concerned, 14 Board meetings have been scheduled, 3 of which have already been held.
The activities of the Board of Directors are coordinated by the Chairman. The latter convenes the Board's Meetings, sets the agenda and leads the meeting itself, making sure that the directors promptly receive the necessary documents and information – except for cases of need and urgency – for being able to express themselves in full knowledge about the matters being discussed.

The Chairman has the powers foreseen by law and the bylaws regarding the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors), the Company's legal representation, and implementation of the Board of Directors' resolutions.

## Evaluation of the performance of the Board of Directors and of the Committes

The Board of Directors has not performed an evaluation for 2010 of the composition and size of the Board itself and of the committees, due to the short time since when, on October 5, 2010, the Board and the relevant committees were appointed.

## Non-executive directors

The Board of Directors comprises executive and non-executive directors.
In accordance with the contents of the Code of Corporate Governance, the following are considered executive directors:
> the Chief Executive Officer of the Company (or of companies with strategic relevance belonging to the Enel Green Power's Group) and the chairman to whom individual management proxies have been attributed or who has a specific role in the drawing up of company strategies;
> the directors who hold management positions in the Company (or in companies with strategic relevance belonging to the Enel Green Power Group) or with the Parent Company, when the position also concerns the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive directors.
According to the analysis carried out by the Board of Directors in October 2010 and subsequently in February 2001, considering the power organizational set up described above, only the Chief Executive Officer qualifies as an executive director. Therefore, the Chairman (Luigi Ferraris) and other 5 directors currently in charge (Carlo Angelici, Andrea Brentan, Giovanni Battista Lombardo, Carlo Tamburi and Luciana Tarozzi) qualify as non-executive directors.

The number, competence, authority and availability of time of the non-executive directors therefore guarantee that their judgment can have a significant influence in the making of the Board's decisions.
Non-executive directors bring their specific skills to the Board's discussions, in order to aid an examination of the subjects being discussed according to different perspectives and a consequent adoption of well-considered and well-informed decisions, that correspond to the corporate interest.

## Independent directors

Based on the information provided by the individual parties or available to the Company, immediately after appointment (October 2010), and most recently in February 2011, the Board of Directors attested the existence of the requisites of independence considered in the Code of

Corporate Governance concerning the directors Carlo Angelici, Giovanni Battista Lombardo and Luciana Tarozzi.
In particular, directors who do not have, or have not recently had, even indirectly, relations with the Company or with subjects connected to the Company that could currently affect their autonomy of judgment, are considered as independent.

The procedure followed by the Board of Directors for this matter began with an examination of an information document in which the positions held and the relationships of the members of the Board of Directors that are liable to being significant for evaluating his relative independence are listed; this phase was followed by a self-assessment carried out by the directors involved on his/her own personal position, followed by a final assessment carried out jointly by the Board of Directors with the abstention, in turn, of the individual members whose position was under examination.
When formulating an evaluation of the independence of non-executive directors, the Board of Directors considered, in particular, the cases in which, according to the Code of Corporate Governance, the requisites of independence should be considered as lacking and thus applied the principle of prevalence of the substance over the form indicated in the Code.

In carrying out the assessments in October 2010 and February 2011, the Board of Directors also verified the requisites of independence foreseen by law (in particular by the Unified Finance Act) for the statutory auditors of listed companies for the three above-mentioned directors – i.e. Carlo Angelici, Giovanni Battista Lombardo and Luciana Tarozzi – (such requisites are indicated in Table 1, attached hereto).

During the month of December 2010 and, most recently, February 2011, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Code of Corporate Governance, following to that end a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.

Given the lack of specific needs, there were no meetings of only the independent directors in addition to those meetings of the internal control and the remuneration committees of which only the independent directors are members.

Due to the fact that the Chairman of the Board of Directors of the Company is not the main responsible for the management of the Company (Chief Executive Officer) and does not control the Company, there are not the conditions set forth by the Code of Corporate Governance for the appointment of the Lead Independent Director.

While independence of judgment characterizes all directors' activities, both executive and non-executive, a suitable presence (both by number and skills) of directors who qualify as independent according to the above meaning – whose role is important in the Board of Directors and in committees – is considered to be a mean fit for the purpose of ensuring an adequate reconciliation of the interests of all shareholders.

On this matter, the Company and the Parent Company Enel SpA, each for their own competence, have undertaken, in the context of the procedure for the admission to listing of the shares of the Company, to make sure that the Company's Board of Directors is integrated with another three independent directors appointed by the shareholding minorities during the first Ordinary Shareholders' Meeting to be held after listing. In particular: (i) Enel Green Power has undertaken to make sure that during the first Shareholders' Meeting of the Company convened after listing, the integration of the Board of Directors by appointing three further independent directors, whose office will expire at the same time as the directors already appointed, will be placed on the Shareholders Meeting agenda; (ii) Enel SpA has undertaken to abstain from making its own candidatures for this item on the agenda and to express their own vote in favor of – or to make sure that they are elected – the independent candidates designated by the minority shareholders.
For such purpose, on March 9, 2011, the Board of Directors of Enel Green Power resolved to convene the Ordinary Shareholders' Meeting to resolve, *inter alia*, upon the integration of the Board of Directors with three additional independent directors, in compliance with the undertakings taken in the context of the listing process.

## Committees

In June 2010, the Board of Directors set up a committee for remuneration and for internal control, in order to guarantee efficient carrying out of such functions. These committees will have a consulting and constructive role, appointed to handle delicate matters which may be a source of possible conflicts of interest.

These committees are exclusively made up of independent Directors appointed by the Board of Directors, which also appoints a coordinator and determines the tasks of the committees themselves with a specific resolution.

In June 2010, the Board of Directors approved specific organizational regulations that govern the composition, the tasks and function modalities of each committee.

When carrying out their functions, the committees in question have the faculty to access information and company departments required for the carrying out of their respective tasks, and can also use external consultants paid for by the Company within the limits of budget approved by the Board of Directors.

Each committee appoints a secretary, who can also be not a member of the committee, who has the task of drawing up the minutes of the meetings.

The members of each committee can take part in the meetings of the other, in addition to other members of the Board of Directors and those whose presence may help to carry out the functions of the committee, specifically invited by the relevant coordinator.

The President of the Board of Statutory Auditors or another statutory auditor appointed by this latter can also take part to the meetings of the committee for internal control (in consideration of the specific supervisory functions of the Board of Statutory Auditors over the audit system provided for by the current legislation on listed companies); the person in charge of internal control can also take part to the meetings.

### Remuneration committee

Directors' remuneration is decided at a sufficient rate to attract, maintain and motivate directors with the professional qualities required to manage the Company successfully.

In this context, it is the remuneration committee's duty to ensure that a significant part of the salaries of executive directors and executive managers with strategic responsibilities is linked to the Company's and Enel Green Power Group's economic results and the achievement of specific goals indicated beforehand by the Board of Directors or, in the case of executive managers as above, by the Chief Executive Officer, in order to align the interests of such persons with the pursuit of the main objective of creating value for shareholders, in a mid-long term period.

The remuneration paid to non-executive directors are in proportion to the commitment required from each of them, taking into consideration their participation in committees. It must be pointed out that, in line with what is recommended in the Code of Corporate Governance, this remuneration is not in any way linked to the economic results achieved by the Company or the Enel Green Power Group and the non-executive directors do not receive any stock-based bonus plans.

In particular, the remuneration committee carries out the following advisory and proactive tasks:

- it submits proposals to the Board of Directors concerning remuneration for the Chief Executive Officer and the other directors who hold special positions, monitoring application of decisions taken by the Board of Directors. It must be stated that the Directors in question cannot take part in the committee meetings wherein proposals about relative remuneration are drawn up for the Board of Directors;
- it periodically evaluates the criteria adopted for the remuneration of executive managers with strategic responsibilities, supervising their application based on the information supplied by the Chief Executive Officer and making recommendations on the matter to the Board of Directors.

As part of its duties, the remuneration committee also plays a primary role in the drawing up and verification of progress in bonus systems for the executive management, intended to be tools for attracting and motivating resources of a suitable level and experience, for developing a sense of belonging and for ensuring constant attention to the creation of value over time.

It should be noted that in 2011 the Board of Directors will review certain provisions of the regulation concerning the functions of the remuneration committee and its composition, tasks and functioning modalities, in order to make the said provisions compliant with the new provisions of the Code of Corporate Governance introduced in March 2010 in relation to the remuneration of the Directors and the executive managers with strategic responsibilities.

Starting from October 5, 2010, the remuneration committee includes the directors Carlo Angelici (acting as coordinator), Giovanni Battista Lombardo and Luciana Tarozzi.

Starting from its appointment (October 2010), during 2010 the committee held 1 meeting with the participation of all of its components. The meeting lasted for 1 hour and 45 minutes.
During 2010, the remuneration committee formulated the proposal for the remuneration of the Chief Executive Officer.

## Internal control committee

The internal control committee has the task of assisting the Board of Directors, with investigative functions, for the assessment and decision-taking for the internal control system, the approval of financial statements and the six-monthly financial report and relations between the Company and the external auditor.
In particular, the internal control committee has the following advisory and proactive tasks:

> assisting the Board of Directors in carrying out the latter's tasks concerning internal control as required by the Code of Corporate Governance;

> evaluating, together with the executive manager in charge of drawing up corporate accounting documents and with external auditors, the correct use of accounting principles and homogeneity of the latter for the drawing up of the consolidated financial statements;

> upon request from the executive director appointed for said purpose, expressing opinions on specific aspects concerning the identification of the main company risks, the planning, carrying out and managing of the internal control system;

> examining the work plan drawn up by the manager in charge for the internal audit system, and regular reports prepared by said manager;

> evaluating results contained in the report of the external auditors and in the possible letter of recommendations;

> carrying out further tasks attributed to it by the Board of Directors, with special reference to the evaluation of the aids aimed at ensuring transparency and correctness in transactions with related parties;

> reporting to the Board of Directors, at least every six months, on the occasion of the approval of the financial statements and half-year financial report, about the activities carried out and the suitability of the internal control system.

Starting from October 5, 2010, the internal control committee is composed of the directors Giovanni Battista Lombardo (as coordinator), Carlo Angelici and Luciana Tarozzi. The Board of Directors meeting held on October 5, 2010 acknowledged that the directors Giovanni Battista Lombardi and Luciana Tarozzi have the requisite of suitable experience in accounting and financial matters.
Starting from its appointment (October 2010), during 2010 the internal control committee held 2 meetings with the participation of all of its components (including the President of the Board of Statutory Auditors). The average duration of the meetings was approximately of 2 hours.

In 2010, the activities of the internal control committee focused first of all, as usual, on the evaluation of (i) the work plan drafted by the manager in charge for the internal audit system, and (ii) the results of the audit carried out in the previous year and (iii) supervised the compliance with the compliance program adopted pursuant to Legislative Decree 231 of June 8, 2001 (and also provided for the update of such model).

In the end, the committee has monitored the continuous compliance, within the Enel Green Power Group, with the legislation concerning the accounting transparency, the appropriateness of the organizational structure and the internal control system of the subsidiaries established and governed by laws of non EU countries.

In December 2010, following the adoption by the Company of a new procedure for the discipline of the transactions with related parties, pursuant to Article 2391-*bis* of the Civil Code, the regulation adopted by CONSOB through Resolution no. 17221/2010 and subsequent amendments and integrations and Article 9.C.1 of the Code of Corporate Governance (the "Procedure"), the functions of the committee for the transactions with related parties, which is entrusted with the power to express a preventive opinion in relation to the transactions of the Company with one or more related parties (as individuated by the Procedure according to the terms and conditions provided by the Procedure itself).
The Procedure was adopted in December 2010 and came into force as of January 1, 2011.

# Board of Statutory Auditors

According to the law and the Company's bylaws, the Board of Statutory Auditors comprises three regular Statutory Auditors and two alternate Statutory Auditors, appointed by the Ordinary Shareholders' Meeting for a period of three financial years and who can be re-elected when their mandate expires.

The members of the Board of Statutory Auditors must have the requisites of reputation, professionalism and independence as established by the applicable laws for statutory auditors of listed companies, as integrated by the specific provisions of the bylaws.

According to the content the Unified Finance Act, the limits to the number of administrative and control offices that the members of the Board of Statutory Auditors can hold in Italian companies have been identified by CONSOB, with specific regulation.

The bylaws foresee that the appointment of the entire Board of Statutory Auditors takes place according to the "slate-voting" mechanism, aimed at guaranteeing the presence of a regular statutory auditor in the control body (who becomes the president) and an alternate statutory auditor (destined to substitute the president if this latter terminates his office in advance) appointed by the minority shareholders.

This election system foresees that the slates in which the candidates must appear following a progressive numbering can be submitted by shareholders who, alone or together with other shareholders, hold a minimum amount of shares in the corporate capital, as set out by CONSOB through the regulation concerning the submission of slates of candidates for the appointment of the Board of Directors (i.e, considering the stock capitalization of the shares of Enel Green Power, currently the percentage required is equal to 1% of the share capital).

The slates must be filed at the Company's registered offices and published in compliance with the applicable laws.

On this matter, following the significant amendments to the applicable laws, introduced by Legislative Decree 27 of January 27, 2010 – which implemented in Italy the Directive 2007/36/EC, relating to the exercise of certain rights of the shareholders of listed companies – the Unified Financial Act provides that the slates must be filed at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Statutory Auditors and shall be published by the Company at its registered office, on its website and on the website of Borsa Italiana at least 21 days before the date of the meeting, together with an exhaustive information report on the personal and professional characteristics of the candidates so as to ensure a transparent process for the appointment of the Board of Statutory Auditors.

For any Statutory Auditors appointed other than in the event of renewal of the entire Board of Statutory Auditors, the Shareholders' Meeting decides in accordance with the majorities required by the law and without observing the procedure stated above. It however ensures that the principle of representation of the minority shareholders within the Board of Statutory Auditors is observed.

In all cases, the Statutory Auditors act autonomously and independently, also with regards to the shareholders who elected them.

The current Board of Statutory Auditors was appointed during the setting up of the Company which took place with the de-merger from Enel Produzione on November 27, 2008 and which became effective on December 1, 2008, and will remain in its office until the date of the Ordinary Shareholders' Meeting that will be convened for the approval of the financial statements as at December 31, 2010. According to the appointments made at that time, currently the Board of Statutory Auditors is composed of the regular members listed below, for each of whom a short professional profile is provided.

**Leonardo Perrone** – Born in Bari on March 7, 1942. A degree in law from the La Sapienza University of Rome. He is a court of cassation lawyer specialised in tax and corporate law. He is a full professor of "Tax Law" in the Faculty of Economics at the La Sapienza University in Rome and a speaker at several national and international conferences in Italy and overseas. He has taught for more than 20 years at the Financial Police's Tax Squad and for several years in the Tax Law Masters course at the Economic and Finance Institute. He has published several documents, and has been a lawyer and consultant since 1968, working especially on tax, civil law and corporate law matters, representing several important national and international clients in the courts (including the Constitutional Court) and outside court.

**Giuseppe Ascoli** – Born in Rome on July 15, 1954. A chartered accountant and auditor. A partner in the legal-tax practice "Adonnino Ascoli & Cavasola Scamoni", an interprofessional association that is part of the international alliance CMS. An adjunct professor (Corporate governance course) at the University of Cassino – Faculty of Economics. He is the president of the Consulting Commission for International Tax Matters to the List of Chartered Accountants of Rome. He has been an appraiser for the courts of Rome, assessing companies. He has been appointed by public and private bodies for the assessment of companies and for corporate, contractual and tax consultancy and assistance. He is a statutory auditor, and also the president of Board of Statutory Auditors in companies belonging to national and international groups such as: Enel Group, Ford Group, PPG Group, Corriere dello Sport Group, Alliance Group, Linde Group, Allergan Group, Fideuram Group. He has been a director in the company MEDIOCREDITO in Rome, also as a member of the Executive Committee. He publishes articles for magazines specialised on tax matters. He teaches specialisation courses organised by universities or by professional orders. He has been a speaker at several national and international conferences.

**Giuseppe Mariani** – Born in Rome on November 10, 1949. A degree in Economics and Business Studies from the La Sapienza University of Rome. He is a chartered accountant, enrolled in the List of Rome since 1974. He was a member of the Council of Chartered Accountants of Rome, Rieti, Civitavecchia and Velletri in the 1984-1990 period. He is enrolled in the List of Expert Consultants for Judges and in the special list at the 2nd Special Section of the Courts of Rome. He was formerly an official auditor and has been enrolled in the Register of Auditors since 1984. Of his many professional activities, the following must be pointed out: corporate and contractual consultancy; tax consultancy and assistance in tax litigation; appraisals of companies and company branches; assistance in group reorganisations (strategic legal-commercial, organisational, corporate, tax profiles); assistance in mergers, splits, hive-offs, corporate awarding and transfers, assistance in the formation of groupings of purpose (companies, temporary consortiums, consortium companies, consortiums, joint ventures); assistance in judicial proceedings as a party expert. He is the president of the Auditing Panel and regular auditor for industrial and financial companies.

The remuneration for regular members of the Board of Statutory Auditors was set during the setting up of the Company, at €40,000 per year (gross figure) for the Chairman of the Board of Statutory Auditors and €30,000 per year (gross figure) for each of the regular statutory auditors, in addition to the reimbursement of costs required to carry out the relative duties.
During the financial year 2010, the Board of Statutory Auditors held 8 meetings, lasting for about 1 hour and 15 minutes each, which have been regularly attended by the regular Statutory Auditors.

In February 2010, the Board of Statutory Auditors verified for each of the Statutory Auditors the presence of the requisites of independence provided for by the Code of Corporate Governance with reference to Directors.
As of November 2010, in accordance with the rules concerning the maximum number of offices as directors or statutory auditors in Italian companies stated by CONSOB (which sets a maximum limit to the weight of the offices held by the Statutory Auditors equal to 6 points), the regular Statutory Auditors provided to CONSOB the information on the number of offices held and the relevant points associated to such offices. The information provided is the following:

> Leonardo Perrone: 8 offices; weight of the offices: 1.60 points;
> Giuseppe Ascoli: 23 offices; weight of the offices: 5.85 points;
> Giuseppe Mariani: 14 offices; weight of the offices: 2.20 points.

# Auditing Company

Audits of Enel Green Power's financial statements and of the group's consolidated financial statements are entrusted to KPMG SpA The appointment was awarded to this auditing company by the Shareholders' Meeting for the three-year period 2008-2010.
In June 2010, a specific procedure was completed that governs the entrusting of appointments to auditing companies which operate within the Enel Green Power Group. According to this procedure, the internal control committee and the Board of Statutory Auditors are called upon to express a binding opinion about the awarding of any additional engagement – therefore different from the main audit engagement and for which no cases of incompatibility foreseen by law exist – to the Group's main auditor

or bodies belonging to the relevant network; the awarding of such additional engagements is only permitted in certain conditions, of actual necessity (from a legal, economic or service quality point of view).

## Executive manager in charge of drawing up corporate accounts documents

In June 2010, the Board of Directors, subject to an opinion provided by the Board of Statutory Auditors, and with effects from the commencement date of trading of the Company's shares on the MTA, on November 4, 2010, appointed the executive manager in charge of drawing up the Company's accounting documents, in the person of the head of the Company's Administration, Finance and Control Department (Mr. Alberto de Paoli). The latter, as verified by the Board of Directors, has the professional requirements provided for by the bylaws of the Company.

The said manager has the task of preparing suitable administrative and accounting procedures for the drawing up of the financial statements and of the consolidated financial statements, and of any further financial communication.

The Board of Directors verifies that this manager has suitable powers and means and also supervises the actual compliance with the administrative and accounting procedures set up by the said manager.

The said manager issues a declaration that accompanies Company's documents and communications distributed to the market, regarding accounting information, also during the year, which certifies that such documents and communications correspond to the documents results, the accounting books and entries.

Together with the Chief Executive Officer, the same manager also certifies through a specific report on the financial statements, consolidated financial statements and the half-year financial report: (i) the suitability and actual application of administrative and accounting procedures as indicated above in the financial year statements, during the period to which the documents refer to; (ii) the conformity of the said documents' content with the international accounting principles applicable within the European Community; (iii) the correspondence of the said documents with the information contained in the accounting books and documents and their suitability for the purpose of providing a true and correct representation of the Company's and Enel Green Power Group's assets, economic and financial situation; (iv) that the management report on the financial statements and consolidated financial statements contains a reliable analysis of management trends and results, in addition to the Company's and Enel Green Power Group's situation, together with the description of the main risks and uncertainties to which they are subject to; (v) that the interim management report 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 financial year, together with a description of the main risks and uncertainties for the remaining six months of the financial year and information about important transactions with related parties.

The contents of said report are governed by CONSOB through a specific regulation.

## Internal control system

The Company has a specific internal control system, which is aimed at (i) verifying the suitability of the various Company's processes as to their efficacy, efficiency and economic nature, (ii) guaranteeing reliability and correctness of accounting documents and the safeguarding of the corporate assets and (iii) ensuring conformity of the operational procedures to internal and external regulations and to the Company's directives and guidelines with the aim of ensuring a sound and efficient management.

The internal control system carries out two separate types of activity within the Enel Green Power's Group:

> "line control", comprising all the control activities that the individual operational units or companies of the Enel Green Power Group carry out on their own processes. These control activities are carried out primarily by the operational management and are considered to be an integral part of every Company process;

> internal auditing carried out by the Company's "Audit" department and aimed mainly at identifying and limiting the Company's risks of any kind by monitoring line controls, both with regard to the adequacy of the controls and by looking at the results actually achieved through the relevant application. The activity in question therefore includes all processes in the Company and the Enel Green Power Group and the responsible

managers must indicate any corrective actions considered to be necessary and carry out any follow-up activity intended to verify the results of suggested actions.

The responsibility for adopting an adequate internal control system, consistent with existing national and international reference models and best practices lies with the Board of Directors, that, through the internal control committee:

> sets the guidelines for this system, so that the main risks relating to the Company and its subsidies are correctly identified, and adequately measured, managed and monitored, thus checking the compatibility of such risks with a sound and correct management of the Company;
> identifies one or more executive Directors appointed to supervise the internal control system. On this point, in October 2010, the Board of Directors entrusted the Chief Executive Officer, Francesco Starace, with this role, with effects from the commencement date of the trading of the Company's shares on the MTA, on November 4, 2010;
> evaluates, at least once a year, the suitability, efficacy and actual functioning of the internal control system. In this connection, it should be noted that, in February 2011, the Board of Directors has expressed its positive evaluation;
> appoints and removes one or more subjects to the internal control, setting the remuneration consistently with the Company's policies. On this matter, in June 2010, the Board of Directors appointed, with effect from the commencement date of the trading of the Company's shares on the MTA, on November 4, 2010, the Audit department manager (Silvia Fiori), setting her remuneration as equal to the one she has already been receiving.

The executive director appointed to supervise the internal control system operations in turn:

> identifies the main Company's risks, bearing in mind the characteristics of the activities carried out by the Company and its subsidies and submits them for their regular examination by the Board of Directors;
> implements the guidelines defined by the Board of Directors, through the planning, implementation and management of the internal control system, of which he constantly checks the overall suitability, efficacy and efficiency. Moreover, he also works on adapting the system to the dynamics of operational conditions and the legislative and regulatory scenario;
> proposes to the Board of Directors the appointment, withdrawal and remuneration of one or more subjects responsible for the internal control.

The person in charge of internal control, on his part:

> has the task of checking that the internal control system is always adequate, fully operational and working;
> is not responsible for any operational area and is not hierarchically subject to any operational area manager;
> has direct access to all the information useful for the purpose of carrying out his role;
> has the suitable means for carrying out the role assigned to him;
> reports about his work to the executive director appointed to supervise the internal control system's work, to the internal control committee and to the Board of Statutory Auditors. In particular, he reports about the modalities used to manage risks and about the observance of plans set for limiting risk and expresses his opinion about the suitability of the internal control system in achieving an overall acceptable risk profile.

## The system of risks management and internal control of financial information

As part of the internal control system, the Enel Green Power Group has a special system of risk management and internal control regarding the process of financial information (in the present section, the "System").

Overall, this System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system ("Risks Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of credibility [1], accuracy, reliability, and timeliness of financial information ("Internal Control System").

The manager in charge of preparing the corporate accounting documents has implemented a model for assessing the System of the Enel's Group and has adopted a specific procedural body – of which all the personnel

(1) Credibility (of the information): the information that possesses the characteristics of correctness and conformity with the generally accepted accounting principles and the requirements by the applicable laws and regulations.

concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the System in question. Specifically, the Enel Green Power Group issued a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The instituted controls have been monitored to check both their "design" (i.e., if it is operative, that the control is structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management responsible for the activities, risks and controls is entrusted with responsibilities regarding the periodic testing of the System.

The assessment of the controls on financial information was based on the criteria established in the model "Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "COSO Report"), supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT").

The process of assessment of the System, defined in Enel Green Power as Management Assessment Process (and in the rest of the present section referred to, for the sake of brevity, as "MAP"), which is progressively extended to newly acquired subsidiaries of a material significance, is divided into the following macro-phases:

> definition of the perimeter and identification of the risks;
> assessment of the design and effectiveness of the controls (the so-called "line" monitoring);
> "independent" monitoring;
> reporting, internal certifications, consolidation, and summary of the assessments;
> certification of the Chief Executive Officer and of the manager in charge of preparing the corporate accounting documents regarding the financial statements, the consolidated financial statements, and the half-year financial report.

The perimeter of the companies of the Enel Green Power Group to be included in the assessment is determined with regard to the specific level of risk, both in quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and in qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the System, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both the entity level or groups of entity level and the process level. In the first case, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability that they will occur. Process-level risks, on the other hand, are assessed assuming the absence of controls (so called "valutazione a livello inerente"), in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the risk connected with the failure to achieve the objectives of the System, at both the entity and the process level.

Controls at entity level are catalogued in specific check lists, in compliance with the five sections provided in the COSO Report: control environment, risk assessment, control activities, information systems and communication flows, monitoring activities.

Within the companies identified as significant, the processes at greatest risk were then defined and assessed and, within such processes, it was applied the top-down risk-based approach. In accordance with this approach, the Company then identified and assessed the risks having the greatest impact and the related controls, both general and specific, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.

In order to assess the appropriateness of the System, provision has been made for, every six months, a specific phase of the MAP, which consists in the monitoring by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of each of the controls identified.

For each corporate process assessed, an appropriate documentation is kept for the purpose of describing roles and responsibilities and the flows of data and information, as well as the key points of control (administrative and accounting procedures).

The activity of independent verification, for 2010, is entrusted to an external consultancy company.

The results of the assessments performed by both the line management and by the independent verification are communicated to the manager in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so-called "reporting"), which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies. In the event that the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.
These flows are also used for the periodic information about the adequacy of the System, provided for by the manager in charge to the subjects responsible for the internal controls of the Company.
On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned by the MAP, the manager in charge, together with the Chief Executive Officer, in turn issues special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the financial statements, the consolidated financial statements, or the half-year report (according to the document concerned each time).

## Non-EU foreign subsidiaries

During 2010, the Internal Control Committee checked that the Enel Green Power's Group was consistently complying with the regulations established by CONSOB as part of its Market Regulation (approved through decision no. 16191 of October 29, 2007, as subsequently amended), 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:

(a) in application of the parameters concerning material significance for consolidation purposes provided by Article 36, paragraph 2, of the CONSOB Market Regulation, 11 non-EU foreign subsidiaries were identified within the Enel Green Power Group to which the regulations apply for 2010.
Specifically, these companies are: (i) Enel Fortuna SA; (ii) Enel Green Power North America Inc.; (iii) Enel Geothermal LLC; (iv) Texkan Wind LLC; (v) Essex Company; (vi) Enel Brasil Participações Ltda; (vii) Nevkan Renewables LLC (viii) Enel Panama SA; (ix) Renovables de Guatemala SA; (x) Empresa Electrica Panguipulli SA and (xi) Chi Finance LLC;

(b) the Balance Sheet and Income Statement for 2010 of all the above companies, as included in the reporting package used for the preparation of the Enel Green Power Group's consolidated financial statements, will be made available to the public by Enel Green Power at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2010 financial statements of Enel Green Power (pursuant to Article 77, paragraph 2-*bis,* of the CONSOB Regulation on Issuers), at the same time of the summary reports regarding the main data of the last financial reports of the subsidiaries and affiliated companies;

(c) the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel Green Power (in accordance with Article 36, paragraph 1, letter b), of the CONSOB Market Regulation) and are available to the CONSOB, in updated form, where the latter should so request for supervisory purposes;

(d) Enel Green Power has ensured that all the above companies: (i) provide the external auditor of Enel Green Power with the information necessary to perform the annual and interim audits of Enel Green Power (pursuant to article 36, paragraph 1, letter c), i) of the CONSOB Market Regulation); (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of Enel Green Power of the income statement, balance sheet and financial data necessary for the preparation of the consolidated financial statements of Enel Green Power (pursuant to article 36, paragraph 1, letter c), ii) of the CONSOB Market Regulation).

# Statement of the Board of Directors with respect to the absence of the conditions provided for under Article 37 of CONSOB Market Regulation no. 16191/07

It is certified that Enel Green Power meets the conditions required for the listing of shares of controlled companies subject to the management and coordination of another listed company, provided by Article 37, paragraph 1, of CONSOB Market Regulation (approved through decision no. 16191 of October 29, 2007, as subsequently amended). In particular, it should be noted that Enel Green Power:

(a) has fulfilled and regularly fulfils the publicity obligations provided for under Article 2497-*bis* of the Civil Code;

(b) is autonomous in negotiating with its clients and suppliers;

(c) has a relationship with Enel SpA for the purpose of the latter to provide a centralized treasury management, which meets interest of the Company as it ensures a better capacity of planning, monitoring and covering of the financial needs and thus an optimization of the management of the cash and, moreover, allows for the attainment of competitive service terms, through the specialized experience of the Parent Company in providing the above services and an effective capacity to access the banking and financial system, as verified by the Board of Statutory Auditors;

(d) has a Board of Directors composed by seven members, three of which with the requirements of independence provided under Article 148, paragraph 3, of the Unified Financial Act and Article 3 of the Self-Discipline Code; the internal control and remuneration committees are composed exclusively of independent Directors.

# Transactions with related parties

In June 2010, with effect from the commencement date of the trading of the shares on the MTA, on November 4, 2010, the Board of Directors adopted a regulation for identifying the approval and execution modalities of transactions carried out by the Company or its subsidiaries, with related parties; this in order to ensure procedural and substantial transparency and correctness in carrying out the said transactions.

The above regulations were applied until December 31, 2010, and since January 1, 2011, a new procedure for transactions with related parties, approved by the Board of Directors in December 2010 (the "Procedure"), in compliance with Article 2391-*bis* of the Civil Code, the regulation adopted by CONSOB through decision no. 17221/2010 and following amendments and integrations and Article 9.C.1 of the Self-Discipline Code.

Such Procedure (available at www.enelgreenpower.com/it-IT/company/governance/related_parties/) sets forth certain rules aimed at ensuring the transparency and correctness, both substantial and procedural, of the transactions with related parties.

In consistency with the chronology, the contents of this Procedure shall be analyzed in the 2011 report on corporate governance and ownership structure.

Based on the regulation with related parties which was applied up to the end of 2010, the internal control committee is asked to carry out a prior review of the various types of operations with related parties, except for those with a limited risk profile for the Company and the Enel Green Power Group (operations carried out between companies entirely owned by Enel Green Power and the typical and usual ones, the ones regulated by standard conditions and the ones whose payment is set according to the official market listings or to the rates set by public authorities all come into this context).

Following the internal control committee's review, the Board of Directors therefore gives prior approval (for transactions regarding the Company) or a prior evaluation (for transactions regarding companies in the Enel Green Power Group) of transactions with the most important related parties, meaning: (i) unusual or atypical transactions; (ii) transactions with an equivalent value of more than €25 million (except for the ones, referred to above, which have a limited risk profile for the Company and for the Enel Green Power Group; (iii) other transactions that the internal control committee believes must be subject to examination by the Board of Directors.

Transactions with an equivalent value of €25 million or lower in which a relation exists with a Director or a regular statutory auditor of Enel Green Power, or with an executive manager with strategic responsibilities in the Company or

in the Enel Green Power Group (or with a related party via the above mentioned subjects) are always submitted to prior examination by the internal control committee.
For each transaction with related parties subject to prior approval or evaluation, the Board of Directors receives proper information about all important matters, and the relevant resolutions then properly give motivation for the reasons and convenience of transactions for the Company and the Enel Green Power Group. The Board of Directors will also receive proper information concerning the previous carrying out of transactions on which approval and evaluation have been resolved.
In order to prevent a transaction with related parties being completed on different conditions that what would have probably been negotiated between non-related parties, the internal control committee has the possibility, as well the Board of Directors has, to make use of – depending on the nature, value or other characteristics of the transaction – the aid of one or more independent experts selected from among subjects with acknowledged professional reputation and competence on the matter.
If the relation exists with a director of the Company or with a party related through the former, the director involved must promptly inform the Board of Directors about the nature, terms, origin and extent of his interest, leaving the meeting at the moment when a decision is taken in order to not influence the existence of the *quorum* or the decision of the Board of Directors.
If the connection exists with the Chief Executive Officer of the Company or with a related party through the former, in addition to the above, the Chief Executive Officer must abstain from carrying out the transaction, leaving the action to the Board of Directors.
If the relation exists with one of the Company's regular statutory auditors or with a connected party through them, the statutory auditor involved promptly informs the other statutory auditors and the Chairman of the Board of Directors about the nature, terms, origin and extent of his interest.
Finally, it is provided for a communications and certification system intended to timely reveal, since the start of the negotiations, transactions with related parties involving Enel Green Power Directors and regular Statutory Auditors, and also executive managers with strategic responsibilities in the Company and the Enel Green Power Group (or connected parties through said subjects).

## Handling of corporate information

In June 2010, the Board of Directors approved, with effect from the date of commencement of the trading of the Company's shares on the MTA, on November 4, 2010, specific regulations for the management and handling of reserved information also containing the procedures for external communications of documents and information concerning the Company and the Enel Green Power Group, with particular reference to confidential information. The directors and the statutory auditors must abide with the provisions contained in such regulations and maintain the confidentiality of the documents and information acquired while carrying out their duties.
The regulations are aimed at preserving the confidentiality of reserved information, while at the same time ensuring that information on Company's data provided to the market is correct, complete, adequate, prompt and non-selective.
The regulations generally place responsibility for management of reserved information with the Chief Executive Officer and relevant heads of the companies belonging to the Enel Green Power Group, ordering that the diffusion of information concerning each subsidiary must take place on agreement with the Chief Executive Officer of the company concerned.
The regulations also set out specifications for procedures to be observed concerning the external diffusion of Company's documents and information – in particular concerning the disclosure of confidential information – and carefully governs the modes used by Company representatives for contacting the press and other mass communication media (i.e. with financial analysts and institutional investors).
The Company has also set up, with effect from the commencement date of the trading of the Company's shares on the MTA, November 4, 2010, an Enel Green Power's Group register, in which the individual and legal entities that have access to confidential information are listed, together with information about their working or professional activity or about the functions carried out on behalf of the Company or companies belonging to the Enel Green Power Group. This register aims to make the subjects contained therein aware of the value of the confidential information that are available to them and, at the same time, helping CONSOB to carry out its supervision activities, in

observance of the laws set to protect market integrity. Moreover, in June 2010, with effect from the date of the start of trading of the shares on the MTA, November 4, 2010, the Board of Directors issued implementation instructions concerning internal dealing, concerning the purchase, sale, underwriting and exchange of Enel Green Power's shares, i.e. of financial instruments connected to them that have been carried out by "important subjects". This latter category includes those subjects who directly and/or indirectly hold shares amounting to at least 10% of the corporate capital, the Enel Green Power directors and regular statutory auditors and another 5 executive managers who are currently identified according to the reference legislation, as they have regular access to confidential information and have the power to make managerial decisions that are liable to affect the evolution and future prospects of Enel Green Power. Obligations of transparency are applied to all the above-indicated transactions, whose equivalent value is at least €5,000 on an annual basis, even if conducted by people with close connections to "important subjects".

When issuing the implementation measures for the reference legislation on this matter, the Board of Directors considered it necessary to foresee the obligation of abstention for "important subjects" (other than shareholders with 10% or more of the corporate capital) from carrying out transactions that are subject to the internal dealing rules during the two blocking periods of approximately one month each, which will take place after approval of the financial year statement and the half-year financial report by the same Board of Directors .

This Board of Directors' initiative was inspired by the desire to raise the Company's governance standards compared to the reference regulations and the general understanding was to prevent the carrying out of operations by important subjects that the market may perceive as suspect, as carried out during periods of the year that are especially delicate for corporate information.

## Relations with institutional investors and shareholders in general

In addition to being a duty towards the market, the Company believes that the setting up of a continuous dialogue based on the mutual understanding of roles, with the shareholders and institutional investors is in its own specific interest. This dialogue will be carried out in full respect of the laws and procedures that govern the disclosure of confidential information.

The Company therefore created (i) an investor relations unit, which is currently part of its Accounting, Finance, and Control Department, and (ii) a unit within its Department of Corporate Affairs in charge of communicating with shareholders in general.

It was also decided to further facilitate communication with investors through the creation of a special section of the Company's website (www.enelgreenpower.com), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the securities issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel Green Power's Boards, the Company's bylaws and Shareholders'-Meeting regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to Legislative Decree 231/2001).

## Shareholders' Meetings

The reference made in the Code of Corporate Governance about considering the Shareholders' Meeting to be an important opportunity for dialogue and comparison between shareholders and the Board of Directors (although there is a broad diversification in communication modes for listed companies with its own shareholders, institutional investors and the market) has been carefully assessed and fully shared by the Company, which has decided – in addition to guaranteeing the regular participation of its Directors in the Shareholders' Meetings' work – to adopt specific measures aimed at valorizing the Shareholders' Meetings; in particular, reference is made to the provision of the Company's Bylaws aimed at easing the proxy solicitation among the employee-shareholders of the Company and its subsidiaries and at facilitating their participation in the decisional process of the Shareholders' Meeting (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 Unified Financial Act and in the implementing laws adopted by CONSOB, was significantly amended after the enactment of Legislative Decree 27 of January 27, 2010, which implemented in Italy the Directive 2007/36/EC (concerning the enforcement of certain shareholders' rights in listed companies) and that modified, among the others, the laws regarding the terms for the Shareholders' Meetings, the number of the meetings, the *quorum*, the exercise of the right to convene the meeting and to put items on the agenda by the minority shareholding, the information before the meeting, the representation at the meeting, the identification of the shareholders and the introduction of the record date with the aim of identifying the title to participate and vote in the meeting.

The provisions of Legislative Decree 27/2010 are applicable with effect from the meetings whose notice is published after October 31, 2010 and are synthetically illustrated below with respect to the differences between the current legislation and the legislation previously in force.

In particular, it should be noted that the Ordinary and Extraordinary Shareholders' Meetings are competent to decide, *inter alia*, on (i) the appointment and removal of the members of the Board of Directors and of the Board of Statutory Auditors and on their relative remuneration and responsibilities; (ii) the approval of the financial statements and the allocation of profits; (iii) the purchase and alienation of their own shares; (iv) shareholders' plans; (v) amendments to the corporate bylaws , (vi) the issuance of convertible bonds.

On the basis of the Company's bylaws, the Ordinary and Extraordinary Shareholders' Meetings are convened and resolve, both in first, second or third call, with the majorities prescribed by applicable laws and are usually held in the town where the Company has its registered office, except where otherwise decided by the Board of Directors and on the condition that it is in Italy or in a country where the Company carries out its business, either directly or through its subsidiaries or associated companies. The Ordinary Shareholders' Meeting must be convened at least once a year within 180 days from the end of the financial year, for the approval of the financial statements.

The Unified Financial Act provides that the title to participate and to vote in the Shareholders' Meeting must be certified by a statement in favor of the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting (so-called "record date").

Shareholders may ask questions on the items on the agenda before the Shareholders' Meeting; questions submitted before the Meeting will be answered no later than during the Meeting.

Shareholders may also notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of the Meeting. Shareholders may also be represented in the Meeting by a representative in conflict of interest, provided that this latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the Unified Financial Act and the Enel Green Power's bylaws, shareholders are also entitled to grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the Shareholders' Meeting; this proxy, whose costs shall not be borne by the shareholders and that must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Unified Financial Act, at the end of 2010 CONSOB issued the provisions governing the participation in the Meeting by electronic means, which are applicable only when expressly referred to by the bylaws. The Board of Directors of the Company shall propose that the Meeting, convened to approve the financial statements as of December 31, 2010, resolves, in extraordinary session, to include in the Bylaws a provision that allows the Board to determine – each time and taken into account the evolution and the reliability of the technical tools available – the possibility to participate in the Shareholders' Meeting by electronic means, and to identify the modalities of participation in the notice of the Meeting.

The conduct of Shareholders' Meetings is governed by the law, the bylaws and by specific regulations approved by the Ordinary Shareholders' Meeting in June 2010, with effect from the start of the date of trading of shares on the MTA, November 4, 2010, whose contents are in line with the most advanced models for companies with listed shares expressly drawn up by several professional associations (Assonime and ABI).

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, should he be absent or indisposed, by the Chief Executive Officer, or should both be absent, by another person delegated by the Board of Directors; in other circumstances, the Shareholders' Meeting will elect its own chairman. The chairman is aided by a secretary, who may also not be a shareholder, appointed by the persons present and may appoint one or more observers.

The chairman of the Shareholders' Meeting checks that the meeting has been correctly constituted, the identity and legitimate presence of the persons present, governs the carrying out of the meeting and checks the voting results.

Shareholders' resolutions are included in the minutes signed by the chairman and the secretary. The minutes of Extraordinary Shareholders' Meetings must be drawn up by a notary public.

With regards to each shareholder's right to speak about the items on the agenda, the Shareholders' Meeting regulations provide that the chairman, considering the subject and relevance of the items discussed and the number of people who requested to speak and any questions put forward by the shareholders prior to the meeting that have not yet been answered by the Company, establishes a time frame for each speech and reply – generally no more than ten minutes for each speech and five minutes for replies – in order to make sure that the Shareholders' Meeting can complete its work in a single meeting. Those entitled to vote can ask to speak about the items discussed once only, making comments, asking for information and making proposals. A request to speak can be made from the moment in which the Shareholders' Meeting is constituted and – save for any other deadline set by the chairman – until the chairman does not declare that the discussion on the items on the agenda is closed. The chairman and, on his invitation, those assisting him, will answer to the speakers at the end of all the speeches or after each speech. Those requesting to speak will have the right to give a short reply.

# Code of Ethics

The awareness of the corporate and environmental consequences that go with the group's activities, together with the consideration of the importance of both a cooperative approach with the stakeholders and the Group's good reputation (in both internal and external relations), have inspired the drafting of the Code of Ethics of the Enel Group, approved by the Company's Board of Directors on December 1, 2008.

This code expresses the undertakings and ethical responsibilities in carrying out business, regulating and standardising company conduct to standards set for the utmost transparency and correctness towards all stakeholders. In particular, the code of ethics is organised into:

> general principles in the relations with stakeholders, which define the values of reference that guide the Group in carrying out its various activities. In the context of such principles, the following can be mentioned: honesty, impartiality, confidentiality, optimisation of corporate investments, human resources value, transparency and completeness of information, service quality and safeguarding of the environment;

> conduct criteria for each class of stakeholders, which provide the guidelines and rules that Enel Green Power's collaborators must abide with to ensure the respect of the general principles and to prevent the risk of unethical conducts;

> implementation mechanisms that describe the control system aimed at ensuring the compliance with the code of ethics and its continuous improvement.

# Compliance program

On December 1, 2008, through the implementation by the Board of Directors of the relevant model drafted by Enel SpA, the Company approved the compliance program corresponding to the requisites contained in Legislative Decree 231 of June 8, 2001, which introduced a system of administrative responsibility for companies into the Italian legal system (which is in fact a criminal matter), for some type of crimes committed by its directors, executive managers or employees in the interest of or to the advantage of the companies themselves.

The content of this model is consistent with the guidelines drawn up on the matter by trade associations and with

USA best practices and is another step towards the severity, transparency and sense of responsibility in internal and external relations, at the same time offering stakeholders suitable guarantees about an efficient and correct management of the Company.

This model – conceived as a tool to be adopted by all the Italian companies of the Group - comprises a "general part" (describing, *inter alia*, the contents of Legislative Decree 231/2001, the goals and functioning of the model, the duties of the control body which will supervise functions and observance of the model and its regular updating, information flows, penalty systems) and separate "special parts" that concern the various types of crimes foreseen by Legislative Decree 231/2001 and which the model intends to prevent.

The compliance model was further updated in the course of 2009 and 2010 in order to take account of the evolution of the Company's organization and of the legislative amendments occurred in the relevant applicable laws to said program, and for the purpose of a better coordination among the "special parts".

Finally, in February 2011, the Board of Directors, upon proposal of the internal control committee, updated the "special parts" concerning the crimes for purposes of terrorism or subversion of democracy and the crimes of handling stolen goods, recycling and using illegally acquired money, property, and benefits. During the same meeting, the Board of Directors also approved a new "special part" concerning computer crimes and illicit treatment of data, which recent legislation included among the crimes that are the "condition" of the liabilities regulated by Legislative Decree 231/2001.

The controlling body, called upon to supervise the functioning and observance of the said model and to take care of its updating, was initially established as a single member body. The Board of Directors held on October 5, 2010 has then modified the controlling body as a collegial one, (so-called "Monitoring Body"), appointing as its members those responsible of the Audit Department, Corporate Affairs and Legal Affairs.

Since its establishment, the Monitoring Body oversaw the functioning and the observance of the compliance model and in particular:

> held 4 meetings, in which it discussed upon the analysis of the adequacy of the overall corporate procedures and prevention of the "crime risk", as well as upon the verification of certain activities carried out in the "risk areas" identified in the aforementioned model (and not identifying critical situations with respect to what provided in the model);
> promoted the update of the compliance model;
> promoted, in addition to the usual training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance model, an on-line course regarding Legislative Decree 231/2001 and the compliance model;
> constantly reported its activities to the Chief Executive Officer and, on a regular basis, to the Internal Control Committee and to the Board of Statutory Auditors.

## "Zero tolerance of corruption" plan

On December 1, 2008, the Board of Directors approved the "Zero tolerance of corruption" plan, in order to substantiate Enel Green Power's signing of the Global Compact (action program promoted by the UN in 2000) and of the PACI – Partnership Against Corruption Initiative (an initiative sponsored by the World Economic Forum in Davos in 2005).

The ZTC plan implement the Code of Ethics and the Company's compliance program adopted pursuant to the Legislative Decree 231/2001, but is an in-depth consideration of the matter of corruption intended to acknowledge a series of recommendations for the implementation of the principles formulated on this matter by Transparency International.

Attachment 1.
Table on the structure of the Board of Directors and Committees

Attachment 2.
Table on the structure of the Board of Statutory Auditors

Attachment 3.
Table on the other provisions of the Code of Corporate Governance

## Table 1: Structure of Enel Green Power's Board of Directors and Committees

| Board of Directors | | | | | | | | Internal Control Committee [1] | | Remuneration Committee [1] | | Nomination Committee (if any) | | Executive Committee (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Independent | | | | | | | | | | | |
| Office | Members | Executive | Non executive | Unified Financial Act (****) | Code of CG (******) | (***) | Other offices (*) | (**) | (***) | (**) | (***) | (**) | (***) | (**) | (***) |
| Chairman | Luigi Ferraris [2] | | X | | | 100% | - | | | | | | | | |
| CEO/General Manager | Francesco Starace [2] | X | | | | 100% | - | | | | | | | | |
| Director | Carlo Angelici [3] | | X | X | X | 80% | 1 | X | 100% | X | 100% | | | | |
| Director | Andrea Brentan [2] | | X | | | 40% | - | | | | | Non-existent | | Non-existent | |
| Director | Giovanni Battista Lombardo [3] | | X | X | X | 100% | - | X | 100% | X | 100% | | | | |
| Director | Carlo Tamburi [2] | | X | | | 60% | - | | | | | | | | |
| Director | Luciana Tarozzi [3] | | X | X | X | 100% | - | X | 100% | X | 100% | | | | |

*Quorum* for the presentation of slates for the appointment of the Board of Directors: 1% of the share capital.
Number of meetings held from the date in which the Board of Directors was renovated with three independent directors, on October 5, 2010; Board of Directors: 5; Internal Control Committee: 2; Remuneration Committee: 1; Nomination Committee: n.a.; Executive Committee: n.a.

NOTES
(1) It should be noted that the Internal Control Committee and the Remuneration Committee, established with a resolution of the Board of Directors held on June 11, 2010, started their activities from October 5, 2010, date in which its members were elected.
(2) Director in charge for the entire fiscal year ended 2010.
(3) Director in charge since October 5, 2010. In the period from January 1, 2010 to October 5, 2010 Mr. Massimo Cioffi, Mr. Claudio Machetti and Mr. Giovanni Mancini were vested as directors; their percentage of participation in the meetings, during said term, was equal to 90%, 100% and 70%.

(*) This column shows the number of offices held by the person concerned on the Boards of Directors or the Boards of Statutory Auditors of other companies of significant size, as defined by the related policy established by the Board of Directors. In this regard, in the course of 2010 Enel Green Power's directors held the following offices considered significant for this purpose: Carlo Angelici: director of Pirelli SpA.
(**) In these columns, an "X" indicates the Committees 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 for the statutory auditors of listed companies by Article 148, Subsection 3, of the Unified Financial Act, applicable to the directors pursuant to Article 147-*ter*, Subsection 4, of the Unified Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Unified Financial Act, the following do not qualify as independent:
a) persons who are in the situations provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);
b) the spouse, relatives, and in-laws within the fourth degree of the directors of the Company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;
c) persons who are connected with the Company, its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the Company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.
(*****) In this column, an "X" indicates the possess of the requisite of independence provided by Article 3 of the Code of Corporate Governance. Specifically, according to applicative criterion 3.C.1 of the Code of Corporate Governance, a director should normally be considered lacking the requisites of independence in the following cases:
a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative [1] of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;
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.
d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or Parent Company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected

(1) It should be noted that, according to applicative criterion 3.C.2 of the Code of Corporate Governance, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the Chairman of the Board of Directors, the executive directors, and the executives with strategic responsibilities of the Company or organization under consideration.

with the Company's performance, including those involving stock based plans;

e) if he or she has been a director of the issuer for more than nine years in the last twelve years;

f) if he holds the office of Chief Executive Officer in another company in which an executive director of the issuer holds a directorship;

g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;

h) if he or she is a close family member (2) of a person who is in one of the conditions referred to in the preceding items.

## Table 2: Enel Green Power's Board of Statutory Auditors

| Office | Members | Percentage of Board meetings attended | Number of offices (*) |
|---|---|---|---|
| Chairman | Leonardo Perrone | 100% | 8 |
| Regular Auditor | Giuseppe Ascoli | 100% | 23 |
| Regular Auditor | Giuseppe Mariani | 100% | 14 |
| Alternate Auditor | Giulio Monti | n.a. | - |
| Alternate Auditor | Francesco Rocco | n.a. | - |

Number of meetings held in 2010: 8

*Quorum* required for the presentation of slates for the appointment of the Board of Statutory Auditors: 1% of the share capital.

NOTES

(*) 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.

(2) The comment on Article 3 of the Code of Corporate Governance states in this regard that "in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner *more uxorio* , and co-habitant family members of a person who could not be considered an independent director."

## Table 3: Other provisions of the Code of Corporate Governance

| | YES | NO | Summary of the reasons for any deviation from the recommendations of the Code |
|---|---|---|---|
| **Delegation system and transactions with related parties** | | | |
| Has the Board of Directors delegated powers and established: | X | | |
| a) their limits | X | | |
| b) how they are to be exercised | X | | |
| c) and how often it is to be informed? | X | | |
| Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the Company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)? | X | | |
| Has the Board of Directors established guidelines and criteria for identifying "significant" transactions? | X | | |
| Are the aforesaid guidelines and criteria described in the report? | X | | |
| Has the Board of Directors established special procedures for the examination and approval of transactions with related parties? | X | | |
| Are the procedures for approving transactions with related parties described in the report? | X | | |
| **Procedures of the most recent election of the Board of Directors and the Board of Statutory Auditors** | | | |
| Were the candidacies for the office of director filed at least 10 days beforehand? | | n.a. (*) | |
| Were the candidacies for the office of director accompanied by exhaustive information on the personal and professional characteristics of the candidates? | | n.a. (*) | |
| Were the candidacies for the office of director accompanied by a statement that the candidates qualify as independent? | | n.a. (*) | |
| Were the candidacies for the office of statutory auditor filed at least 10 days beforehand? | | n.a. (**) | |
| Were the candidacies for the office of statutory auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates? | | n.a. (**) | |
| **Shareholders' Meetings** | | | |
| Has the Company approved regulations for Shareholders' Meetings? | X | | |
| Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)? | X | | |

(*) It should be noted that for the election of the Board of Directors in charge, appointed by the Ordinary Shareholders' Meeting held on October 5, 2010, the slate vote system was not applied, since it found full application only after the date of the start of the trading of the shares on the MTA organized and managed by Borsa Italiana SpA – November 4, 2010. In this regard, it is reminded that, in the context of the public offering aimed at the listing of the shares of the Company on the Mercato Telematico Azionario organized and managed by Borsa Italiana SpA, (i) Enel Green Power SpA undertook, on its behalf, that in the first Ordinary Meeting of the Company convened after the listing, the agenda would have included the integration of the Board of Directors, through the election of three other independent directors, whose office shall end along with that of the directors in office at the time of their appointment and (ii) Enel also undertook, with respect to the same item on the agenda, to abstain from proposing any candidacy and cast its vote in favor of – or in order to appoint – independent candidacies chosen by the minority shareholders.

(**) It should be noted that the Board of Statutory Auditors in charge was appointed in concurrence with the establishment of the Company, occurred with a demerger act from Enel Produzione SpA on November 27, 2008 with effect from December 1, 2008, and shall remain in charge until the date set for the approval of the financial statements as for December 31, 2010.

| | YES | NO | Summary of the reasons for any deviation from the recommendations of the Code |
|---|---|---|---|
| **Internal control** | | | |
| Has the Company appointed the person in charge of internal control? | X | | |
| Is the person in charge hierarchically independent of the heads of operating areas? | X | | |
| Organizational position of the person in charge of internal control | Head of the Company's Internal Audit Department | | |
| **Investor relations** | | | |
| Has the Company appointed a head of investor relations? | X | | |
| Organizational unit of the head of investor relations and related contact information | Relations with institutional investors:<br>Investor Relations<br>Viale Regina Margherita, 125 - 00198 Rome, Italy<br>tel. +39 06/83057449 - fax +39 06/83057200<br>e-mail: ir_egp@enel.com<br><br>Relations with retail shareholders:<br>Department of Corporate Affairs<br>Viale Regina Margherita, 125 - 00198 Rome, Italy<br>tel. +39 06/83059209 - fax +39 06/83052700<br>e-mail: retail_egp@enel.com | | |

# Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

# Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of the Enel Green Power Group at December 31, 2010, 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 Francesco Starace and Alberto de Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel Green Power 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 Green Power Group and
   b. the effective adoption

   of the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Green Power Group in the period between January 1, 2010 and December 31, 2010.

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 Green Power 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 Green Power Group at December 31, 2010:
   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 Green Power Group at December 31, 2010 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 9, 2011

**Francesco Starace**

Chief Executive Officer of Enel Green Power SpA

**Alberto de Paoli**

Officer responsible for the preparation
of the financial reports of Enel Green Power SpA

# Attachments

# Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2010

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 Green Power SpA at December 31, 2010, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel Green Power has full title to all investments.
The following information is included for each company: name, registered office, activity, share capital, currency of account, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

## Subsidiaries consolidated on a line-by-line basis at 31 December, 2010 (1)

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| **Parent Company:** | | | | | | | | |
| Enel Green Power SpA | Rome | Italy | Holding company | 1,000,000,000 | EUR | Enel SpA | 69.17% | |
| **Subsidiaries:** | | | | | | | | |
| Enel Green Power International BV | Amsterdam | Netherlands | Holding company | 244,532,298 | EUR | Enel Green Power SpA | 100.00% | 100.00% |
| Enel.si Srl | Rome | Italy | Plant engineering and energy services | 5,000,000 | EUR | Enel Green Power SpA | 100.00% | 100.00% |
| Energia Eolica Srl | Rome | Italy | Wind generation | 4,840,000 | EUR | Enel Green Power SpA | 51.00% | 51.00% |
| Geotermica Nicaraguense SA | Managua | Nicaragua | Geothermal generation | 92,050,000 | NIO | Enel Green Power SpA | 60.00% | 60.00% |
| Enel Green Power Portoscuso Srl (formerly Portoscuso Energia Srl) | Rome | Italy | Wind generation | 10,000 | EUR | Enel Green Power SpA | 100.00% | 100.00% |
| Consorzio Sviluppo Solare | Rome | Italy | Photovoltaic generation | 100,000 | EUR | Enel.si Srl | 70.00% | 70.00% |
| Enel Green Power Bulgaria EAD | Sofia | Bulgaria | Wind generation | 35,231,000 | BGN | Enel Green Power International BV | 100.00% | 100.00% |
| WP Bulgaria 1 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 3 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 6 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 8 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 19 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 21 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 26 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 9 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 10 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 11 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 12 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 13 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 14 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| WP Bulgaria 15 EOOD | Sofia | Bulgaria | Wind generation | 5,000 | BGN | Enel Green Power Bulgaria EAD | 100.00% | 100.00% |
| Enel Green Power Romania Srl (formerly Blu Line Impex Srl) | Sat Rusu de Sus Nuseni | Romania | Wind generation | 128,000,000 | RON | Enel Green Power International BV | 100.00% | 100.00% |
| Blue Energy Srl | Tulcea | Romania | Wind generation | 1,000 | RON | Blue Line Impex Srl | 100.00% | 100.00% |
| International Wind Parks of Achaia SA | Maroussi | Greece | Wind generation | 8,121,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| International Wind Parks of Crete SA | Maroussi | Greece | Wind generation | 3,093,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| International Wind Parks of Rhodes SA | Maroussi | Greece | Wind generation | 5,070,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| International Wind Parks of Thrace SA | Maroussi | Greece | Wind generation | 6,454,980 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Wind Parks of Thrace SA | Maroussi | Greece | Wind generation | 4,032,210 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| International Wind Power SA | Maroussi | Greece | Wind generation | 6,615,300 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Wind Parks of Kouloukona SA | Maroussi | Greece | Wind generation | 2,700,018 | EUR | Enel Green Power Hellas SA | 80.00% | 80.00% |
| Wind Parks of Korinthia SA | Maroussi | Greece | Wind generation | 3,279,500 | EUR | Enel Green Power Hellas SA | 80.00% | 80.00% |
| International Eolian of Korinthia SA | Maroussi | Greece | Wind generation | 6,468,500 | EUR | Enel Green Power Hellas SA | 80.00% | 80.00% |
| Glafkos Hydroelectric Station SA | Maroussi | Greece | Wind generation | 4,690,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Hydro Constructional SA | Maroussi | Greece | Electrical engineering, electricity trading and energy services | 3,630,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Enel Green Power Hellas SA | Maroussi | Greece | Holding company | 2,160,000 | EUR | Enel Green Power International BV | 100.00% | 100.00% |
| Wind Park of Koryfao SA | Maroussi | Greece | Wind generation | 60,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Wind Park of West Ktenias SA | Maroussi | Greece | Wind generation | 70,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Aioliko Voskero SA | Maroussi | Greece | Wind generation | 955,600 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Eolian of Martino SA | Maroussi | Greece | Wind generation | 3,950,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Pougakia Small Hydroelectric Station SA | Maroussi | Greece | Electrical engineering, electricity trading and energy services | 1,250,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Argyri Energiaki SA | Maroussi | Greece | Electrical engineering, electricity trading and energy services | 3,200,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Kastaniotiko Small Hydroelectric Station SA | Maroussi | Greece | Electrical engineering, electricity trading and energy services | 2,600,000 | EUR | Enel Green Power Hellas SA | 100.00% | 100.00% |
| Enel Green Power France Sas | Lyon | France | Wind generation | 80,200,000 | EUR | Enel Green Power International BV | 100.00% | 100.00% |
| Parc Eolien de Beauséjour Sasu | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Parc Eolien de Bouville Sasu | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Parc Eolien de la Grande Epine Sasu | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Parc Eolien des Ramiers Sasu | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Société Armoricaine d'Energie Eolienne Sarl | Lyon | France | Wind generation | 1,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Société du Parc Eolien des Champs D'Eole Sarl | Lyon | France | Wind generation | 1,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Société d'exploitation du parc eolien de La Bouleste Sas | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 100.00% | 100.00% |
| Enel Green Power North America Inc. (formerly Enel North America) | Wilmington (Delaware) | USA | Holding company | 778,675,128 | USD | Enel Green Power International BV | 100.00% | 100.00% |
| Enel Green Power Latin America BV (formerly Enel Latin America BV) | Amsterdam | Netherlands | Holding company | 244,450,298 | EUR | Enel Green Power International BV | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enel Green Power Puglia Srl (formerly Italgest Wind) | Melissano (Lecce) | Italy | Wind generation | 1,000,000 | EUR | Enel Green Power SpA | 100.00% | 100.00% |
| Enel Green Power TSS Srl (formerly Anemos 1 Srl) | Melissano (Lecce) | Italy | Wind generation | 1,000,000 | EUR | Enel Green Power Puglia Srl | 100.00% | 100.00% |
| Enel Green Power España SA | Siviglia | Spain | Cogeneration of electricity and heat | 11,153 | EUR | Enel Green Power International BV | 60.00% | 60.00% |
| Energías de La Mancha, SA | Villarta de San Juan (Ciudad Real) | Spain | Biomass generation | 280,000 | EUR | Enel Green Power España SL | 68.42% | 41.05% |
| Unelco Cog. Sanitarias del Archipielago, SA | Las Palmas de Gran Canaria | Spain | Cogeneration of electricity and heat | 1,202,020 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Aguilon 20 SA | Zaragoza | Spain | Wind generation | 1,693,000 | EUR | Enel Green Power España SL | 51.00% | 30.60% |
| Eólica Valle del Ebro, SA | Zaragoza | Spain | Wind generation | 5,559,000 | EUR | Enel Green Power España SL | 50.50% | 30.30% |
| Eólicas de Agaete, SL | Las Palmas de Gran Canaria | Spain | Wind generation | 240,400 | EUR | Enel Green Power España SL | 80.00% | 48.00% |
| Eólicas de Fuencaliente, SA | Las Palmas de Gran Canaria | Spain | Wind generation | 216,360 | EUR | Enel Green Power España SL | 55.00% | 33.00% |
| Eólicos de Tirajana, A.I.E. | Las Palmas de Gran Canaria | Spain | Wind generation | - | EUR | Enel Green Power España SL | 60.00% | 36.00% |
| Eólica del Noroeste | La Coruña | Spain | Wind generation | 36,000 | EUR | Enel Green Power España SL | 51.00% | 30.60% |
| Explotaciones Eólicas de Escucha, SA | Zaragoza | Spain | Wind generation | 3,505,000 | EUR | Enel Green Power España SL | 70.00% | 42.00% |
| Explotaciones Eólicas del Puerto, SA | Teruel | Spain | Wind generation | 3,230,000 | EUR | Enel Green Power España SL | 73.60% | 44.16% |
| Explotaciones Eólicas Sierra La Virgen, SA | Zaragoza | Spain | Wind generation | 4,200,000 | EUR | Enel Green Power España SL | 90.00% | 54.00% |
| Explotaciones Eólicas Saso Plano, SA | Zaragoza | Spain | Wind generation | 5,488,000 | EUR | Enel Green Power España SL | 70.00% | 42.00% |
| Explotaciones Eólicas Sierra Costera | Zaragoza | Spain | Wind generation | 8,047,000 | EUR | Enel Green Power España SL | 90.00% | 54.00% |
| Fisterra Eólica, SL | La Coruña | Spain | Wind generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| P.E. Carretera de Arinaga, SA | Las Palmas de Gran Canaria | Spain | Wind generation | 1,007,000 | EUR | Enel Green Power España SL | 80.00% | 48.00% |
| Parque Eólico Montes de las Navas, SA | Madrid | Spain | Wind generation | 6,540,000 | EUR | Enel Unión Fenosa Renovables SA | 20.00% | 39.30% |
| | | | | | | Enel Green Power España SL | 55.50% | |
| Paravento, SL | Lugo | Spain | Wind generation | 3,000 | EUR | Enel Green Power España SL | 90.00% | 54.00% |
| Parque Eólico de Aragón, AIE | Zaragoza | Spain | Wind generation | 601,000 | EUR | Enel Green Power España SL | 80.00% | 48.00% |
| Parque Eólico de Barbanza, SA | La Coruña | Spain | Wind generation | 3,606,000 | EUR | Enel Green Power España SL | 63.43% | 38.05% |
| Parque Eólico de Enix, SA | Seville | Spain | Wind generation | 3,005,000 | EUR | Enel Green Power España SL | 95.00% | 57.00% |
| Parque Eólico de Santa Lucía, SA | Las Palmas de Gran Canaria | Spain | Wind generation | 901,500 | EUR | Enel Green Power España SL | 65.67% | 39.40% |
| Parque Eólico Punta de Teno, SA | Tenerife | Spain | Wind generation | 528,880 | EUR | Enel Green Power España SL | 52.00% | 31.20% |
| Parque Eólico Sierra del Madero, SA | Soria | Spain | Wind generation | 7,193,970 | EUR | Enel Green Power España SL | 58.00% | 34.80% |
| Planta Eólica Europea, SA | Seville | Spain | Wind generation | 1,199,000 | EUR | Enel Green Power España SL | 56.12% | 33.67% |
| Productora Regional de Energías Renovables | Valladolid | Spain | Wind generation | 711,000 | EUR | Enel Green Power España SL | 85.00% | 51.00% |
| Proyectos Eólicos Valencianos, SA | Valencia | Spain | Wind generation | 2,550,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Eolicos Touriñan, SA | La Coruña | Spain | Wind generation | 601,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Prorener I, SA | Valladolid | Spain | Wind generation | 61,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Prorener II, SA | Valladolid | Spain | Wind generation | 60,000 | EUR | Enel Green Power España SL | 75.00% | 45.00% |
| Prorener III, SA | Valladolid | Spain | Wind generation | 60,000 | EUR | Enel Green Power España SL | 75.00% | 45.00% |
| Eólica de la Cuenca Central Asturiana, SL | Asturias | Spain | Wind generation | 30,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 1 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 2 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 3 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 6 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 7 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 8 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 9 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 10 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 11 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 12 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 13 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 14 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 15 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 16 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 17 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 18 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Guadarranque Solar 19 SL | Seville | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Concentrasolar, SL | Seville | Spain | Photovoltaic generation | 10,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Hispano Generación de Energía Solar, SL | Jerez de los Caballeros (Badajoz) | Spain | Photovoltaic generation | 3,000 | EUR | Enel Green Power España SL | 51.00% | 30.60% |
| Energías de Aragón II | Zaragoza | Spain | Hydroelectric generation | 18,500,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Finerge Gestâo de Projectos Energéticos SA | Porto | Portugal | Holding | 750,000 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Enerviz - Produção de Energia de Vizela, Lda. | Porto | Portugal | Cogeneration of electricity and heat | 673,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 100.00% | 60.00% |
| Enercampo - Produção de Energia, Lda. | Porto | Portugal | Cogeneration of electricity and heat | 249,000 | EUR | Finerge Gestâo de Projectos Energéticos | 100.00% | 60.00% |
| CTE - Central Termoeléctrica do Estuário, Lda. | Porto | Portugal | Cogeneration of electricity and heat | 564,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 100.00% | 60.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enernisa - Produção de Energia, Lda. | Porto | Portugal | Cogeneration of electricity and heat | 249,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 100.00% | 60.00% |
| Parque Eólico do Alto da Vaca, Lda. | Porto | Portugal | Wind generation | 125,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 75.00% | 45.00% |
| Parque Eólico de Gevancas, SA | Porto | Portugal | Wind generation | 50,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 100.00% | 60.00% |
| EOL Verde Energia Eólica, SA | Porto | Portugal | Wind generation | 50,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 75.00% | 45.00% |
| Empreendimentos Eólicos do Douro, SA | Porto | Portugal | Wind generation | 50,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 100.00% | 60.00% |
| Empreendimento Eólico de Viade, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 80.00% | 48.00% |
| Biowatt - Recursos Energéticos, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 51.00% | 30.60% |
| Parque Eólico do Vale do Abade, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 51.00% | 30.60% |
| Empreendimento Eólico do Rego, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 51.00% | 30.60% |
| Eolcinf - Produção de Energia Eólica, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 51.00% | 30.60% |
| EolFlor - Produção de energia Eólica, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 51.00% | 30.60% |
| SEALVE - Sociedade Eléctrica de Alvaiázere, SA | Porto | Portugal | Wind generation | 50,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 100.00% | 60.00% |
| Carvemagere - Manutenção e Energias Renováveis, Lda. | Porto | Portugal | Cogeneration of electricity and heat | 85,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 65.00% | 39.00% |
| Sisconer - Exploração de Sistemas de Conversão de Energia, Lda. | Porto | Portugal | Wind generation | 5,000 | EUR | Finerge Gestão de Projectos Energéticos SA | 55.00% | 33.00% |
| Companhia Térmica Ponte da Pedra, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 95.00% | 57.00% |
| Companhia Térmica Ribeira Velha, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 100.00% | 60.00% |
| HidroRibeira - Emp. Hídricos e Eólicos LDA | Porto | Portugal | Hydroelectric generation | 7,481.96 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 100.00% | 60.00% |
| Companhia Térmica Lusol, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 95.00% | 57.00% |
| Campos Recursos Energéticos, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 95.00% | 57.00% |
| Enercor Produção de Energia, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 70.00% | 42.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Companhia Térmica Hectare, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 60.00% | 36.00% |
| Companhia Térmica Oliveira Ferreira, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 95.00% | 57.00% |
| Soternix Produção de Energia, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 51.00% | 30.60% |
| Companhia Térmica Tagol, LDA | Porto | Portugal | Cogeneration of electricity and heat | 5,000 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 95.00% | 57.00% |
| Atelgen Produção Energia, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 51.00% | 30.60% |
| Parque Eólico Moinhos do Céu, SA | Porto | Portugal | Wind generation | 50,000 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 100.00% | 60.00% |
| Colina Produção Energia Eléctrica, LDA | Porto | Portugal | Wind generation | 5,486.78 | EUR | Parque Eólico Moinhos do Céu, SA | 90.00% | 60.00% |
| | | | | | | PP Cogeracao, SA | 10.00% | |
| HidroRibeira - Emp. Hídricos e Eólicos LDA | Porto | Portugal | Hydroelectric generation | 7,481.96 | EUR | Parque Eólico Moinhos do Céu, SA | 100.00% | 60.00% |
| Empreendimentos Eólicos Serra do Sicó, SA | Porto | Portugal | Wind generation | 50,000 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 52.38% | 31.20% |
| PP Cogeração, SA | Porto | Portugal | Cogeneration of electricity and heat | 50,000 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 100.00% | 60.00% |
| Hidrivis, SA | Porto | Portugal | Hydroelectric generation | 986,000 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 67.00% | 60.30% |
| | | | | | | Enel Green Power ESpain | 33.50% | |
| Parque Eólico Serra da Capucha, SA | Porto | Portugal | Wind generation | 50,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 50.00% | 45.00% |
| | | | | | | T.P. Sociedade Térmica Portuguesa, SA | 50.00% | |
| Enel Green Power Calabria Srl | Rome | Italy | Wind generation | 10,000 | EUR | Enel Green Power SpA | 100.00% | 100.00% |
| Maicor Wind Srl | Cosenza | Italy | Wind generation | 20,850,000 | EUR | Enel Green Power SpA | 60.00% | 60.00% |
| Enerlive Srl | Cosenza | Italy | Wind generation | 6,520,000 | EUR | Maicor Wind Srl | 100.00% | 60.00% |
| Taranto Solar | Rome | Italy | Photovoltaic generation | 100,000 | EUR | Enel Green Power SpA | 51.00% | 51.00% |
| Enel Green Power Strambino Solar Srl | Torino | Italy | Wind generation | 250,000 | EUR | Enel Green Power SpA | 60.00% | 60.00% |
| Parque Eólico Finca De Mogán SA | Las Palmas De Gran Canaria | Spain | Wind generation | 3,810,340 | EUR | Enel Green Power España SL | 90.00% | 54.00% |
| Energética Mataró SA | Barcelona | Spain | Waste treatment | 484,150 | EUR | Enel Green Power España SL | 85.00% | 51.00% |
| Energía Global De Mexico (Enermex) SA de Cv | Mexico City | Mexico | Hydroelectric generation | 50,000 | MXN | Enel Green Power Latin America BV | 99.00% | 99.00% |
| Energía Nueva de Iggu Srl de Cv | Mexico City | Mexico | Hydroelectric generation | 3,000 | MXN | Impulsora Nacional De Electricidad Srl de Cv | 99.99% | 100.00% |
| | | | | | | Energía Nueva Energía Limpia Mexico Srl de Cv | 0.01% | |
| Asoleo SL | Madrid | Spain | Wind generation | 800,000 | EUR | Enel Green Power España SL | 50.01% | 30.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enel Green Power Extremadura | Merida (Badajoz) | Spain | Wind generation | 3,012 | EUR | Enel Green Power España SL | 100.00% | 60.00% |
| Italaise SA de Cv | Distrito Federal | Mexico | Cogeneration of electricity and heat | 7,481,000 | MXN | Enel Green Power España SL | 99.99% | 59.99% |
| Mataró Tractament Térmic Eficient SA | Barcelona | Spain | Environmental studies | 1,878,000 | EUR | Energética Mataró SA | 80.00% | 48.00% |
| Micase SA de Cv | Distrito Federal | Mexico | Cogeneration of electricity and heat | 47,132,000 | MXN | Enel Green Power España SL | 51.00% | 30.60% |
| Energías de Graus SL | Barcelona | Spain | Hydroelectric plants | 1,298,160 | EUR | Enel Green Power España SL | 66.67% | 40.00% |
| Fermicaise SA de Cv | Distrito Federal | Mexico | Cogeneration of electricity and heat | 7,667,000 | MXN | Enel Green Power España SL | 99.99% | 59.99% |
| Gresaise SA de Cv | Distrito Federal | Mexico | Cogeneration of electricity and heat | 7,647,000 | MXN | Enel Green Power España SL | 99.99% | 59.99% |
| Almussafes Servicios Energéticos SL | Valencia | Spain | Maintenance and operation of power plants | 3,010 | EUR | Enel Green Power España SL | 100.00% | 60.00% |

(1) All the companies are engaged in electricity generation from renewable resources.

## Subsidiaries held by Enel Green Power North America Inc. consolidated on a line-by-line basis at December 31, 2010 (1) (2)

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by (3) | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| **Parent Company:** | | | | | | | | |
| Enel Green Power North America Inc. (formerly Enel North America Inc.) | Wilmington (Delaware) | USA | Holding | 50 | USD | Enel Green Power International BV | 100.00% | |
| **Subsidiaries:** | | | | | | | | |
| Agassiz Beach LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Aquenergy Systems Inc. | Greenville (South Carolina) | USA | Hydroelectric generation | 10,500 | USD | Consolidated Hydro Southeast Inc. | 100.00% | 100.00% |
| Asotin Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Autumn Hills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Aziscohos Hydro Company Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Barnet Hydro Company | Burlington (Vermont) | USA | Hydroelectric generation | - | USD | Sweetwater Hydroelectric Inc. | 100.00% | 100.00% |
| Beaver Falls Water Power Company | Philadelphia (Pennsylvania) | USA | Holding | - | USD | Beaver Valley Corporates Ltd. | 67.50% | 67.50% |
| Beaver Valley Holdings Ltd. | Philadelphia (Pennsylvania) | USA | Holding | 2 | USD | Hydro Development Group Inc. | 100.00% | 100.00% |
| Beaver Valley Power Company | Philadelphia (Pennsylvania) | USA | Hydroelectric generation | 30 | USD | Hydro Development Group Inc. | 100.00% | 100.00% |
| Black River Hydro Assoc. | New York | USA | Hydroelectric generation | - | USD | (Cataldo) Hydro Power Associates | 75.00% | 75.00% |
| Boott Field LLC | Wilmington (Delaware) | USA | Holding | - | USD | Boott Hydropower Inc. | 100.00% | 100.00% |
| Boott Hydropower Inc. | Boston (Massachusetts) | USA | Hydroelectric generation | - | USD | Boott Sheldon Corporates LLC | 100.00% | 100.00% |
| Boott Sheldon Holdings LLC | Wilmington (Delaware) | USA | Holding | - | USD | Hydro Finance Corporate Company Inc. | 100.00% | 100.00% |
| BP Hydro Associates | Boise (Idaho) | USA | Hydroelectric generation | - | USD | Chi Idaho Inc. | 68.00% | 100.00% |
| | | | | | | Chi Magic Valley Inc. | 32.00% | |
| BP Hydro Finance Partnership | Salt Lake City (Utah) | USA | Holding | - | USD | BP Hydro Associates | 75.92% | 100.00% |
| | | | | | | Fulcrum Inc. | 24.08% | |
| Bypass Limited | Boise (Idaho) | USA | Hydroelectric generation | - | USD | El Dorado Hydro | 100.00% | 100.00% |
| Bypass Power Company | Los Angeles (California) | USA | Holding | - | USD | Chi West Inc. | 100.00% | 100.00% |
| Canastota Wind Power LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Essex Company | 100.00% | 100.00% |
| Castle Rock Ridge Limited Partnership | Calgary (Alberta) | Canada | Wind generation | 100 | CAD | Enel Alberta Wind Inc. | 100.00% | 100.00% |
| (Cataldo) Hydro Power Associates | New York (New York) | USA | Hydroelectric generation | - | USD | Hydro Development Group Inc. | 50.00% | 100.00% |
| | | | | | | Chi Black River Inc. | 50.00% | |
| Chi Acquisitions Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi Acquisitions II Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Chi Black River Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Enel Green Power Canada Inc. | Montreal (Quebec) | Canada | Holding | 1,757,364 | CAD | Chi Finance LLC | 100.00% | 100.00% |
| Chi Dexter Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by [3] | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Chi Finance LLC | Wilmington (Delaware) | USA | Holding | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi Highfalls Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Chi Finance LLC | 100.00% | 100.00% |
| Chi Hydroelectric Company Inc. | St. John (Newfoundland) | Canada | Hydroelectric generation | 6,834,448 | CAD | Enel Green Power Canada Inc. | 100.00% | 100.00% |
| Chi Idaho Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Chi Magic Valley Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Chi Minnesota Wind LLC | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Chi Finance LLC | 100.00% | 100.00% |
| Chi Mountain States Operations Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Chi Operations Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi Power Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi Power Marketing Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi S.F. LP | Montreal (Quebec) | Canada | Biomass generation | - | CAD | Chi Hydroelectric Company Inc. | 100.00% | 100.00% |
| Chi Universal Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Chi West Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Chi Western Operations Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Coneross Power Corporation Inc. | Greenville (South Carolina) | USA | Hydroelectric generation | 110,000 | USD | Aquenergy Systems Inc. | 100.00% | 100.00% |
| Consolidated Hydro Mountain States Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Consolidated Hydro New Hampshire Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 130 | USD | Chi Universal Inc. | 100.00% | 100.00% |
| Consolidated Hydro New York Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 200 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Consolidated Hydro Southeast Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Acquisitions II Inc. | 95.00% | 100.00% |
| | | | | | | Gauley River Power Partners LP | 5.00% | |
| Consolidated Pumped Storage Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 80.00% | 80.00% |
| Copenhagen Associates | New York (New York) | USA | Hydroelectric generation | - | USD | Hydro Development Group Inc. | 50.00% | 99.00% |
| | | | | | | Chi Dexter Inc. | 50.00% | |
| Crosby Drive Investments Inc. | Boston (Massachusetts) | USA | Hydroelectric generation | - | USD | Asotin Hydro Company Inc. | 100.00% | 100.00% |
| EGP Geronimo Holding Company Inc. | Wilmington (Delaware) | USA | Holding | 1,000 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| EGP Padoma Holding Company Inc. | Wilmington (Delaware) | USA | Holding | 1,000 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| EGP Solar 1 LLC | Wilmington (Delaware) | USA | Photovoltaic generation | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| El Dorado Hydro | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Olympe Inc. | 82.50% | 100.00% |
| | | | | | | Motherlode Hydro Inc. | 17.50% | |
| Enel Alberta Wind Inc. | Calgary (Alberta) | Canada | Holding | 16,251,021 | CAD | Enel Green Power Canada Inc. | 100.00% | 100.00% |
| Enel Cove Fort LLC | Wilmington (Delaware) | USA | Geothermal generation | - | USD | Enel Geothermal LLC | 100.00% | 100.00% |
| Enel Cove Fort II LLC | Wilmington (Delaware) | USA | Geothermal generation | - | USD | Enel Geothermal LLC | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by [3] | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enel Geothermal LLC | Wilmington (Delaware) | USA | Holding | - | USD | Essex Company | 100.00% | 100.00% |
| Enel Kansas LLC | Wilmington (Delaware) | USA | Holding | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Enel Nevkan Inc. | Wilmington (Delaware) | USA | Holding | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Enel Salt Wells LLC | Wilmington (Delaware) | USA | Geothermal generation | - | USD | Enel Geothermal LLC | 100.00% | 100.00% |
| Enel Stillwater LLC | Wilmington (Delaware) | USA | Geothermal generation | - | USD | Enel Geothermal LLC | 100.00% | 100.00% |
| Enel Surprise Valley LLC | Wilmington (Delaware) | USA | Geothermal generation | - | USD | Enel Geothermal LLC | 100.00% | 100.00% |
| Enel Texkan Inc. | Wilmington (Delaware) | USA | Holding | - | USD | Chi Power Inc. | 100.00% | 100.00% |
| Enel Washington DC LLC | Wilmington (Delaware) | USA | Holding | - | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Essex Company | Boston (Massachusetts) | USA | Hydroelectric generation | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Florence Hills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Fulcrum Inc. | Boise (Idaho) | USA | Hydroelectric generation | 1,003 | USD | Consolidated Hydro Mountain States Inc. | 100.00% | 100.00% |
| Gauley Hydro LLC | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Essex Company | 100.00% | 100.00% |
| Gauley River Management Corporation | Willison (Vermont) | USA | Hydroelectric generation | - | USD | Chi Finance LLC | 100.00% | 100.00% |
| Gauley River Power Partners LP | Willison (Vermont) | USA | Hydroelectric generation | - | USD | Gauley River Management Corporation | 100.00% | 100.00% |
| Hadley Ridge LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Highfalls Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Chi Finance LLC | 100.00% | 100.00% |
| Hope Creek LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Hosiery Mills Hydro Company Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Hydrodev Inc. | Montreal (Quebec) | Canada | Holding | 7,587,320 | CAD | Enel Green Power Canada Inc. | 100.00% | 100.00% |
| Hydrodev Limited Partnership | Montreal (Quebec) | Canada | Holding | - | CAD | Hydrodev Inc. | 100.00% | 100.00% |
| Hydro Development Group Inc. | Albany (New York) | USA | Hydroelectric generation | 12 | USD | Chi Acquisitions II Inc. | 100.00% | 100.00% |
| Hydro Energies Corporation | Willison (Vermont) | USA | Hydroelectric generation | 5,000 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Hydro Finance Holding Company Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Jack River LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Jessica Mills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Julia Hills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Kings River Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Kinneytown Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| LaChute Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by [3] | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Lawrence Hydroelectric Associates LP | Boston (Massachusetts) | USA | Hydroelectric generation | - | USD | Essex Company | 92.50% | 100.00% |
| | | | | | | Crosby Drive Investments Inc. | 7.50% | |
| Littleville Power Company Inc. | Boston (Massachusetts) | USA | Hydroelectric generation | - | USD | Hydro Development Group Inc. | 100.00% | 100.00% |
| Lower Saranac Corporation | New York (New York) | USA | Hydroelectric generation | 2 | USD | Twin Saranac Corporates LLC | 100.00% | 100.00% |
| Lower Saranac Hydro Partners | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Lower Saranac Corporation | 100.00% | 100.00% |
| Mascoma Hydro Corporation | Concord (New Hampshire) | USA | Hydroelectric generation | - | USD | Chi Acquisitions II Inc. | 100.00% | 100.00% |
| Metro Wind LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Mill Shoals Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Minnewawa Hydro Company Inc. | Wilmington (Delaware) | USA | Holding | 100 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Missisquoi Associates | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Sheldon Vermont Hydro Company Inc. | 1.00% | 100.00% |
| | | | | | | Sheldon Springs Hydro Associates LP | 99.00% | |
| Motherlode Hydro Inc. | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Chi West Inc. | 100.00% | 100.00% |
| Nevkan Renewables LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Enel Nevkan Inc. | 100.00% | 100.00% |
| Newbury Hydro Company | Burlington (Vermont) | USA | Hydroelectric generation | - | USD | Sweetwater Hydroelectric Inc. | 100.00% | 100.00% |
| NeWind Group Inc. | St. John (Newfoundland) | Canada | Holding | 578,192 | CAD | Enel Green Power Canada Inc. | 100.00% | 100.00% |
| Northwest Hydro Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi West Inc. | 100.00% | 100.00% |
| Notch Butte Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| O&M Cogeneration Inc. | Montreal (Quebec) | Canada | Biomass generation | 15 | CAD | Hydrodev Inc. | 66.66% | 66.66% |
| Olympe Inc. | Los Angeles (California) | USA | Biomass generation | - | USD | Chi West Inc. | 100.00% | 100.00% |
| Ottauquechee Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Finance LLC | 100.00% | 100.00% |
| Pelzer Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Consolidated Hydro Southeast Inc. | 100.00% | 100.00% |
| Pyrites Associates | New York (New York) | USA | Hydroelectric generation | - | USD | Hydro Development Group Inc. | 50.00% | 100.00% |
| | | | | | | Chi Dexter Inc. | 50.00% | |
| Rock Creek Limited Partnership | Los Angeles (California) | USA | Hydroelectric generation | - | USD | El Dorado Hydro | 100.00% | 100.00% |
| Ruthton Ridge LLC | Minneapolis (Minnesota) | USA | Hydroelectric generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| SE Hazelton A. LP | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Bypass Limited | 100.00% | 100.00% |
| Sheldon Springs Hydro Associates LP | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Sheldon Vermont Hydro Company Inc. | 100.00% | 100.00% |
| Sheldon Vermont Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Boott Sheldon Corporates LLC | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by [3] | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Slate Creek Hydro Associates LP | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Slate Creek Hydro Company Inc. | 100.00% | 100.00% |
| Slate Creek Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Acquisitions II Inc. | 100.00% | 100.00% |
| Smoky Hills Wind Farm LLC | Topeka (Kansas) | USA | Wind generation | - | USD | Texkan Wind LLC | 100.00% | 100.00% |
| Smoky Hills Wind Project II LLC | Topeka (Kansas) | USA | Wind generation | - | USD | Nevkan Renewables LLC | 100.00% | 100.00% |
| Snyder Wind Farm LLC | Dallas (Texas) | USA | Wind generation | - | USD | Texkan Wind LLC | 100.00% | 100.00% |
| Soliloquoy Ridge LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Somersworth Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 100 | USD | Chi Universal Inc. | 100.00% | 100.00% |
| Southwest Transmission LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Spartan Hills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| St.-Felicien Cogeneration | Montreal (Quebec) | Canada | Biomass generation | - | CAD | Chi S.F. LP | 96.00% | 96.00% |
| Summit Energy Storage Inc. | Wilmington (Delaware) | USA | Holding | 8,200 | USD | Enel Green Power North America Inc. | 75.00% | 75.00% |
| Sun River LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Sweetwater Hydroelectric Inc. | Concord (New Hampshire) | USA | Hydroelectric generation | 250 | USD | Chi Acquisitions II Inc. | 100.00% | 100.00% |
| Texkan Wind LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Enel Texkan Inc. | 100.00% | 100.00% |
| TKO Power Inc. | Los Angeles (California) | USA | Hydroelectric generation | - | USD | Chi West Inc. | 100.00% | 100.00% |
| Triton Power Company | New York (New York) | USA | Hydroelectric generation | - | USD | Chi Highfalls Inc. | 2.00% | 100.00% |
| | | | | | USD | Highfalls Hydro Company Inc. | 98.00% | |
| Tsar Nicholas LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Twin Falls Hydro Associates | Seattle (Washington) | USA | Hydroelectric generation | - | USD | Twin Falls Hydro Company Inc. | 0.51% | 99.51% |
| | | | | | | Twin Saranac Corporates LLC | 99,00% | |
| Twin Falls Hydro Company Inc. | Wilmington (Delaware) | USA | Hydroelectric generation | 10 | USD | Twin Saranac Corporates LLC | 100.00% | 100.00% |
| Twin Lake Hills LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| Twin Saranac Holdings LLC | Wilmington (Delaware) | USA | Hydroelectric generation | - | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Western New York Wind Corporation | Albany (New York) | USA | Wind generation | 300 | USD | Enel Green Power North America Inc. | 100.00% | 100.00% |
| Willimantic Power Corporation | Hartford (Connecticut) | USA | Hydroelectric generation | - | USD | Chi Acquisitions Inc. | 100.00% | 100.00% |
| Winter's Spawn LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | Chi Minnesota Wind LLC | 49.00% | 49.00% |
| San Juan Mesa Wind Project II, LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Padoma Wind Power, LLC | 100.00% | 100.00% |
| Padoma Wind Power, LLC | Los Angeles (California) | USA | Holding | - | USD | EGP Padoma Corporate Company, Inc. | 100.00% | 100.00% |
| Mason Mountain Wind Project LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Padoma Wind Power, LLC | 100.00% | 100.00% |

| Company Name | Registered office | Country | Activity | Share capital | Currency | Held by (3) | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Garden Heights Wind Project LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Padoma Wind Power, LLC | 100.00% | 100.00% |
| EGP Jewel Valley, LLC | Wilmington (Delaware) | USA | Wind generation | - | USD | Padoma Wind Power, LLC | 100.00% | 100.00% |
| EGP Stillwater Solar, LLC | Wilmington (Delaware) | USA | Photovoltaic generation | - | USD | Essex Company | 100.00% | 100.00% |

(1) All the companies are engaged in electricity generation from renewable resources.
(2) In many cases, the subsidiaries are formed as entities that do not require the payment of share capital.
(3) For companies in which the holding is less than 50% Enel Green Power North America Inc. holds preference shares that enable it to determine the financial and operational policies of the company and therefore to exercise a dominant influence.

## Subsidiaries held by Enel Green Power Latin America BV consolidated on a line-by-line basis at December 31, 2010 (1)

| Company name | Registered office | Country | Activity | Share capital (2) | Currency | Held by (3) | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| **Parent Company:** | | | | | | | | |
| Enel Green Power Latin America BV (formerly Enel Latin America BV) | Amsterdam | Netherlands | Holding | 244,450,298 | EUR | Enel Green Power International BV | 100.00% | 100.00% |
| **Subsidiaries:** | | | | | | | | |
| Apiacàs Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 21,216,846 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Conexion Energetica Centroamericana El Salvador SA de CV | San Salvador | El Salvador | Hydroelectric generation | 7,950,600 | SVC | Grupo EGI SA de Cv | 40.86% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 59.14% | |
| Empresa Electrica Panguipulli SA | Santiago | Chile | Hydroelectric generation | 21,919,629,030 | CLP | Energia Alerce Ltda | 0.0005% | 100.00% |
| | | | | | | Enel Chile Ltda | 99.995% | |
| Empresa Electrica Puyehue SA | Santiago | Chile | Hydroelectric generation | 14,395,879,488 | CLP | Energia Alerce Ltda | 0.10% | 100.00% |
| | | | | | | Enel Chile Ltda | 99.90% | |
| Empresa Nacionál de Geotermia SA | Santiago | Chile | Geothermal generation | 7,093,438,063 | CLP | Enel Chile Ltda | 51.00% | 51.00% |
| Enel Brasil Participações Ltda | Rio de Janeiro | Brazil | Holding | 340,180,000 | BRL | Enel Green Power International BV | 0.01% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 99.99% | |
| Enel Chile Ltda | Santiago | Chile | Holding | - | CLP | Hydromac Energy BV | 0.000001% | 100.00% |
| | | | | | | Energia Alerce Ltda | 99.99999% | |
| Enel de Costa Rica SA | San Josè | Costa Rica | Holding | 27,500,000 | USD | Enel Green Power Latin America BV | 100.00% | 100.00% |
| Enel Fortuna SA | Panama | Panama | Hydroelectric generation | 100,000,000 | USD | Enel Panama SA | 50.05% | 50.05% |
| Enel Guatemala SA | Guatemala City | Guatemala | Hydroelectric generation | 5,000 | GTQ | Enel Green Power International BV | 2.00% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 98.00% | |
| Enel Panama SA | Panama | Panama | Hydroelectric generation | 3,000 | USD | Enel Green Power Latin America BV | 100.00% | 100.00% |
| Enelpower do Brasil Ltda | Rio de Janeiro | Brazil | Hydroelectric generation | 1,242,000 | BRL | Enel Brasil Participações Ltda | 99.99% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 0.01% | |
| Energía Alerce Ltda | Santiago | Chile | Holding | 1,000,000 | CLP | Hydromac Energy BV | 99.90% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 0.10% | |
| Energía Global Operaciones SA | San Josè | Costa Rica | Wind generation | 10,000 | CRC | Enel de Costa Rica SA | 100.00% | 100.00% |
| Energía Nueva Energía Limpia Mexico Srl de Cv | Mexico City | Mexico | Holding | 5,339,650 | MXN | Enel Green Power Latin America BV | 99.96% | 100.00% |
| | | | | | | Enel Guatemala SA | 0.04% | |
| Generadora de Occidente Ltda | Guatemala City | Guatemala | Hydroelectric generation | 16,261,697 | GTQ | Enel Green Power Latin America BV | 99.00% | 100.00% |
| | | | | | | Enel Guatemala SA | 1.00% | |
| Generadora Montecristo SA | Guatemala | Guatemala | Hydroelectric generation | 3,820,000 | GTQ | Enel Green Power Latin America BV | 99.99% | 100.00% |
| | | | | | | Enel Guatemala SA | 0.01% | |
| Geotermica del Norte SA | Santiago | Chile | Geothermal generation | 29,652,245,987 | CLP | Enel Chile Ltda | 51.00% | 51.00% |

| Company name | Registered office | Country | Activity | Share capital (2) | Currency | Held by (3) | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Grupo EGI SA de Cv | San Salvador | El Salvador | Holding | 3,448,800 | SVC | Enel Green Power International BV | 0.01% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 99.99% | |
| Hidroelectricidad del Pacifico Srl de Cv | Mexico City | Mexico | Hydroelectric generation | 30,891,536 | MXN | Impulsora Nacional de Electricidad Srl de Cv | 99.99% | 99.99% |
| Hydromac Energy BV | Amsterdam | Netherlands | Hydroelectric generation | 18,000 | EUR | Enel Latina America BV | 100.00% | 100.00% |
| Impulsora Nacional de Electricidad Srl de Cv | Mexico City | Mexico | Hydroelectric generation | 308,628,665 | MXN | Enel Green Power International BV | 0.01% | 100.00% |
| | | | | | | Enel Green Power Latin America BV | 99.99% | |
| Isamu Ikeda Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 82,974,476 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Mexicana de hidroelectricidad Mexhidro Srl de Cv | Mexico City | Mexico | Hydroelectric generation | 181,728,301 | MXN | Impulsora Nacional de Electricidad Srl de Cv | 99.99% | 99.99% |
| Molinos de Viento del Arenal SA | San José | Costa Rica | Wind generation | 9,709,200 | USD | Enel de Costa Rica SA | 49.00% | 49.00% |
| Operacion Y Mantenimiento Tierras Morenas SA | San José | Costa Rica | Wind generation | 30,000 | CRC | Enel de Costa Rica SA | 85.00% | 100,00% |
| P.H. Chucas SA | San José | Costa Rica | Wind generation | 100,000 | CRC | Enel de Costa Rica SA | 28.57% | 100.00% |
| | | | | | | Inversiones Eólicas La Esperanza SA | 71.43% | |
| P.H. Don Pedro SA | San José | Costa Rica | Hydroelectric generation | 100,001 | CRC | Enel de Costa Rica SA | 33.44% | 33.44% |
| P.H. Guacimo SA | San José | Costa Rica | Hydroelectric generation | 50,000 | CRC | Enel de Costa Rica SA | 40.00% | 40.00% |
| P.H. Rio Volcan SA | San José | Costa Rica | Hydroelectric generation | 100,001 | CRC | Enel de Costa Rica SA | 34.32% | 34.32% |
| Primavera Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 41,965,444 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Proveedora de Electricidad de Occidente Srl de Cv | Mexico City | Mexico | Hydroelectric generation | 89,708,035 | MXN | Impulsora Nacional de Electricidad Srl de Cv | 99.99% | 99.99% |
| Quatiara Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 16,566,510.61 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Renovables de Guatemala SA | Guatemala City | Guatemala | Hydroelectric generation | 2,070,179,000 | GTQ | Enel Green Power Latin America BV | 42.83% | 93.84% |
| | | | | | | Enel Green Power SpA | 51.00% | |
| | | | | | | Enel Guatemala SA | 0.01% | |
| Socibe Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 19,969,032 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Parque Eólico Cristal | Rio de Janeiro | Brazil | Wind generation | 1,000 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Transnova | Guatemala City | Guatemala | Wind generation | 111,300,000 | GTQ | Enel Guatemala SA | 98.00% | 100.00% |
| | | | | | | Generadora Montecristo | 2.00% | |
| Alvorada Energia SA | Rio de Janeiro | Brazil | Hydroelectric generation | 17,117,416 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Tecnoguat SA | Guatemala | Guatemala | Hydroelectric generation | 30,948,000 | GTQ | Enel Green Power Latin America BV | 75.00% | 75.00% |
| Enel Green Power Saõ Judas Eólica, SA | Rio de Janeiro | Brazil | Wind generation | 1,725,600 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Enel Green Power Primaveral Eólica, SA | Rio de Janeiro | Brazil | Wind generation | 1,650,600 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |
| Enel Green Power Cristal Eólica, SA | Rio de Janeiro | Brazil | Wind generation | 1,673,400 | BRL | Enel Brasil Participações Ltda | 100.00% | 100.00% |

(1) All the companies are engaged in electricity generation from renewable resources.
(2) In many cases, the subsidiaries are formed as entities that do not require the payment of share capital.
(3) For companies in which the holding is less than 50% Enel Green Power Latin America BV holds preference shares that enable it to determine the financial and operational policies of the company and therefore to exercise a dominant influence.

## Companies consolidated on a proportionate basis at December 31, 2010

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enel Unión Fenosa Renovables SA | Madrid | Spain | Holding | 32,505,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Parque Eólico de A Capelada AIE | Santiago de Compostela | Spain | Wind generation | 5,857,586 | EUR | Enel Unión Fenosa Renovables SA | 50.00% | 15.00% |
| Aprovechamientos Eléctricos SA | Madrid | Spain | Hydroelectric generation | 420,705 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Aridos Energias Especiales SL | Villalbilla | Spain | Cogeneration of electricity and heat | 600,000 | EUR | Enel Unión Fenosa Renovables SA | 41.05% | 12.32% |
| Azucarera Energías SA | Madrid | Spain | Cogeneration of electricity and heat | 570,600 | EUR | Enel Unión Fenosa Renovables SA | 40.00% | 12.00% |
| Barbao SA | Madrid | Spain | Holding | 284,879 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Boiro Energia SA | Boiro | Spain | Cogeneration of electricity and heat | 601,010 | EUR | Enel Unión Fenosa Renovables SA | 40.00% | 12.00% |
| Cogeneración del Noroeste SL | Santiago de Compostela | Spain | Cogeneration of electricity and heat | 5,300,630 | EUR | Enel Unión Fenosa Renovables SA | 40.00% | 12.00% |
| Depuración Destilación Reciclaje SL | Boiro | Spain | Cogeneration of electricity and heat | 600,000 | EUR | Enel Unión Fenosa Renovables SA | 40.00% | 12.00% |
| Energía Termosolar de los Monegros SL | Zaragoza | Spain | Photovoltaic generation | 830,000 | EUR | Enel Unión Fenosa Renovables SA | 90.00% | 30.00% |
| Energías Ambientales de Somozas SA | La Coruña | Spain | Wind generation | 1,250,000 | EUR | Enel Unión Fenosa Renovables SA | 45.26% | 13.58% |
| Energías Ambientales EASA SA | La Coruña | Spain | Holding | 15,491,460 | EUR | Enel Unión Fenosa Renovables SA | 33.34% | 10.00% |
| Energías Especiales Alcoholeras SA | Madrid | Spain | Cogeneration of electricity and heat | 232,002 | EUR | Enel Unión Fenosa Renovables SA | 82.33% | 24.70% |
| Parque Eólico de Belmonte SA | Madrid | Spain | Wind generation | 120,400 | EUR | Barbao, SA | 50.16% | 15.04% |
| Energías Especiales de Careon SA | La Coruña | Spain | Wind generation | 270,450 | EUR | Enel Unión Fenosa Renovables SA | 77.00% | 23.10% |
| Energías Especiales de Extremadura SL | Badajoz | Spain | Wind generation | 106,000 | EUR | Enel Unión Fenosa Renovables SA | 78.34% | 23.50% |
| Energías Especiales de Gata, SL | Badajoz | Spain | Wind generation | 3,100 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales de Padul, SL | Madrid | Spain | Wind generation | 3,100 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales de Pena Armada SA | Madrid | Spain | Wind generation | 963,300 | EUR | Enel Unión Fenosa Renovables SA | 80.00% | 24.00% |
| Energías Especiales del Alto Ulla SA | Madrid | Spain | Wind generation | 9,594,840 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales del Bierzo SA | Torre del Bierzo | Spain | Wind generation | 1,635,000 | EUR | Enel Unión Fenosa Renovables SA | 50.00% | 15.00% |
| Energías Especiales del Noroeste SA | Madrid | Spain | Wind generation | 6,812,040 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales Montes Castellanos SL | Madrid | Spain | Wind generation | 6,741,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales Montes De Andalucía SL | Siviglia | Spain | Wind generation | 3,100 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales Santa Barbara SL | Badajoz | Spain | Wind generation | 3,100 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Especiales Valencianas SL | Valencia | Spain | Wind generation | 60,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Energías Renovables Montes de San Sebastián SL | Madrid | Spain | Wind generation | 2,505,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Eólica del Cordal de Montouto SL | Madrid | Spain | Wind generation | 510,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Eólica Galaico Asturiana SA | La Coruña | Spain | Wind generation | 64,999 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| EUFER - Energias Especiais de Portugal, Unipessoal LDA | Lapa (Lisbon) | Portugal | Holding | 5,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| EUFER Operación SL (formerly EUFER Comercializadora SL) | Madrid | Spain | "O&M" | 60,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| EUFER Renovables Ibéricas 2004 SA | Madrid | Spain | Wind generation | 15,653,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Parque Eólico Cabo Villano SL | Madrid | Spain | Wind generation | 6,625,792 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Parque Eólico Corullón SL | Madrid | Spain | Wind generation | 460,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Parque Eólico de Malpica SA | La Coruña | Spain | Wind generation | 950,000 | EUR | Enel Unión Fenosa Renovables SA | 35.41% | 10.63% |
| Energias Especiales La Espina | Madrid | Spain | Wind generation | 2,440,000 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Parque Eólico de San Andrés SA | La Coruña | Spain | Wind generation | 552,920 | EUR | Enel Unión Fenosa Renovables SA | 82.00% | 24.60% |
| Parque Eólico Sierra del Merengue SL | Cáceres | Spain | Wind generation | 30,000 | EUR | Enel Unión Fenosa Renovables SA | 50.00% | 15.00% |
| Prius Enerólica SL | Madrid | Spain | Wind generation | 3,600 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Promociones Energeticas del Bierzo SL | Ponferrada | Spain | Wind generation | 12,020 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Proyectos Universitarios de Energias Renovables SL | Alicante | Spain | Photovoltaic generation | 180,000 | EUR | Enel Unión Fenosa Renovables SA | 33.34% | 10.00% |
| Punta de las Olas Eólica Marina SL | La Coruña | Spain | Wind generation | 6,200 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Punta de Lens Eólica Marina SL | La Coruña | Spain | Wind generation | 6,200 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 30.00% |
| Sistemas Energeticos Mañón Ortigueira SA | La Coruña | Spain | Wind generation | 2,007,750 | EUR | Enel Unión Fenosa Renovables SA | 96.00% | 28.80% |
| Ufefys SL | Aranjuez | Spain | Cogeneration of electricity and heat | 304,150 | EUR | Enel Unión Fenosa Renovables SA | 40.00% | 12.00% |
| Vientos del Noroeste SA | Bajo León | Spain | Wind generation | 4,507,501 | EUR | Enel Unión Fenosa Renovables SA | 99.86% | 29.96% |
| Andaluza Energía de Solar Primera, SL | Seville | Spain | Photovoltaic generation | 3,010 | EUR | Enel Unión Fenosa Renovables SA | 64.60% | 19.38% |
| Andaluza Energía de Solar Tercera, SL | Seville | Spain | Photovoltaic generation | 3,010 | EUR | Enel Unión Fenosa Renovables SA | 63.75% | 19.12% |
| Andaluza Energía de Solar Cuarta, SL | Seville | Spain | Photovoltaic generation | 3,010 | EUR | Enel Unión Fenosa Renovables SA | 64.17% | 19.25% |
| Andaluza Energía de Solar Quinta, SL | Seville | Spain | Photovoltaic generation | 3,010 | EUR | Enel Unión Fenosa Renovables SA | 63.75% | 19.12% |
| Energías Especiales de Andalucía, SL | Seville | Spain | Wind generation | 600,000 | EUR | Enel Unión Fenosa Renovables SA | 85.00% | 25.50% |
| Energías Ambientales de Novo, SL | La Coruña | Spain | Wind generation | 1,480,000 | EUR | Enel Unión Fenosa Renovables SA | 33.33% | 10.00% |
| Energías Ambientales de Vimianzo, SL | La Coruña | Spain | Wind generation | 5,240,000 | EUR | Enel Unión Fenosa Renovables SA | 33.33% | 10.00% |
| Socedad Eólica de L´Enderrocada, SL | Barcelona | Spain | Wind generation | 5,733,650 | EUR | Enel Unión Fenosa Renovables SA | 26.67% | 8.00% |
| Eufer Caetano Energias Renováveis, LDA | Lisbon | Portugal | Wind generation | 5,000 | EUR | EUFER Energias Espaciais de Portugal Lda Unipessoal | 51.00% | 15.30% |
| Altomonte FV Srl | Cosenza | Italy | Wind generation | 10,000 | EUR | Enel Green Power & Sharp Solar Energy Srl | 50.00% | 50.00% |

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Enel Green Power & Sharp Solar Energy Srl (formerly IPP Newco Solar Srl) | Rome | Italy | Holding | 10,000 | EUR | Enel Green Power SpA | 50.00% | 50.00% |
| 3Sun | Catania | Italy | Production of photovoltaic panels | 180,030,000 | EUR | Enel Green Power SpA | 33.33% | 33.33% |
| Biogas El Garraf, UTE | Barcelona | Spain | Biogas generation | 3,005 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Energias Alternativas del Sur, SL | Las Palmas de Gran Canaria | Spain | Wind generation | 301,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Eólicas de Tenerife, AIE | Tenerife | Spain | Wind generation | 210,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Eólicas De La Patagonia SA | Buenos Aires | Argentina | Wind generation | 480,930 | ARS | Enel Green Power España SL | 50.00% | 30.00% |
| Parque Eólico A Capelada, AIE | La Coruña | Spain | Wind generation | 2,929,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Sociedad Eólica El Puntal, SL | Seville | Spain | Wind generation | 1,643,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Sociedad Eólica Los Lances, SA | Cádiz | Spain | Wind generation | 1,202,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Explotaciones Eolicas de Aldehuelas, SL | Oviedo | Spain | Wind generation | 481,000 | EUR | Endesa Cogeneration y Renovables | 47.50% | 28.50% |
| Fábrica do Arco - Recursos Energéticos, SA | Porto | Portugal | Cogeneration of electricity and heat | 500,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 50.00% | 30.00% |
| T.P. Sociedade Térmica Portuguesa, SA | Porto | Portugal | Holding | 3,750,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Infraestructuras de Aldehuelas, SA | Oviedo | Spain | Wind generation | 425,000 | EUR | Explotaciones Eolicas de Aldehuelas, SL | 60.80% | 36.48% |
| Erfei, AIE | Tarragona | Spain | Cogeneration of electricity and heat | 720,000 | EUR | Enel Green Power España SL | 42.00% | 25.20% |
| Enerlousado Recursos Energéticos, LDA | Porto | Portugal | Cogeneration of electricity and heat | 5,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 50.00% | 45.00% |
| | | | | | | T.P. Sociedade Térmica Portuguesa, SA | 50.00% | |
| Companhia Térmica Serrado, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 49.00% | 29.40% |
| Empreendimientos Eolicos Cerveirenses SA | Vila Nova De Cerveira | Portugal | Wind generation | 50,000 | EUR | EEVM - Empreendimentos Eólicos Vale Do Minho SA | 84.99% | 50.99% |
| Ventominho Energías Renovaveis SA | Esposende | Portugal | Wind generation | 50,000 | EUR | EEVM - Empreendimentos Eólicos Vale Do Minho SA | 84.99% | 50.99% |
| Companhia Térmica Do Beato ACE | Lisbon | Portugal | Cogeneration of electricity and heat | - | EUR | Tp - Sociedade Térmica Portuguesa SA | 65.00% | 19.5% |
| Salto De San Rafael SL | Sevilla | Spain | Hydroelectric generation | 461,410 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Toledo Pv AEIE | Madrid | Spain | Photovoltaic generation | 26,890 | EUR | Enel Green Power España SL | 33.33% | 16.66% |
| Eólica El Molar SL | Fuente Alamo | Spain | Wind generation | 1,235,300 | EUR | Enel Unión Fenosa Renovables SA | 100.00% | 50.00% |
| Ercasa Cogeneración SA | Zaragoza | Spain | Cogeneration of electricity and heat | 601,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |

## Associated companies accounted for using the equity method at December 31, 2010

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| LaGeo SA de Cv | Ahuachapan | El Salvador | Geothermal generation | 2,562,826,700 | SVC | Enel Green Power SpA | 36.20% | 36.20% |
| Energías de Villarrubia SL | Barcelona | Spain | Cogeneration of electricity and heat | 3,010 | EUR | Enel Unión Fenosa Renovables SA | 20.00% | 10.00% |
| Enerlasa SA | Madrid | Spain | Cogeneration of electricity and heat | 1,021,700 | EUR | Enel Unión Fenosa Renovables SA | 45.00% | 22.50% |
| Sotavento Galicia SA | Santiago de Compostela | Spain | Wind generation | 601,000 | EUR | Enel Unión Fenosa Renovables SA | 18.00% | 9.00% |
| Tirmadrid, SA | Valdemingómez | Spain | Waste treatment | 16,828,000 | EUR | Enel Unión Fenosa Renovables SA | 18.64% | 9.32% |
| Parc Eolien de la Vallière | Lyon | France | Wind generation | 37,000 | EUR | Enel Green Power France Sas | 49% | 49% |
| International Eolian of Grammatiko SA | Maroussi | Greece | Wind generation | 233,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 1 SA | Maroussi | Greece | Wind generation | 148,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 2 SA | Maroussi | Greece | Wind generation | 174,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 3 SA | Maroussi | Greece | Wind generation | 153,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 4 SA | Maroussi | Greece | Wind generation | 165,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Skopelos SA | Maroussi | Greece | Wind generation | 159,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 1 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 2 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 3 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 4 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 5 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 6 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 7 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 8 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Thracian Eolian 9 SA | Maroussi | Greece | Wind generation | 124,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Anatoli-Prinia SA | Maroussi | Greece | Wind generation | 225,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Bolibas SA | Maroussi | Greece | Wind generation | 171,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Distomos SA | Maroussi | Greece | Wind generation | 176,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Drimonakia SA | Maroussi | Greece | Wind generation | 329,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Folia SA | Maroussi | Greece | Wind generation | 144,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Gagari SA | Maroussi | Greece | Wind generation | 134,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 5 SA | Maroussi | Greece | Wind generation | 174,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| International Eolian of Peloponnisos 6 SA | Maroussi | Greece | Wind generation | 152,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 7 SA | Maroussi | Greece | Wind generation | 148,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| International Eolian of Peloponnisos 8 SA | Maroussi | Greece | Wind generation | 148,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Goraki SA | Maroussi | Greece | Wind generation | 171,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Gourles SA | Maroussi | Greece | Wind generation | 175,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Grammatikaki SA | Maroussi | Greece | Wind generation | 165,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Kafoutsi SA | Maroussi | Greece | Wind generation | 171,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Kathara SA | Maroussi | Greece | Wind generation | 298,850 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Kerasia SA | Maroussi | Greece | Wind generation | 256,900 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Korfovouni SA | Maroussi | Greece | Wind generation | 201,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Makriakkoma SA | Maroussi | Greece | Wind generation | 254,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Megavouni SA | Maroussi | Greece | Wind generation | 208,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Milia SA | Maroussi | Greece | Wind generation | 413,200 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Mirovigli SA | Maroussi | Greece | Wind generation | 95,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Mitika SA | Maroussi | Greece | Wind generation | 255,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Organi SA | Maroussi | Greece | Wind generation | 287,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Paliopirgos SA | Maroussi | Greece | Wind generation | 220,600 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Pelagia SA | Maroussi | Greece | Wind generation | 293,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks Spilias SA | Maroussi | Greece | Wind generation | 291,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Platanos SA | Maroussi | Greece | Wind generation | 179,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Politis SA | Maroussi | Greece | Wind generation | 136,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Sagias SA | Maroussi | Greece | Wind generation | 271,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Vitalio SA | Maroussi | Greece | Wind generation | 161,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Petalo SA | Maroussi | Greece | Wind generation | 175,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Skoubi SA | Maroussi | Greece | Wind generation | 152,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Vourlas SA | Maroussi | Greece | Wind generation | 174,000 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Park of Strouboulas SA | Maroussi | Greece | Wind generation | 176,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Wind Parks of Trikorfo SA | Maroussi | Greece | Wind generation | 152,500 | EUR | Enel Green Power Hellas SA | 30.00% | 30.00% |
| Geronimo Wind Energy, LLC | Minneapolis (Minnesota) | USA | Wind generation | - | USD | EGP Geronimo Holding Company Inc. | 36% | 36% |
| Tradewind Energy, LLC | Kansas | USA | Wind generation | - | USD | Enel Kansas, LLC | 42% | 42% |
| Energía de La Loma, SA | Jaen | Spain | Biomass generation | 4,450,000 | EUR | Enel Green Power España SL | 40.00% | 24.00% |
| Calizas Elycar, SL | Huesca | Spain | Cogeneration of electricity and heat | 1,803,000 | EUR | Enel Green Power España SL | 25.00% | 15.00% |

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| Cogeneración Eurohueco, AIE | Barcelona | Spain | Cogeneration of electricity and heat | 2,606,000 | EUR | Enel Green Power España SL | 30.00% | 18.00% |
| Confirel, AIE | Girona | Spain | Cogeneration of electricity and heat | 30,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Energetica de Rossello, AIE | Barcelona | Spain | Cogeneration of electricity and heat | 3,606,000 | EUR | Enel Green Power España SL | 27.00% | 16.20% |
| Garofeica, SA | Barcelona | Spain | Cogeneration of electricity and heat | 721,000 | EUR | Enel Green Power España SL | 27.00% | 16.20% |
| Puignerel, AIE | Barcelona | Spain | Cogeneration of electricity and heat | 11,299,000 | EUR | Enel Green Power España SL | 25.00% | 15.00% |
| Rofeica d'Energía, SA | Barcelona | Spain | Cogeneration of electricity and heat | 1,983,000 | EUR | Enel Green Power España SL | 27.00% | 16.20% |
| Urgell Energía, SA | Lleida | Spain | Cogeneration of electricity and heat | 601,000 | EUR | Enel Green Power España SL | 27.00% | 16.20% |
| Compañía Eólica Tierras Altas, SA | Soria | Spain | Wind generation | 13,222,000 | EUR | Enel Green Power España SL | 35.63% | 21.37% |
| Consorcio Eólico Marino de Trafalgar | Cádiz | Spain | Wind generation | 200,000 | EUR | Enel Green Power España SL | 50.00% | 30.00% |
| Corporación Eólica Zaragoza, SL | Zaragoza | Spain | Wind generation | 2,524,000 | EUR | Enel Green Power España SL | 25.00% | 15.00% |
| Eólicas de Lanzarote, SL | Arrecife de Lanzarote | Spain | Wind generation | 1,758,000 | EUR | Enel Green Power España SL | 40.00% | 24.00% |
| Eólicos de Fuerteventura, AIE | Fuerteventura | Spain | Wind generation | - | EUR | Enel Green Power España SL | 40.00% | 24.00% |
| Eólica del Principado | Oviedo | Spain | Wind generation | 90,000 | EUR | Enel Green Power España SL | 40.00% | 24.00% |
| Hidroeléctrica de Ourol, SL | Lugo | Spain | Wind generation | 1,608,000 | EUR | Enel Green Power España SL | 30.00% | 18.00% |
| Parc Eolic Els Aligars, SLU | Barcelona | Spain | Wind generation | 1,313,000 | EUR | Enel Green Power España SL | 30.00% | 18.00% |
| Parc Eolic La Tossa-La Mola, SLU | Barcelona | Spain | Wind generation | 1,183,000 | EUR | Enel Green Power España SL | 30.00% | 18.00% |
| Sistemas Energéticos La Muela, SA | Zaragoza | Spain | Wind generation | 3,065,000 | EUR | Enel Green Power España SL | 30.00% | 18.00% |
| Sistemas Energéticos Mas Garullo, SA | Zaragoza | Spain | Wind generation | 1,503,000 | EUR | Enel Green Power España SL | 27.00% | 16.20% |
| Sociedad Eólica de Andalucia, SA (SEASA) | Seville | Spain | Wind generation | 4,508,000 | EUR | Enel Green Power España SL | 46.67% | 28.00% |
| Serra Do Moncoso-Cambas, SL | La Coruña | Spain | Wind generation | 3,125,000 | EUR | Eólicos Touriñan, SA | 49.00% | 60.00% |
| Central hidroelectrica Güejar Sierra, SA | Seville | Spain | Hydroelectric generation | 364,000 | EUR | Enel Green Power España SL | 33.30% | 19.98% |
| Minicentral Canal Imperial Gallur, SL | Zaragoza | Spain | Hydroelectric generation | 1,820,000 | EUR | Enel Green Power España SL | 36.50% | 21.90% |
| Tirme, SA | Palma de Mallorca | Spain | Waste treatment | 7,663,000 | EUR | Enel Green Power España SL | 40.00% | 24.00% |
| Green Fuel Corporación, SA | Santander | Spain | Biogas generation | 121,000 | EUR | Enel Green Power España SL | 16.51% | 9.90% |
| Empreendimentos Eólicos da Alvadia, Lda. | Porto | Portugal | Wind generation | 1,150,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 48.00% | 28.80% |
| Fábrica do Arco - Recursos Energéticos, SA | Porto | Portugal | Cogeneration of electricity and heat | 500,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 50.00% | 30.00% |
| POWERCER - Sociedade de Cogeração de Vialonga, SA | Porto | Portugal | Cogeneration of electricity and heat | 50,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 30.00% | 18.00% |
| ENEOP - Eólicas de Portugal, SA | Porto | Portugal | Wind generation | 25,248,000 | EUR | Finerge Gestâo de Projectos Energéticos SA | 17.98% | 21.57% |
| | | | | | | T.P. Sociedade Térmica Portuguesa, SA | 17.98% | |

| Company name | Registered office | Country | Activity | Share capital | Currency | Held by | % holding | Group % holding |
|---|---|---|---|---|---|---|---|---|
| EEVM - Emprendimientos Eolicos Vale do Minho SA | Porto | Portugal | Wind generation | 200,000 | EUR | EOL Verde Energia Eólica, SA | 50.00% | 30.00% |
| Companhia Térmica Mundo Têxtil, ACE | Porto | Portugal | Cogeneration of electricity and heat | 1,003,476 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 10.00% | 6.00% |
| Feneralt Produção Energia, ACE | Porto | Portugal | Cogeneration of electricity and heat | - | EUR | T.P. Sociedade Térmica Portuguesa, SA | 25.00% | 15.00% |
| Papeleira Portuguesa, SA | Porto | Portugal | Paper products | 916,229 | EUR | T.P. Sociedade Térmica Portuguesa, SA | 13.16% | 3.95% |
| Aes Distribudores Salvadorenos Ltda de Cv | San Salvador | El Salvador | Holding | 200,000 | SVC | Grupo Egi SA de Cv | 20.00% | 20.00% |
| Aes Distribudores Salvadorenos Y Compania S En C de Cv | San Salvador | El Salvador | Holding | 200,000 | SVC | Grupo Egi SA de Cv | 20.00% | 20.00% |
| Central Hidroeléctrica Casillas SA | Sevilla | Spain | Hydroelectric generation | 301,000 | EUR | Enel Green Power España SL | 29.4% | 49.00% |
| Cogeneración El Salto SL | Zaragoza | Spain | Cogeneration of electricity and heat | 36,000 | EUR | Enel Green Power España SL | 12.00% | 20.00% |
| Cogeneración Hostalrich AIE | Girona | Spain | Cogeneration of electricity and heat | 781,300 | EUR | Enel Green Power España SL | 19.80% | 33.00% |
| Cogeneración Lipsa SL | Barcelona | Spain | Cogeneration of electricity and heat | 720,000 | EUR | Enel Green Power España SL | 12.00% | 20.00% |
| Aplicaçoes Hidroelectricas de beira Alta Ltda | Lisbon | Portugal | Hydroelectric plants | 399,000 | EUR | Enel Green Power España SL | 21.42% | 35.71% |
| Ercetesa SA | Zaragoza | Spain | Cogeneration of electricity and heat | 249,490 | EUR | Enel Green Power España SL | 21.00% | 35.00% |
| Erecosalz SL | Zaragoza | Spain | Cogeneration of electricity and heat | 18,000 | EUR | Enel Green Power España SL | 19.80% | 33.00% |
| Oxagesa AIE | Teruel | Spain | Cogeneration of electricity and heat | 6,010 | EUR | Enel Green Power España SL | 19.98% | 33.33% |
| Hidroeléctrica del Piedra SL | Zaragoza | Spain | Hydroelectric generation | 160,470 | EUR | Enel Green Power España SL | 15.00% | 25.00% |
| Hipotecaria de Santa Ana Ltda de Cv | San Salvador | El Salvador | Holding | 100,000 | SVC | Grupo Egi SA de Cv | 20.00% | 20.00% |
| Santo Rostro Cogeneración SA | Sevilla | Spain | Cogeneration of electricity and heat | 207,000 | EUR | Enel Green Power España SL | 27.00% | 45.00% |
| Sati Cogeneración AIE | Barcelona | Spain | Cogeneration of electricity and heat | 66,000 | EUR | Enel Green Power España SL | 16.50% | 27.50% |
| Productora de Energías SA | Barcelona | Spain | Hydroelectric generation | 30,050 | EUR | Enel Green Power España SL | 18.00% | 30.00% |
| Star Lake Hydro Partnership | St. John (Newfoundland) | Canada | Hydroelectric generation | - | CAD | Chi Hydroelectric Company Inc. | 49.00% | 49.00% |
| Termotec Energía AIE | Valencia | Spain | Cogeneration of electricity and heat | 481,000 | EUR | Enel Green Power España SL | 35.25% | 45.00% |
| Yedesa-Cogeneración SA | Almeria | Spain | Cogeneration of electricity and heat | 234,000 | EUR | Enel Green Power España SL | 31.33% | 40.00% |

# Reports

# Report of the Independent Auditors on the consolidated financial statements of Enel Green Power SpA for 2010

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
Via Ettore Petrolini, 2
00197 ROMA RM

Telefono +39 06 809611
Telefax +39 06 8077475
e-mail it-fmauditaly@kpmg.it

**(Translation from the Italian original which remains the definitive version)**

# Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Enel Green Power S.p.A.

1 We have audited the consolidated financial statements of the Enel Green Power Group as at and for the year ended 31 December 2010, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 14 June 2010 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Enel Green Power Group as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Enel Green Power Group as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of Enel Green Power S.p.A. are responsible for the preparation of a report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and its specific section on corporate governance and ownership structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98, with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the consolidated financial statements of the Enel Green Power Group as at and for the year ended 31 December 2010.

Rome, 4 April 2011

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Concept design
**Inarea - Rome**

Publishing service
**Online Group - Rome**

Copy editing
**postScriptum - Rome**

Printing
**Primaprint - Viterbo**

150 copies printed

Printed in June 2011

INTERNAL PAGES

Paper
**Revive 100 White Uncoated**

Gram weight
**120 g/m²**

Number of pages
**204**

COVER

Paper
**Revive 100 White Silk**

Gram weight
**300 g/m²**

Number of pages
**4**

This publication is printed on FSC certified 100% recycled paper

FSC
www.fsc.org
RICICLATO
Carta prodotta da materiale riciclato
FSC® C020035

Publication not for sale

Edited by
**External Relations Department**

**By using Revive 100 White Uncoated and Revive 100 White Silk rather than a non recycled paper, the environmental impact was reduced by*:**

580
kg of landfill

115
kg of $CO_2$
of greenhouse gases

821
km travel in the average European car

13,438
litres of water

1,241
kWh of energy

943
kg of wood

Source:
European BREF (data on virgin fibre paper).
Carbon footprint data audited by the Carbon Neutral Company.

Disclaimer:
This Report issued in Italian has been translated into English solely for the convenience of international readers.

This publication is an integral part of the annual financial report referred to in Article 154-*ter*, paragraph 1, of the Consolidated Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998)

Enel Green Power
Società per azioni
Registered Office
125 Viale Regina Margherita, Rome
Share capital €1,000,000,000
(as of December 31, 2010) fully paid in
VAT Code, Tax I.D. and Companies Register
of Rome: no. 10236451000
R.E.A. of Rome no. 1219253

(*) The information provided refers to all the financial publications of Enel Green Power SpA in the versions after the Shareholders' Meeting.