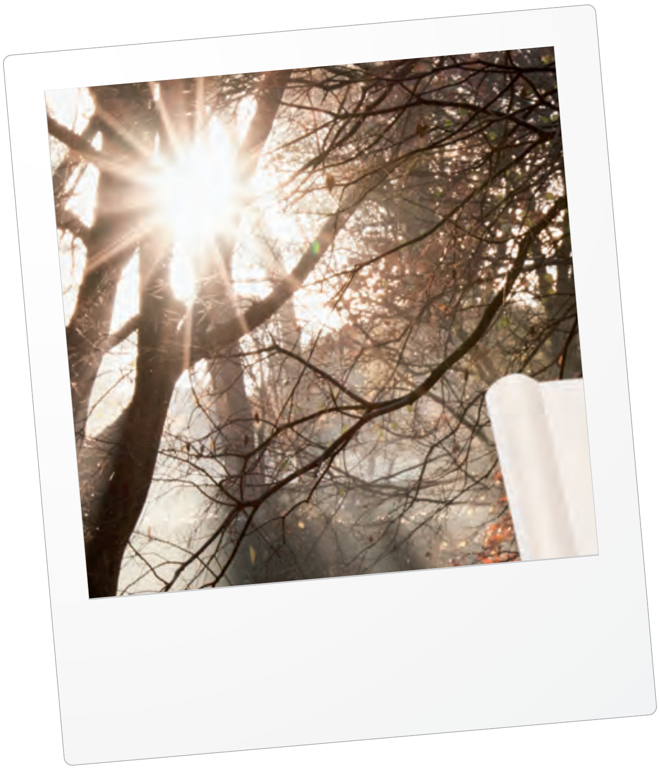
Annual Report 2011



Enel Green Power

Enel

Green Power

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Corporate boards

Board of Directors

Chairman

Luigi Ferraris

Chief Executive Officer

Francesco Starace

Directors

Luca Anderlini
Carlo Angelici
Andrea Brentan
Giovanni Battista Lombardo
Giovanni Pietro Malagnino
Daniele Umberto Santosuosso
Carlo Tamburi
Luciana Tarozzi

Board of Auditors

Chairman

Franco Fontana

Auditors

Giuseppe Ascoli
Leonardo Perrone

Alternate auditors

Giulio Monti
Pierpaolo Singer

Independent auditors

Reconta Ernst & Young SpA

Powers

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the 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

In 2011 Enel Green Power consolidated its leadership in the renewable energy field, reaching a total installed capacity of 7,079 MW, meeting all its operational and financial commitments announced in the 2011-2015 business plan.

Organic growth in capacity came to more than 880 MW. Total revenues amounted to more than €2.5 billion, up 8.7% compared with 2010. The gross operating margin totaled €1.6 billion thanks to careful financial discipline, all the more important in a year buffeted by considerable turbulence.

Thanks to the optimization of cash flows Enel Green Power was able to meet its end-year debt guidance, even while increasing investment during the period. In addition, the optimization of the debt structure has produced, one year after the Company's listing, an inversion in the ratio of floating-rate debt to fixed-rate debt in the latter's favor.

Total installed capacity breaks down as follows: 3,541 MW (50%) of wind, 2,540 MW (36%) of hydroelectric, 769 MW (11%) of geothermal, 101 MW (1%) of solar and 128 MW (2%) of other renewable resources (biomass and cogeneration), with total net output of 22.5 TWh. The Company continued to pursue balanced growth in its operations, focusing on all the main renewable generation technologies in markets with the greatest growth potential and stability.

Development efforts were concentrated in Italy, Europe, North America and Latin America. In Italy, the Adrano photovoltaic plant, in the province of Catania, entered service, with an installed capacity of 9 MW. Also entering service was the Portoscuso wind plant in Sardinia, which with 90 MW of capacity and an output of 185 GWh a year is the largest wind plant in Italy.

As regards operations in Europe, in Romania the strong growth in wind power continued, thanks in part to the entry into service of four wind farms, which helped quadruple installed capacity in the country compared with the previous year. In France, total installed capacity reached 166 MW, thanks to the installation of three wind farms (64 MW), while in Greece, two new plants came on line in the region of Macedonia, with an overall capacity of 38 MW, bringing the country total to 186 MW. In Spain, operations began at four new wind facilities with an overall capacity of 128 MW, increasing total capacity in the Iberian peninsula to more than 1,800 MW.

In the United States, Enel Green Power started operations at the Caney River wind plant in Kansas, which has an installed capacity of more than 200 MW, and started construction of the 150 MW Rocky Ridge wind farm in Oklahoma. The Company brought on line a 24 MW photovoltaic plant supplementing the 33 MW Stillwater geothermal plant. This is the first renewable energy project in the world that brings together the generation capacity of a binary cycle geothermal plant with the peak capacity of solar power. Total installed capacity in North America is currently more than 1,000 MW.

In Brazil, the Group was awarded contracts for three high-efficiency wind projects in the north-eastern part of the country with a total capacity of 193 MW in the "New Energy" public tender. These join the 90 MW of wind projects that Enel Green Power had already won in tenders in 2010 and the 93 MW of hydroelectric power already operational in Brazil.

In addition, 2011 saw the start of a program to rationalize the Group structure in order to extract value from its minority interests, as well as the completion of the organizational integration of Enel Green Power España and the division of the assets of Enel Unión Fenosa Renovables (EUFER).
EGP also completed the launch of an integrated program of activities in the entire photovoltaic area, with the inauguration of the 3SUN manufacturing plant for high-efficiency photovoltaic panels developed within the framework of its joint venture with Sharp and STMicroelectronics, the start of operations for Enel Green Power & Sharp Solar Energy (ESSE), the second joint venture with Sharp for the development of photovoltaic projects, and the completion of the strategic positioning of Enel.si in the retail segment.

Chief Executive Officer
Francesco Starace

Summary of results

Performance

Millions of euro

	2011	2010	Change
Total revenues including commodity risk management	2,527	2,271	256
Gross operating margin	1,583	1,313	270
Operating income	913	794	119
Net income attributable to the shareholders of the Parent Company and non-controlling interests	514	493	21
Net income attributable to the shareholders of the Parent Company	408	452	(44)

Total revenues including commodity risk management of the Enel Green Power Group (hereinafter also the "Group") amounted to €2,527 million, an increase of €256 million or 11.3% on the €2,271 million posted in 2010. The change reflects income of €181 million recognized in 2011 from the division of the assets of EUFER, the receipt of an indemnity for the expropriation of rights in respect of a plant of a company in North America and the remeasurement at fair value of the assets and liabilities of a number of companies in Iberia whose status with regard to the requirements concerning control changed as a result of transactions carried out during the year.
The remainder of the increase (€75 million or 3.3%) reflects the rise in revenues from the sale of electricity as a result of an increase in output, the rise in average prices in Iberia and Latin America and an increase in other revenue components. This was partially offset by the decline in revenues from retail operations.

The *gross operating margin* came to €1,583 million in 2011, an increase of €270 million or 20.6% compared with the €1,313 million registered in 2010. Net of the revenues from the major transactions noted above, the margin came to €1,402 million, an increase of €89 million or 6.8% thanks to the increase in revenues and the rationalization of other operating expenses.

Operating income totaled €913 million, an increase of €119 million or 15% on the €794 million reported for 2010, after depreciation, amortization and impairment losses of €670 million (€519 million in 2010). Value adjustments (€88 million) include impairment of goodwill in the amount of €70 million. Net of the revenues from the major transactions and of impairment, operating income amounted to €820 million, up €26 million or 3.3% on 2010.

Net income attributable to the shareholders of the Parent Company totaled €408 million in 2011, a decrease of €44 million or 9.7% compared with the €452 million reported for 2010, mainly due to higher taxes in Italy. The latter is mainly attributable to the expiry of the tax relief under the Tremonti-*ter* decree, which only applied to 2009 and 2010 (reducing estimated taxes in 2010 by €42 million), as well as the recent increase in the IRES surtax (the "Robin Hood Tax"), which was raised from 6.5% to 10.5% for three years (2011-2013) and whose scope of application was extended to include all companies in the renewable energy sector, regardless of the type of energy resource used (increasing taxes in 2011 by an estimated €20 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 included in the lot sold to Gas Natural Fenosa under the agreement to divide the assets of Enel Unión Fenosa Renovables, which in the light of the decisions taken by management meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

Millions of euro

	2011	2010	Change
Net capital employed (1)	11,813	10,436	1,377
Net financial debt	4,075	3,092	983
Shareholders' equity (including non-controlling interests)	7,738	7,344	394
Cash flows from operations	1,258	648	610
Capital expenditure (gross of grants)	1,557	1,066	491

(1) Of which "Net assets held for sale" in the amount of €4 million at December 31, 2011 (€112 million at December 31, 2010).

Net capital employed at December 31, 2011 amounted to €11,813 million (€10,436 million at December 31, 2010 including net assets held for sale of €112 million). It is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €7,738 million (€7,344 million at December 31, 2010) and net financial debt of €4,075 million (€3,092 million at December 31, 2010, not including debt of €284 million at December 31, 2010 associated with assets held for sale).

Net financial debt rose by €983 million (from €3,092 million at the end of 2010). The rise was mainly attributable to the change in the scope of consolidation and the expansion in capital expenditure not funded by cash flows generated by current operating activities.
At December 31, 2011, the debt-to-equity ratio was 0.53, compared with 0.42 at the end of 2010.

Capital expenditure in 2011 amounted to €1,557 million, up €491 million on 2010. Operating investments mainly regarded wind plants in Italy and Europe, Iberia and Latin America and North America (in the amount of €948 million), solar plants in Italy, Greece and North America (€235 million), hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€146 million) and geothermal plants in Italy and Chile (€113 million). In addition, €88 million in capital expenditure was registered in Italy for the construction of manufacturing facilities for photovoltaic panels in the joint venture with Sharp and STMicroelectronics. In addition, during the period success fees of €99 million were paid in respect of projects acquired in Greece (€61 million) and Romania (€38 million).

Operations

	Net electricity generation (TWh)			Installed capacity (MW)		
	2011	2010	Change	**2011**	2010	Change
- Hydroelectric	10.1	11.1	(1.0)	2,540	2,539	1
- Wind and solar	6.2	4.9	1.3	3,642	2,673	969
- Geothermal	5.6	5.3	0.3	769	775	(6)
- Cogeneration	0.3	0.2	0.1	84	71	13
- Biomass	0.3	0.3	-	44	44	-
Total	**22.5**	**21.8**	**0.7**	**7,079**	**6,102**	**977**

The *net installed capacity* of the Enel Green Power Group (hereinafter "the Group") at December 31, 2011 amounted to 7,079 MW, of which 2,540 MW (35.9%) of hydroelectric, 3,541 MW (50.0%) of wind, 769 MW (10.9%) of geothermal, 101 MW (1.4%) of solar and 128 MW (1.8%) of other renewable resources (biomass and cogeneration). Compared with December 31, 2010, installed capacity expanded by 977 MW [1] (16.0%), with most of the rise accounted for by wind power (888 MW).

At December 31, 2011, installed capacity in the Italy and Europe area amounted to 3,583 MW (up 14.6% on December 31, 2010), that in the Iberia and Latin America area amounted to 2,486 MW (up 13.7% compared with December 31, 2010) and that in the North America area amounted to 1,010 MW (up 28.2% compared with December 31, 2010).

The overall growth in the Italy and Europe area was mainly driven by the entry into service of wind plants in Romania (205 MW), Italy (91 MW), France (64 MW) and Greece (43 MW) and photovoltaic plants in Italy (53 MW). The rise posted in the Iberia and Latin America area is essentially due to the entry into service of wind plants in the Iberian peninsula (202 MW excluding changes in the scope of consolidation). The growth in the North America area is largely due to the entry into service of wind capacity (200 MW).

Net electricity generation by the Group in 2011 amounted to 22.5 TWh, of which 10.1 TWh (45%) of hydroelectric power, 6.1 TWh (27%) of wind power, 5.6 TWh (25%) of geothermal generation and 0.7 TWh (3%) from other renewable energy resources (solar, biomass and cogeneration). The average load factor (i.e. the ratio of annual net generation and theoretical annual output – for a total of 8,760 hours – expressed in nominal MW) was equal to 39.9%.

Electricity output increased by 0.7 TWh or 3%, mainly attributable to the expansion in installed wind capacity and the greater capacity and availability of geothermal plants, offset by a decrease in hydro generation.

Of total output, 12.6 TWh (down 0.9% compared with December 31, 2010) came in the Italy and Europe area, 7.0 TWh (up 7.6% compared with 2010) came in the Iberia and Latin America area and 2.9 TWh (up 10.4% compared with December 31, 2010) came in the North America area. The decline in output in the Italy and Europe area was attributable to the decline in hydroelectric generation in Italy, due mainly to the return of output to its historical average level, partly offset by increased wind output thanks to the rise in installed capacity in the area. In Iberia and Latin America, the expansion in wind output was the result of the increase in installed capacity in the Iberian peninsula, partially offset by the reduction in hydroelectric generation in Latin America. In North America, the growth in generation was due to an increase in the load factor of wind plants and more favorable water conditions during the year.

(1) Taking account of changes in the scope of consolidation totaling 105 MW and planned decommissioning of 17 MW.

Performance and operations by segment

The following table reports performance for 2011 and 2010 by segment.

Millions of euro	2011			2010		
	Revenues [1]	Gross operating margin	Operating income	Revenues [1]	Gross operating margin	Operating income
Italy and Europe	1,250	869	445	1,235	881	546
Retail	327	34	37	326	12	8
Iberia and Latin America	881	573	376	576	336	206
North America	183	107	55	157	84	34
Eliminations and adjustments	(114)	-	-	(23)	-	-
Total	**2,527**	**1,583**	**913**	**2,271**	**1,313**	**794**

(1) Total revenues including commodity risk management.

The following table reports financial position figures by segment.

Millions of euro	2011			2010		
	Operating assets [1]	Operating liabilities	Capital expenditure (gross of grants)	Operating assets [1]	Operating liabilities [2]	Capital expenditure (gross of grants)
Italy and Europe	6,915	868	970	6,207	700	642
Retail	114	104	-	249	261	-
Iberia and Latin America	4,028	402	280	3,126	284	251
North America	1,403	149	307	1,048	60	173
Eliminations and adjustments	(67)	(62)	-	(118)	(118)	-
Total	**12,393**	**1,461**	**1,557**	**10,512**	**1,187**	**1,066**

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011, and €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		
	at Dec. 31, 2011	at Dec. 31, 2010
Italy and Europe	1,983	1,834
Retail	94	89
Iberia and Latin America	833	713
North America	320	319
Total	**3,230**	**2,955**

Group employees at December 31, 2011, numbered 3,230 (2,955 at December 31, 2010, including 12 in units classified as "held for sale"), up 275.

Significant events in 2011

13
January

Start-up of new photovoltaic plant at Deruta in Italy

On January 13, 2011, in the town of Deruta, in the province of Perugia, Enel Green Power 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 annual 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 metric tons of CO_2 from being released into the atmosphere.

14
January

Start-up of wind farm at Portoscuso in Italy

On January 14, 2010, Enel Green Power received approval from the Region of Sardinia to build a wind farm in Portoscuso, in the Sulcis Iglesiente area. In the last Quarter of the year the total 90 MW of the plant's capacity entered service.

Once completed, the new wind farm – with 39 2.3 MW wind turbines – will be Enel Green Power's largest wind farm in Italy.

Once fully operational, the wind farm will be able to generate 185 million kWh annually, equal to the consumption of 70 thousand households, and will avoid the emission of over 130 thousand metric tons of CO_2.

20
January

Start-up of the Serragiumenta photovoltaic plant in Italy

On January 20, 2011, the 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 metric tons of CO_2 each year.

20
January

Agreement to establish Enel Green Power CAI Agroenergy Srl

On January 20, 2011, Enel Green Power and Consorzi Agrari d'Italia (CAI) formed Enel Green Power CAI Agroenergy Srl (ECA), with share capital of €100,000 subscribed by Enel Green Power SpA (51%) and Consorzi Agrari d'Italia – Società consortile per azioni (49%). ECA will pursue the development, construction and operation of plants generating electricity from biomass throughout Italy, particularly from solid biomass obtained directly from local producers, by exploiting the significant synergies between the industrial and agricultural sectors.

24
January

Geothermal agreement in Turkey

On January 24, 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 Enel Green Power, 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.

10
February

Agreement to acquire 15% of Terrae

On February 10, 2011, Enel Green Power and Terrae, the company that aims to redevelop and enhance the Italian beet and sugar sector, signed a preliminary agreement under which Enel Green Power would acquire a 15% stake in Terrae.
In June 6, 2011, the final agreement was signed for the promotion of joint projects for generating electricity from biomass. Its goal is to unite three essential components: the agricultural sector, for the production of biomass, the industrial sector, for power generation, and the financial sector, to provide financial support for the investments. By becoming a shareholder of Terrae as the industrial partner in this arrangement, Enel Green Power will obtain direct access to the agro-industrial supply chain, with significant synergies for biomass supply, and to the know-how of agricultural associations and consortia, as applied to biomass crops. The agreement also provides for Enel Green Power to receive a controlling stake in the special-purpose companies to be formed specifically to pursue individual industrial initiatives, with capacity exceeding 1 MW.

16 February

Start-up of roof-top photovoltaic system installed on the Marcegaglia group's buildings at Taranto in Italy

On February 16, 2011, Enel Green Power and the Marcegaglia group inaugurated a photovoltaic system of more than 3 MW that is integrated into the roofs of Marcegaglia's industrial buildings in Taranto. This project is the result of an agreement signed last year between Enel Green Power and the Marcegaglia group, a global leader in the steel processing industry that is also active in the generation of energy from renewable sources. The system, which is among the largest roof-based projects using innovative technology at the national level, is fully integrated into the structure of the building and uses innovative flexible thin-film amorphous silicon photovoltaic modules. Once fully operational, the plant – owned by Enel Green Power (51%) and Marcegaglia group (49%) – will generate over 3.7 million kWh annually, enough to meet the needs of some 1,400 households and avoiding the emission of over 1,900 metric tons of CO_2 per year.

25 February

Agreement with Gamesa Wind

On February 25, 2011, Enel Green Power Hellas signed an agreement with Gamesa Energía SA, a member of the Spanish group Gamesa, to purchase the special-purpose vehicle Energiaki Polimilou SA, which owns two wind power projects in Greece, with a total capacity of 38 MW. Having received all the necessary permits, both facilities entered service during the year. The plants are capable of generating 72 million kWh annually, enough to meet the needs of some 30,000 households and avoid the emission of over 36,000 metric tons of CO_2 per year.

March

Settlement agreement for Star Lake dispute

In March 2011, Enel Green Power North America Inc. and local Canadian authorities signed an agreement settling the dispute that arose following the passage of the "Abitibi Act" (in December 2008) with which the Star Lake Hydro Partnership (49% Enel Green Power and 51% Abitibi-Bowater) was expropriated of its rights to its hydroelectric power plant (15 MW).

16 March

Acquisition of Enel Green Power Canaro in Italy

On March 16, 2011, Enel Green Power purchased 100% of Tecnoservice Srl for €1.4 million. The company owns a photovoltaic project located in the town of Canaro (Rovigo) with an installed capacity of 6 MW.
The plant, now called Enel Green Power Canaro, entered service on September 1. Once fully operational, it will generate over 7 million kWh annually, enough to meet the annual consumption needs of more than 2,600 households and avoid the emission of almost 5,000 metric tons of CO_2 per year, in addition to saving more than 82,000 toe in fossil fuels each year.

16 March

Agreement to acquire Agatos Green Power San Gillio

On March 16, 2011, Enel Green Power acquired an 80% stake in Agatos Green Power San Gillio Srl from Agatos Energia Srl for €0.4 million. Agatos Green Power San Gillio Srl controls a photovoltaic project currently under construction in San Gillio, in the province of Turin. The plant will have an installed capacity of about 4.8 MW. The plant entered service on July 29 and can generate 5.7 million kWh annually, enough to meet the annual consumption needs of 2,100 households and avoid the emission of 4,000 metric tons of CO_2 per year.

18
March

Acquisition of Kourtesi in Greece

On March 18, 2011, Enel Green Power Hellas purchased 100% of Kourtesi I – Production of Energy EPE, a company that controls a 5 MW photovoltaic project located in the Peloponnesus. The facility entered service on October 19, 2011. The photovoltaic power plant has a total capacity of 4.9 MW and will generate approximately 7 million kWh annually.

28
March

Start of construction of new hydroelectric plant in Costa Rica

On March 28, 2011, Enel Green Power began construction of a new hydroelectric plant in Costa Rica, between the provinces of Alajuela and San José. The new plant, denominated Chucas, will have an installed capacity of 50 MW, and once fully up and running will generate around 219 million kWh annually, equal to the annual consumption of over 81,000 households and avoiding the emission of over 150,000 metric tons of CO_2 into the atmosphere each year.

31
March

Acquisition of 16.67% of Sociedad Eólica de Andalucía SA

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

13
April

Start of construction of new wind plants in Greece

On April 13, 2011, Enel Green Power Hellas began construction at its 28 MW wind project in the areas of Chlogos (19 MW) and Prophet Elias (9 MW), located near the city of Corinth, in the north-east of the Peloponnesus, in Greece. Once fully up and running, the wind farm will be capable of producing 57 million kWh of electricity annually, enough to meet the energy needs of 14,100 households while avoiding the emission of 62,500 metric tons of CO_2 into the atmosphere.

20 May

Start-up of Strambino photovoltaic plant

On May 20, 2011, the Strambino photovoltaic plant entered service. The plant is the fruit of an agreement signed in 2010 between Enel Green Power, which owns 60%, and Finpiemonte Partecipazioni, which owns the remainder. The plant, composed of polycrystalline silicon solar panels, has an installed capacity of 2.5 MW and will generate about 3 million kWh a year, enough to meet the power needs of 1,100 households and avoid the emission of 2,000 metric tons of CO_2.

30 May

Agreement between Enel Green Power España and Gas Natural for break-up of Enel Unión Fenosa Renovables

On May 30, 2011, Enel Green Power SpA and its subsidiary Enel Green Power España SL (EGPE) finalized the agreement signed with Gas Natural SDG SA (Gas Natural) for the break-up of Enel Unión Fenosa Renovables SA (EUFER), a 50% joint venture between EGPE and Gas Natural.
The division of EUFER was finalized by means of a 50% reduction in the share capital of EUFER, carried out through the transfer to Gas Natural of a portion of EUFER's assets.
Specifically, EUFER assets have been divided in two well-balanced parts in terms of value, EBITDA, installed capacity, risk and technology mix. One part was transferred to Gas Natural, while EGPE has retained the other part, becoming the sole shareholder of EUFER. In accordance with the agreement, EGPE and Gas Natural each received more than 500 MW of installed capacity (including wind, mini-hydro and cogeneration) and a pipeline of wind, thermal solar and biomass projects totaling about 800 MW. The net debt of EUFER was split between EGPE and Gas Natural.

9 June

Acquisition of Sociedade Térmica Portuguesa SA

On June 9, 2011, Enel Green Power España, acting through its subsidiary Finerge, acquired Sociedade Térmica Portuguesa SA (TP).
TP holds shares in 13 cogeneration plants and 2 wind farms in Portugal, as well as a 20% direct stake in ENEOP, the consortium that was granted authorization to build a total of 1,200 MW of wind power in Portugal.
Enel Green Power owns a 20% direct stake in ENEOP. This deal enables Enel Green Power España to add a further 30.8 MW to its existing renewables portfolio on the Portuguese market, therefore reaching 177 MW of installed capacity in Portugal. As a result of the transaction, Enel Green Power España's wind capacity will grow by 120 MW, reaching 480 MW from the current 360 MW.

15 June

Start of construction of Aguilón wind farm

On June 15, 2011, Enel Green Power started a new wind farm in Aragon, Spain. It is the Aguilón wind farm, located in the municipality of the same name in the province of Zaragoza. The plant will have an annual output of 139.3 kWh, enough to supply over 51,000 households every year and avoid the emission into the atmosphere of 103,000 metric tons of CO_2. The Aguilón plant boasts 25 G-87 wind turbines, each with a capacity of 2 MW, for a total installed capacity of 50 MW. The output of this new wind farm will enable annual savings of fossil fuel equal to 51,000 toe.

30
June

Acquisition of wind project at Vallée de l'Aa

On June 30, 2011, Enel Green Power France, under the terms of an agreement with Global Wind Power, a Danish developer, completed the acquisition of Global Wind Power France Sarl, which owns an 8 MW wind power project in the north of France. The project has already received all necessary permits. The plant will generate 23 million kWh a year, enough to meet the needs of about 9,000 households and avoid the emission of more than 11,000 metric tons of CO_2 a year.

1
July

Wind farms in France enter service

On July 1, 2011, Enel Green Power started operating its largest wind farm in France, with 36 MW of installed capacity from 18 wind turbines of 2 MW each. The Coulonges wind farm is located in the municipalities of Coulonges-Thouarsais, La Chapelle-Gaudin, Noirterre, in the Deux Sèvres department (Poitou-Charentes). The plant will produce 90 million kWh per year, meeting the annual energy needs of about 27,000 households and avoiding the emission of 70,000 metric tons of CO_2.
On July 14, 2011, the Moulin à Vent wind farm, located in the Aube department, near the town of Nogent-sur-Seine (Champagne Ardenne region), came on line. The wind farm consists of 5 wind turbines of 2 MW each and will produce 23 million kWh per year of zero emissions power, enough to meet the energy needs of about 7,000 households and avoid the emission of 18,000 metric tons of CO_2.
On September 5, 2011, the Sources de la Loire wind farm, located in the Département de l'Ardèche, in the municipality of Saint Cirgues en Montagne (Rhône Alpes region), also entered service. The new plant consists of 9 turbines of 2 MW each. Generating 50 million kWh per year of zero emissions power, Sources de la Loire will be capable of meeting the consumption needs of some 15,000 households, avoiding the emission of 40,000 metric tons of CO_2.
The three plants increase Enel Green Power's installed capacity in France by 36, 10 and 18 MW, respectively.

5
July

International arbitration body issues favorable ruling for Enel Green Power in LaGeo dispute

On July 5, 2011, the International Chamber of Commerce notified the parties of the ruling issued by the arbitration board on May 30, 2011 in Paris, in the international arbitration proceeding initiated by Enel Green Power against its partner in LaGeo, Inversiones Energéticas (INE), for recognition of its right to make investments in LaGeo by means of capitalization of such investments, thus achieving the majority stake in that company's share capital. The arbitration board recognized Enel Green Power's right to make further investments through the LaGeo joint venture in geothermal energy in El Salvador and to capitalize such investments in LaGeo itself by way of the subscription of new shares in that company. This right, which is provided for in the agreement between LaGeo shareholders of June 4, 2002, will enable Enel Green Power to acquire the majority of LaGeo's share capital. In addition, the arbitration board dismissed as unfounded a counterclaim brought by INE against Enel Green Power for alleged damages.

27
July

Wind farms in Greece enter service

On July 27, 2011, Enel Green Power 38 MW of wind power entered service in Greece, thanks to the 24 MW Zoodochos Pighi plant and the 14 MW Panaghia Soumela plant, located respectively in Kozani and Veria, both in Macedonia. The wind farms – composed of 19 turbines of 2 MW each – will produce over 67 million kWh of clean energy annu-

ally, meeting the power needs of over 16,000 households and avoiding the emission of more than 74,000 metric tons of CO_2 per year.
On August 30, 2011, the new Kouloukonas wind plant entered service. Located in Rethimnon on the island of Crete, the plant consists of 6 turbines of 0.85 MW each, for a total installed capacity of 5 MW. The facility will be capable of generating nearly 9.5 million kWh per year, meeting the power needs of 2,300 households and avoiding the emission of 10,500 metric tons of CO_2 per year.

4
August

Valdihuelo wind plant enters service

On August 4, 2011, Enel Green Power's new "Valdihuelo" wind plant in Spain entered service. Located in the province of Ávila, the wind farm adds 16 MW of capacity to the 335 MW already operational in the region of Castilla y León and the 1,690 MW present in the Iberian peninsula as a whole. Valdihuelo will generate 42.7 million kWh of power per year, enough to meet the needs of more than 15,800 households. The clean energy produced by the facility will avoid the emission of 31,600 metric tons of CO_2 and save 15,800 toe of fossil fuel per year.

11
October

Start of construction of new wind plant in Oklahoma

On October 11, 2011, Enel Green Power North America Inc. (EGP NA) and its development partner TradeWind Energy started construction on the Rocky Ridge wind plant – 51% owned by EGP North America – located in Kiowa County and Washita County, Oklahoma.
The new wind farm's installed capacity will total approximately 150 MW, with 93 wind turbines of 1.6 MW each. Once fully operational, the plant will generate about 630 million kWh annually, enough to meet the needs of some 55,000 US households, and avoid the annual emission of over 470,000 metric tons of CO_2 into the atmosphere.
The wind farm has a power purchase agreement with the Western Farmers Electric Cooperative.

13
October

Entry into service of the Alto do Marco wind plant in Portugal

On October 13, 2011, the new Alto do Marco wind farm began operation in Portugal. The plant is composed of six 2 MW turbines for a total installed capacity of 12 MW.
The new wind plant will generate more than 32 million kWh, enough to meet the needs of around 12,000 households and avoid the emission of around 24,000 metric tons of CO_2 per year.
Thanks to this new plant, Enel Green Power's total installed capacity in Portugal now exceeds 191 MW, of which 155 MW are generated from wind.

19
October

Agreement with EKF to finance wind projects in Romania

On October 19, 2011, Enel Green Power, acting through its subsidiary Enel Green Power International BV (EGPI), signed an agreement with the Danish government's Export Credit Agency (EKF) and Citigroup (agent and arranger), for a 12-year loan of €112 million, guaranteed by Enel Green Power, that was fully disbursed in November.
The loan will be used to finance part of the investments required to build and develop Enel Green Power Romania's wind plants (Moldova Noua and Corugea), which are planned to total about €180 million.
The interest rate on the loan is lower than the market benchmark rate, thanks in part to the guarantee issued by EKF, whose institutional role involves supporting Danish component manufacturers, from which Enel Green Power

Romania is buying products to build the two wind power plants.
As part of the loan contract, the partners also signed a Master Facilities Agreement setting out general loan terms and conditions that will also apply to future operations between EGPI BV, EKF and Citigroup involving the installation of Danish components in other countries in which Enel Green Power operates.

19
October

Entry into service of Enel Green Power's first photovoltaic plant in Greece

On October 19, 2011, Enel Green Power's first photovoltaic plant in Greece, located in the region of Ilia in the Peloponnesus (western Greece) entered service, bringing the Group's total installed capacity in the country to 191 MW.
The photovoltaic power plant has a total capacity of 4.9 MW and is expected to generate approximately 7 million kWh annually, enough to meet the power needs of some 1,700 households.
The clean electricity generated by the plant will reduce emissions by nearly 7,600 metric tons of CO_2 per year.

20
October

Acquisition of Salbatica II

On October 20, 2011, Enel Green Power's 70 MW Salbatica II wind farm entered service in Romania. The plant, composed of 35 wind turbines of 2 MW each, is located near Tulcea, in the North Dobrogea area.
The Salbatica II wind farm is expected to generate around 200 million kWh annually, enough to meet the power needs of 66,000 households and avoid the emission of some 140,000 metric tons of CO_2 per year.

29
November

Enel Green Power awarded two lots for the construction of 60 MW of photovoltaic capacity

On November 29, 2011, Enel Green Power was awarded two of the thirteen lots offered for tender by Difesa Servizi SpA for the allocation of military land for the installation of photovoltaic systems.
The two lots assigned to EGP, the maximum permitted under the terms of the tender, are also the largest: one is located at Teulada, in the province of Cagliari, not far from Portoscuso, where Enel Green Power has nearly completed what will become the largest wind farm in Italy, and one at Serre Persano, in the province of Salerno, site of Enel's first solar power plant, long the largest in Europe and now completely renovated.
The land, which has room for some 60 MW of photovoltaic power plants, covers a total of about 190 hectares with high solar radiation levels.
The new photovoltaic plants, which will use the panels produced by the new Catania factory of 3SUN – an equal joint venture between Enel Green Power, Sharp and STMicroelectronics – will be able to generate, once fully operational, up to 80 million kWh a year, equivalent to the annual consumption of nearly 30,000 households, as well as avoiding the emission of some 58,000 metric tons of CO_2 each year.

December

New wind farms in Romania: Moldova Noua and Corugea

In December, operations began at the Romanian wind farms of Corugea and Moldova Noua (where the first 25 MW entered service). The Corugea plant, located in the region of Tulcea, has an installed capacity of 70 MW. It consists of 35 V-90 wind generators with a capacity of 2 MW each and is capable of generating about 190 million

kWh a year, enough to meet the electricity needs of about 70,000 households, avoiding the atmospheric emission of more than 130,000 metric tons of CO_2 each year.
In addition, the first 25 MW of the 48 MW Moldova Noua wind farm in the historic region of Banato also went on line. With the completion of the Moldova Noua plant, Enel Green Power's total installed capacity in the country will rise to 292 MW, capable of generating about 620 million kWh a year, enough to meet the electricity needs of about 230,000 households, avoiding the atmospheric emission of more than 430,000 metric tons of CO_2 each year.

Enel Green Power North America: additional 24 MW of photovoltaic power go on line

In December 2011, Enel Green Power North America began operation of the 24 MW photovoltaic facility that supplements the power of the 33 MW Stillwater geothermal plant. This is the first renewable energy project in the world that combines the continuous generation capacity of a medium enthalpy geothermal binary cycle with the peak capacity of solar power. The solar power system will generate around 40 million kWh of clean energy per year, enough to meet the needs of 15,000 American households and avoid the emission of about 28,000 metric tons of CO_2 into the atmosphere each year. Combining two technologies for generating electricity from renewable resources at the same location not only increases the output of zero emissions energy, but also makes it possible to use the same infrastructures, such as electrical interconnection lines, thereby further reducing the environmental impact.

Tax equity partnership agreement for Enel North America

In December, Enel Green Power North America announced a tax equity partnership agreement, with a value of about $340 million, in respect of the two wind facilities of Caney River (already in service) and Rocky Ridge (located in the counties of Kiowa and Washita, in Oklahoma). The plants have a total capacity of 350 MW and have entered into long-term power purchase agreements for their output.

1
December

Enel Green Power: start of additional 66 MW in Spain and Portugal

On December 1, 2011, Enel Green Power started two new plants in Spain: the 38 MW Los Llanos wind farm, located near Burgos, region of Castilla y León, and the 24 MW Granujales wind farm, located near Cádiz, region of Andalusia.
With a combined installed capacity of 62 MW, the two plants will produce over 151 GWh annually, enough to meet the energy consumption needs of over 55,700 households as well as avoiding the atmospheric emission of 112,000 metric tons of CO_2.
The Los Llanos wind farm is located in the municipalities of Hontoria de la Cantera, Revillarruz and Cogollos. The plant has 19 wind turbines of 2 MW each which will produce enough clean power to save 35,700 toe.
The Granujales wind farm, located in the municipality of Vejer de la Frontera, has 12 wind turbines of 2 MW each which will produce enough clean power to save 20,000 toe.
Enel Green Power is also adding a further 4 MW to the already operational Alvaiázere wind farm, in Portugal, thereby increasing the plant's installed capacity to 18 MW. The expanded wind farm will have an estimated output of 50.2 GWh, thus meeting the energy consumption needs of 18,900 households as well as avoiding the annual atmospheric emission of 37,100 metric tons of CO_2.

6
December

Enel Green Power: additional 5 MW of photovoltaic power enter service

On December 6, 2011, the new photovoltaic plant in Barrafranca, in the province of Enna, entered service with a total installed capacity of about 5 MW. The new photovoltaic installation, consisting of over 20,000 panels, will generate more than 7.2 million kWh per year, enough to meet the energy needs of almost 2,000 households as well as avoiding the atmospheric emission of over 3,800 metric tons of CO_2 per year.

21
December

EIB project finance deal for the construction of 376 MW in Portugal

On December 21, 2011, Eólicas de Portugal SA (ENEOP) agreed a project finance deal with the European Investment Bank (EIB) for ENEOP's second group of wind farms to be developed in Portugal, totaling 376 MW.
With this transaction, the number of ENEOP projects with long-term financing from EIB rises to two, as the company had previously obtained EIB funding for the construction of a first group of wind farms with a total installed capacity of 480 MW.
The long-term financing agreed with the EIB totals €260 million and includes a Structured Fund Facility of €100 million, which is expected to be finalized in the 1st Quarter of 2012, and a Guaranteed Facility of €160 million to be finalized once the associated conditions have been met. The closing of the transaction will enable ENEOP to return capital to its shareholders, who have fully funded the investment in the second group of projects through equity contributions and shareholder loans.
In 2006, the ENEOP consortium, which, as well as Enel Green Power España, includes the wind power operators EDPR and Generg Group alongside the industrial partner Enercon, in 2006 signed a contract to develop 1,200 MW of capacity awarded in a public tender organized by the Portuguese government. Enel Green Power España has a 40% stake in the consortium, corresponding to 480 MW, of which 321 MW were already in operation as of September 2011.

23
December

3SUN Srl

On December 23, 2011, commercial manufacturing operations began for the production of innovative solar panels by 3SUN, a joint venture owned by Enel Green Power, Sharp and STMicroelectronics. It is the largest solar panel plant in Italy, and one of the biggest in Europe.

27
December

New wind farm in Kansas

On December 27, 2011, the wind farm at Caney River (Elk County, Kansas) entered service after an investment of $350 million. The new facility consists of 111 V-90 wind turbines of 1.8 MW each for a total installed capacity of around 200 MW. The plant will generate 765 million kWh per year, enough to meet the annual consumption needs of some 70,000 households and to avoid the atmospheric emission of more than 580,000 metric tons of CO_2 per year.

The contribution of renewable energy to sustainability

In the first year since its listing on the stock exchange, Enel Green Power consolidated its industry leadership, closing the year with installed capacity of 7,079 MW, of which 2,540 MW (35.9%) of hydroelectric, 3,541 MW (50.0%) of wind, 769 MW (10.9%) of geothermal, 101 MW (1.4%) of solar and 128 MW (1.8%) of other renewables technologies (biomass and cogeneration).

The growth strategy pursued two directions: the use of the entire range of available technologies ensuring a diversified mix of generation capacity (hydroelectric, solar, wind, geothermal and biomass) in order to avoid depending on the performance of a single energy resource, and geographical diversification, operating in Europe, North America, and Central and South America.

Access to energy, innovation and respect for people and societies are the keystones of integrating corporate social responsibility into our business, creating value for Enel Green Power and all its stakeholders.

This is also why Enel Green Power as a whole seeks to implement effective corporate social responsibility practices, providing a detailed account of its activities in the annual Sustainability Report (for more information, see www.enel.com/en-GB/sustainability).

Enel Green Power is committed to being a good citizen in the countries in which it operates: its action is governed by the Code of Ethics, which applies for the entire Group. This code sets 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.

Enel Green Power's research and innovation goes beyond seeking efficiency to encompass the development of new solutions for environmental sustainability.

In the geothermal sector, for example, Enel Green Power uses the AMIS system, developed and patented by Enel's research staff. It reduces the natural gases and metals associated with geothermal steam. The system therefore eliminates the problems associated with the characteristic odor caused by the emission of hydrogen sulfide, thereby helping to integrate plants into the territory.

In the wind power field, in addition to complying with the applicable legislation protecting birds in all the countries in which we operate, the Company has developed the "Libellula", a prototype innovative mini-wind rotor designed by Renzo Piano. In order to offer "natural" integration in the landscape and a low environmental impact, the prototype is built with the ever lighter and stronger materials being developed through technological innovation. The two-blade configuration also reduces its visual impact: when there is no wind, the prototype positions itself as a thin vertical line, with the tower and the two blades lining up. These features won "Libellula" the Amica dell'Ambiente Innovation Prize 2011 from Legambiente.

The support for environmental sustainability intrinsic to the generation of energy from renewable resources with effective projects for the sustainable development of the communities in which Group plants are present was the

common denominator of many of the activities pursued in 2011. In the year in which the United Nations worked to raise the world's awareness of the goal of sustainable energy for everyone, followed with the designation of 2012 as the International Year of Sustainable Energy for All, Enel Green Power took real steps to contribute to the development of communities.

In Latin America, in particular, the Group is involved in developing cooperation and forging close relationships with stakeholders through CSR initiatives for culture, education, health and well-being in the communities in which it works.

As part of activities to study the environmental and social impact of new infrastructure projects, in Guatemala, for example, the "*Sumando voluntades*" plan was activated for the Palo Viejo hydroelectric project. The plan envisages a 20-year cooperation initiative based on replicable projects to generate sustainable development, with a specific focus on vocational training for young people and adults, environmental education, water and forest management and support for local business.

Rural electrification initiatives are also an effective approach for reducing poverty, improving the quality of life of rural communities and involving them in the economic and social development of their country thereby reducing the incentive to migrate to urban areas.

In this context, one major initiative was the agreement between Enel Green Power and the Barefoot College as part of the Enel Group's "Enabling Electricity" program. Electrifying the rural areas of developing countries in order to make them self-sufficient and sustainable: this is the mission of Sanjit Bunker Roy, founder and director of Barefoot College, a non-governmental organization that offers very poor rural communities services and solutions for electrification by training semi-literate women in those very communities.

Thanks to Enel Green Power, this approach is also being implemented in Latin America, the third continent, along with Africa and Asia, being impacted by this cultural, technological and sociological revolution.

The partnership in the development of collaborative initiatives and projects also characterized the eighth edition of "*Voler bene all'Italia*", an initiative organized by Legambiente with the High Patronage of the President of the Italian Republic and in cooperation with Enel Green Power and ANCI. The central theme of the event, held on May 8, 2011, was the 150th anniversary of the unification of Italy, to remember the contribution of towns and cities to unification and the creation of a national identity. Thanks to the support of Enel Green Power, the celebration was also an occasion to recall the growing success of renewable energy in Italy, especially among families and small towns.

Reference scenario

Enel Green Power and the financial markets

	2011	2010
Gross operating margin per share (euro)	0.32	0.26
Operating income per share (euro)	0.18	0.16
Group net earnings per share (euro)	0.08	0.09
Dividend per share (eurocents)	2.48	2.72
Pay-out ratio (1) (%)	30	30
Group shareholders' equity per share (euro)	1.38	1.32
Share price - 12-month high (euro)	2.05	1.62
Share price - 12-month low (euro)	1.49	1.51
Average share price in December (euro)	1.61	1.59
Market capitalization (2) (millions of euro)	8,036	7,956
No. of shares outstanding at December 31 (millions)	5,000	5,000

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

Enel Green Power stock weighting in	Current (1)
FTSE MIB index	1.43%
STOXX Europe 600 Utilities index	0.97%
Bloomberg World Energy Alternative Sources	17.73%

(1) Updated to January 31, 2012.

In 2011 the financial markets moved at two speeds. In the 1st Half of the year the trend essentially confirmed the positive developments in the final part of 2010, while the 2nd Half saw a broad decline that began in conjunction with the resurgence of concerns about the sustainability of the public debt on the part of the major European governments.

In addition, a number of the solutions had extra costs and therefore increased the debt of the countries involved. After the United States lost its triple-A rating, each European country found itself the object of close scrutiny by the rating agencies, which in assessing countries basically took account of the size of their public debt burdens, the length of the crisis and the consequent deterioration in underlying economic conditions. The stagnation characterized by the persistence of the crisis compounded the debt issues with major uncertainty about growth.

Focusing on a number of main issues, developments in the Italian political situation in 2011, which were heavily impacted by the rising difficulties faced by the country, culminated in the arrival of the Monti government towards the end of the year. The energy industry, already affected by the repeated downward revisions of the prospects for economic recovery, experienced further steep declines in stock prices as from August, triggered by additional tax increases on the companies involved. The economic crisis quickly worsened: in September Standard & Poor's cut its rating on Italy's sovereign debt, citing the "government's limited ability to respond" to the crisis.

In Spain, the worsening of the economic crisis and growing popular discontent prompted a decision to bring forward elections, which were held in November and led to a majority for the People's Party.

Portugal was among the countries worse hit by the euro-area sovereign debt crisis. A lack of growth severely impacted an already critical economic situation, making it unsustainable. This led to the resignation of Prime Minister Socrates following the rejection of austerity measures

by Parliament. These measures had included the sale of the State's holding in EDP, the country's main utility, to the Chinese company China Three Gorges.
In Greece, one of the original sources of the euro-area crisis, which erupted here towards the end of 2010, the situation deteriorated rapidly when Papandreou made a surprise announcement that the public finances were in much worse shape than the previous government had let on. The other European countries opposed the granting of an IMF loan and Germany also resisted the possibility of EU aid. The strains on sovereign debt quickly ballooned, inducing the European Union and the IMF to grant a €45 billion line of credit in order to avoid the severe repercussions that a Greek default would have for the other markets in the euro area.
In this environment, equities struggled considerably. Stocks declined 18% in the euro area as a whole over the course of the year, with losses being registered virtually everywhere else as well: -18% for Japan, -6% for the United Kingdom, -19% for China, -27% for Italy, -11% for Korea, -26% for Brazil, and -14% for Mexico. Only the United States performed better: 0% for the S&P index and +5% for the Dow Jones index. Trailing all, the Greek market has plummeted 90% since the start of the crisis.
The two-speed performance of the main markets is also evident in developments in price trends between the 1st and 2nd Half of the year:
FTSE-MIB: -1.2% in the 1st Half of 2011, -26.5% in the 2nd Half and -26.2% for the year as a whole
London: -1.1%, -7.0%, -7.3%
Paris: +2.1%, -21.1%, -19%
Madrid: +4.8%, -18.4%, -13.4%
Frankfurt: +5.5%, -20.5%, -15.6%
Utilities stocks were not spared either, as shown by the trend in the Stoxx Utilities index, which fell 2.8% in the 1st Half, 15.1% in the 2nd Half and 16.8% for the full year. Enel Green Power followed a similar pattern, rising by 21% in the 1st Half, sliding by 15% in the 2nd Half and posting a gain of 2.7% for the year as a whole.
The main exogenous factors driving the rise in prices in the first part of the year, causing the EGP stock price to reach a record high of €2.05, were associated with the decision of the world's leading investment firms to start covering the stock, the geopolitical tensions in the Libyan region, which caused a rise in oil prices and, through gas prices, in wholesale electricity prices in Italy, and the emotional response to the nuclear disaster at Fukushima, which drew great attention to renewables in the same period.
In the 2nd Half of the year, the downward trend was triggered by the developments in the sovereign debt crisis and, first, the debate and, then, the implementation of the measures to reduce Italy's public debt.
In another development, two of Enel Green Power's main European competitors were delisted: Iberdrola Renovables, in Spain, and EDF Energies Nouvelles, in France, which were folded into their respective parent companies, Iberdrola and EDF.
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 rules of Shareholders' Meetings, as well as periodic updates on corporate governance issues.
We have also created contact centers for retail investors (which can be reached by phone at +390683058721; e-mail: retail_egp@enel.com) and for institutional investors (phone: +390683059104; e-mail: iregp@enel.com).

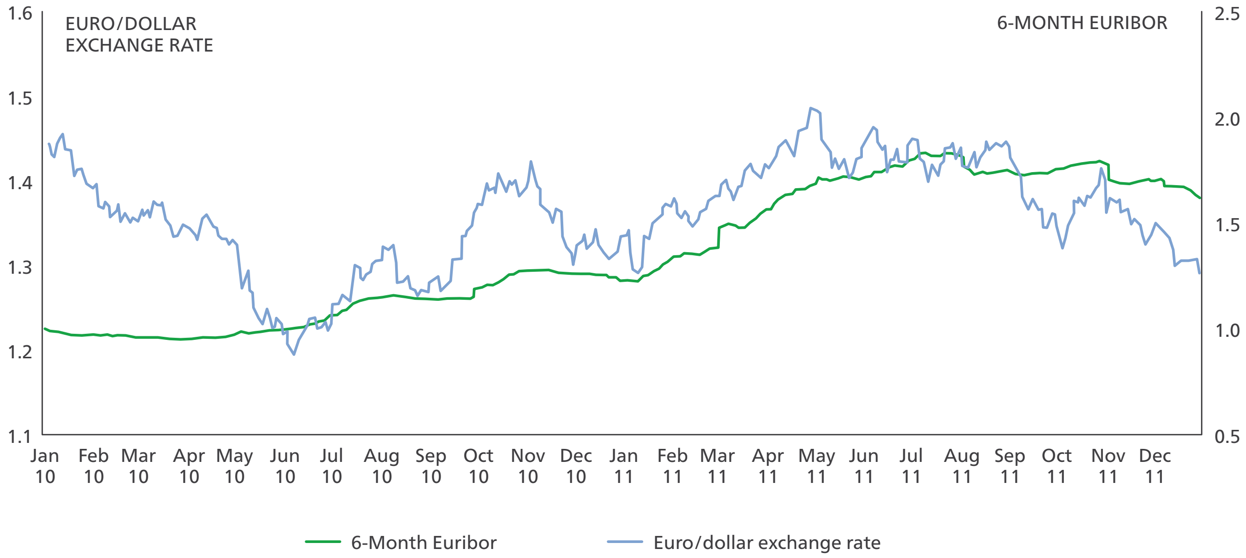
Gross operating margin per share 2011

0.32

euro

Developments in the main market indicators

Money market



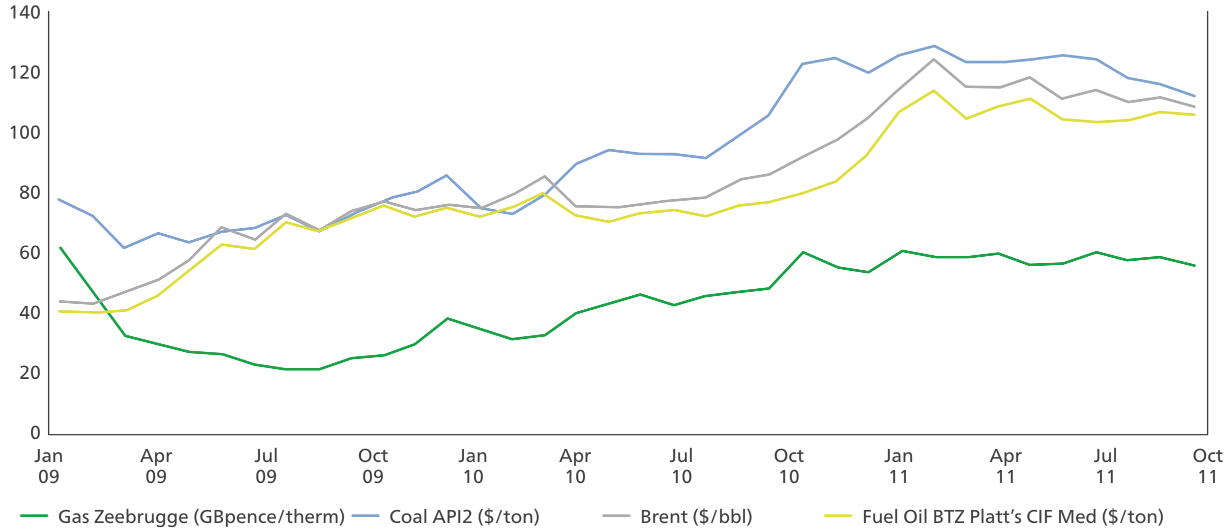
International commodities prices

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

Commodity prices

In 2011 the rapid rise in oil prices was accompanied by substantial increases in the prices of all industrial commodities. More specifically, the price of coal was impacted by flooding in Australia and Indonesia (which had already begun to generate considerable pressures in December 2010) and strong demand in Asia. By contrast, in Europe the weakness of gas prices, the constraints of take-or-pay contracts and the growth of renewable energy triggered a sharp contraction in imports of coal for thermal generation. This decline in European demand led to the redirecting of supplies of South African and Pacific coal towards Asia.

The spot price of natural gas at the Zeebrugge hub rose from 42.9 GBpence/therm in 2010 to 57.2 GBpence/therm in 2011, a rise of 33%. The price of coal, which in 2010 averaged about $92 a metric ton, rose to $121.5 a metric ton, an increase of 32%. Even greater increases were registered for Brent and fuel oil, with the average price rising in both cases above €100 a barrel ($111 a barrel for Brent, an increase of 40% compared with the aver-



age for 2010, and $102 a barrel for fuel oil, an increase of 38% on the 2010 average.

During 2011, CO_2 prices declined by a substantial 50% from the peaks registered after the Fukushima earthquake. Conditions in Europe's Emissions Trading Scheme (ETS) currently reflect a certain level of oversupply worsened by the financial crisis, the bringing forward of auctions of allowances for the third phase and the uncertainty surrounding regulatory developments (rules on efficiency, revision of targets, new control mechanisms).

Economic developments in the countries in which Enel Green Power operates

In 2011 the debt crisis in the main European countries undermined the weak signs of recovery that had first emerged in 2010 after the trough of the crisis in 2009. Industrial production began to drop significantly again, especially in the 3rd and 4th Quarters, when industrial output in the euro area contracted by 3% and 6%, respectively, from their levels in the corresponding periods in 2010. Part of the decline was closely linked with the current economic environment, characterized on the one hand by restrictive fiscal policies in the individual euro-area countries and on the other by especially low levels of consumption.

While economic indicators held their ground in early 2011, they gradually began to slow in the early part of the summer. In the euro area this was attributable to the heightened concerns about the sustainability of the government debt of a number of European countries (Greece, Ireland, Italy, Portugal and Spain). In this context, 2011 was also characterized by repeated downgrades of sovereign ratings, followed by abrupt increases in the spreads experienced by the European countries in the greatest difficulty with respect to the German Bund. Towards the end of the year these spreads began to narrow thanks both to intervention at the supranational level (for Greece, Ireland and Portugal) and the subsequent adoption of major (and expected) structural reforms to boost growth in the medium and long term (Italy and Spain).

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

As regards growth in the euro area, Germany performed the best among the major European countries, being only partly affected by the especially adverse international economic climate (with growth of 3.0% in 2011, compared with 3.6% in 2010). The countries hit the hardest in 2011 include Italy, with growth of 0.5% compared with 1.1% in 2010; Greece (a contraction of 6.9%); Spain (0.7%); and Portugal (a contraction of 1.5%).

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

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

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

Annual real GDP growth

%	**2011**	2010
Italy	**0.5**	**1.1**
Spain	0.7	-0.1
Portugal	-1.5	1.4
Greece	-6.9	-4.0
France	1.7	1.5
Bulgaria	2.2	0.4
Romania	2.5	-2.0
Brazil	2.7	7.7
Chile	6.3	5.3
Mexico	3.9	5.5
Canada	2.5	2.9
USA	1.7	2.9

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

Energy markets

Italy

Domestic electricity generation and demand

Millions of kWh

	2011	2010	Change	
Net electricity generation:				
- thermal	217,369	220,984	(3,615)	-1.6%
- hydroelectric	47,672	53,795	(6,123)	-11.4%
- wind	9,560	9,048	512	5.7%
- geothermal and other resources	5,307	5,047	260	5.2%
- photovoltaic	9,258	1,874	7,384	394.0%
Total net electricity generation	**289,166**	**290,748**	**(1,582)**	**-0.5%**
Net electricity imports	45,626	44,160	1,466	3.3%
Electricity delivered to the network	**334,792**	**334,908**	**(116)**	**-**
Consumption for pumping	(2,518)	(4,453)	1,935	43.5%
Electricity demand	**332,274**	**330,455**	**1,819**	**0.6%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2011).

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

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

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

Developments in domestic electricity sales prices

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

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

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

Spain

Electricity generation and demand in Spain

Millions of kWh

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

Source: Red Electrica de España - (*Balance electrico diario Peninsular* – December 2011 report). Volumes at December 31, 2011 based on estimates made on January 4, 2012. The December 31, 2010 volumes reflect the final figures published on July 6, 2011.

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

Net electricity exports declined 26.9% in 2011 from their level in 2010.

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

International

Developments in electricity demand

TWh

	2011	2010	Change
Spain	255.3	260.6	-2.0%
Portugal	50.5	52.2	-3.3%
France	478.2	513.3	-6.8%
Greece	51.6	52.3	-1.3%
Bulgaria	33.2	31.5	5.4%
Romania	53.4	52.0	2.7%
Brazil	528.0	510.6	3.4%
Chile (1)	45.0	42.3	6.4%
USA (2)	3,726.0	3,750.0	-0.6%

(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

€cents/kWh

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

(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

Based on Legislative Decree 28/2011, the withdrawal price for green certificates issued for generation from 2011 to 2015 will be equal to 78% of the price for green certificates held by the Energy Services Operator (ESO), as provided for under Article 2, paragraph 148, of the 2008 Finance Act.
The bid price for green certificates for 2011 was €105.28/MWh (excluding VAT). The price is calculated as the difference between the reference price of €180.00/MWh and the average sales price for electricity in 2011, equal to €74.72/MWh, as published in Authority Resolution no. 11/2012 of January 26, 2012).

Legislative Decree 28 of March 3, 2011 Transposition of Directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC

Legislative Decree 28/2011, transposing Directive 2009/28/EC, substantially revised the existing incentive mechanism. The revision will be implemented with specific ministerial decrees.
More specifically, the new incentive system will replace the green certificate system with one based on tariffs and Dutch auctions run by the ESO, while the Energy Account system will continue to be used for photovoltaics.
The new mechanisms will apply to plants that enter service starting from 2013 and will be differentiated by plant size: smaller plants will use the tariff system, while larger plants will be awarded incentives using Dutch auctions. Plants that enter service by the end of 2012 will continue to use the green certificate system until 2015, while for the remainder of the incentive period the right to certificates will be converted into a tariff system.

Energy Account

Law 129/2010 established that the rates set out in the Ministerial Decree of February 19, 2007 will apply to plants built by the end of 2010 that entered service by June 30, 2011.
Under the provisions of Legislative Decree 28/2011 transposing Directive 2009/28/EC on the promotion of the use of energy from renewable sources, the Third Energy Account was applied to photovoltaic that entered service by May 31, 2011.

The Decree of the Minister for Economic Development of May 5, 2011 ("Fourth Energy Account") establishes the criteria and incentive mechanisms for the generation of electricity from photovoltaic plants, replacing – as from June 1, 2011, the Third Energy Account of August 6, 2010, whose incentive rates were changed to expire on May 31, 2011, with Legislative Decree 28/2011.

The Fourth Energy Account applies to photovoltaic plants that enter service between June 1, 2011 and December 31, 2016, and sets a national target of about 23,000 MW of installed capacity for a total cumulative annual expenditure of €6-7 billion.

The ceilings on the incentives for electricity generated with photovoltaic systems are determined on the basis of the indicative annual cost of the incentives for each period and for the following types of plant:

1) solar photovoltaic systems;
2) innovative integrated photovoltaic systems (capacity of at least 1 kW and no more than 5 MW, which use unconventional modules and special components specifically developed to be integrated into buildings and replace architectural elements);
3) concentrating photovoltaic systems (capacity of at least 1 kW and no more than 5 MW).

For plants under point 1) – "solar photovoltaic systems" – the new decree introduces a major change: the distinction between "small" and "large" plants. The threshold for small plants is those with a capacity of less than 1 MW for systems on buildings and less than 200 kW for all plants operating on a net metering basis, as well as plants of any size installed on the buildings and land of government departments; large plants comprise all other systems.

In 2011-2012 (the Transition Period), the decree provides for monthly rate reductions from June to December 2011 and an additional decrease for the 1st and 2nd Half of 2012, with certain differences depending on the type of plant:

> "large plants" are eligible for incentives up to the annual cost ceiling specified in the decree and, if they enter service after August 31, 2011, must necessarily be entered in a special register (the Large Plant Register) maintained by the ESO in order to receive the subsidized rates;
> "small plants", "innovative integrated plants" and "concentrating plants" are eligible for the incentives with no annual cost ceiling.

For the period from 2013 to 2016, exceeding the cost ceilings specified in the decree does not limit access to the subsidized rates for any type of plant but instead leads to an additional reduction in the incentives for the subsequent period. In addition, the incentive as envisaged for previous years (a feed-in premium) is replaced by a "comprehensive tariff" that in addition to the subsidy also includes remuneration of the electricity generated by photovoltaic systems and sold to the grid.

Finally, in application of Article 10 of Legislative Decree 28/2011, ground-installed plants in agricultural areas are eligible for incentives on the condition that:

a) the nominal capacity of each plant does not exceed 1 MW and, in the case of plots belonging to the same owner, the plants are at least 2 kilometers apart;
b) no more than 10% of the agricultural land available to the applicant is used for plant installation.

Amendments to the Active Connections Code

The Authority Resolution ARG/elt no. 187/11 amends the Active Connections Code and establishes that generators (excluding residential systems) requesting the connection of a plant to "critical" lines or areas shall pay a security deposit, including in the form of a bank guarantee or a Parent Company guarantee. Unlike the provisions of previous resolutions, the deposit does not differ by voltage (high, medium or low) but is instead equal to the lowest of those proposed in September: €20,250 per MW.

The Authority clarified that the new provisions also apply to connection applications that have already been submitted and are still being processed. The resolution enters force on January 1, 2012.

The measure gives generators two years to accept the connection fee estimate issued by the grid operator. If a generator should withdraw the application or the estimate should lapse by that deadline, the deposit is returned; otherwise it is forfeited, unless it lapses because the application is rejected or the lapse is not attributable to the generator (although the burden of proof in this case lies with the generator).

Applicants for connections to merchant lines (private high-voltage lines) and plants not powered by renewable resources, as well as cogeneration plants, are exempt from booking capacity and therefore from paying the security deposit, unless they are requesting connection to Terna's National Transmission Network.

Retail

Energy efficiency

On April 24, 2001, the Minister of Industry, in agreement with the Minister for the Environment, issued decrees concerning «the specification of national quantitative objectives for energy savings and development of renewable resources». They established a new regulatory approach to increase energy efficiency in Italy. The decrees, one of which covered gas and the other electricity, were superseded by the decrees of July 20, 2004, issued by the Minister for Economic Activity in agreement with the Minister for the Environment concerning «the new specification of national quantitative objectives for energy savings and development of renewable resources» and by additional amendments introduced by the Ministerial Decree of December 21, 2007 and Legislative Decree 115 of May 30, 2008.

The procedure for granting energy efficiency certificates ("white certificates") today establishes that at the time the energy efficiency improvement is carried out at the premises of the end user, the applicant (whether they are distribution companies, energy service companies or energy managers) must initiate the procedure to obtain white certificates.

Depending on the type of energy saved, four types of certificate can be awarded:

> type 1, certifying achievement of primary energy savings through reduction of electricity consumption;

> type 2, certifying achievement of primary energy savings through reduction of natural gas consumption;

> type 3, certifying achievement of energy savings through reduction of consumption of forms of primary energy other than electricity and natural gas not used for automotive purposes;

> type 4, certifying achievement of energy savings through reduction of consumption of forms of primary energy other than electricity and natural gas used for automotive purposes.

The white certificates mechanism is governed in detail in attachment A of Authority Resolution no. 103/2003 – guidelines (so-called attachment 1).

The resolution specified three methods for assessing applications:

a) standardized assessment methods;
b) analytic assessment methods;
c) actual performance assessment methods.

In its "Fifth Annual Report on the White Certificate Mechanism: situation at May 31, 2010", the Authority for the first time reported a shortage of white certificates available for the 2011 targets. It decided that new initiatives would have to be developed to resolve the white certificate shortage.

In 2011 the legislative framework was updated with the following measures:

Parliament passed Legislative Decree 28 of March 3, 2011, transposing directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

With a view to rationalizing the white certificate system with the provisions of Article 7 of Legislative Decree 115 of May 30, 2008, the new legislative decree:

> transfers responsibility for managing the white certificate certification mechanism to the ESO, without prejudice to the duties of the Energy Markets Operator (EMO) with regard to the issue of white certificates and maintaining the register and the exchange for trading white certificates;

> matches the entitlement to the certificates with the useful life of the energy savings project;

> establishes that energy savings achieved with projects to increase the efficiency of the electricity and natural gas networks specified in the lists referred to in Article 30 of the decree shall be considered for the purposes of meeting the obligations of distribution companies. Such initiatives are not eligible for white certificates.

With a decree of September 5, 2011, the Ministry for Economic Development established the incentive mechanisms for high-efficiency cogeneration using white certificates valid for 15 years for plants connected with district heating systems and 10 years for generation plants. The nominal value of the white certificates will be multiplied by a coefficient (K) structured into 5 different capacity bands on the basis of the average efficiency of the plants. The incentives under the mechanism are cumulable with guarantee funds, tax relief measures and other capital grants. Management of the system is entrusted to the ESO, which operators must contact to obtain qualification as High-Efficiency Cogeneration Facilities and which will grant operators an incentive amount each year based on actual measured savings of primary energy.

With Resolution EEN no. 9/11, the Authority updated the guidelines for the preparation, execution and assessment of the projects referred to in Article 5, paragraph 1, of the

Ministerial Decrees of July 20, 2004, as amended, and for the definition of the criteria and procedures for the issue of white certificates, replacing attachment A of the Authority's Resolution no. 103/03 of September 18, 2003 as amended.

Resolution EEN no. 9/11, which is already in force, provides for:

1. the suspension of new applications for verification and certification of energy savings between November 1, 2011 and December 31, 2011, in order to enable the updating of the on-line information system needed to operate the mechanism (the deadline was extended with Resolution EEN no. 14/11);
2. the updating by December 31, 2011, of all technical specifications currently in force in order to bring them into compliance with the new guidelines, including the information contained in the attached table A, which is an integral part of the measure;
3. the savings associated with projects submitted to the Authority before the entry into force of the new guidelines to be certified, as from that date and over the useful life of each project, on the basis of the new rules using the following procedures depending on the assessment method adopted:
   a. in the case of projects assessed on an actual performance basis, applications for verification and certification of energy savings submitted after the entry into force of the new guidelines must also specify the energy savings project category, the technical life and the corresponding curability coefficient referred to in, respectively, table 2, article 1 and article 7 of attachment A of the measure;
   b. in the case of projects assessed using analytic methods, all applications for verification and certification of energy savings submitted after the entry into force of the new guidelines shall be subject to the technical specifications as adjusted pursuant to the provisions of point 4;
   c. in the case of projects assessed using standardized methods, applications for verification and certification of energy savings shall be assessed using the calculation methods provided for by the new guidelines by April 30, 2012, adopting the standard durability coefficient indicated in each technical specification in the appropriate table (table B) and granting the increase in white certificates resulting from the application of the new guidelines and the updated technical specifications to the certified energy savings in a single award using the automated quarterly issues referred to in article 16, paragraph 3 of attachment A already provided for after the date of entry into force referred to in point 1.

The resolution also includes language to encourage energy service companies to obtain certification pursuant to the UNI-CEI 11352 technical standard concerning "Energy Management - Energy Services Companies (ESCOs) - General requirements and checklist for requirements verification".

With Resolution EEN no. 12/11, the Authority set the rate contribution for achievement of energy savings targets for 2012 at €86.98/toe.

With Resolution EEN no. 13/11, the Authority specified the energy efficiency targets for electricity and natural gas distributors for 2012.

Energy Account

Please see the discussion under "Energy Account" in the "Italy and Europe" section.

Greece

Renewable energy support measures

In January 2011, the Ministry for the Economy and the Ministry for Energy and the Environment announced an agreement on the partial financing by the Greek government of electrical infrastructure projects with a total cost of €583 million (with a government participation of €218 million), including the underwater interconnection between the Cyclades Islands and continental Greece.

The Ministry for Energy and the Environment and the Ministry for the Economy agreed in March 2011 to approve the transfer of 95% of the revenues derived from the sale of 10 million metric tons of CO_2 allowances not used between 2008 and 2012 to the Transmission System Operator (TSO). The revenues will be used by the TSO to cover the costs of the incentive rates for the generation of electricity from renewable resources.

In August 2011, the New Energy Act entered force (Law 4001/2011). The law includes the following amendments that affect renewable resources:

> the award date for photovoltaic rates was changed: previously it had been the date the Power Purchase

Agreement (PPA) was signed with the TSO; it has been moved forward to the date of the completed request for the PPA;
> dispatching priority for thermal solar plants has been extended to include electricity generated by back-up systems powered by conventional fuels (where applicable);
> it is no longer necessary to present the instrument certifying entitlement to use the land to obtain a renewable resource permit.

In November 2011, an amendment to the renewable energy resources law changed the support mechanism for offshore wind power from build-own-operate auctions to a feed-in tariff system. The base rate for offshore wind was set at €108.3/MWh and can be increased by up to 30% subject to approval by the regulator and if supported by a feasibility study.

On December 20, 2011, the regulator increased the rate component supporting renewable energy resources by 200%, from €1.8/MWh in 2011 to €5.46/MWh in 2012. The same decision also established that as from January 1, 2012, a levy of €2/MWh will be imposed on electricity generation from lignite (producing estimated revenues of €55 million), which will be used to finance the feed-in tariffs awarded to renewable energy generators.

France

New remuneration rates for photovoltaic systems

On March 4, 2011, the Ministry for the Environment published a decree governing the new incentive rates for photovoltaic systems that enter into operation starting from March 10. The rates will be adjusted downward on a quarterly basis using the following parameters:
> a coefficient based on the concentration of systems in the same land parcel or building;
> a coefficient based on the number of projects registered during the previous quarter.

The basic rates in force in the 4th Quarter of 2011 are:
> from €406/MWh to €236/MWh for systems integrated or partially integrated into residential buildings of less than 100 kW;
> from €332/MWh to €236/MWh for systems integrated or partially integrated into healthcare facilities and schools of less than 100 kW;
> from €288/MWh to €236/MWh for systems integrated or partially integrated into other types of buildings of less than 100 kW;
> €114/MWh for other types of systems of less than 12 MW.

Auctions for major hydroelectric plants

In April 2011 the French government initiated auctions for major hydroelectric concessions. About 5,300 MW of major hydroelectric capacity will be put up for bid through 2015. The first auction for the 2011-2015 period was initially scheduled to be held at the end of 2010, but was postponed until the summer of 2012, primarily owing to the date of the next presidential elections.

Auctions for offshore wind

In July 2011 the French government initiated auctions for offshore wind, with a total of about 3,000 MW up for bid. Bids must be submitted by January 2012.

Romania

Renewable energy support law

On June 3, 2011, the Romanian government formally transmitted the notification to the Competition Directorate General for the purposes of approval of the renewable energy support law, which was approved by the European Commission on July 13, 2011.
On October 12, 2011, the Romanian government approved Law 220/2008 concerning support for renewable energy by way of a governmental order, which was published in the official journal on October 19. In October and November 2011, the regulator, ANRE, issued the decrees necessary to implement the renewables law approved on October 12.
On December 28, 2011, ANRE published the information on the green certificates required for electricity suppliers, as follows:
> 2011 (current values from January to November, estimates for December): 0.03768 GCs/MWh;
> 2012 (estimates): 0.11 GCs/MWh.

Bulgaria

Renewable energy support measures

On March 31, 2011, the Bulgarian Energy Regulator (SEWRC) approved the new incentive rates for plants generating electricity from renewable resources that will be in effect through March 2012, which vary based on the technology employed. Specifically, the rate for wind plants of more than 800 kW will be €96.27/MWh for the first 2,250 hours and €88.43/MWh for the remaining hours.

In May 2011, the renewables law was issued with the following main changes:

> the incentive for renewable energy resources will be constant for the entire term of the PPA (no indexing);
> the term of the PPA has been reduced to 20 years for geothermal and solar (previously it had been 25 years) and 12 years for wind and other renewables (previously it had been 15 years);
> the maximum connection capacity for renewable energy plants at each point of the grid will be determined each year by the TSO and the DSOs and approved by SEWRC;
> chronological ordering will apply to connection applications (first come, first served);
> a security deposit of €25,000/MW will be requested to sign the preliminary connection contract;
> the values of the feed-in tariff (FIT) will be revised each year in June and projects will receive the FIT as of the date work is completed.

Iberia and Latin America

Spain

Remuneration of photovoltaic plants

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

Economic sustainability act

In March 2011 the economic sustainability act was approved. The law contains a number of provisions that impact the renewable energy sector:

> it strengthens the binding targets for 2020;
> it sets out a commitment to enact a law on energy efficiency and renewables in the three months following the entry into force of the Economic Sustainability Act;
> it also strengthens the commitment to increase the presence of renewable energy resources within the energy mix and to reduce the use of energy resources that produce a high level of CO_2 emissions;
> it underscores the necessity for the incentive system to guarantee a return on the investments made to achieve the binding targets.

Future regulatory framework for wind plants

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

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

Renewables Plan 2011-2020/NREAP 2011-2020

After a series of drafts, on November 11, 2011, the national renewable energy action plan (NREAP) was approved by the Ministry of Energy, Tourism and Industry for the 2011-2020 period.

Objectives for 2011-2020 in the electrical sector (MW)			
	2010	2015	2020
Geothermal	-	-	50
Photovoltaic solar	3,787	5,416	7,250
Thermal solar	632	3,001	4,800
On-shore wind	20,744	27,847	35,000
Tidal and wave	-	-	100
Off-shore wind	-	22	750
Biomass	825	1,162	1,950
Hydro	13,226	13,548	13,861
Total	**39,214**	**50,996**	**63,761**

By 2020, renewables should account for 20.8% of final energy consumption (comprising all types of end uses of energy) and 61% of final consumption of electricity.
The fastest growth is expected to come in the wind sector, with the installation of more than 11,000 MW between 2013 and 2020.
Photovoltaic solar and thermal solar will also expand substantially.
The net balance between the costs (incentives and support systems) and benefits (lower imports of fossil fuels and reduction of CO_2 emissions) of the plan is estimated to be a net gain of €4.3 billion.
The same legislative package also approved the Indicative Energy Plan, which is founded on the following principles:

> coal will return to the level of consumption prior to the crisis;
> nuclear power will maintain its current level of output;
> only renewable energy will increase in the coming years.

Decree governing small- and medium-sized distributed generation plants

A decree was approved at the end of the year to help boost the development of small- and medium-sized distributed generation plants. The decree attempts to provide specific solutions for the authorization and construction of such plants.
The decree will be complemented by another decree to be issued in 2012 that will preserve the financial treatment of distributed generation plants, mainly by making the output curve compatible with the consumption profile using grids as storage.

Portugal

The European Commission, the European Central Bank and the International Monetary Fund signed a memorandum of understanding with the Portuguese government on economic policy conditionality.

Paragraphs 5.7 to 5.12 of the memorandum address renewable energy and cogeneration. They do not establish quantitative targets but set a time frame (2011-2013) in which the measures must be adopted.

After the elections in June 2011, the new government began to work on these measures. However, a number of other measures, such as the privatization of EDP, had greater priority and as a result the discussions with the parties involved on the issues of renewable energy and cogeneration started with a delay. The issues being addressed regard:

> the reduction of the feed-in tariff for cogeneration;
> assessing the possibility of renegotiating certain existing contracts (e.g. wind plants under the decree of 2001) to lower the feed-in tariff;
> for new contracts, a downward revision of tariffs, ensuring that they do not over-compensate costs and investments.

It is likely that in 2012, once the privatization transaction is closed, the measures reducing the tariffs for cogeneration and wind plants under the 2001 decree will be implemented.

Mexico

Renewable energy support law

On March 1, the President released a document on the national strategic energy plan for 2011-2025, establishing that 35% of electricity should come from renewable resources. The Senate is currently examining the draft in preparation for its final approval, with publication expected in the first few months of 2012.

On May 23, 2011, the national water use law was amended, eliminating the concession requirement for hydroelectric projects with a capacity of less than 30 MW.

The renewables law was amended a number of times during 2011: on June 1, 2011, a decree was issued with amendments of the mechanisms for the quantification and valuation of externalities associated with electricity generation, to be compensated for plants using renewable resources. The decree also provided for the introduction of remuneration of renewables capacity, with payment based on the technology involved and location of the facility.

As regards changes concerning the size of hydroelectric plants and following approval by the lower house of Parliament, on December 1, 2011, the Senate approved a number of amendments of the text that extend the scope of incentive mechanisms to include hydroelectric plants with a capacity of more than 30 MW that use existing reservoirs. Such plants will be eligible for the incentives if the reservoirs have a volume of less than 50,000 cubic meters. On January 12, 2012, the approved decree was signed by the President and published in the *Diario Oficial de la Federacion*.

On December 6, 2011, the Senate approved the general climate change law, establishing that new plants powered by fossil fuels must keep CO_2 emissions within the emissions levels of gas combined cycle plants.

Chile

Renewable energy resource legislation

In 2011 Chilean institutions engaged in a lively debate over the development of renewable resources in the country. Among the various issues addressed was the question of raising the targets for renewable energy output from 10% in 2024 to 20% in 2020. On November 30, 2011, the Senate Energy Committee approved the measure raising the target to 20% in 2020. The bill will be voted on by the Senate in 2012.

Brazil

Renewable energy auctions

On April 1, 2011, with *Portaría* 197/2011, the Ministry for Energy and Mining (MEM) 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) that will be held in 2011. The capacity contracts will have a term of 30 years for hydroelectric plants and 20 years for other plants (wind, biomass and thermoelectric).

On May 10, 2011, with *Portaría* 299/2011, the MEM approved the rules for the auctions of A-3 power carried out in 2011.

On September 23, 2011, with *Portaría* 554/2011, the MEM instructed the electricity regulator (ANEEL) to organize and carry out the A-3 auction on March 22, 2012. The winners of the auction will be awarded contracts for electricity supply as from January 1, 2015.

Remuneration of renewables plants

With Resolutions 1131/11 and 1176/11 of April 5 and June 28, 2011, ANEEL set the new tariffs applicable to renewables plants connected to grids of the distribution companies Celtins and Cemat, which include those of Enel Green Power. The tariffs will be applicable in the 12 months following the date of publication of the resolutions and will therefore be updated between April and June 2012. On December 6, 2011, ANEEL also approved Resolution 467/11 modifying the electricity sale mechanism for renewables plants. Generators will have the option of selling power as "independent generators" rather than under the "public concession" system now in place.

North America

USA

Carbon Regulation

During the year, the Environmental Protection Agency (EPA), whose power to regulate greenhouse gas emissions under the Clean Air Act (CAA) had been confirmed by the Supreme Court, was a major target of criticism by the Republicans and industry, which accused it of being among the federal agencies that are harming the US economy with job losses and higher energy prices. As a result of the constant pressure from Congress, which included bills to cut EPA funding and remove its authority under the CAA, the EPA decided to postpone the entry into force of the regulations designed to restrict carbon emissions, including mechanisms to check emissions and the New Source Performance Standards, both of which were scheduled to take effect in 2011.

The Regional Greenhouse Gas Initiative (RGGI), which involves nine States in the Northeast, is the only operating cap-and-trade system in North America. Nevertheless, changes in the political landscape of a number of the participating States following the elections in November 2010 have prompted some of them to reassess their involvement in the RGGI. In particular, in May 2011 the governor of New Jersey announced the withdrawal of the State from the initiative.

At the same time, California finalized the rules for a cap-and-trade system, as required by Assembly Bill 32. The mechanism will be defined in 2012, and the system will formally begin working in January 2013.

Renewable energy incentives

The political impasse in Congress over measures to reduce the deficit and government expenditure issues led to the failure to extend federal tax incentives for renewables. Section 1603 (cash grants) of the Stimulus Package of 2009 expired at the end of 2011. Efforts to extend the Production Tax Credit (PTC) for wind (scheduled to expire in 2012) and for geothermal, hydroelectric and biomass (2013) also failed. However, a bill has been introduced to extend the PTC until 2016, aligning it with the expiry of the Investment Tax Credit for solar power.

In his State of the Union Address in January 2011, President Obama underscored the need to establish a Federal Clean Energy Standard that would require 80% of national electricity generation come from "clean energy" by 2035. This would include not only renewables but also clean carbon and natural gas. In March 2011 the Senate published a White Paper seeking comments and proposals from stakeholders. An attempt at passing legislation is expected for early 2012.

Owing to concerns about the deficit and the rising cost of energy, a number of States are retreating from their commitments to State-level incentives for renewables and the targets set out in their Renewable Portfolio Standards (RPS). Various States have decided to broaden eligibility requirements in order to facilitate achievement of the RPS objectives.

Trade investigations

In November 2011, the US International Trade Commission (ITC), responding to a petition from SolarWorld and the Coalition for American Solar Manufacturing, whose members comprises 150 US companies, formally initiated an antidumping and countervailing duties procedure for photovoltaic cells and modules imported from China. In December 2011, the ITC unanimously found that there was reasonable evidence of material injury to US industry. The preliminary decisions of the US Department of Commerce are expected to be issued in the 1st Half of 2012 and could result in the imposition of duties on solar panels imported to the United States from China. The dispute could still be resolved through bilateral negotiations, as envisaged under the procedure.

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 the consolidated financial statements.
These reclassified schedules contain different performance indicators from those obtained directly from the consolidated financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of 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"(1).

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 minor items, reported under "Non-current financial assets";
> "Long-term loans" and certain items reported under "Other non-current liabilities";
> "Post-employment and other employee benefits", "Provisions for risks and charges" and "Net deferred tax liabilities", reported under "Provisions".

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 minor items, reported under "Current financial assets";
> "Cash and cash equivalents";
> "Short-term loans" and the "Current portion of long-term loans".

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

Net capital employed: calculated as the algebraic sum of "Net non-current assets", "Net current assets", "Provisions" and "Net asset held for sale".

Net financial debt: a financial structure indicator, determined by "Long-term loans", "Short-term loans", and "Current portion of long-term loans" less "Cash and cash equivalents" and certain "Current financial assets" and "Non-current financial assets" (Financial receivables and securities other than equity investments).

(1) Net of the capitalized portion.

Main changes in the scope of consolidation

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 EGPE for about €326 million; (ii) a capital increase for EGPE reserved for Enel Green Power International BV, which subscribed the offering with the transfer of Enel Green Power International BV's 50% holding in EUFER and a cash payment of about €534 million. The acquisition of the 30% stake and the subsequent subscription of the capital increase of EGPE 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 operating 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 EGPE (€4 million);
> the value of the holding in the associated company TradeWind Energy LLC (€16 million).

2011

Sociedad Eólica de Andalucía

On March 31, 2011 (date of execution of the agreement), Enel Green Power España obtained control of Sociedad Eólica de Andalucía SA (SEA), and therefore the company is now consolidated on a line-by-line basis.
As previously noted, with this transaction the Group increased its stake in SEA from 46.67% (previously accounted for using the equity method) to 63.34%. Therefore, the transaction led to the pro-rated (46.67%) remeasurement at fair value of the net assets held in SEA prior to the acquisition of control of the company in the amount of €23 million, which, pursuant to IFRS 3/Revised, was taken to profit or loss.

Sociedade Térmica Portuguesa (TP)

Enel Green Power España, acting through its subsidiary Finerge, acquired an additional 50% of Sociedade Térmica Portuguesa, thus becoming the sole shareholder of this Portuguese renewables company. As previously noted, with this transaction the Group increased its holding in TP from 50% (previously consolidated on a proportionate basis) to 100%.
Therefore, the transaction led to the pro-rated (50%) remeasurement at fair value of the net assets held in TP prior to the acquisition of control of the company in the amount of €22 million, which, pursuant to IFRS 3/Revised, was taken to profit or loss.

EUFER

On May 30, 2011, Enel Green Power SpA (EGP) and its subsidiary Enel Green Power España SL (EGPE) finalized the agreement signed with Gas Natural SDG SA (GN) for the break-up of Enel Unión Fenosa Renovables SA (EUFER), a 50% joint venture between EGPE and Gas Natural Fenosa, subject to a number of conditions set out in the agreement of July 30, 2010.

The division of EUFER was finalized by means of a 50% reduction in the share capital of EUFER, carried out through the transfer to GN of a portion of EUFER's assets. Specifically, EUFER assets have been divided in two well-balanced parts in terms of value, EBITDA, installed capacity, risk and technology mix. One part was transferred to GN (Lot 2), while EGPE has retained the other part (Lot 1) as the sole shareholder of EUFER.

In accordance with the agreement, EGPE and GN each received more than 500 MW of installed capacity (including wind, mini-hydro and cogeneration) and a pipeline of wind, thermal solar and biomass projects totaling about 800 MW. The net debt of EUFER was split between EGPE and GN.

The agreement is structured as the purchase by EGPE of an additional 50% of EUFER from GN, with the consequent acquisition of control of the company, and hence represents a step acquisition, against the transfer of non-monetary consideration, namely the 50% of assets in Lot 2 transferred to GN.

At December 31, 2010, the Group, in compliance with IFRS 5, classified the assets comprising Lot 2 to be transferred to GN as "Assets/liabilities held for sale". During 2011, following completion of the transfer, the Group therefore eliminated the net assets transferred to GN (Lot 2).

Other minor operations

During the period, Enel Green Power acquired controlling interests in Italy in the amount of €10.4 million and sold interests in Spain in the amount of €21 million.

Enel Green Power also paid success fees in respect of projects relating to Enel Green Power Hellas (€61 million) and Enel Green Power Romania (€38 million).

Finally, Enel Green Power acquired the Caney River and Rocky Ridge wind projects in the United States (which at December 31, 2011 were completed and in operation) for a total of €15 million. The excess cost recognized was allocated to intangible assets and property, plant and equipment.

Reclassification of "Net assets held for sale"

As from the 2nd Quarter of 2011, given that the conditions established under IFRS 5 for classification under assets/liabilities held for sale no longer obtained, the net assets of Enel Green Power Bulgaria and the investment in the associate TradeWind Energy LLC were reclassified to appropriate items of the balance sheet.

Group performance

The following table reports the reclassified income statement for 2011, which takes account of the change in the scope of consolidation, with comparative figures for 2010.

Millions of euro

	2011	2010	Change
Total revenues	2,539	2,179	360
Net income/(charges) from commodity risk management	(12)	92	(104)
Total revenues including commodity risk management	2,527	2,271	256
Total costs	944	958	(14)
GROSS OPERATING MARGIN	1,583	1,313	270
Depreciation, amortization and impairment losses	670	519	151
OPERATING INCOME	913	794	119
Financial income	128	50	78
Financial expense	291	178	113
NET FINANCIAL INCOME/(EXPENSE)	(163)	(128)	(35)
Share of income/(expense) from equity investments accounted for using the equity method	46	16	30
INCOME BEFORE TAXES	796	682	114
Income taxes	282	189	93
NET INCOME	514	493	21
- Attributable to shareholders of the Parent Company	408	452	(44)
- Attributable to non-controlling interests	106	41	65

Revenues

Millions of euro

	2011	2010	Change
Revenues from electricity sales	1,513	1,360	153
Revenues from green certificates and other incentives	486	425	61
Other revenues and income	540	394	146
Total	**2,539**	**2,179**	**360**
Net income/(charges) from commodity risk management	(12)	92	(104)
Total revenues including commodity risk management	**2,527**	**2,271**	**256**

Revenues from electricity sales and *net income/(charges) from commodity risk management*, in the amount of €1,501 million, increased by €49 million over the previous year due mainly to the increase in production, thanks in part to the aforementioned consolidation of Enel Green Power España for the full year 2011 (in 2010 as from the 2nd Quarter), as well as to the higher average prices in the Iberian peninsula and in Latin America, partially offset by a decline in average prices in Italy.

Revenues from green certificates and other incentives amounted to €486 million, an increase of €61 million on the previous year, the effect of greater subsidized generation in Italy partly offset by the decline in the estimated average sales price.

Other revenues and income came to €540 million, a €146 million increase over the prior year, and include a total of €181 million in income resulting from the division of the EUFER assets, from the receipt of an indemnity for the expropriation of the rights in respect of a plant owned by a North American company and from the remeasurement at fair value of the assets and liabilities of a number of Iberian companies whose status with regard to control requirements changed.

Costs

Millions of euro

	2011	2010	Change
Electricity and materials	431	377	54
- of which capitalized	*(95)*	-	*(95)*
Personnel	213	187	26
- of which capitalized	*(25)*	*(22)*	*(3)*
Services	352	331	21
Other operating expenses	68	85	(17)
Total	**944**	**958**	**(14)**
- of which capitalized	*(120)*	*(22)*	*(98)*

Costs totaled €944 million in 2011 (€958 million in 2010), declining by €14 million or 1.5%, due mainly to:

> the decrease in cost for *electricity and materials* (€41 million net of the capitalized portion), due mainly to the combined effect of lower costs for raw materials and consumables for the retail company as a result of lower purchase prices despite the increase in volumes for photovoltaic materials (€23 million) and the increase in capitalized costs for in-house work related to solar power development projects in Italy (€64 million). This was partly offset by greater purchases due to the change in the scope of consolidation related to Enel Green Power España (€17 million) as from the 2nd Quarter of 2010, the increase in electricity purchased in Panama under the electricity sales agreement (€22 million), and the increase in purchases related to operating geothermal plants in Italy (€4 million);

> the increase in costs for *services,* due mainly to the increase in costs for maintenance and repairs (€14 million), consulting and insurance (€6 million) and the consolidation of Enel Green Power España (€8 million);

> the increase in *personnel costs* (€26 million) due to the increase in average labor costs and the average number of employees compared with the previous year.

The *gross operating margin* came to €1,583 million, increasing by €270 million (up 20.6%) over 2010 (€1,313 million). Net of the revenues from the major transactions noted above, the margin came to €1,402 million, an increase of €89 million or 6.8% thanks to the increase in revenues and the effective management of operating expenses.

Operating income totaled €913 million, an increase of €119 million or 15% on the €794 million reported for 2010. This performance takes account of depreciation, amortization and impairment losses of €670 million (€519 million in 2010), including impairment of goodwill in the amount of €70 million and of property, plant and equipment and intangible assets. Net of the revenues from the major transactions and impairment, operating income amounted to €802 million, up €26 million or 3.3% on 2010.

Net financial expense amounted to €163 million, up €35 million on 2010. The rise is attributable to a number of non-recurring factors (€14 million) connected with the split of EUFER and, for the remainder, to the increase in interest expense on debt owing to the increase in interest rates and the restructuring of part of the debt from short to medium/long term.

The **share of income/(expense) from equity investments accounted for using the equity method** increased by €30 million on 2010, mainly attributable to the share of the net income of the associated companies of Enel Green Power North America, equal to €15 million (of which €7 million in respect of the settlement of the Star Lake dispute discussed in the section on significant events during the period), and of Enel Green Power España (€10 million).

Net income attributable to the shareholders of the Parent Company totaled €408 million in 2011, a decrease of €44 million or 9.7% compared with the €452 million reported for 2010, mainly due to higher taxes in Italy. The latter is mainly attributable to the expiry of the tax relief under the Tremonti-*ter* decree, which only applied to 2009 and 2010 (reducing estimated taxes in 2010 by

€42 million), as well as the recent increase in the IRES surtax (the "Robin Hood Tax"), which was raised from 6.5% to 10.5% for three years (2011-2013) and whose scope of application was extended to include all companies in the renewable energy sector, regardless of the type of energy resource used (increasing taxes in 2011 by an estimated €20 million).

Analysis of the Group's financial position

The following table reports the reclassified balance sheet at December 31, 2011, with comparative figures at December 31, 2010.

Millions of euro

	Dec. 31, 2011	Dec. 31, 2010	Change
Net non-current assets			
Property, plant and equipment	10,172	8,571	1,601
Intangible assets	1,299	910	389
Goodwill	858	866	(8)
Equity investments accounted for using the equity method	488	425	63
Net non-current financial assets/(liabilities)	16	(3)	19
Net other non-current assets/(liabilities)	(70)	(21)	(49)
Total	**12,763**	**10,748**	**2,015**
Net current assets			
Inventories	61	116	(55)
Trade receivables	529	602	(73)
Net tax receivables/(payables)	66	52	14
Net current financial assets/(liabilities)	(113)	(49)	(64)
Trade payables	(1,033)	(865)	(168)
Net other current assets/(liabilities)	(43)	78	(121)
Total	**(533)**	**(66)**	**(467)**
Gross capital employed	**12,230**	**10,682**	**1,548**
Provisions			
Post-employment and other employee benefits	(43)	(46)	3
Provisions for risks and charges	(101)	(109)	8
Net deferred taxes	(277)	(203)	(74)
Total	**(421)**	**(358)**	**(63)**
Assets held for sale	4	440	(436)
Liabilities held for sale	-	(328)	328
Net assets held for sale	**4**	**112**	**(108)**
Net capital employed	**11,813**	**10,436**	**1,377**
Shareholders' equity	**7,738**	**7,344**	**394**
Net financial debt	**4,075**	**3,092**	**983**

Property, plant and equipment amounted to €10,172 million, an increase of €1,601 million, the result mainly of capital expenditure during the period (€1,536 million), depreciation, amortization and impairment losses (€540 million), exchange rate gains (€61 million), and a number of business combinations that took place during the year, including:

> the consolidation of 50% of the assets of Lot 1 of EUFER acquired from GN, and 50% of TP and SEA (€336 million);

> an increase in the price of the investments in Enel Green Power Hellas (€45 million) and Enel Green Power Romania (€38 million);

> the reclassification from assets held for sale of the value

of the assets of Enel Green Power Bulgaria, given that the conditions established by IFRS 5 no longer apply (€50 million).

Intangible assets came to €1,299 million, an increase of €389 million due mainly to the definitive allocation of the gain on the break-up of the EUFER assets (€285 million) and the excess cost related to the acquisition of Sierra del Madero, TP and SEA (€105 million) and companies in North America (€34 million) and Greece (€16 million).

Goodwill, in the amount of €858 million, posted a net decrease of €8 million due mainly to the definitive allocation of the gain on Sierra del Madero (€10 million) and the impairment related to Enel Green Power Hellas (€70 million). These effects were partially offset by the recognition of goodwill in respect of Enel Green Power Portoscuso (€15 million) and TP and SEA (€30 million) and positive exchange rate differences (€14 million).

Equity investments accounted for using the equity method, in the amount of €488 million, increased by €63 million. This mainly reflected the recognition of the income from equity investments accounted for using the equity method (€46 million), the acquisition of a 15% stake in Terrae Iniziative SpA (€11 million) and the reclassification of assets held for sale in the amount of the investment in TradeWind Energy LLC as the conditions established by IFRS 5 no longer apply (€16 million). These factors were partially offset by the change in the method used to account for SEA from the equity method to full line-item consolidation (-€8 million) and the receipt of dividends from LaGeo (-€14 million).

Net current assets were a negative €533 million at December 31, 2011 (compared with a negative €66 million at December 31, 2010), a change of €467 million due mainly to the following:

> a decrease in *inventories* (€55 million) related to the decline in photovoltaic panel inventories for Enel.si;
> a decrease in *trade receivables* (€73 million) related mainly to the reduction (of €140 million) in the trade receivables of the Parent Company as the result of the change in the way green certificate transactions were settled in 2010 and in 2011 (€154 million), partially offset by the increase (€46 million) in the Iberian peninsula as a result, in part, of changes in the scope of consolidation;
> a decrease in *net current financial assets/(liabilities)* of €64 million, due mainly to interest expense accrued on the current account with the finance company of the Enel Group (€55 million);
> an increase in *trade payables* (€168 million) due mainly to the combined effect of an increase in investments in Romania, Greece, Italy and North America (about €282 million) and the change in the scope of consolidation (€54 million), partially offset by a reduction in payables of the retail activities of Enel.si (€160 million);
> a decrease in *other net current assets/(liabilities)* of €121 million, due mainly to the recovery of advances to photovoltaic panel suppliers made in 2010 (€71 million) and to changes in the scope of consolidation (€21 million).

Provisions posted a net increase of €63 million due mainly to an increase in net deferred taxes (€74 million), essentially related to the recognition of deferred tax liabilities on the gain from the break-up of the EUFER assets and the pro-rated remeasurement at fair value of the net assets held in TP and SEA, allocated to assets.

Net assets held for sale amounted to €4 million at December 31, 2011, a decrease of €108 million due to the reclassification of the value of the net assets of Lot 2 of EUFER (€27 million), the assets of EGP Bulgaria (€65 million), and the investment in the associated company TradeWind Energy LLC (€16 million) as the conditions specified by IFRS 5 no longer apply.

Net capital employed at December 31, 2011 amounted to €11,813 million (€10,436 million at December 31, 2010 including net assets held for sale of €112 million). It is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €7,738 million (€7,344 million at December 31, 2010) and net financial debt of €4,075 million (€3,092 million at December 31, 2010, not including debt of €284 million at December 31, 2010 associated with assets held for sale).

Analysis of the financial structure

Net financial debt

Net financial debt breaks down as follows.

Millions of euro

	Dec. 31, 2011	Dec. 31, 2010	Change
Long-term debt			
Bank loans	1,013	754	259
Bonds	19	36	(17)
Other loans	395	256	139
Due to related parties	2,306	650	1,656
Long-term debt	**3,733**	**1,696**	**2,037**
Long-term financial receivables	(279)	(132)	(147)
Net long-term debt	**3,454**	**1,564**	**1,890**
Short-term debt			
Short-term portion of long-term bank debt	100	261	(161)
Drawings on revolving credit facilities	6	3	3
Other short-term bank debt	33	14	19
Short-term bank debt	**139**	**278**	**(139)**
Bonds - short-term portion	18	16	2
Other loans - short-term portion	138	27	111
Commercial paper	-	21	(21)
Other short-term financial payables and payables due to related parties	828	1,592	(764)
Other short-term debt and amounts due to related parties	**984**	**1,656**	**(672)**
Other short-term financial receivables	(102)	(115)	13
Cash with banks and short-term securities	(400)	(291)	(109)
Cash and cash equivalents and short-term financial receivables	**(502)**	**(406)**	**(96)**
Net short-term financial debt	**621**	**1,528**	**(907)**
NET FINANCIAL DEBT	**4,075**	**3,092**	**983**
Net financial debt of "Net assets held for sale"	**-**	**284**	**(284)**

Net financial debt came to €4,075 million at December 31, 2011, an increase of €983 million from December 31, 2010, attributable mainly to the following:

> Enel Green Power España in the amount of €284 million following completion of the split with Gas Natural and the addition to net debt of the net financial liabilities attributable to the assets of EUFER;

> Enel Green Power España for new bank loans in the amount of about €140 million, which were disbursed in the form of project financing for new wind-farm projects (Seasa and Aguilón).

Cash flows

Millions of euro

	2011	2010	Change
Cash and cash equivalents at the beginning of the year	**199**	**144**	**55**
Cash flows generated by operating activities	1,258	648	610
Cash flows used in investing activities	(1,721)	(1,947)	226
Cash flows generated by financing activities	608	1,362	(754)
Effect of exchange rate changes on cash and cash equivalents (1)	5	5	-
Cash and cash equivalents at the end of the year	**349**	**212**	**137**

(1) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €13 million at December 31, 2010.

Cash flows generated by operating activities in 2011 were a positive €1,258 million, up €610 million on the previous year (€648 million). This reflected a gross operating margin, net of non-monetary items, totaling €1,397 million (up €85 million on the previous year), and cash requirements associated with net current assets of €139 million (up €525 million on 2010).
The greater cash flows generated by the change in net current assets in the two periods compared were due mainly to the decrease in taxes paid in the amount of €69 million and a net decrease in trade receivables in the amount of €74 million, associated with the different mechanism used to settle the Parent Company's transactions in green certificates in 2010 and in 2011 and the decrease in inventories (€138 million) and net current assets (€158 million) as a result of the return of advances in the retail area.

Cash flows used in investing activities in 2011 totaled €1,721 million, a decline of €226 million compared with the previous year, when, among other developments, the acquisition of Enel Green Power España was completed (€1,947 million).
Cash flows used in investing activities in 2011 include €1,557 million for operating investments (€1,066 million in 2010), €33 million for the TP acquisition, €11 million for the SEA acquisition, and €99 million in success fees. The figure for 2010 included the acquisition of Enel Green Power España (€777 million), Padoma Wind Power LLC (€24 million) and minor acquisitions in Italy (€8 million).

Cash flows generated by financing activities came to €608 million, down €754 million from the previous year. The cash flows reflect dividends paid in 2011 in the amount of €136 million.
The combined effect of the cash flows and the impact of exchange rate changes (a positive €5 million) produced an increase in cash and cash equivalents of €137 million.

Performance and financial position by segment

Results by segment for 2011 and 2010

The representation of performance and financial position by segment reflects the structure used in assessing Group performance, which among other things organizes 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, called the retail area, with independent responsibilities for the Italy and Europe area.

Results by segment for 2011

Millions of euro

	Italy and Europe	Retail	Iberia and Latin America	North America	Eliminations and adjustments	Total
Total revenues including commodity risk management	1,216	248	880	183	-	2,527
Revenues from other segments	34	79	1	-	(114)	-
Total revenues including commodity risk management	1,250	327	881	183	(114)	2,527
Gross operating margin	869	34	573	107	-	1,583
Depreciation, amortization and impairment losses	424	(3)	197	52	-	670
Operating income	445	37	376	55	-	913
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method						(117)
Income taxes						282
Net income						514
Operating assets (1)	6,915	114	4,028	1,403	(67)	12,393
Operating liabilities	868	104	402	149	(62)	1,461
Capital expenditure (gross of grants)	970	-	280	307	-	1,557

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011, and regarded the Iberian peninsula and Latin America.

Results by segment for 2010

Millions of euro

	Italy and Europe	Retail	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)	**-**
Total revenues including commodity risk management	**1,235**	**326**	**576**	**157**	**(23)**	**2,271**
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 Iberian peninsula and Latin America 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 Iberian peninsula and Latin America.

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

Millions of euro

	Dec. 31, 2011	Dec. 31, 2010	Change
Total assets	**14,953**	**13,131**	**1,822**
Financial assets, cash and cash equivalents	(847)	(577)	(270)
Tax assets	(367)	(311)	(56)
Other assets	(1,346)	(1,378)	32
Operating assets (1)	12,393	10,865	1,528
Total liabilities	**7,215**	**5,787**	**1,428**
Loans and other financial liabilities	(5,019)	(3,721)	(1,298)
Tax liabilities	(692)	(505)	(187)
Other liabilities	(43)	(361)	318
Operating liabilities (2)	1,461	1,200	261

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011, and €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 380 plants with a net installed capacity of 2,915 MW, broken down into 288 hydroelectric plants (1,511 MW), 34 geothermal plants (722 MW), 35 wind plants (623 MW) and 23 solar plants (59 MW);

> in Greece with 15 wind plants with a net installed capacity of 172 MW, 5 hydro plants with a net installed capacity of 14 MW, and 1 solar plant with a net installed capacity of 5 MW (Enel Green Power Hellas);

> in France with 10 wind plants with a net installed capacity of 166 MW (Enel Green Power France);

> in Romania with 5 wind plants with a net installed capacity of 269 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, Enel Green Power Calabria, Maicor Wind, Enel Green Power Puglia, Enel Green Power Strambino Solar, EnerLive, Enel Green Power TSS).

Operations

Net electricity generation and net installed capacity

	Net electricity generation (GWh)			Net installed capacity (MW)		
	2011	2010	Change	**2011**	2010	Change
Hydroelectric	5,689	6,457	(768)	1,525	1,523	2
Geothermal	5,300	5,029	271	722	728	(6)
Wind and solar	1,595	1,217	378	1,336	876	460
Total	**12,584**	**12,703**	**(119)**	**3,583**	**3,127**	**456**

Electricity generation decreased by 119 million kWh in 2011. The decline in hydroelectric power (768 million kWh) due to the return of water availability of the Italian plants to its 10-year average was only partially offset by an increase in wind power (356 million kWh) and geothermal power (271 million kWh) as a result of the greater availability of the geothermal plants and an increase in installed wind capacity during the year (403 MW).

Performance and financial position

Millions of euro

	2011	2010	Change
Revenues from third parties including commodity risk management	1,216	1,212	4
Revenues from other segments	34	23	11
Total revenues including commodity risk management	1,250	1,235	15
Gross operating margin	869	881	(12)
Depreciation, amortization and impairment losses	424	335	89
Operating income	445	546	(101)
Operating assets (1)	6,915	6,262	653
Operating liabilities	868	700	168
Employees at year end (no.)	1,983	1,834	149
Capital expenditure (gross of grants)	970	642	328

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

Total revenues including commodity risk management amounted to €1,250 million, an increase of €15 million from 2010 (€1,235 million). The growth in revenues attributable to electricity generation and sales in the rest of Europe (€27 million) and by the Italian operating companies (€24 million) was only partially offset by the expected reduction in revenues related to electricity generation and sales by the Parent Company (€36 million) due to the decline in hydroelectric generation, the expiration of the CIP6 incentives applied to a number of plants, and the decline in average sales prices.

The **gross operating margin** came to €869 million, down €12 million compared with the previous year (€881 million).

Operating income came to €445 million, down €101 million from 2010, taking account of depreciation, amortization and impairment losses in the amount of €424 million (€335 million in 2010), which reflect the impairment of goodwill on the assets held in Greece (€70 million) and depreciation and amortization related to generation plants that started operating during the year (€21 million).

Capital expenditure in 2011 amounted to €970 million (€642 million in 2010), of which €495 million in Italy (€515 million in 2010) and €475 million in the rest of Europe (€127 million in 2010).

Investments in Italy regarded wind plants in the amount of €82 million (€195 million in 2010), photovoltaic plants in the amount of €147 million (€93 million in 2010), geothermal plants in the amount of €104 million (€137 million in 2010), hydroelectric plants in the amount of €64 million (€59 million in 2010) and other investments in the amount of €10 million (€31 million in 2010). In addition, €88 million were invested in Italy for the construction of plants for the production of photovoltaic panels.

In Europe, capital expenditure mainly referred to the construction of wind farms in Romania in the amount of €330 million (€75 million in 2010), in Greece in the amount of €36 million (€0 million in 2010), and in France in the amount of €56 million (€40 million in 2010), as well as for photovoltaic plants in Greece in the amount of €47 million.

In 2011, success fees in the amount of €99 million were also paid related to the acquisition of projects in Greece (€61 million) and Romania (€38 million).

Retail

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 with over 950 sales outlets at December 31, 2011 (550 at December 31, 2010).

In 2011, in the area of photovoltaic power, 175.3 MWp were delivered and sold (of which 100.0 MWp for the retail network and 75.3 MWp for the construction of photovoltaic plants owned by the Group), an increase of 13.0 MWp compared with 2010, while continuing to supply other components of photovoltaic systems (inverters, support structures, etc.).

Performance and financial position

Millions of euro

	2011	2010	Change
Revenues from third parties including commodity risk management	248	326	(78)
Revenues from other segments	79	-	79
Total revenues including commodity risk management	**327**	**326**	**1**
Gross operating margin	**34**	**12**	**22**
Depreciation, amortization and impairment losses	(3)	4	(7)
Operating income	**37**	**8**	**29**
Operating assets	**114**	**249**	**(135)**
Operating liabilities	**104**	**261**	**(157)**
Employees at year end (no.)	**94**	**89**	**5**

Total revenues including commodity risk management came to €327 million, essentially in line with the €326 million posted in 2010. This was the result of an increase in revenues from the sale of white certificates (in the amount of €39 million, up €29 million) and in other revenues (€18 million, up €3 million). These factors were offset by a decline in other revenues from the sale of photovoltaic panels and materials (€270 million, down €29 million).

The **gross operating margin** totaled €34 million, an increase of €22 million over the previous year due mainly to the increase in revenues from the sale of white certificates.

Operating income amounted to €37 million, an increase of €29 million compared with the same period of the previous year. This figure also includes the positive effect of the collection of receivables that had been written down in previous years (€3 million).

Iberia and Latin America

Enel Green Power operates in the Iberian peninsula in both Spain and Portugal and in Latin America in Panama, Mexico, Costa Rica, Guatemala, Chile and Brazil, and with development projects in Nicaragua and El Salvador, and has a net installed capacity of 2,486 MW, broken down into 93 wind plants (1,664 MW), 41 hydroelectric plants (702 MW), 17 cogeneration plants (84 MW), 3 biomass plants (23 MW) and 5 photovoltaic plants (13 MW).

Operations

Net electricity generation and net installed capacity

	Net electricity generation (GWh)			Net installed capacity (MW)		
	2011	2010	Change	**2011**	2010	Change
Hydroelectric	3,340	3,694	(354)	702	702	-
Wind	3,160	2,412	748	1,664	1,378	286
Cogeneration	326	271	55	84	71	13
Biomass	124	86	38	23	23	-
Solar	25	21	4	13	13	-
Total	**6,975**	**6,484**	**491**	**2,486**	**2,187**	**299**

Power generation posted an increase of 491 million kWh, due mainly to growth in wind power (748 million kWh) on the Iberian peninsula as a result of the increase in net installed capacity and favorable weather conditions. This was only partially offset by a decline in hydroelectric generation (-354 million kWh), which came mainly in Latin America as a result of lower water availability for the Panama and Costa Rica plants.

Performance and financial position

Millions of euro

	2011	2010	Change
Revenues from third parties including commodity risk management	880	576	304
Revenues from other segments	1	-	1
Total revenues including commodity risk management	**881**	**576**	**305**
Gross operating margin	**573**	**336**	**237**
Depreciation, amortization and impairment losses	197	130	67
Operating income	**376**	**206**	**170**
Operating assets (1)	**4,028**	**3,424**	**604**
Operating liabilities (2)	**402**	**297**	**105**
Employees at year end (no.)	**833**	**713**	**120**
Capital expenditure (gross of grants)	**280**	**251**	**29**

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011, and €298 million at December 31, 2010.
(2) Operating liabilities regarding units classified as "held for sale" amounted to €13 million at December 31, 2010.

Total revenues including commodity risk management amounted to €881 million (€576 million in 2010), an increase of €305 million over the previous year. Of this increase, €110 million came from the increase in wind power generated in the Iberian peninsula and an increase in prices, as well as from growth in business in Latin America, which was only partially offset by exchange rate losses in the amount of €10 million. The remainder of the increase is attributable to a number of major transactions carried out in 2011, such as the execution of the agreement to split the assets of EUFER (€120 million) and the acquisition of control of SEA and TP, which involved the pro-rated remeasurement at fair value of the net assets held in these companies prior to acquiring control (€45 million).

The **gross operating margin** came to €573 million, up €237 million compared with 2010 (€336 million). Net of the aforementioned major transactions, the €72 million increase for the year reflects growth in generation in Spain and in the average sales prices of electricity in the Iberian peninsula and Latin America.

Operating income came to €376 million, an increase of €170 million compared with 2010, taking account of depreciation, amortization and impairment losses of €197 million (€130 million in 2010), comprising impairment of property, plant and equipment and intangible assets of €12 million.

Capital expenditure in 2011 amounted to €280 million (€251 million in 2010). The total refers mainly to spending on the construction of wind plants amounting to €188 million in the Iberian peninsula and €6 million in Brazil, expenditure on hydroelectric plants amounting to €45 million in Guatemala and €14 million in Costa Rica and on geothermal plants in the amount of €5 million in Chile.

North America

Enel Green Power is present in North America through the Enel Green Power North America Group, mainly in the United States, with 62 hydroelectric plants (313 MW of net installed capacity), 7 wind plants (578 MW of net installed capacity), 2 geothermal facilities (47 MW of net installed capacity), and 1 photovoltaic plant (24 MW of net installed capacity). In addition, the Group has operations in Canada in the form of 1 wind plant (27 MW of net installed capacity) and 1 biomass plant (21 MW of net installed capacity), for a total installed capacity in North America of 1,010 MW.

Operations

Net electricity generation and net installed capacity

	Net electricity generation (GWh)			Net installed capacity (MW)		
	2011	2010	Change	**2011**	2010	Change
Hydroelectric	1,069	920	149	313	314	(1)
Wind and solar	1,409	1,298	111	629	406	223
Geothermal	268	248	20	47	47	-
Biomass	175	181	(6)	21	21	-
Total	**2,921**	**2,647**	**274**	**1,010**	**788**	**222**

Power generation increased by 274 million kWh, due mainly to an increase in hydroelectric power as a result of generally improved water availability (149 million kWh) compared with the previous year and to the full operations of wind farms, in particular the Snyder, Smoky I and Smoky II sites (111 million kWh).

Performance and financial position

Millions of euro

	2011	2010	Change
Revenues from third parties including commodity risk management	183	157	26
Revenues from other segments	-	-	-
Total revenues including commodity risk management	183	157	26
Gross operating margin	107	84	23
Depreciation, amortization and impairment losses	52	50	2
Operating income	55	34	21
Operating assets	1,403	1,048	355
Operating liabilities	149	60	89
Employees at year end (no.)	320	319	1
Capital expenditure (gross of grants)	307	173	134

Total revenues including commodity risk management amounted to €183 million, an increase of €26 million compared with the previous year. Part of the rise is attributable to the receipt of an indemnity in settlement of a dispute involving a plant in Canada (€16 million), while the remainder of the increase is mainly due to the increase in revenues from tax partnership arrangements (€7 million) and other revenues from insurance payments for stoppages at wind plants in 2010 (€15 million). These factors were only partially offset by exchange rate losses (€9 million) and lower revenues from the sale of electricity (€3 million). The decline in the latter also reflects the recognition in 2010 of gains on the fair value measurement of a derivative hedging the price of electricity.

The **gross operating margin** amounted to €107 million, an increase of €23 million compared with the previous year. Net of the aforementioned indemnity, the increase for the period would be €7 million, which is in line with the increase in hydroelectric and wind power generation.

Operating income came to €55 million, an increase of €21 million compared with the previous year due to the rise in the gross operating margin.

Capital expenditure for 2011 totaled €307 million (€173 million in 2010) and was mainly for the construction of the wind farms at Caney River (€160 million), Castle Rock Ridge (€46 million) and Rocky Ridge (€36 million), the Stillwater photovoltaic plant (€41 million), and projects regarding the hydroelectric plants (€12 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 formal policies and procedures that govern the sale of energy in the various markets in which the Group operates as well as 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

The year 2011 was a key one 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.

In 2012, the Group will continue to execute the business plan, accelerating the expansion of our installed capacity and pursuing balanced 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, plant operation and maintenance, 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 carry out appropriate disposals in non-strategic countries.

Enel Green Power will continue to implement the plan to rationalize the Group companies in 2012 in order to maximize the value of its non-controlling interests and reduce management complexity.

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

Research and development

The research and development activities of Enel Green Power over the last three years have focused on innovative technologies for electricity generation from renewable energy resources.
Expenditure on those activities by Enel Green Power from the start of 2009 through December 2011 amounted to about €25 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 short-term forecasting system (from 6 to 72 hours) of the output of wind farms, using Computational Fluid Dynamics (CFD) techniques combined with Artificial Neural Network (ANN) statistical approaches in order to improve the compatibility of plant output profiles (which are not schedulable for wind plants) and grid management. This system has been implemented at 23 wind plants in Italy and Romania and will be extended to other wind plants under construction, some in other countries.
In addition to the forecasting system, under the "Wind Plant Predictive Remote Diagnostics" project, remote monitoring/diagnosis systems have been developed in order to predict breakdowns and to optimize plant operation and maintenance planning.

As regards the "Wind - Characterization of Existing Systems and New Technology Development" project, the construction of the test site 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 (capacities ranging from 1 kW to 50 kW and having both traditional horizontal axes as well as vertical axes) and verify their power curve.

Solar

In the solar generation field, the "Innovative Low-Cost Solar" project has identified low-cost innovative Concentrating Solar Power (CSP) technologies with high market potential. During the latter part of 2011, experiments were also carried out on dish/Stirling systems (systems comprised of circular parabolic dish concentrators with Stirling engines).

For the "Innovative Photovoltaic - Catania Advanced Solar Laboratory" project, advances are being made in SCOOP (Italian Solar COncentration technOlogies for Photovoltaic systems) and APOLLON (Multi-APprOach for high efficiency integrated and inteLLigent cONcentrating PV modules (Systems)) research. These research projects were co-financed by, respectively, the European Commission under the Seventh Framework Program (EU-FP7), and by the Ministry for Economic Development, under the 2015 Industry Program. The SCOOP project's goal is to develop and build innovative Concentrating Photovoltaic (CPV) prototypes, while long-term monitoring and characterization of CPV components and systems will be performed under the APOLLON project.
Under the "Photovoltaic Modules Characterization" contract, testing is continuing on 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", a program on studying and developing innovative technology solutions in areas that offer higher value added than existing state-of-the-art photovoltaic technology has been established.

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 at a test facility in 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

Four projects are under way in the geothermal sector:

- the first is the "Innovative Geothermal - Low Enthalpy" for the development of a new technology that exploits low-temperature geothermal resources using binary supercritical ORC (Organic Rankine Cycle) cycle. Commissioning of the 500 kW pilot plant at Enel's experimental area at Livorno is currently under way;
- the "Hybrid Cycles" project, carried out in collaboration with the Massachusetts Institute of Technology, seeks to demonstrate the technical and financial feasibility of the integration of low-temperature geothermal and solar power. The pilot plant to be located at the Stillwater (USA) geothermal site is now being designed;
- the third 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). A pilot plant for testing certain oxidation catalysts is currently being built;
- the fourth 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

In the area of hydroelectric generation, a study is under way as part of the "Mini-Hydro" project into how to exploit of small geodetic heads and the consequent installation of mini-hydro systems fed by the "minimum vital flow" at Enel Green Power's run-of-river hydroelectric plants.
A new area of study is covered by the "Energy from the Sea" project. The first phase was completed with the assessment of 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 second phase 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 2011, the Enel Green Power Group completed the consolidation of the new organizational model with the goal of achieving full compliance of organization arrangements and processes with the best practices of other listed companies. Specifically, during the year, planning, organization and management change centered on:

> the centralization of plant development and construction in order to maximize process efficiency and effectiveness;
> consolidation of 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;
> improving centralized Operation & Maintenance support and local plant management;
> maximizing area synergies;
> creating a new Risk Management department for defining and implementing an Enterprise Risk Management model and establishing optimal exposure levels, and a new Innovation department to manage process and technology innovation.

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, Retail;
> 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, Information & Communication Technology, Risk Management and Innovation.

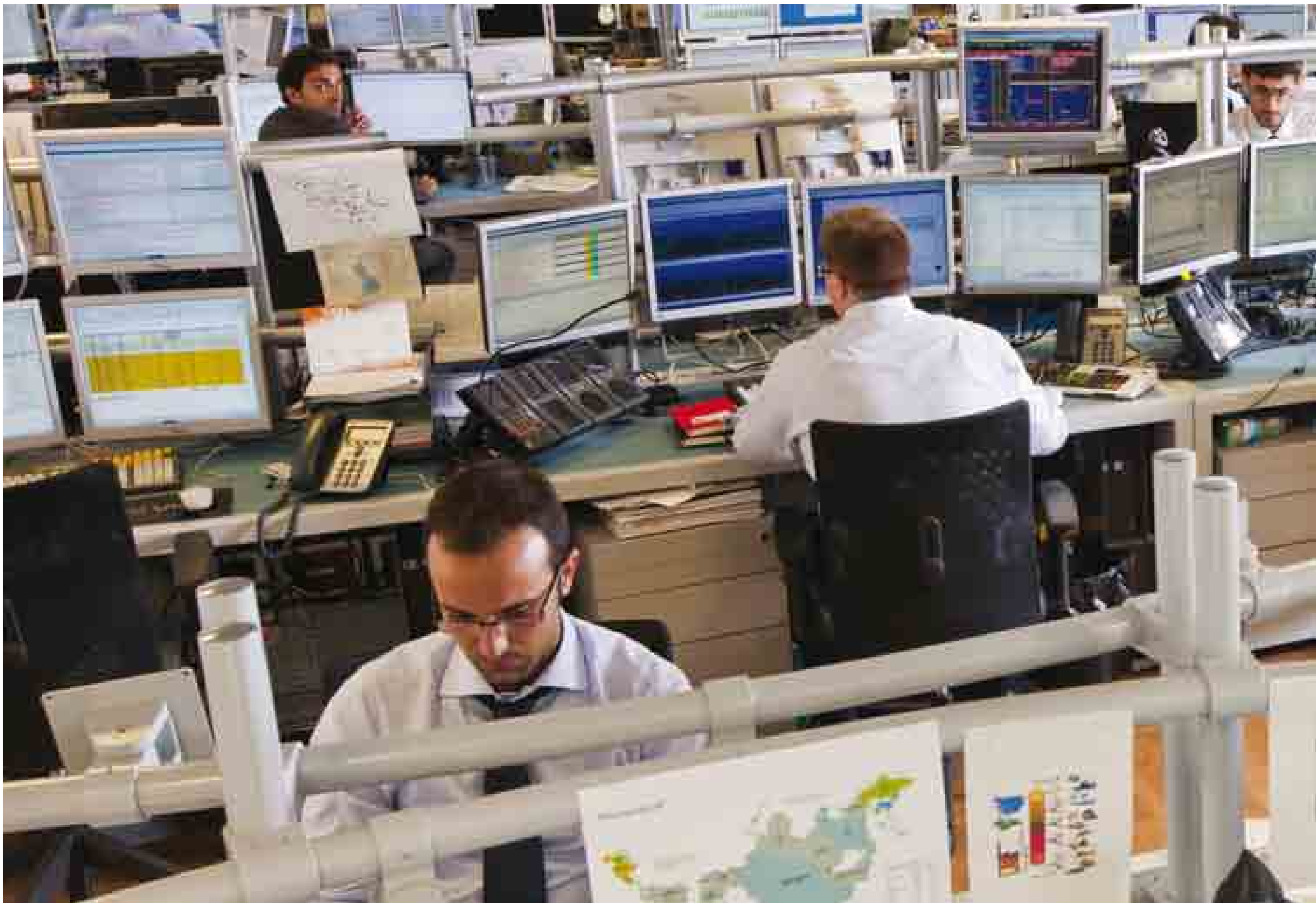
Alongside the new organizational structure and in line with Borsa Italiana's requirements for listed companies, all the key processes of the Enel Green Power Group were redesigned in order to ensure managerial autonomy from Enel, with the relative procedural documents being updated.
Moreover, continual improvements are being made to bring the Group in line with best market practices.

Development and training

In 2011, training and development efforts shared the common goals of promoting international integration, expanding employees' knowledge, 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 an Off-Site Meeting for Enel Green Power's Top Team in order to re-focus Enel Green Power's vision and strategies, develop a "management pact" and formulate action plans for reinforcing overall execution capability;
> planning and holding the second 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;

> planning and holding the first follow-up in the Change Management program aimed at Enel Green Power's Engineering & Construction department staff in order to promote the exchange of ideas and solutions to aid in the process of developing the department and raising awareness about the impact of multiculturalness on communication and relational and organizational processes;
> planning and holding the Project Management Culture course for Engineering & Construction department project managers, project engineers and construction managers in order to create a standard project management culture and develop a shared language for procedures for managing complex projects;
> planning and holding the O&M Citizens course for Operation & Maintenance staff in order to create a system of relationships and processes that will facilitate the sharing of the best practices and support the development of a sense of belonging to the new organization;
> planning the follow-up to the O&M Citizens course for Operation & Maintenance staff in order to reinforce understanding of execution issues and to implement the start-up and operational planning of projects to improve the department's performance;
> planning and holding the "Build team to drive the change" course for Enel Green Power's Administration, Finance and Control department in order to share the Group's vision and overall strategic goals, understanding and sharing priorities and requirements to make them effective in their jobs and to improve collaboration within the context of a long-term business partnership based on mutual respect and trust;
> planning and holding the second module of the "Build team to drive the change" course for first and second-line managers of the Administration, Finance and Control department in order to promote understanding between the management and employees of each unit and to develop horizontal and vertical integration within the department;
> planning and holding the Italy and Europe area Team Building training course for first-line managers of Enel Green Power's Italy and Europe area to encourage alignment with and full understanding of Enel Green



Power's business plan and to develop an understanding among persons;

> planning the Energy Management Program training course and holding the first Energy Market and accounting standards module for Enel Green Power's Energy Management unit staff in order to provide a standard knowledge base, develop a shared language and encourage mutual understanding among team members;
> planning and holding the "Six months of safety" course for recently hired university graduates in Enel Green Power's Operation & Maintenance and Engineering & Construction areas to expand awareness of and capabilities regarding safety through direct experience in safety management structures;
> managing the Performance Review 2011 evaluation involving all Enel Green Power staff in Italy (excluding blue-collar workers) and abroad;
> 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 based on the standards of conduct for top management set out in the leadership model;
> supporting the implementation of action plans developed in response to the results of the 2010 Climate Survey;
> providing technical and commercial training on photovoltaic products for EGP's Retail network;
> organizing 14 technical and commercial training courses on mini-wind, geothermal and energy efficiency products for EGP's Retail network;
> holding 14 "Green Academy" management training courses for our main affiliates, attended by 55 entrepreneurs for a total of 110 man-days;
> holding the Train-the-Trainer course for Enel.si staff who need to train sales network affiliates on renewable energy products, services and solutions.

Staffing levels

Changes in staffing levels in 2011 are summarized below.

	Initial workforce at Dec. 31, 2010	Hirings	Terminations	Other changes (1)	**Final workforce at Dec. 31, 2011**
Italy and Europe	1,834	208	(102)	43	1,983
Retail	89	5	(2)	2	94
Iberia and Latin America	713	247	(141)	14	833
North America	319	60	(59)	-	320
Total	**2,955**	**520**	**(304)**	**59**	**3,230**

(1) Includes net transfers from/to other Enel Group companies.

Labor relations

In 2011, the Company's relations with trade unions focused primarily on negotiations concerning the new organizational structure of the Hydroelectric, Wind and Solar Generation area in Italy. There are two developments in particular that deserve mention.

On the one hand, the structures and scopes of the new organizational units were reviewed to measure their compliance with the current and projected plant design situation.

On the other, the new structures were defined based on a "zero base" staff model, on rationalizing the procedures for supervising and carrying out activities (especially the availability system) and laying the organizational groundwork for consistent efficiency recovery in making use of staff resources.

Negotiations with the unions proceeded in two successive stages. The first was completed in April, conducted at the central level and involved defining the organizational model and guidelines. The second stage involved negotiations with regional union organizations on the actual implementation of the new structure and the relative impact on personnel.

Another important issue covered by negotiations with the unions was the organizational restructuring of the Retail business area, involving the creation of new commercial macro-areas and the review of the staff structure with respect to the new competitive environment.

The initiation of discussions on tele-commuting by the sales force was also of considerable interest to the Area.

These meetings, following those previously focusing on the Geothermal Area and the Engineering & Construction department structures, marked the completion of the process of rationalizing the company's operational structures.

As to the countries in which the Group operates, integration between the central and Group union relations structures continued, leading, among other things, to the establishment of the new global model for international industrial relations, as well as analysis and comparison of the various labor law and collective bargaining regulatory systems.

Specifically, in the Europe area, there have been actions taken concerning France and Romania, where important regulatory changes have occurred that have implications for the labor relations system.

As to the Latin America area, specifically Mexico, given the new insourcing strategy, which has significant implications for labor relations, preparations have been made and initial discussions have begun concerning the next operational steps to be taken in 2012.

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	
	2011	2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Financial statements - Enel Green Power SpA	**247**	**344**	**6,397**	**6,303**
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	46	16	(6,999)	(7,134)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	211	128	6,861	6,692
Intragroup dividends	(29)	(47)	-	-
Consolidation differences at the Group consolidation level	(67)	11	638	761
Total Group	**408**	**452**	**6,897**	**6,622**
Total non-controlling interests	**106**	**41**	**841**	**722**
CONSOLIDATED FINANCIAL STATEMENTS	**514**	**493**	**7,738**	**7,344**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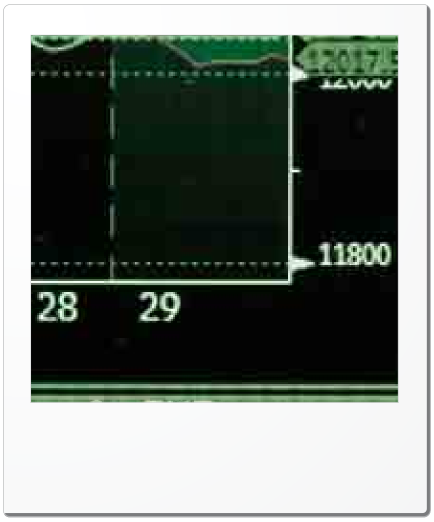
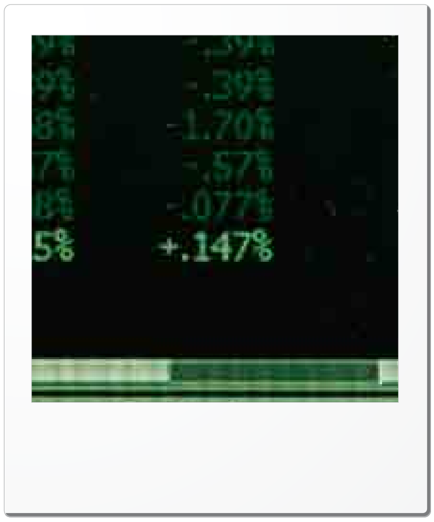
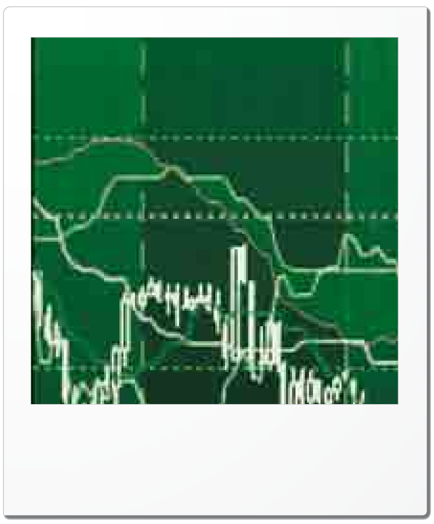
Consolidated financial statements







Consolidated Income Statement

Millions of euro	Notes	2011	of which with related parties	2010	of which with related parties
Revenues and income					
Revenues from sales and services	6.a	2,253	*1,176*	2,121	*1,084*
Other revenues and income	6.b	286	*12*	58	*3*
	Subtotal	2,539		2,179	
Costs					
Raw materials and consumables	7.a	431	*34*	377	*17*
Services	7.b	352	*99*	331	*80*
Personnel	7.c	213		187	
Depreciation, amortization and impairment losses	7.d	670		519	
Other operating expenses	7.e	68	*1*	85	*1*
Capitalized costs		(120)		(22)	
	Subtotal	1,614		1,477	
Net income/(charges) from commodity risk management	8	**(12)**	*(9)*	**92**	*80*
Operating income		**913**		**794**	
Net financial income/(expense)	9	(163)	*(136)*	(128)	*(68)*
Financial income		128	*3*	50	*8*
Financial expense		(291)	*(139)*	(178)	*(76)*
Share of income/(expense) from equity investments accounted for using the equity method	10	46		16	
Income before taxes		**796**		**682**	
Income taxes	11	282		189	
Net income for the year		**514**		**493**	
Attributable to shareholders of the Parent Company		408		452	
Attributable to non-controlling interests		106		41	
Earnings per share: basic and diluted (in euros)	28	*0.08*		*0.10*	

Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2011	2010
Net income for the year	26	514	493
Other comprehensive income			
Change in fair value of cash flow hedge derivatives		(18)	(52)
Gain/(Loss) on translation differences		24	146
Income/(Loss) recognized directly in equity (net of taxes)		6	94
Comprehensive income for the year		**520**	**587**
Attributable to:			
- shareholders of the Parent Company		411	546
- non-controlling interests		109	41

Consolidated Balance Sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2011**		at Dec. 31, 2010	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	12	10,172	*30*	8,571	*33*
Intangible assets	13	1,299		910	
Goodwill	14	858		866	
Deferred tax assets	15	323		263	
Equity investments accounted for using the equity method	16	488		425	
Non-current financial assets	17	335	*34*	151	*122*
Other non-current assets	18	53		49	
		13,528		11,235	
Current assets					
Inventories	19	61		116	
Trade receivables	20	529	*260*	602	*406*
Tax receivables	21	44	*18*	48	*24*
Current financial assets	22	163	*19*	227	*17*
Other current assets	23	275	*6*	264	*27*
Cash and cash equivalents	24	349		199	
		1,421		1,456	
Assets held for sale	25	4		440	
TOTAL ASSETS		**14,953**		**13,131**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Equity attributable to the shareholders of the Parent Company	26				
Share capital		1,000		1,000	
Reserves		5,489		5,170	
Net income for the period		408		452	
		6,897		6,622	
Non-controlling interests	27	841		722	
- of which net income		*106*		*41*	
TOTAL SHAREHOLDERS' EQUITY		**7,738**		**7,344**	
Non-current liabilities					
Long-term loans	29	3,733	*2,306*	1,696	*650*
Post-employment and other employee benefits	30	43		46	
Provisions for risks and charges	31	99		103	
Deferred tax liabilities	15	600		466	
Non-current financial liabilities	32	40	*14*	22	*13*
Other non-current liabilities	33	123		70	
		4,638		**2,403**	
Current liabilities					
Short-term loans	34	867	*822*	1,630	*1,466*
Current portion of long-term loans	29	256		304	
Current portion of long-term provisions and short-term provisions	31	2		6	
Trade payables	35	1,033	*267*	865	*207*
Income tax payable	36	93	*3*	39	*2*
Other current liabilities	37	203	*24*	143	*24*
Current financial liabilities	38	123	*84*	69	*34*
		2,577		**3,056**	
Liabilities held for sale	39	-		328	
TOTAL LIABILITIES		**7,215**		**5,787**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,953**		**13,131**	

Statement of Changes in Consolidated Shareholders' Equity

Millions of euro	Share capital	Reserves: *Other*	Reserves: *Reserve from measurement of CFH financial instruments*	Reserves: *Translation reserve*	Reserves: Total Other reserves	Net income pertaining to the shareholders of the Parent Company	**Equity attributable to the shareholders of the Parent Company**	Non-controlling 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 year	-	-	-	-	-	452	452	41	493
Comprehensive income	**-**	**-**	***(52)***	***146***	**94**	**452**	**546**	**41**	**587**
Allocation of net income for the year	-	*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**

Millions of euro	Share capital	Reserves: *Other*	Reserves: *Reserve from measurement of CFH financial instruments*	Reserves: *Translation reserve*	Reserves: Total Other reserves	Net income pertaining to the shareholders of the Parent Company	**Equity attributable to the shareholders of the Parent Company**	Non-controlling interests	Total shareholders' equity
At December 31, 2010	**1,000**	***5,128***	***(12)***	***54***	5,170	452	6,622	722	7,344
Income/(Loss) recognized directly in equity	-	-	*(18)*	21	3	-	3	3	6
Net income/(loss) for the year	-	-	-	-	-	408	408	106	514
Comprehensive income	**-**	**-**	***(18)***	***21***	3	408	411	109	520
Allocation of net income for the year	-	*452*	-	-	**452**	(452)	-	-	-
Dividends paid	-	*(136)*	-	-	**(136)**	-	(136)	(31)	(167)
Change in scope of consolidation	-	-	-	-	**-**	-	-	41	41
At December 31, 2011	**1,000**	*5,444*	*(30)*	*75*	**5,489**	**408**	**6,897**	**841**	**7,738**

Consolidated Statement of Cash Flows

Millions of euro	Notes	2011	of which with related parties	2010	of which with related parties
Net income for the year		**514**		**493**	
Adjustments for:					
Depreciation, amortization and impairment losses	7.d	670		519	
Provisions for risks and charges and post-employment and other employee benefits		2		17	
Share of income from equity investments accounted for using equity method	10	(46)		(16)	
Net financial expense	9	163	*101*	128	*68*
Income taxes	11	282		189	
(Gains)/Losses and other non-monetary items		(188)		(18)	*1*
Cash flows from operating activities before changes in net current assets		*1,397*		*1,312*	
Increase/(Decrease) in provisions and post-employment and other employee benefits		(37)		(4)	
(Increase)/Decrease in inventories		57		(81)	
(Increase)/Decrease in trade receivables and payables		218	*(86)*	144	*115*
(Increase)/Decrease in other current and non-current assets/liabilities		16	*(26)*	(340)	*(112)*
Interest income/(expense) and other financial income/(expense) collected/(paid)		(177)	*(117)*	(98)	*(68)*
Income taxes paid		(216)		(285)	
Cash flows from operating activities (a)		**1,258**		**648**	
Investments in property, plant and equipment	12	(1,536)		(1,039)	*13*
Investments in intangible assets	13	(21)		(27)	
Investments in entities (or business units) for success fees		(99)		-	
Investments in entities (or business units) less cash and cash equivalents acquired	4	(57)		(862)	
Disposals of entities (or business units) less cash and cash equivalents sold		21		-	
(Increase)/Decrease in other investing activities		(47)		(34)	*(55)*
Dividends collected from associated companies		18		15	
Cash flows used in investing activities (b)		**(1,721)**		**(1,947)**	
Financial debt: new long-term borrowing/(repayments)	29	2,121	*1,656*	1,029	*(550)*
Financial debt: repayments and other net changes	29	(1,377)	*(678)*	333	*(793)*
Dividends and interim dividends paid		(136)	*(94)*	-	
Cash flows from financing activities (c)		**608**		**1,362**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**5**		**5**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		**150**		**68**	
Cash and cash equivalents at the beginning of the year	24	199		144	
Cash and cash equivalents at the end of the year		**349**		**212**	
- 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, 2011 comprise the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the annex.
These financial statements were authorized for publication by the Board on March 6, 2012.

1

Accounting policies and measurement criteria

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2011 have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) issued by 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.

The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows report transactions with related parties, the definition of which is given in the next section.

Use of estimates and management judgment

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

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

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

Use of estimates

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. Goodwill is reviewed at least annually.

Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 14 below.

In the case of assets held for sale, the assessment is obviously not based on a determination of the value in use of the assets but rather on the amount deemed recoverable through disposal, taking due account of offers already received from parties interested in acquiring the assets.

Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.

The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Recovery of deferred tax assets

At December 31, 2011, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is con-

sidered 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.

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs for photovoltaic and wind plants, the obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Company considers it will have to pay for the decommissioning operation.
The discount rate used to determine the present value of the liability is the pre-tax risk-free rate.
That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework.
Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Management judgments

Identification of Cash Generating Units (CGUs)

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

The criteria used by management to identify the cash generating units were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which the Group operates and on the corporate organization, including technical and management factors, as well as the level of reporting monitored by management.
The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group.

Determination of the existence of control

IAS 27 "Consolidated and separate financial statements" defines control as power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
The existence of control does not depend solely on ownership of a majority shareholding or the contractual form used in the acquisition. Accordingly management must use its judgment in determining whether specific situations give the Group the power to govern the financial and operating policies of the investee.
For subsidiaries consolidated on a full line-by-line basis in these financial statements for which control does not derive from ownership of a majority of voting rights, management has analyzed any agreements with other investors in order to determine whether such agreements give the Group the power of governance indicated above, even though it holds a minority share of voting rights. In this assessment process, management also took account of potential voting rights (call options, warrants, etc.) in order to determine whether they would be currently exercisable as of the reporting date. Following such analysis, the Group consolidated certain companies on a line-by-line basis even though it does not hold more than half of the voting rights, as indicated in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2011", to which the reader is invited to refer.

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 immediate family, 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 is exposed to 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: 3SUN Srl (33.33% holding, Enel Green Power & Sharp Solar Energy Srl (50% holding) and a number of companies held by Enel Green Power España consolidated on a proportionate basis (please see the attached list of equity investments).

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010 (1)
Non-current assets	155	445
Current assets	31	400
Non-current liabilities	35	34
Current liabilities	82	659
Operating revenues	17	103
Operating expenses	17	71

(1) At December 31, 2010 the item reported EUFER (50% holding) and 3SUN Srl (33.33% holding).

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, 2011 in accordance with the accounting policies adopted by the Parent Company.
All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group. In both cases, unrealized losses are eliminated except when 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 translated using the exchange rate prevailing at the reporting date.
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 profit or loss on the disposal (partial or total) 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, 2011, please see the annexes.
The following table reports the exchange rates used in these financial statements and the comparative figures.

	At and for the year ended December 31, 2011		At and for the year ended December 31, 2010	
	Average	Final	Average	Final
USD	1.39	1.29	1.33	1.34
CAD	1.38	1.32	1.37	1.33
BRL	2.33	2.42	2.33	2.22
MXN	17.29	18.05	16.74	16.55
RON	4.24	4.32	4.21	4.26
GTQ	10.84	10.11	10.69	10.69
CRC	700.12	650.98	692.14	678.45

Business combinations

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

Business combinations initiated before January 1, 2010 and completed 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 deemed to be 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 identifiable assets, liabilities and 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 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 directly attributable to the purchase or construction of assets that require a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

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. In the event of disposal, the assets are derecognized and the difference between the price received and their carrying amount is recognized through profit or loss for the period as a gain, if positive, or a loss, if negative.

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 (1)	
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	20
- other mechanical machinery	15-20
Solar power plants	
Buildings and civil works	20-25
Plant and machinery:	
- other mechanical machinery	18-20

(1) Excluding assets to be relinquished free of charge, which are depreciated over the duration of the concession if shorter than useful life.

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

Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

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. Costs for improvements, modernization and transformation that increase the assets are recognized in the balance sheet under 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 that date 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 identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits, as well as goodwill if acquired for consideration. 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. Intangible assets may not be revalued, even under the provisions of special laws.

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 are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash-generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in note 14. 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 costs to sell 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 recover-

able 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 costs to sell 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. Subsequent to initial recognition of financial assets, 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.
In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions.
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Cash and cash equivalents

This category is used to record cash and cash equivalents, i.e. monetary assets 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 are 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 are recognized in profit or loss only when the change in the cash flows from the hedged items to be offset actually occurs.
The ineffective portion of the fair value of the hedging in-

strument 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.

Fair value hierarchy

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.

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 decommissioning and/or restoration of property, plant and equipment, please see the section on the use of estimates.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met 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.

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 and transport 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 services rendered are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;
> revenues from green certificates, 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 withdrawal price calculated pursuant to Legislative Decree 28/2011. Under the provisions of the decree, the withdrawal price for the 2011-2015 period is equal to 78% of the sale price for green certificates held by the ESO, as defined in Article 2, paragraph 148, of the 2008 Finance Act;
> revenues from CIP 6 incentives regard energy produced by subsidized plants pursuant to the measure of the Interministerial Price Committee CIP 6/92, as amended.

Financial income and expense

Financial income and expense is recognized on an accruals basis and include, on the basis of interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method, 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.
Deferred tax assets and liabilities in respect of taxes levied by the same tax authority are offset if the Company has a legal right to offset current tax assets against current tax liabilities generated at the time they reverse.
Current and deferred taxes are recognized in profit or loss, with the exception of those in respect of components directly credited or debited to equity, which are recognized directly in equity.

Non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other balance sheet assets and liabilities. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for immediate sale.
Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS-EU applicable to the specific assets and liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement. The corresponding values for the previous period are not reclassified.

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.

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Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from January 1, 2011:

> IAS 24 – *Related party disclosures*. The standard replaces the previous version of IAS 24. It allows companies that are subsidiaries or under the significant influence of a government agency to provide summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements.
The retrospective application of IAS 24 did not have an impact during the period.

> Amendments to IFRIC 14 – *Prepayments of a Minimum Funding Requirement*. The changes clarify the accounting treatment under the so-called asset ceiling rules, in cases of prepayment of a minimum funding requirement (MFR). More specifically, the amended interpretation sets out new rules for measuring the economic benefits of reducing future MFR contributions.
The retrospective application of the amendments did not have a significant impact during the period.

> IFRIC 19 – *Extinguishing financial liabilities with equity instruments*. The interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to the creditor. In particular, the equity instruments issued represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized through profit or loss.
The retrospective application of the interpretation did not have an impact during the period.

> Amendments to IAS 32 – *Financial instruments: Presentation*. The amendment specifies that rights, options or warrants that entitle the holder to purchase a specific number of equity instruments of the entity issuing such rights for a specified amount of any currency shall be classified as equity instruments if (and only if) they are offered *pro rata* to all existing holders of the same class of equity instruments (other than derivatives).
The retrospective application of the amendments did not have a significant impact during the period.

> *Improvements to International Financial Reporting Standards.* The changes regard improvements to existing standards. The main developments applicable to the financial statements regard:
- IFRS 3 – *Business combinations*, as revised in 2008: specifies that non-controlling interests in an acquiree that are present ownership interests entitle their holders, in the event of the liquidation of the company, to a proportionate share of the entity's net assets. They must be measured at fair value or as a proportionate share of the acquiree's net identifiable assets. All other components classifiable as non-controlling interests but which do not have the above characteristics (for example, share options, preference shares, etc.) must be measured at fair value at the acquisition date unless other measurement criteria are provided for under international accounting standards.
The prospective application of IFRS 3 as from the date of first-time adoption of IFRS 3 by the Group (2010 financial year) did not have an impact during the period.
- IFRS 7 – *Financial instruments: Disclosures*. Specifies that for each class of financial instrument, disclosure of the Company's maximum exposure to credit risk is mandatory only if the carrying amount of such instruments does not reflect that exposure. It also requires disclosures concerning the financial effect of collateral and other credit enhancements (e.g. a quantification of the extent to which the collateral and other credit enhancements mitigate credit risk). It also clarifies that the disclosures required for financial and non-financial assets obtained during the period by taking possession of collateral are mandatory only in the case such assets were still held at the end of the period. Finally, disclosure is no longer required on the carrying amount of financial assets that would have been past due or impaired if their terms had not been renegotiated and it is no longer necessary to quantify the fair value of the collateral and other credit enhancements of past-due financial assets that are not impaired. The retrospective application of these changes did not have a significant impact during the period.
- IAS 1 – *Presentation of financial statements*. Specifies that the analysis of each element of "other comprehensive income" (OCI) can be presented either in the statement of changes in equity or in the notes to the financial statements.
The retrospective application of the amendment did not have an impact on these financial statements.

Standards not yet adopted and not yet applicable

In 2011, the European Commission endorsed the following new accounting standards and interpretations, which will be applicable to the Group as from January 1, 2012:

> Amendments to IFRS 7 – *Financial instruments: Disclosures*, issued in October 2010; the amendments require additional disclosures to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the Company's financial position. The amended standard introduces new disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which the company has a continuing involvement as of the balance-sheet date. The Group is assessing the potential impact of the future application of the measures.

In 2009, 2010 and 2011, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that, as of December 31, 2011, had not yet been endorsed by the European Commission. The rules that could have an impact on the financial statements of the Group are set out below:

> IFRS 9 – *Financial instruments*, issued in November 2009 and revised in October 2010: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets and liabilities, based on the business model of the entity and the characteristics of the associated cash flows. The new standard requires financial assets and liabilities to be measured initially at fair value plus any transaction costs directly attributable to their assumption or issue. Subsequently, they are measured at fair value or amortized cost, unless the fair value option is applied. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure them at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss. The new standard, which was amended in December 2011 with regard to the effective date, will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> Amendments to IFRS 9 and IFRS 7 – *Mandatory effective date and transition disclosure,* issued in December 2011. The amendment modifies IFRS 9 – *Financial instruments*, postponing the mandatory effective date from January 1, 2013 to January 1, 2015 and establishing new rules for the transition from IAS 39 to IFRS 9. It also modifies IFRS 7 – *Financial instruments: Disclosures*, introducing new comparative disclosures, which will be mandatory or optional depending on the date of transition to IFRS 9.
The amendments establish that companies that adopt IFRS 9 for the first time always have the option of not restating prior periods. More specifically, companies that adopt IFRS 9 for reporting periods beginning before January 1, 2012 are not required to restate prior periods or provide the additional disclosures to those already provided for following the amendments made to IFRS 7 with the issue of IFRS 9; companies that adopt IFRS 9 for periods beginning from January 1, 2012 until December 31, 2012 may elect to either restate prior periods or provide the additional comparative disclosures in accordance with the amendments to IFRS 7; companies that adopt IFRS 9 for periods beginning from January 1, 2013 until January 1, 2015 are required to provide the additional comparative disclosures in accordance with the amendments to IFRS 7 regardless of whether they restate prior periods, which they may but are not required to do.
The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> IFRS 10 – *Consolidated financial statements,* issued in May 2011; replaces SIC 12 – *Consolidation – Special purpose entities* and, for the part concerning consolidated financial statements, IAS 27 – *Consolidated and separate financial statements,* the title of which was changed to "*Separate financial statements*". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the current IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While current accounting standards give priority – where control does not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: power over the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns.
The accounting effects of a loss of control or a change in the ownership interest that does not result in a loss of control are unchanged with respect to the provisions of the current IAS 27.
Following the new approach to assessing the existence of control, previously consolidated companies could exit the scope of consolidation, and *viceversa*.
The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> IFRS 11 – *Joint arrangements*, issued in May 2011; replaces IAS 31 – *Interests in joint ventures* and SIC 13 – *Jointly controlled entities – non-monetary contributions by venturers*. Unlike IAS 31, which assesses joint arran-

gements on the basis of the contractual form adopted, IFRS 11 assesses on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have *pro-rata* rights to the assets and *pro-rata* obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to the net assets or results of the arrangement.

In the consolidated financial statements, accounting for an interest in a joint operation involves the recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method (proportionate consolidation is no longer permitted).

The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> IFRS 12 – *Disclosure of interests in other entities,* issued in May 2011; IFRS 12 brings together in a single standard the required disclosures concerning interests held in subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard requires the disclosures called for in the current IAS 27, IAS 28 and IAS 31, which were amended appropriately, and introduces new disclosure requirements.

The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> IFRS 13 – *Fair value measurement,* issued in May 2011; the standard represents a single IFRS framework to be used whenever another accounting standard requires or permits the use of fair value measurement. The standard sets out guidelines for measuring fair value and, in addition, introduces specific disclosure requirements.

The new standard will take effect prospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> IAS 27 – *Separate financial statements*, issued in May 2011. Together with the issue of IFRS 10 and IFRS 12, the current IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group does not expect the future application of the measures to have an impact.

> IAS 28 – *Investments in associates and joint ventures,* issued in May 2011. Together with the issue of IFRS 11 and IFRS 12, the current IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of SIC 13 – *Jointly controlled entities – non-monetary contributions by venturers,* describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures.

The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> Amendment to IAS 1 – *Presentation of items of other comprehensive income*, issued in June 2011. The amendment calls for the separate presentation of items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future ("recycling") and those that will not be recycled. The amendment will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group does not expect the future application of the measures to have a significant impact.

> IAS 19 – *Employee benefits*, issued in June 2011; the standard supersedes the current IAS 19 governing the accounting treatment of employee benefits. The most significant change regards the requirement to recognize all actuarial gains/losses in OCI, with the elimination of the corridor approach. The amended standard also: introduces more stringent rules for disclosures, with the disaggregation of the cost into three components; eliminates the expected return of plan assets; no longer permits the deferral of the recognition of past service

cost; provides for enhanced disclosures; and introduces more detailed rules for the recognition of termination benefits. The new standard will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

> IFRIC 20 – *Stripping costs in the production phase of a surface mine*, issued in October 2011; the interpretation sets out the accounting treatment to be applied to costs incurred for the removal of mine waste materials during the production phase, clarifying that they can be recognized as an asset. The interpretation will take effect, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. More specifically, the interpretation will apply to costs incurred as from the first year presented in the financial statements. The Group is assessing the potential impact of the future application of the measures.

> Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*, issued in December 2011. IAS 32 – *Financial instruments* establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity:

a) has a legally enforceable right to set off the amounts;
b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The amendments to IAS 32 clarify the conditions that must be met for these two requirements to be satisfied. As regards the first requirement, the amendment expands the illustration of cases in which an entity "currently has a legally enforceable right of set-off", while as regards the second the amendment clarifies that where the entity settles the financial asset and liability separately, for set-off to be allowed the associated credit and liquidity risk should be significant and, in this regard, specifies the characteristics that gross settlement systems must have.

The amendments will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

> Amendments to IFRS 7 – *Offsetting financial assets and financial liabilities*, issued in December 2011, in parallel with the amendments to IAS 32; the amendments establish more extensive disclosures for the offsetting of financial assets and liabilities, with a view to enabling users of financial statements to assess the actual and potential effects on the entity's financial position of netting arrangements, including the set-off rights associated with recognized assets or liabilities.

The amendments will take effect retrospectively, subject to endorsement, for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures.

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 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 amount 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.

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, 2011, outstanding interest rate swaps had a total notional amount of €490 million (€455 million at December 31, 2010).

The following table reports the notional amount and fair value at December 31, 2011 and December 31, 2010, of interest rate derivatives, broken down by type and accounting treatment.

Millions of euro	Notional amount	Fair value	Fair value assets	Fair value liabilities
		at Dec. 31, 2011		
Cash flow hedge derivatives	**490**	**(40)**	**-**	**(40)**
Interest rate swaps	490	(40)	-	(40)
Total interest rate derivatives	**490**	**(40)**	**-**	**(40)**

Millions of euro	Notional amount	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 collars	**9**	**-**	**-**	**-**
Total interest rate derivatives	**464**	**(27)**	**1**	**(28)**

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, 2011	2012	2013	2014	2015	2016	Beyond
Cash flow hedge derivatives							
Negative fair value	(40)	(11)	(10)	(8)	(5)	(3)	(3)

An analysis of the overall financial debt of the Group shows that 55% is floating rate (55% at December 31, 2010).

Taking net long-term financial debt, at December 31, 2011, 47% was floating rate (38% at December 31, 2010). Derivatives designated as cash flow hedges and interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting reduce that exposure to 22% (19% at December 31, 2010).

If market interest rates had been 1 basis point higher at December 31, 2011, all other variables being equal, shareholders' equity would have been about €200,000 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 €200,000 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 €21,000.

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, 2011, 85% of the overall financial debt of the Group was denominated in euro (89% at December 31, 2010).

Generally, the term of forward contracts does not normally exceed 12 months. At December 31, 2011, outstanding forward contracts had a total notional amount of €49 million (€113 million at December 31, 2010), mainly used to hedge the exchange rate risk associated with trade flows denominated in foreign currency and loans in foreign currency.

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2011 and December 31, 2010, by type of hedge.

Millions of euro	Notional amount	Fair value	Fair value assets	Fair value liabilities
		at Dec. 31, 2011		
Trading derivatives	**49**	**(4)**	**-**	**(4)**
Forwards	49	(4)	-	(4)
Total forwards	**49**	**(4)**	**-**	**(4)**
Total exchange rate derivatives	**49**	**(4)**	**-**	**(4)**

Millions of euro	Notional amount	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)**

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, 2011	2012	2013	2014	2015	2016	Beyond
Cash flow hedge derivatives							
Negative fair value	(4)	(4)	-	-	-	-	-

An analysis of the Group's net long-term financial debt at December 31, 2011 shows that 15% (18% at December 31, 2010) 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, 2011, assuming a 10% appreciation of the euro against the dollar, all other variables being equal, net income would have been about €792,000 lower as a result of the decrease in the fair value of trading derivatives on exchange rates.
Conversely, at December 31, 2011, assuming a 10% depreciation of the euro against the dollar, all other variables being equal, net income would have been about €968,000 higher as a result of the increase in the fair value of trading 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 Generación SL.
The fair value at December 31, 2011 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 amounts and fair values of derivative contracts on commodities at December 31, 2011 and December 31, 2010.

Millions of euro	Notional amount	Fair value	Fair value assets	Fair value liabilities
		at Dec. 31, 2011		
Cash flow hedge derivatives	**381**	**(1)**	**13**	**(14)**
Two-way contracts for differences	350	(11)	-	(11)
Other energy derivatives	31	10	13	(3)
Total commodity derivatives	**381**	**(1)**	**13**	**(14)**

Millions of euro	Notional amount	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**	**-**

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, 2011	2012	2013	2014	2015	2016	Beyond
Cash flow hedge derivatives	**(1)**	**(11)**	**2**	**2**	**2**	**2**	**2**
Positive fair value	13	3	2	2	2	2	2
Negative fair value	(14)	(14)	-	-	-	-	-

The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2011 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Fair value	+10%
Two-way contracts for differences	22	11	45
Other energy derivatives	16	15	16

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 64% of requirements) as well as non-Group sources (about 36%), on occasion supported by direct or indirect guarantees from Enel SpA. At December 31, 2011, Enel Green Power had a total of about €5,700 million in committed credit lines (€3,095 million drawn) and €400 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, 2011 the maximum exposure to credit risk amounted to €1,080 million (€1,029 million at December 31, 2010), broken down as follows.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Long-term financial receivables and securities	279	132	147
Non-current financial assets	56	19	37
Other non-current assets	53	49	4
Trade receivables	529	602	(73)
Short-term financial receivables and securities	153	207	(54)
Other current financial assets	10	20	(10)
Total	**1,080**	**1,029**	**51**

4

Main changes in the scope of consolidation

Compared with the previous year, the scope of consolidation at December 31, 2011, differed as a result of the main transactions detailed below.

2010

Business combinations between entities under common control

The acquisition involved a business combination between entities under common control, i.e. a transaction in which the acquirer and the acquiree are controlled by the same entity 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 "EGPE"), a wholly-owned 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% 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 EGPE for about €326 million; (ii) a capital increase for EGPE reserved for Enel Green Power International BV, which subscribed the offering with the transfer of Enel Green Power's 50% holding in EUFER and a cash payment of about €534 million. The acquisition of the 30% stake and the subsequent subscription of the capital increase of EGPE 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 EGPE.

The following table reports the net EGPE 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**
Non-controlling 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, 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 EGPE is a subsidiary, was completed on June 25, 2009, and 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 three 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 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.

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 considered here, 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 non-controlling 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 non-controlling interests	**1**
Total net assets acquired	**67**
Badwill	(7)
Value of the transaction	60
Cash and cash equivalents	(27)
Cash flow impact	33

2011

Business combinations with non-Group entities - International

Sociedad Eólica de Andalucía

The Group increased its stake in Sociedad Eólica de Andalucía (SEA) from 46.67% (previously accounted for using the equity method) to 63.34%.

The following table reports the remeasurement to fair value at the definitive acquisition date of the net assets acquired (equal to 16.67%) of SEA.

Millions of euro	Carrying amount	Fair value adjustments	
Non-current assets	109	15	124
Current assets	4		4
Total assets	**113**	**15**	**128**
Non-current liabilities	90	4	94
Current liabilities	8		8
Total liabilities	**98**	**4**	**102**
Non-controlling interests (pro-rated at 83.33%)	**12**	**9**	**21**
CONSOLIDATED NET ASSETS	**3**	**2**	**5**
Goodwill			**7**
Value of the transaction			**11**
Cash flow effect			**11**
To be paid			**-**

Therefore, the transaction led to the pro-rated (46.67%) remeasurement at fair value of the net assets held in SEA prior to the acquisition of control of the company in the amount of €23 million, which, pursuant to IFRS 3/Revised, was taken to profit or loss.

Sociedade Térmica Portuguesa

Enel Green Power España, acting through its subsidiary Finerge, acquired an additional 50% of Sociedade Térmica Portuguesa (TP), thus becoming the sole shareholder of this Portuguese renewables company.

As previously noted, with this transaction the Group increased its holding in TP from 50% (previously consolidated on a proportionate basis) to 100%.

The following table reports the remeasurement to fair value at the definitive acquisition date of the net assets acquired (equal to 50%) of TP.

Millions of euro	Carrying amount	Fair value adjustments	
Non-current assets	131	19	150
Current assets	18		18
Total assets	**149**	**19**	**168**
Non-current liabilities	31	2	33
Current liabilities	88		88
Total liabilities	**119**	**2**	**121**
Non-controlling interests	**15**		**15**
CONSOLIDATED NET ASSETS	**15**	**17**	**32**
Goodwill			**5**
Value of the transaction	**15**		**37**
Cash and cash equivalents acquired			**(4)**
To be paid			**-**

Therefore, the transaction led to the pro-rated (50%) remeasurement at fair value of the net assets held in TP prior to the acquisition of control of the company in the amount of €22 million, which, pursuant to IFRS 3/Revised, was taken to profit or loss.

EUFER

On May 30, 2011, Enel Green Power SpA (EGP) and its subsidiary Enel Green Power España SL (EGPE) finalized the agreement signed with Gas Natural SDG SA (GN) for the break-up of Enel Unión Fenosa Renovables SA (EUFER), a 50% joint venture between EGPE and Gas Natural Fenosa, subject to a number of conditions set out in the agreement of July 30, 2010.

The division of EUFER was finalized by means of a 50% reduction in the share capital of EUFER, carried out through the transfer to GN of a portion of EUFER's assets. Specifically, EUFER assets have been divided in two substantially equivalent parts in terms of value, EBITDA, installed capacity, risk and technology mix. One part was transferred to GN (Lot 2), while EGPE has retained the other part (Lot 1) as the sole shareholder of EUFER.

In accordance with the agreement, Enel Green Power España and GN each received more than 500 MW of installed capacity (including wind, mini-hydro and cogeneration) and a pipeline of wind, thermal solar and biomass projects totaling about 800 MW. The net debt of EUFER was split between EGPE and GN.

The agreement is structured as the purchase by EGPE of an additional 50% of EUFER from GN, with the consequent acquisition of control of the company, and hence represents a step acquisition, against the transfer of non-monetary consideration, namely the 50% of assets in Lot 2 transferred to GN.

At December 31, 2010, the Group, in compliance with IFRS 5, classified the assets comprising Lot 2 to be transferred to GN as "assets/liabilities held for sale". During 2011, following completion of the transfer, the Group therefore eliminated the net assets transferred to GN (Lot 2), the details of which are shown in the following table, which reports the remeasurement at fair value as at the acquisition date of the original interest in EUFER and the associated gain recognized through profit or loss pursuant to IFRS 3/Revised.

Elimination of Lot 2 transferred to Gas Natural

Millions of euro	
Non-current assets	344
Current assets	35
Total assets	**379**
Non-current liabilities	1
Current liabilities	302
Total liabilities	**303**
Total net assets transferred	**76**
- of which net financial debt	*296*
Goodwill	**39**
Value of the disposal	**115**
Fair value Lot 1 acquired from Gas Natural	**140**
Gain	**25**
Cash and cash equivalents transferred	**10**

The following table reports the remeasurement at fair value at the acquisition date of the 50% of the assets comprising Lot 1 transferred from GN and the original holding in EUFER and the related gain recognized through profit or loss in accordance with IFRS 3/Revised.

Millions of euro	Carrying amount	Fair value adjustments Lot 1 50% already held (1)	Fair value adjustments Lot 1 50% transferred from GN	Fair value
Non-current assets	686	117	168	971
Current assets	100			100
Total assets	**786**	**117**	**168**	**1,071**
Non-current liabilities	44	35	51	130
Current liabilities	712			712
Total liabilities	**756**	**35**	**51**	**842**
Total net assets acquired	**30**	**82**	**117**	**229**
Goodwill				**51**
Value of the transaction				**280**
Cash and cash equivalents acquired				**20**

(1) Gain recognized through profit or loss, in compliance with IFRS 3/Revised; €11 million were deducted from taxes representing the portion pertaining to GN.

The remeasurement at fair value involved the recognition of intangible assets in the amount of €285 million under non-current assets and the related deferred taxes of €85 million under non-current liabilities.

In addition, following the break-up of the EUFER assets, the Group also recognized a capital gain in respect of a company belonging to Lot 2, transferred to Gas Natural, which exited the scope of consolidation, in the amount of €19 million.

The following table reports the effects of the transaction on the main items of the income statement.

Millions of euro	
Revenues	120
Gross operating margin	**120**
Operating income	**120**
Income taxes (1)	(20)
Net income	**100**
Net income pertaining to the shareholders of the Parent Company	**60**

(1) Net of tax liability pertaining to Gas Natural, equal to €11 million.

Other minor operations

During the period, Enel Green Power acquired controlling interests in Italy in Tecnoservice for €1.4 million (with €1 million in goodwill) and in IRIS 2006 for €9 million (with €3 million in goodwill). Enel Green Power also sold its interest in Aldehuelas in Spain for €21 million.

Enel Green Power also paid success fees in respect of projects relating to Enel Green Power Hellas (€61 million) and Enel Green Power Romania (€38 million).

Finally, Enel Green Power acquired the Caney River and Rocky Ridge wind projects in the United States (which at December 31, 2011 were completed and in operation) for a total of €15 million. The excess cost recognized was allocated to intangible assets and property, plant and equipment.

Reclassification of "Net assets held for sale"

As from the 2nd Quarter of 2011, given that the conditions established under IFRS 5 for classification under assets/liabilities held for sale no longer obtained, the net assets of Enel Green Power Bulgaria and the investment in the associate TradeWind Energy LLC were reclassified to appropriate items of the balance sheet.

5

Segment information

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 retail unit, 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, 2011 and the year ended December 31, 2010, restated. For more information on performance and developments in the financial position during the year, please see the report on operations.

Segment information for 2011

Millions of euro

	Italy and Europe	Retail	Iberia and Latin America	North America	Eliminations and adjustments	**Total**
Total revenues including commodity risk management	1,216	248	880	183	-	2,527
Revenues from other segments	34	79	1	-	(114)	-
Total revenues including commodity risk management	**1,250**	**327**	**881**	**183**	**(114)**	**2,527**
Gross operating margin	**869**	**34**	**573**	**107**	**-**	**1,583**
Depreciation, amortization and impairment losses	424	(3)	197	52	-	670
Operating income	**445**	**37**	**376**	**55**	**-**	**913**
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method						(117)
Income taxes						282
Net income						**514**
Operating assets (1)	**6,915**	**114**	**4,028**	**1,403**	**(67)**	**12,393**
Operating liabilities	**868**	**104**	**402**	**149**	**(62)**	**1,461**
Capital expenditure (gross of grants)	**970**	**-**	**280**	**307**	**-**	**1,557**

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011 and regarded the Iberia and Latin America area.

Segment information for 2010

Millions of euro

	Italy and Europe	Retail	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)	-
Total revenues including commodity risk management	**1,235**	**326**	**576**	**157**	**(23)**	**2,271**
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 and regarded the Iberia and Latin America area.

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

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Total assets	**14,953**	**13,131**	**1,822**
Financial assets, cash and cash equivalents	(847)	(577)	(270)
Tax assets	(367)	(311)	(56)
Other assets	(1,346)	(1,378)	32
Operating assets (1)	12,393	10,865	1,528
Total liabilities	**7,215**	**5,787**	**1,428**
Loans and other financial liabilities	(5,019)	(3,721)	(1,298)
Tax liabilities	(692)	(505)	(187)
Other liabilities	(43)	(361)	318
Operating liabilities (2)	1,461	1,200	261

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011 and €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 and income

6.a Revenues from sales and services - *€2,253 million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Energy	1,999	*1,130*	1,785	*1,060*	214
Other sales and services	254	*46*	336	*24*	(82)
Total	**2,253**		**2,121**		**132**

"Energy" revenues include €1,493 million from the sale of electricity (€1,340 million in 2010), €486 million from green certificates and other incentives (€425 million in 2010) and €20 million from energy transport (unchanged compared with 2010).

The increase compared with the previous year, equal to €214 million, is mainly due to greater output associated with the consolidation of Enel Green Power España for all of 2011 rather than as from the 2nd Quarter in 2010 (€110 million), the increase in average prices in Iberia and Latin America and the increase in subsidized generation in Italy and Romania (€61 million).

The share of the item in question generated in transactions with related parties in 2011 mainly regards the sale of electricity to the EMO in the amount of €469 million, under bilateral contracts with Enel Trade in the amount of €538 million, and to the ESO in the amount of €85 million as well as the sale of white certificates to Enel Distribuzione in the amount of €39 million.

Revenues from "Other sales and services" mainly comprise revenues from the retail operations of Enel.si, equal to €243 million in 2011 (€319 million in 2010), which mainly declined as a result of the fall in prices of photovoltaic panels and materials.

6.b Other revenues and income - *€286 million*

"Other revenues" amounted to €286 million (€58 million in 2010). They mainly regard the income (totaling €181 million) from the division of the assets of EUFER (€120 million), the receipt of an indemnity for the expropriation of the rights over a plant operated by a company in North America (€16 million) and the remeasurement at fair value of the assets and liabilities of a number of companies in Iberia (€45 million) whose status with respect to the requirements concerning control changed as a result of transactions during the period.

Costs

7.a Raw materials and consumables - *€431 million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Materials	310		300		10
Electricity	71	*30*	41	*14*	30
Fuels and gas	50	*4*	36	*3*	14
Total	**431**		**377**		**54**
- of which capitalized	*(95)*		-		*(95)*

Costs for the purchase of "Materials" mainly regard purchases of photovoltaic materials by Enel.si for resale, totaling €255 million in 2011 (€280 million in 2010), and materials for maintenance of generation plants in Italy in the amount of €45 million (€16 million in 2010).
The rise in costs for the purchase of "Electricity" is mainly attributable to the increase in electricity purchased in Panama under the electricity sale contract (€22 million) and that in electricity purchased from related companies for plant auxiliary services, directly and indirectly connected with electricity generation, illumination services and motive power in Italy (€5 million).
Costs for the purchase of "Fuels and gas" regard co-generation plants (cooling, heating and power) increased by €14 million as a result of the change in the scope of consolidation.

7.b Services - *€352 million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Maintenance and repairs	87		73		14
Leases and rentals	64	*6*	54	*4*	10
Transmission	22		25		(3)
Other	179	*93*	179	*76*	-
Total	**352**		**331**		**21**

The increase in costs for "Maintenance and repairs" (€14 million) mainly reflects the rise in plant maintenance costs in Italy (€10 million) and Spain (€7 million) as a result of the expansion in installed capacity.
"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 (€33 million, in line with the previous year), and leases of land and offices.
"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 costs of contracts with companies in the Enel Group in the amount of €93 million (€76 million in 2010).

The main items and changes during the year were as follows:

> general costs indirectly connected with generation, partly governed by contracts with the Enel Group (€78 million in 2011 and €66 million in 2010), the content of

which is discussed in note 41;

> fees for professional and technical services and strategic, management and organizational consulting (€25 million in 2011 and 2010);

> insurance premiums on sundry policies to cover risks (€24 million in 2011 and €18 million in 2010);

> costs for personnel-related services, mainly travel expenses (€22 million in 2011 and €12 million in 2010);

> fees for transport capacity rights paid to GME SpA (€11 million in 2011 and €10 million in 2010).

7.c Personnel - *€213 million*

Millions of euro

	2011	2010	Change
Wages and salaries	160	144	16
Social security contributions	38	34	4
Post-employment and other employee benefits	7	6	1
Other costs	8	3	5
Total	**213**	**187**	**26**
- of which capitalized	*(25)*	*(22)*	*(3)*

The rise in personnel costs mainly reflects the increase in average labor costs and in the average workforce (+8%), due to organic growth.

"Post-employment and other employee benefits", equal to €7 million, regards pension and other benefits as discussed in the section on post-employment benefits (note 30).

"Other costs" benefitted from the reversal to income of part of the provision for early retirement schemes (€2 million, compared with €6 million in 2010).

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2011.

	Average number			Headcount
	2011	2010	Change	**at Dec. 31, 2011**
Senior managers	80	71	9	77
Middle managers	494	463	31	527
Office staff	1,506	1,300	206	1,579
Workers	1,045	1,055	(10)	1,047
Total	**3,125**	**2,889**	**236**	**3,230**

7.d Depreciation, amortization and impairment losses - *€670 million*

Millions of euro

	2011	2010	Change
Depreciation	526	476	50
Amortization	58	39	19
Goodwill impairment	70	-	70
Impairment losses	16	4	12
Total	**670**	**519**	**151**

The increase in depreciation and amortization is mainly associated with the entry into service of new plants and the change in the scope of consolidation, and includes the capitalized portion of depreciation of geothermal drilling plants in the amount of €4 million.

"Goodwill impairment" regards the goodwill of Enel

Green Power Hellas, as discussed in note 14.
"Impairment losses" mainly reflect impairment of property, plant and equipment in the amount of €14 million and intangible assets totaling €4 million, partially offset by the reversal of the impairment on a receivable regarding the retail operations of Enel.si.

7.e Other operating expenses - *€68 million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Taxes and duties	31		30		1
Royalties	26		23		3
Other	11	*1*	32	*1*	(21)
Total	**68**		**85**		**(17)**

"Taxes and duties" include costs for municipal property tax and other minor taxes and duties connected with plant operations.
"Royalties" report amounts paid to municipalities, provinces and regions that host power plants under specific agreements between the parties.
"Other" expenses declined by €21 million, mainly due to reversals and lower accruals to provisions for risks and charges (€15 million).

8. Net income/(charges) from commodity risk management - *€(12) million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Realized income on derivatives:	**7**		**85**		**(78)**
CFH - hedge on commodity prices	7	*7*	85	*85*	(78)
Unrealized income	**-**		**12**		**(12)**
Trading - non-hedge on commodity prices	-		12		(12)
Total income from commodity risk management	**7**		**97**		**(90)**
Realized charges on trading and non-hedge derivatives on commodity prices	**(17)**		**(5)**		**(12)**
Trading - non-hedge on commodity prices	-		(2)	*(2)*	2
CFH - hedge on commodity prices	(17)	*(16)*	(3)	*(3)*	(14)
Unrealized charges	**(2)**		**-**		**(2)**
CFH - hedge on commodity prices	(2)		-		(2)
Total charges from commodity risk management	**(19)**		**(5)**		**(14)**
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	**(12)**		**92**		**(104)**

"Net charges from commodity risk management" amounted to €12 million in 2011 (€92 million in net income in 2010) and include €7 million in income realized on positions closed during the year (€85 million in 2010) and €17 million in charges realized on commodity derivatives closed as of December 31, 2011 (€5 million in 2010).
Contracts in Italy are mainly entered into with Enel Trade SpA, while contracts in Spain are entered into with Endesa Generación SL.

9. Net financial income/(expense) - *€(163) million*

Millions of euro

	2011	*of which with related parties*	2010	*of which with related parties*	Change
Foreign exchange gains	94		27		67
Interest and other income from financial assets	33	*2*	19	*4*	14
Income from financial derivative instruments	1	*1*	4	*4*	(3)
TOTAL FINANCIAL INCOME	**128**		**50**		**78**
Foreign exchange losses	93		22		71
Interest and other charges on financial liabilities	177		116		61
- long-term loans	*148*	*90*	67	*11*	81
- short-term loans	*48*	*35*	45	*44*	3
- other financial expense	*16*		5		11
- capitalized financial expense	*(35)*		(1)		(34)
Writedowns and writebacks of financial assets	-		5		(5)
Expense on derivative instruments	21	*14*	35	*21*	(14)
TOTAL FINANCIAL EXPENSE	**291**		**178**		**113**
NET FINANCIAL EXPENSE	**(163)**		**(128)**		**(35)**

"Interest and other charges on financial liabilities" increased by €61 million, mainly due to:

> the restructuring of the debt in 2011, which replaced part of short-term loans with long-term financing through a series of fixed-rate credit lines, mainly granted by Enel Finance International NV to Enel Green Power International BV;

> the rise in 3-and 6-month Euribor and the midswap rate, which are the parameters to which floating-rate loans and new fixed-rate loans are pegged.

"Other financial expense" is mainly accounted for by:

> ancillary charges associated with loans granted by Enel Green Power International BV to Group companies, for which stamp duty is levied in the country in which the borrowing company is located;

> interest on pre-lease costs in respect of lease contracts entered into by a number of Group companies, mainly in Italy, for the development and implementation of wind and photovoltaic projects. Most of this expense is capitalized;

> charges for accretion of severance benefit contributions paid to the company fund.

The increase in financial income is mainly due to the increase in long-term financial receivables and cash during 2011, as shown in the tables in notes 17 and 24.

10. Share of income/(expense) from equity investments accounted for using the equity method - *€46 million*

Millions of euro

	2011	2010	Change
Income from associates	55	30	25
Expense on associates	(9)	(14)	5
Total	**46**	**16**	**30**

"Income from associates" is largely accounted for by the share of net income of the associated companies of Enel Green Power España (€27 million, compared with €17 million in 2010), the associate LaGeo SA de Cv (€18 million, compared with €13 million in 2010) and the writeback following the settlement of the Star Lake dispute (€7 million, as described in the section "Significant events").

"Expense on associates" mainly regards the share of the losses of the associates of Enel Green Power North America in 2011 (€13 million in 2010).

11. Income taxes - *€282 million*

Millions of euro

	2011	2010	Change
Current taxes	336	254	82
Deferred tax liabilities/(assets)	(54)	(65)	11
Total	**282**	**189**	**93**

The change mainly reflects developments in the taxes of the Parent Company, which increased by €32 million (equal to €193 million at December 31, 2011 and €161 million at December 31, 2010). The rise is mainly attributable to the expiry of the tax relief under the Tremonti-*ter* decree, which only applied to 2009 and 2010 (reducing estimated taxes in 2010 by €42 million), as well as the recent increase in the IRES surtax (the "Robin Hood Tax"), which was raised from 6.5% to 10.5% for three years (2011-2013) and whose scope of application was extended to include all companies in the renewable energy sector, regardless of the type of energy resource used (increasing taxes in 2011 by an estimated €20 million).

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

Millions of euro

	2011		2010	
Income before taxes	796		682	
Theoretical tax	**219**	**27.5%**	**188**	**27.5%**
Effect of local tax rates	(11)	-1.4%	(8)	-1.2%
IRES surtax	52	6.5%	32	4.7%
Tremonti-*ter* effect	-	-	(42)	-6.2%
IRAP	30	3.8%	30	4.4%
Permanent differences and minor items	(8)	-1.0%	(11)	-1.6%
Effective tax	**282**	**35.4%**	**189**	**27.6%**

Income taxes for 2011 totaled €282 million, with an effective tax rate of 35.4%, compared with 27.6% in 2010.

Information on the Consolidated Balance Sheet

Assets

Non-current assets

12. Property, plant and equipment - *€10,172 million*

Developments in property, plant and equipment for 2010 and 2011 are set out in the following table.

Millions of euro

	Land and buildings	Plant and equipment	Leased assets	Other assets	Assets under construction and advances	**Total**
Cost	1,232	8,533	22	149	1,059	10,995
Accumulated depreciation	(301)	(3,412)	(2)	(80)	-	(3,795)
Balance at January 1, 2010	**931**	**5,121**	**20**	**69**	**1,059**	**7,200**
Capital expenditure	24	168	-	6	841	1,039
Assets entering service	35	335	29	2	(401)	-
Depreciation	(31)	(436)	(3)	(6)	-	(476)
Change in scope of consolidation	27	899	-	(14)	70	982
Exchange rate differences	6	144	-	-	7	157
Assets held for sale	-	(278)	-	-	(49)	(327)
Disposals and other changes	(3)	(1)	-	-	-	(4)
Total changes	**58**	**831**	**26**	**(12)**	**468**	**1,371**
Cost	1,322	9,735	52	112	1,556	12,777
Accumulated depreciation	(333)	(3,783)	(6)	(84)	-	(4,206)
Balance at December 31, 2010	**989**	**5,952**	**46**	**28**	**1,556**	**8,571**
Capital expenditure	12	252	4	16	1,252	1,536
Assets entering service	28	833	172	11	(1,044)	-
Depreciation and impairment losses	(31)	(490)	(9)	(10)	-	(540)
Capitalized borrowing costs	-	-	-	-	35	35
Plant retirement fund	5	6	-	-	7	18
Exchange rate differences	2	43	-	-	16	61
Reclassification from assets held for sale	-	50	-	-	-	50
Change in scope of consolidation	16	350	-	5	81	452
Disposals and other changes	3	(4)	(1)	1	(10)	(11)
Total changes	**35**	**1,040**	**166**	**23**	**337**	**1,601**
Cost	1,384	11,339	228	144	1,897	14,992
Accumulated depreciation	(361)	(4,351)	(16)	(92)	-	(4,820)
Balance at December 31, 2011	**1,023**	**6,988**	**212**	**52**	**1,897**	**10,172**

The increase of €1,601 million is mainly attributable to capital expenditure during the period (€1,536 million), depreciation and impairment losses (€540 million), exchange rate gains (€61 million) and a number of business combinations carried out during the year:

> the consolidation of 50% of the assets of Lot 1 of EUFER acquired from GN, and 50% of TP and SEA (€336 million);
> success fees related to Enel Green Power Hellas (€45 million) and Enel Green Power Romania (€38 million);
> the reclassification from assets held for sale of the value of the assets of Enel Green Power Bulgaria given that the conditions established under IFRS 5 for such classification no longer apply (€50 million).

"Land and buildings" comprise €57 million in respect of land and €966 million in respect of buildings.

"Plant and equipment" includes assets to be relinquished free of charge in the net amount of €749 million in respect of hydroelectric plants in Italy, whose concession expires in 2029.

"Leased assets" comprise wind assets that the Group uses in France (under a 15-year lease), in Greece (under a 10-year lease) and in Italy (under an 18-year lease) totaling €212 million (€46 million at December 31, 2010). The change for the year is associated with the development of wind plants in Italy in the amount of €170 million.

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

Millions of euro	**at Dec. 31, 2011**	
	Minimum lease payments	Present value
2012	25	43
2013-2016	73	44
After 2016	157	125
Total	**255**	**212**
- of which financial expense	*43*	

Millions of euro	at Dec. 31, 2010	
	Minimum lease payments	Present value
2011	7	5
2012-2015	25	16
After 2015	37	25
Total	**69**	**46**
- of which financial expense	*23*	

The table below summarizes capital expenditure in 2011 and 2010 by category. Total expenditure came to €1,536 million in 2011, up €497 million on 2010, as detailed in the section "Summary of results - Financial position" of the report on operations.

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Power plants			
- hydroelectric	146	153	(7)
- wind	948	597	351
- geothermal	113	174	(61)
- solar	235	93	142
- biomass	2	4	(2)
- other technologies	92	18	74
Total power plants	**1,536**	**1,039**	**497**

Investments mainly regarded wind plants in Italy and Europe, in Iberia and Latin America and in North America (€948 million), solar plants in Italy, Greece and North America (€235 million), hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€146 million) and geothermal plants in Italy and Chile (€113 million). In addition, €88 million were invested in the construction of photovoltaic panel manufacturing plants in Italy.

13. Intangible assets - *€1,299 million*

Millions of euro

	Concessions, licenses, trademarks and similar rights	Other intangible assets and sale contracts	**Total**
Cost	140	183	323
Accumulated amortization	(26)	(38)	(64)
Balance at January 1, 2010	**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 held 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**
Capital expenditure	19	2	21
Amortization and impairment losses	(54)	(8)	(62)
Change in scope of consolidation	19	3	22
Reclassification from assets held for sale	4	-	4
Exchange rate differences	(3)	6	3
Allocation of excess cost	402	38	440
Disposals and other changes	13	(52)	(39)
Total changes	**400**	**(11)**	**389**
Cost	638	869	1,507
Accumulated amortization	(76)	(132)	(208)
Balance at December 31, 2011	**562**	**737**	**1,299**

The increase in "intangible assets", equal to €389 million, is mainly attributable to the definitive allocation of the gain on the break-up of EUFER assets (€285 million) and the goodwill from the acquisition of the Spanish companies Sierra del Madero, TP and SEA (€105 million), companies in North America (€34 million) and in Greece (€16 million), amortization and impairment losses (€62 million) and capital expenditure for the period (€21 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 2011 (€400 million). There are no intangible assets with an indefinite useful life.

14. Goodwill - *€858 million*

Millions of euro	at Dec. 31, 2010 restated									at Dec. 31, 2011		
	Cost	Cumulative impairment	**Net value**	Acquisitions/ Development/ Success fees	Exchange rate differences	Purchase price allocation	Reclassification from "Assets held for sale"	Impairment	Other changes	Cost	Cumulative impairment	**Net value**
Latin America	255	-	**255**	-	11	-	-	-	-	266	-	**266**
Enel Green Power España	387	(1)	**386**	75	-	(94)	-	-	39	407	(1)	**406**
Enel Green Power Hellas	70	-	**70**	-	-	-	-	(70)	-	70	(70)	**-**
Enel Green Power Romania	9	-	**9**	4	-	-	-	-	-	13	-	**13**
Enel Green Power Bulgaria	-	-	**-**	-	-	-	5	-	-	5	-	**5**
Enel Green Power France	25	-	**25**	-	-	-	-	-	-	25	-	**25**
Enel Green Power North America	121	(1)	**120**	-	3	-	-	-	-	124	(1)	**123**
Italian acquisitions	1	-	**1**	19	-	-	-	-	-	20	-	**20**
TOTAL	**868**	**(2)**	**866**	**98**	**14**	**(94)**	**5**	**(70)**	**39**	**930**	**(72)**	**858**

The overall decrease of €8 million in "Goodwill" is mainly attributable to the net impact of exchange rate gains (+€14 million), success fees in respect of Enel Green Power Portoscuso (+€15 million), the definitive allocation of the gain on the break-up of EUFER assets and the pro-rated remeasurement at fair value of the net assets held in TP and SEA (€30 million), less the definitive allocation of the gain on Sierra del Madero (-€10 million) and the impairment of Enel Green Power Hellas (-€70 million).

The criteria used to identify the cash generating units were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

(i) for the explicit period, from the 10-year business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices;

(ii) for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as an annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (de-

pending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet, with the exception of Enel Green Power Hellas, as discussed below.
In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC and the long-term growth rate, the outcomes of which fully supported that value.
The table below reports the composition of the balance of goodwill for 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.

Millions of euro	**at Dec. 31, 2011**	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
Latin America	266	3.5%	9.2%	5 years	30 years
Enel Green Power España	406	2.0%	8.3%	5 years	16 years
Enel Green Power Romania	13	2.9%	11.1%	5 years	20 years
Enel Green Power Bulgaria	5	2.5%	9.2%	10 years	14 years
Enel Green Power France	25	2.0%	7.9%	5 years	20 years
Enel Green Power North America	123	2.1%	7.8%	5 years	21 years
Italian acquisitions	20	2.0%	10.9%	10 years	15-16 years

(1) Perpetual growth rate of cash flows for the explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of an annuity with a rising yield for the years indicated in the column.

The following table reports the criteria used to determine the value of use of CGUs with impairment losses.

Millions of euro	**at Dec. 31, 2011**	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
Enel Green Power Hellas	70	2.2%	15.8%	10 years	26 years

(1) Perpetual growth rate of cash flows for the explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of an annuity with a rising yield for the years indicated in the column.

During the impairment testing of goodwill at December 31, 2011, the goodwill of the Enel Green Power Hellas CGU (whose flows and carrying amounts regard projects in operation and projects under development, including the Elica II project, which is recognized among equity investments accounted for using the equity method) was written off by management, owing to the increase in country risk factored into the discount rate.

15. Deferred tax assets and Deferred tax liabilities - *€323 million and €(600) million*

The following table details changes in deferred tax assets and liabilities by type of timing difference, calculated based on the tax rates established by applicable regulations.

Millions of euro

	at Dec. 31, 2010	Increase/ (Decrease) taken to income statement	Change in scope of consolidation/ PPA	Portion recognized directly in equity	Other changes/ exchange rate effect	**at Dec. 31, 2011**
Deferred tax assets:						
- differences in the value of non-current and financial assets	74	19	3	-	(10)	86
- accruals to provisions for risks and charges with deferred deductibility	15	(1)	-	-	-	14
- measurement of financial instruments	9	-	6	7	-	22
- tax credit (North America)	70	-	-	-	1	71
- tax loss carried forward	18	37	-	-	(6)	49
- other items	77	-	-	-	4	81
Total	**263**	**55**	**9**	**7**	**(11)**	323
Deferred tax liabilities:						
- differences on non-current and financial assets	164	4	5	7	(1)	179
- measurement of financial instruments	5	-	-	(7)	-	(2)
- allocation of excess costs to assets	245	11	129	-	(11)	374
- other items	52	(6)	-	-	3	49
Total	**466**	**9**	**134**	**-**	**(9)**	600
Net offsettable deferred tax assets/(liabilities)	**(149)**					(385)
Non-offsettable deferred tax assets	**107**					210
Non-offsettable deferred tax liabilities	**161**					102

"Deferred tax assets" at December 31, 2011 amounted to €323 million, an increase of €60 million compared with December 31, 2010. The item also reports deferred tax assets in respect of tax losses recognized by Italian companies that are not yet operational (€18 million) and in Spain (€37 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 Decree Law 78/2009 (the Tremonti-*ter* decree).

Deferred tax assets on prior-year tax losses in the amount of €38 million were not recognized as current estimates of futures taxable income indicate that recovery is uncertain.

"Deferred tax liabilities" at December 31, 2011 amounted to €600 million, an increase of €134 million compared with December 31, 2010. The change mainly reflects the determination of the tax effects of the definitive allocation of excess cost during the year (€124 million).

The amendment of the so-called "Robin Hood Tax" (Article 7 of Decree Law 138/2011, ratified with Law 148/2011), whose scope of application was extended and the rate of which was raised from 6.5% to 10.5% for three years (2011-2013), generated a positive net impact of €2 million on deferred taxes.

16. Equity investments accounted for using the equity method - *€488 million*

Millions of euro	at Dec. 31, 2010				**at Dec. 31, 2011**	
	Value	% holding	Acquisitions/ Capital increases/ Other changes	Income effect	Value	% holding
Enel Green Power España Group (1)	145		-	26	171	
Elica II (1)	166	30.00%	2	-	168	30.00%
LaGeo	87	36.20%	(14)	18	91	36.20%
Terrae	-		11	-	11	15.00%
North America (2)	17		17	2	36	
Other	10		1	-	11	
Total	**425**		**17**	**46**	**488**	

(1) For a breakdown of the 50 investee companies, all held at 30%, based in Greece and the companies of the Enel Green Power España Group, please see the annex "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2011".
(2) The item comprises the equity investments of Enel Green Power North America in Geronimo (25%) and TradeWind (42%). The latter was classified as "held for sale" in 2010 but was reclassified here in the 4th Quarter of 2011.

The increase of €63 million is mainly attributable to the combined effect of the recognition of the share of income of equity investments accounted for using the equity method (+€46 million), the change in the method used to account for SEA from equity method to full consolidation (-€8 million), the collection of dividends from LaGeo (-€14 million), the acquisition of 15% of Terrae Iniziative SpA (+€11 million) and the reclassification from "assets held for sale" of the investment in TradeWind Energy LLC as the conditions envisaged under IFRS 5 no longer apply (+€16 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, 2011**				at Dec. 31, 2010			
	Assets	Liabilities	Revenues	Net income/ (loss)	Assets	Liabilities	Revenues	Net income/ (loss)
Enel Green Power España Group (1)	2,347	2,096	353	63	1,904	1,668	191	31
Elica II (1)	17	2	-	-	13	2	-	-
LaGeo	324	28	118	51	314	26	96	34
Other	86	84	-	(8)	46	55	-	(18)

(1) For a breakdown of the 50 investee companies, all held at 30%, based in Greece and the companies of the Enel Green Power España Group, please see the annex "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2011".

17. Non-current financial assets - *€335 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Long-term financial receivables from non-Group parties and associates	279	*34*	132	*121*	147
Derivative contracts	10		13	*1*	(3)
Other financial assets	46		6		40
Total	**335**		**151**		**184**

"Long-term financial receivables from non-Group parties and associates" mainly include loans to associated companies of Enel Green Power España, in particular ENEOP (€218 million at December 31, 2011 and €100 million at December 31, 2010) and receivables of Enel Green Power España on treasury facilities with Endesa (€24 million).
The change in "Other financial assets" (€40 million) is attributable to advances paid for the acquisition of equity investments in Mexico (€20 million) and Brazil (13 million).

"Derivative contracts" reports the fair value of derivatives outstanding at the reporting date that expire beyond the next year. The following table reports the notional amount and fair value of derivatives by type of contract and designation.

Millions of euro	Notional amount		Fair value	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives	31	79	10	13
Commodities	31	35	10	12
Interest rates	-	44	-	1
Total	**31**	**79**	**10**	**13**

The commodity derivatives regard an energy derivative contract entered into in North America with a fair value of €10 million.
The cancellation of the notional amount of interest rate derivatives at the end of the year is attributable to the reclassification of the positions from "Non-current financial assets" to "Non-current financial liabilities".
As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

18. Other non-current assets - *€53 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Grants to be received	8	16	(8)
Tax receivables	34	25	9
Security deposits (for operations)	2	2	-
Other receivables	9	6	3
Total	**53**	**49**	**4**

"Grants to be received" include the receivable due from the Greek government for grants approved but not yet paid out.

The rise in "Tax receivables" is mainly attributable to the measurement of the VAT credit in respect of the Palo Viejo project in Guatemala (€7 million).

Current assets

19. Inventories - *€61 million*

"Inventories" at December 31, 2011 amounted to €61 million (€116 million at December 31, 2010). Of the total, €29 million regarded the inventories of the retail business (€91 million at December 31, 2010), while the remainder consisted of sundry materials (€25 million at December 31, 2010).

At December 31, 2010, the item reported goods in transit of the retail business in the amount of €68 million, on the basis of the contractual terms in force at that time.

20. Trade receivables - *€529 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Sale and transport of electricity	409	*260*	499	*406*	(90)
Other receivables	120		103		17
Total	**529**		**602**		**(73)**

"Trade receivables" amounted to €529 million, a decrease of €73 million essentially attributable to the change in the procedures for settling green certificate transactions between 2011 and 2010 (a decline of €154 million), partially offset by the increase in the receivables in Iberia as a result of the change in the scope of consolidation (€46 million).

Trade receivables break down by maturity as follows.

Millions of euro

at Dec. 31, 2011	Trade receivables due from non-Group counterparties	*of which government entities*
Not past due/To be invoiced	137	*11*
Past due:		
- from 0 to 6 months	97	*13*
- from 6 to 12 months	30	*8*
- from 12 to 24 months	3	-
- more than 24 months	2	-
Total	**269**	***32***

21. Tax receivables - *€44 million*

"Tax receivables" declined by €4, mainly due to the decrease in the tax receivables of the Parent Company (€7 million).

22. Current financial assets - *€163 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Securities	51		92		(41)
Derivative contracts	3		20	*17*	(17)
Accrued financial income and pre-paid financial expense	7		-		7
Other financial receivables	102	*19*	115		(13)
Total	**163**		**227**		**(64)**

"Securities", equal to €51 million, contracted by €41 million compared with December 31, 2010 due to the change in temporary investments in short-term securities, mainly certificates of deposit, through which the subsidiaries in Brazil (a decrease of €14 million compared with 2010), Chile (a decrease of €22 million) and Panama (a decrease of €4 million) temporarily invest liquidity generated by operations, as provided for under Group policy.

"Derivative contracts" report the positive fair value of derivatives outstanding at the reporting date expiring within the next year.

The following table reports the notional amount and fair value of derivatives by type of contract and designation.

Millions of euro	Notional amount		Fair value	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives	**7**	**312**	**3**	**20**
Commodities	7	312	3	20
Trading derivatives	**6**	**11**	**-**	**-**
Exchange rates	6	11	-	-
Total	**13**	**323**	**3**	**20**

The notional amount of cash flow hedge derivatives classified under current financial assets came to €7 million at December 31, 2011. The related fair value came to €3 million.

The notional amount of trading derivatives on exchange rates classified under current financial assets, used to minimize the impact of exchange rate fluctuations, came to €6 million at December 31, 2011. The related fair value came to nil.

The change in the notional amount of trading derivatives on exchange rates is essentially attributable to normal operational developments.

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

"Other financial receivables" declined by €13 million, mainly attributable to the derecognition of the short-term loan attributable to minority equity investments (Gas Natural) following the break-up of the net assets of EUFER (€64 million), offset by receivables in respect of loans to development companies in North America to carry out investments in the wind sector (€44 million) and receivables of Enel Green Power International BV in respect of loans to a development company (Sowitec) in Latin America (€10 million).

23. Other current assets - *€275 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Tax receivables	145		61		84
Advances to suppliers	17		100		(83)
Current prepaid operating expenses	38		28		10
Other receivables	75	*6*	75	*27*	-
Total	**275**		**264**		**11**

The increase in "Tax receivables" mainly regards the VAT creditor position in Romania (€55 million), associated with investments carried out during 2011.

The decline in "Advances to suppliers" is mainly due to the recovery of advances for photovoltaic panels paid to suppliers in 2010 (€71 million).

24. Cash and cash equivalents - *€349 million*

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Bank and post office deposits - demand	201	117	84
Bank and post office deposits - restricted	148	82	66
Total	**349**	**199**	**150**

"Cash and cash equivalents" are not restricted by any encumbrances, with the exception of "Bank and post office deposits - restricted", which essentially regard deposits securing certain operations which require the pledging of funds to secure debt service (such as project financing or tax partnerships).

The increase mainly regarded:

> Enel Green Power North America Inc. in respect of the tax partnership for the Caney River project (about €39 million);
> Enel Green Power Partecipazioni Speciali Srl (100% owned by Enel Green Power SpA), for a loan of €44 million from Banco Bilbao Vizcaya Argentaria as part of the start-up of the Bi Nee Stipa project in Mexico;
> Enel Green Power España, owing to the change in the scope of consolidation following the completion of the split of EUFER with Gas Natural (€30 million) and for the project financing initiative regarding Sociedad Eólica de Andalucía SA (€15 million);
> Enel Fortuna SA (Panama), for the establishment of a time deposit of €17 million for the investment of temporary liquidity, as provided for by company policy.

Assets held for sale

25. Assets held for sale - *€4 million*

At December 31, 2010 (€440 million) 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 (GN) for the division of the assets of EUFER, met the requirements of IFRS 5 for classification as assets held for sale. At December 31, 2011, that amount was eliminated following the finalization of the agreement with GN, as discussed in the section "Main changes in the scope of consolidation";

> the assets of Enel Green Power Bulgaria (€65 million), the value of the investment in the associate TradeWind Energy LLC (€16 million) and a number of minor assets of Enel Green Power España (€4 million) that, on the basis of management decisions, met the requirements of IFRS 5 for classification as assets held for sale. At December 31, 2011, as they no longer met the conditions provided for by IFRS 5 for classification as assets/liabilities held for sale, the net assets of Enel Green Power Bulgaria and the value of the investment in TradeWind Energy LLC were reclassified to the appropriate accounts in the balance sheet.

Assets held for sale break down as follows.

Millions of euro	**at Dec. 31, 2011**	at Dec. 31, 2010	Change
Property, plant and equipment	4	327	(323)
Intangible assets	-	15	(15)
Goodwill	-	46	(46)
Deferred tax assets	-	2	(2)
Equity investments accounted for using the equity method	-	16	(16)
Financial receivables and securities	-	2	(2)
Non-current financial assets	-	4	(4)
Other non-current assets	-	1	(1)
Inventories	-	1	(1)
Trade receivables	-	5	(5)
Current financial assets	-	3	(3)
Cash and cash equivalents	-	13	(13)
Income tax receivables	-	1	(1)
Other current assets	-	4	(4)
Total assets held for sale	**4**	**440**	**(436)**

Liabilities

Equity attributable to the shareholders of the Parent Company

26. Equity attributable to the shareholders of the Parent Company - *€6,897 million*

Share capital - *€1,000 million*

Share capital is represented by 5,000,000,000 ordinary shares (5,000,000,000 ordinary shares at December 31, 2010) with a par value of €0.20 and is entirely paid up.

At December 31, 2011, based on the shareholders register and other available information, no shareholders held more than 2% of total share capital apart from Enel SpA.

Reserves - *€5,489 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 - *€(30) million*
This reports the net charges recognized directly in equity as a result of the measurement of cash flow hedge derivatives.

Translation reserve - *€75 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. At December 31, 2011, the reserve amounted to €75 million, up €21 million. The increase for the period is due to the effects of the net depreciation of the functional currency against the foreign currencies used by the subsidiaries.

Other sundry reserves (excluding the legal reserve) - *€5,324 million*
Of the total, €3,700 million regard 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 non-controlling interests, with specific reporting of the related tax effects.

Millions of euro	at Dec. 31, 2010	Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	at Dec. 31, 2011
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives	(12)	(14)	(16)	12	(30)
Exchange rate differences	54	21	-	-	75
Total gains/(losses) recognized in equity	**42**	**7**	**(16)**	**12**	**45**

27. Non-controlling interests - *€841 million*

The change in non-controlling interests in 2011 is mainly attributable to net income for the year pertaining to non-controlling shareholders (€106 million).

28. Earnings per share - *€0.08*

	at Dec. 31, 2011	at Dec. 31, 2010
Net income pertaining to shareholders of the Parent Company (millions of euro)	408	452
Weighted average number of ordinary shares	5,000,000,000	4,556,000,000
Basic and diluted earnings per share (in euro)	**0.08**	0.10

Earnings per share at December 31, 2011 have been calculated on the basis of the average number of ordinary shares in 2011, while earnings per share at December 31, 2010 take account of the date on which the financial resources later used to carry out the capital increase completed on June 10, 2010 were obtained.

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 - *€3,989 million (of which current portion equal to €256 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, 2011, grouped by loan and interest rate type.

Millions of euro	Nominal value	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value
		at Dec. 31, 2010			**at Dec. 31, 2011**	
Bonds:						
- listed, fixed rate	51	51	51	37	37	37
Total	**51**	**51**	**51**	**37**	**37**	**37**
Bank loans:						
- fixed rate	348	348	348	388	388	388
- floating rate	675	667	669	728	725	728
Total	**1,023**	**1,015**	**1,017**	**1,116**	**1,113**	**1,116**
Non-bank loans:						
- fixed rate	245	242	245	359	360	359
- floating rate	39	39	40	174	173	174
Total	**284**	**281**	**285**	**533**	**533**	**533**
Loans from related parties:						
- fixed rate	535	535	559	2,306	2,306	2,306
- floating rate	118	118	118	-	-	-
Total	**653**	**653**	**677**	**2,306**	**2,306**	**2,306**
TOTAL	**2,011**	**2,000**	**2,030**	**3,992**	**3,989**	**3,992**

"Bonds", equal to €37 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, 2011 amounted to €1,113 million (including the portion falling due within 12 months, equal to €100 million). It mainly regards:

> a bank loan of €34 million (€38 million at December 31, 2010) from Banco Estado Cileno, which will be extinguished in 2012;
> a bank loan of €10 million (€10 million at December 31, 2010) from Banco Industrial del Guatemala, with the short-term portion equal to €0.6 million;
> the first tranche of the bank loan of €44 million (€44 million at December 31, 2010) from Intesa Sanpaolo SpA to finance the Palo Viejo project in Guatemala. The loan benefits from an interest rate subsidy from Simest;
> bank loans totaling €344 million granted within a project financing structure (€389 million at December 31, 2010) to EGPE by more than 20 Spanish banks, including financing from Caixa in the amount of €192 million, Sabadell in the amount of €47 million, Montepio in the amount of €22 million, Banesto in the amount of €20 million, Caja Astur in the amount of €20 million and BBVA in the amount of €18 million;
> rate bank loans totaling €17 million (€23 million at December 31, 2010) from two Greek banks: NBG Bank and Emporiki Bank; the short-term portion of the financing amounts to €4 million;
> the second *tranche* equal to €44 million of the loan granted by Intesa Sanpaolo SpA in June 2010 to finance the Palo Viejo project in Guatemala. The loan benefits from an interest rate subsidy from Simest;
> loans granted by the EIB to the Parent Company, totaling €436 million (€464 million at December 31, 2010). The loans were granted to finance investments in renewable generation. The repayment plan provides for 52 equal half-yearly installments;
> a loan of €112 million granted in October 2011 by Citibank International PLC to Enel Green Power International BV. The repayment plan provides for 24 half-yearly installments as from 2012;
> a loan of €44 million granted in December 2011 by BBVA to Enel Green Power Partecipazioni Speciali Srl (100% owned by Enel Green Power SpA). The repayment plan provides for 10 half-yearly installments as from 2015. The loan benefits from an interest rate subsidy from Simest.

Current portion	Portion falling due at more than 12 months	Maturing in				
		2013	2014	2015	2016	Beyond
18	19	19	-	-	-	-
18	**19**	**19**	**-**	**-**	**-**	**-**
34	354	1	1	5	25	322
66	659	83	85	86	92	313
100	**1,013**	**84**	**86**	**91**	**117**	**635**
125	235	33	41	34	38	89
13	160	12	10	9	9	120
138	**395**	**45**	**51**	**43**	**47**	**209**
	2,306	19	2	2	2	2,281
-	-	-	-	-	-	-
-	**2,306**	**19**	**2**	**2**	**2**	**2,281**
256	**3,733**	**167**	**139**	**136**	**166**	**3,125**

"Non-bank loans" at December 31, 2011, amounted to €533 million (including the portion falling due within 12 months equal to €138 million). They largely regard:

> loans for tax partnership arrangements in the amount of €302 million (€181 at December 31, 2010) for the Snyder, Smoky I and Smoky II projects (already under way) and Caney River, all in North America;
> loans granted within a project financing structure in North America in the amount of €68 million (€74 million at December 31, 2010);
> lease contracts amounting to €138 million entered into by five Italian subsidiaries of Enel Green Power SpA.

"Loans from related parties" reports the loan from Enel Finance International NV to Enel Green Power International BV amounting to €2,275 million (€618 million at December 31, 2010) and the financial debt of Enel Green Power France in respect of Enel Lease Sarl totaling €31 million (€35 million at December 31, 2010).

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	Nominal value
	at Dec. 31, 2010					**at Dec. 31, 2011**
Bonds	51	(15)	-	-	1	37
Bank loans	1,023	(404)	320	184	(7)	1,116
Non-bank loans	284	(39)	-	280	8	533
Loans from related parties	653	(4)	-	1,657	-	2,306
Total financial debt	**2,011**	**(462)**	**320**	**2,121**	**2**	**3,992**

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, 2010	**at Dec. 31, 2011**			
Euro	1,636	3,401	3,398	*4.33%*	*4.30%*
US dollar	307	541	541	*5.95%*	*5.84%*
Chilean peso/UF	38	34	34	*7.75%*	*7.75%*
Other currencies	19	16	16	*8.10%*	*6.80%*
Total non-euro currencies	364	591	591		
Total	**2,000**	**3,992**	**3,989**		

The following table provides a breakdown of the net financial position.

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Bank and post office deposits	349		199		150
Securities	51		92		(41)
Liquidity	**400**		**291**		**109**
Other short-term financial receivables	**102**	*19*	**115**		**(13)**
Short-term bank debt	(39)		(17)		(22)
Short-term portion of long-term bank debt	(100)		(261)		161
Bonds (short-term portion)	(18)		(16)		(2)
Other loans (short-term portion)	(138)		(27)		(111)
Commercial paper	-		(21)		21
Other short-term financial payables	(828)	*(822)*	(1,592)	*(1,466)*	764
Total short-term financial debt	**(1,123)**		**(1,934)**		**811**
Net short-term financial position	**(621)**		**(1,528)**		**907**
Debt to banks	(1,013)		(754)		(259)
Other loans and loans from related parties	(2,701)	*(2,306)*	(906)	*(650)*	(1,795)
Bonds	(19)		(36)		17
Net long-term financial position	**(3,733)**		**(1,696)**		**(2,037)**
Net financial position as per CONSOB communication	**(4,354)**		**(3,224)**		**(1,130)**
Long-term financial receivables and securities	279	*34*	132	*121*	147
NET FINANCIAL DEBT	**(4,075)**		**(3,092)**		**(983)**
Financial debt of "Net assets held for sale"	-		(284)		284

Loans issued within project financing structures – totaling €442 million at December 31, 2011 – 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 equity/debt 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.

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 - *€43 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 and residential electricity discounts (which have changed following the recent contractual agreement concerning employees in service).

Millions of euro

	at Dec. 31, 2011	at Dec. 31, 2010	Change
Post-employment and other employee benefits	25	26	(1)
Electricity discounts	3	8	(5)
Additional months' pay and indemnity in lieu of notice	5	5	-
Loyalty bonus	2	2	-
Asem supplementary health care plan	3	2	1
Other employee benefits	5	3	2
Total	**43**	**46**	**(3)**

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

Millions of euro	**2011**				2010			
	Pension benefits	Electricity discount	Other benefits	**Total**	Pension benefits	Electricity discount	Other benefits	**Total**
Changes in actuarial liability								
Actuarial liability at the beginning of the year	32	8	6	46	34	8	4	46
Service cost	1	-	-	1	1	-	-	1
Interest cost	2	-	-	2	1	-	1	2
Benefits paid	(4)	-	-	(4)	(4)	-	-	(4)
Curtailments/Settlements	-	(6)	-	(6)	-	-	-	-
Other changes	2	-	2	4	-	-	1	1
Actuarial (gains)/losses	(1)	1	-	-	-	-	-	-
Actuarial liability at the end of the year	**32**	**3**	**8**	**43**	**32**	**8**	**6**	**46**
Reconciliation of carrying amount								
Net actuarial liability	32	3	8	43	32	8	6	46
Carrying amount of liability	**32**	**3**	**8**	**43**	**32**	**8**	**6**	**46**

For Italy, the item "Pension benefits" regards estimated accruals made to cover benefits due under the supplementary pension schemes of retired executives, while for companies abroad it covers post-employment benefits.

The item "Electricity discount" comprises a number of benefits regarding residential electricity supply. Until last year the discount was granted to current and retired employees, but, following an agreement with the unions, has now been converted into other forms of remuneration for current employees and therefore remains in effect only for retired employees.

"Other benefits" comprise liabilities in respect of defined-benefit plans not included in the previous items.

The following table reports the impact of employee benefits on the income statement for the year ended December 31, 2011.

Millions of euro	2011				2010			
	Pension benefits	Electricity discount	Other benefits	**Total**	Pension benefits	Electricity discount	Other benefits	**Total**
Service cost	1	-	-	1	1	-	-	1
Interest cost	2	-	-	2	1	-	1	2
Amortization of actuarial (gains)/losses	-	-	-	-	-	-	-	-
Total	**3**	**-**	**-**	**3**	**2**	**-**	**1**	**3**

Employee benefit expenses recognized in 2011 amounted to €3 million, of which €2 million for net accretion costs recognized under financial expense.

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

	2011	2010
Discount rate	4.70%	4.30%
Rate of wage increases	2.00%	3.00%
Rate of increase in healthcare costs	3.00%	3.00%

31. Provisions for risks and charges - *€101 million (of which €2 million at short term)*

Millions of euro		Accruals	Utilization/ Reversals	Other changes and exchange rate effects		*of which current portion*
	at Dec. 31, 2010				**at Dec. 31, 2011**	
Provisions for litigation, risks and other charges:						
- litigation	25	2	(1)	(4)	22	-
- charges for generation plants	43	31	(6)	(4)	64	*1*
- taxes	28	-	-	(22)	6	-
- other	8	-	-	1	9	*1*
Total	**104**	**33**	**(7)**	**(29)**	**101**	***2***
Early retirement incentives	5	-	(2)	(3)	-	-
Total	**109**	**33**	**(9)**	**(32)**	**101**	***2***

The composition of the main components of provisions for risks and charges is as follows.

Litigation provision - *€22 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 - *€64 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 of €21 million in the item includes €18 million attributable to the updating of the estimate for the decommissioning and site restoration provision.

Provision for taxes - *€6 million*

The decrease of €22 million in the provision for taxes includes €20 million attributable to the reclassification under debt of a liability recognized in 2010 in respect of an acquisition carried out in the North America area.

32. Non-current financial liabilities - *€40 million*

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

Millions of euro	Notional amount		Fair value			
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*
Cash flow hedge derivatives	476	331	40		22	
Interest rates	476	311	40	*14*	22	*13*
Commodities	-	20	-		-	
Total	**476**	**331**	**40**		**22**	

The notional amount of cash flow hedge derivatives classified under "Non-current financial assets" was equal to €476 million at December 31, 2011. The related fair value was €40 million. The increase in the notional amount of interest rate derivatives at December 31, 2011 is essentially attributable to the reclassification of positions from "Non-current financial assets" to "Non-current financial liabilities" and new interest rate hedges established by 3SUN and Enel Green Power España.

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

33. Other non-current liabilities - *€123 million*

Millions of euro			
	at Dec. 31, 2011	at Dec. 31, 2010	Change
Liabilities for urbanization fees	18	26	(8)
Liabilities for purchase of equity investments	21	22	(1)
Deferred operating income	84	22	62
Total	**123**	**70**	**53**

"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 €8 million, and the equity interest in Renovables de Guatemala held by Simest (8.8%) in the amount of €13 million (€11 million at December 31, 2010). 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 amount is equal to the fair value and no gains or losses were recognized in the income statement.

The increase in "Deferred operating income" mainly regards the more specific allocation of a liability in the North America area, as discussed in the section on provisions (€20 million) and the estimate of the possible price adjustment (classified as an increase in the value of the items) to be paid in respect of the Smoky I, Smoky II and Caney River projects (€37 million).

Current liabilities

34. Short-term loans - *€867 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Other short-term financial payables	828	*822*	1,592	*1,466*	(764)
Other short-term amounts due to banks	33		14		19
Drawings on revolving credit lines	6		3		3
Commercial paper	-		21		(21)
Total	**867**		**1,630**		**(763)**

"Other short-term financial payables" mainly regards the balance on the short-term credit facilities between the Parent Company and Enel SpA and between Enel Green Power International BV and Enel Finance International NV. The decline with respect to the end of 2010 is primarily due to the repayment of the short-term credit facility granted by Enel SpA to Enel Green Power SpA through the use by the latter of the long-term credit lines opened with Enel Green Power International BV in the amount of €700 million in 2011.

"Other short-term amounts due to banks" increased by €19 million, largely owing to the construction of various wind projects in Greece.

"Commercial paper" at December 31, 2010 includes unguaranteed paper issued by the Enel Green Power España, agreed with Barclays and the Spanish banks Banco Popular and Montepio, which was redeemed in its entirety in 2011.

The carrying amount of those liabilities is considered to be reasonably representative of the fair value of the loans.

35. Trade payables - *€1,033 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Trade payables	1,032	*267*	864	*207*	168
Payables in respect of construction contracts	1		1		-
Total	**1,033**		**865**		**168**

"Trade payables" totaled €1,033 million. They comprise payables due to related parties in the amount of €267 million (€207 million at December 31, 2010) and increased by €168 million compared with the previous year, mainly due to the change in the scope of consolidation (€55 million), the increase in investment in Romania, Greece, Italy and North America (about €220 million), partially offset by the reduction in payables in the retail area (€160 million).

In view of the regularity of payments of trade payables, an analysis of their maturity structure is not considered material.

The nature of the contracts underlying trade payables with related parties is discussed in note 41.

36. Income tax payables - *€93 million*

The increase of €54 million in "Income tax payables" mainly regards the income tax liabilities of the Parent Company (€20 million) and Enel Green Power España (€34 million).

37. Other current liabilities - *€203 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Payables for sundry urbanization fees	23		27		(4)
Payables due to employees and social security institutions	26		24		2
Advances and accrued expenses	46	*1*	32	*2*	14
Other tax payables	29		14		15
Other	79	*23*	46	*22*	33
Total	**203**		**143**		**60**

"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.

"Advances and accrued expenses" rose by €14 million, essentially attributable to the development of projects in Brazil (€12 million).

The increase in the item "Other", equal to €33 million, mainly comprises the increase in liabilities in Spain (€14 million) and Italy (€13 million).

38. Current financial liabilities - *€123 million*

Millions of euro

	at Dec. 31, 2011	*of which with related parties*	at Dec. 31, 2010	*of which with related parties*	Change
Current accrued financial expense	105	*70*	60	*30*	45
Derivative contracts	18	*14*	9	*4*	9
Total	**123**		**69**		**54**

"Current accrued financial expense" mainly includes interest accrued on debt. It increased primarily as a result of the combined effect of the rise in interest on debt in respect of the Enel Group's finance company (€55 million) and the reduction of interest expense on the intercompany current account between Enel Green Power SpA and Enel SpA (€15 million).

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

Millions of euro	Notional amount		Fair value	
	at Dec. 31, 2011	at Dec. 31, 2010	**at Dec. 31, 2011**	at Dec. 31, 2010
Cash flow hedge derivatives	**364**	**142**	**14**	**3**
Commodities	350	29	14	-
Exchange rates	-	113	-	3
Interest rates	14	-	-	-
Trading derivatives	**43**	**120**	**4**	**6**
Exchange rates	43	11	4	-
Interest rates	-	109	-	6
Total	**407**	**262**	**18**	**9**

The notional amount of cash flow hedge derivatives classified under current financial liabilities was equal to €364 million at December 31, 2011. The related fair value was €14 million.

At December 31, 2011, there were no cash flow hedges of exchange rates.

Specifically, the notional amount of cash flow hedges on interest rates at December 31, 2011 came to €14 million. They increased as a result of the reclassification of Enel Green Power España positions from "Non-current financial liabilities" to "Current financial liabilities".

The notional amount of trading derivatives on exchange rates classified under current financial liabilities, which were used to minimize the impact of exchange rate volatility, came to €43 million at December 31, 2011. The related fair value was €4 million, and among other things includes the new derivatives of Enel Green Power Chile, with a notional amount of €36 million.

The €109 million in trading derivatives on interest rates at December 31, 2010 were associated with the Enel Unión Fenosa Group. They were closed out in advance in 2011.

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

Liabilities held for sale

39. Liabilities held for sale - *€0 million*

At December 31, 2010, the item comprised the part of the liabilities of EUFER (€328 million) that, under the agreement of July 30, 2010 with Gas Natural SDG SA (GN) for the division of the assets of EUFER, met the requirements of IFRS 5 for classification as liabilities held for sale. At December 31, 2011, that amount was eliminated following the finalization of the agreement with GN, as discussed in the section "Main changes in the scope of consolidation".

The item broke 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, 2011	at Dec. 31, 2010	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	528	343	185
Commitments to suppliers for:			
- various supplies	1,620	571	1,049
Total	**2,148**	**914**	**1,234**

The sureties issued on behalf of subsidiaries to secure their commitments are typically intended to guarantee: the seriousness of their participation in tenders called for the development of new projects, the payment of certain plant construction contracts, the connection of plants under construction or in service to the grid and performance of long-term electricity sale contracts.

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

Related parties are identified on the basis of the international accounting standards and the procedure governing transactions with related parties approved on December 1, 2010 by the Board of Directors of Enel Green Power SpA after having obtained the opinion of the Internal Control Committee on November 23, 2010.

The procedure (which can be found at http://www.enelgreenpower.com/it-IT/company/governance/related_parties/) sets out rules governing the approval and execution of transactions with related parties undertaken by Enel Green Power SpA either directly or indirectly through its subsidiaries. It is 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. The report on corporate governance describes the key features of that procedure.

Under the procedure, related parties of Enel Green Power SpA comprise:

a) parties that directly and/or indirectly through subsidiaries, trust companies or other intermediaries (which are in turn to be considered related parties):
   i) control Enel Green Power;

Millions of euro	Related parties						
	Enel SpA	Enel Servizi	Enel Produzione	Enel Trade	Enel Finance International NV	Enel Lease	Enel Factor
Balance sheet							
Trade receivables	2	1	152	19	-	-	-
Other current assets	3	-	-	-	-	-	-
Current financial assets	-	-	-	-	19	-	-
Trade payables	99	64	24	-	-	-	56
Other current liabilities	11	1	5	6	-	-	-
Current financial liabilities	15	-	-	11	55	-	-
Long-term loans	-	-	-	-	2,275	31	-
Short-term loans	444	-	-	-	376	2	-
Income statement							
Revenues from sales and services	-	-	1	538	-	-	-
Other revenues	-	-	8	-	-	-	-
Raw materials and consumables	-	-	-	-	-	-	-
Services	30	33	10	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-
Financial income	1	-	-	-	-	-	-
Financial expense	29	-	-	-	106	2	-

ii) are controlled by Enel Green Power;
iii) share the same controlling party with Enel Green Power;
iv) hold an equity interest in Enel Green Power sufficient to give them a significant influence over the latter;
v) jointly control Enel Green Power;

b) associated companies of Enel Green Power;
c) joint ventures in which Enel Green Power is a participant;
d) the directors and standing members of the Board of Auditors of Enel Green Power, as well as key management personnel of the companies of the Enel Green Power Group or the party that controls Enel Green Power;
e) members of the immediate families of the persons referred to in points (a) or (d);
f) entities subject to the control, including joint control, or the significant influence of one of the parties referred to in points (d) or (e), or in which the latter hold, directly or indirectly, a significant share, equal to at least 20%, of the voting rights;
g) any collective or individual supplementary pension funds established under Italian or foreign law benefiting the employees and managers of Enel Green Power or of any related party.

The Group entered into commercial and financial transactions with its related parties in the ordinary course of business on normal market terms and conditions.

More specifically, in 2011 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 Parent Company jointly renewed participation in the consolidated tax mechanism of Enel SpA (the controlling company) for the 2010-2012 period, consequently regulating all reciprocal obligations and responsibilities.

The following table summarizes the relationships between the Group and its related parties for 2011.

Related parties										
GSE	GME	Acquirente Unico	Terna	Enel Distribuzione	Enel Ingegneria e Innovazione	Endesa	Other	**OVERALL TOTAL**	Total balance-sheet item	% of total
64	2	-	1	7	-	-	12	**260**	529	49%
-	-	-	-	-	-	-	3	**6**	275	2%
-	-	-	-	-	-	-	-	**19**	163	12%
-	-	-	-	1	9	1	13	**267**	1,033	26%
-	-	-	-	-	-	-	1	**24**	203	12%
-	-	-	-	-	-	-	3	**84**	123	68%
-	-	-	-	-	-	-	-	**2,306**	3,733	62%
-	-	-	-	-	-	-	-	**822**	867	95%
85	469	-	11	46	-	-	26	**1,176**	2,253	52%
-	-	-	-	-	-	-	4	**12**	286	4%
-	3	-	7	1	-	-	23	**34**	431	8%
-	11	-	-	1	4	1	9	**99**	352	28%
-	-	-	1	-	-	-	-	**1**	68	1%
-	-	-	-	-	-	-	2	**3**	128	2%
-	-	-	-	-	-	1	1	**139**	291	48%

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 Green Power 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 Decree Law 44 of March 31, 2005 containing urgent measures concerning local authorities (added during ratification with Law 88 of May 31, 2005) stated that Article 4 of Royal Decree Law 652 of April 13, 1939 (governing the land registry) shall be interpreted with regard to power plants alone in the sense that the buildings and permanent constructions consist of the land and those parts that are structurally attached to it, even temporarily, which may be joined by any means of connection with movable parts for the purpose of creating a single complex asset.
The Regional Tax Commission of Emilia Romagna, in Ordinance 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 decree law, finding it material and not manifestly unfounded.

On May 20, 2008, the Constitutional Court, in judgment no. 162/08, ruled that the issues raised by the RTC of Emilia Romagna had no foundation and, therefore, confirmed the legitimacy of the new interpretation, whose primary effects on the Group are as follows:

> the inclusion of the value of the "turbines" in the land registry valuation of the plants;

> the power for local Land Registry Offices to modify, without a time limit, the imputed property incomes proposed by Enel.

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

We also note that to date no valuation criterion has been introduced for the movable assets considered relevant for the determination of land registry values 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's 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. The arbitration board then ruled on the dispute, issuing its decision on July 5, 2011. The ruling recognizes Enel Green Power's right to finance the investments of LaGeo, capitalizing the amounts paid. As a result, the arbitration board ordered INE to ensure that within 30 days of the notification of the decision Enel Green Power is able to participate in a capital increase of the company, subscribing about 9 million shares with a value of about $127 million. Following the decision, Enel Green Power should hold 53% of the company.
The arbitration board also ordered INE to allow LaGeo to

distribute profits earned in 2008 and 2009 and dismissed in its entirety the claim for damages lodged against Enel Green Power.
Inversiones Energéticas SA de Cv appealed the ruling before the International Chamber of Commerce in Paris and a decision could be issued in 2012.

Dispute between Energía XXI Energías Renováveis e Consultoria Limitada and Enel Green Power España

There are two pending disputes initiated by the Portuguese company Energía XXI Energías Renováveis e Consultoria Limitada against 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 Enel Green Power España 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 Enel Green Power España 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 €0.6 million). Enel Green Power España requested that the ruling be voided and the proceeding is pending.
In a subsequent complaint against Enel Green Power España 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 €546 million. Enel Green Power España 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 license for the Valdesamario wind farm. On June 25, 2010, EUFER appealed that order and the proceeding is still pending.

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 $32.34 million. The company appealed the assessment at the first administrative level, obtaining a reduction of the assessment to about $14 million. The proceeding is currently pending while awaiting the ruling of the second-level administrative authorities, which can in turn be appealed before the courts. The risk of an unfavorable ruling has been assessed by the company and its tax advisors as "possible". Enel Power do Brasil Ltda has, in line with the practice envisaged in the applicable accounting standards, not recognized a provision for such risk. Any unfavorable ruling could have an adverse impact on the performance and financial position of the company.

Arbitration proceeding between Geotérmica del Norte and Perforadora Santa Bárbara

With a summons notified on May 27, 2010, Geotérmica del Norte was called before an arbitration tribunal at the Chamber of Conciliation and Arbitration of Santiago de Chile by Perforadora Santa Bárbara. More specifically, Perforadora Santa Bárbara asked for damages (totaling about $14.8 million) as a result of the alleged termination of a contract with Geotérmica del Norte regarding the supply by Perforadora Santa Bárbara 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 Geotérmica del Norte.

On July 9, 2010, Geotérmica del Norte filed its defense and counterclaim, arguing that (i) the claim of Perforadora Santa Bárbara 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, Geotérmica del Norte also requested that Perforadora Santa Bárbara pay damages in the amount of $4.7 million as a consequence of Perforadora Santa Bárbara's delays carrying out the drilling. On August 4, 2010, Perforadora Santa Bárbara filed its response, to which Geotérmica del Norte replied on August 27.

On December 12, 2011, the arbitration tribunal issued its ruling, which rejected most of the claims of Perforadora Santa Bárbara. Consequently the damages were quantified in the amount of $2.8 million plus interest.

43. Subsequent events

New 99 MW wind farm in Chile

On January 5, 2012, under an agreement between the Ministry of National Assets and the Ministry of Energy to promote energy diversification in Chile, Enel Green Power, acting through its subsidiary Enel Chile, took part in the tender for the concession of public lands for the development of a wind farm. Enel Green Power obtained a concession of approximately 2,600 hectares located in the Taltal district, in the region of Antofagasta, 1,550 km north of Santiago.

The new wind farm to be built by Enel Green Power – subject to the favorable outcome of both feasibility studies and the environmental impact assessment – envisages 33 wind turbines with a total installed capacity of 99 MW. The Taltal wind farm will be able to generate 329 million kWh per year of clean energy thus avoiding the emission into the atmosphere of 217,000 metric tons of CO_2 per year. This energy production will meet the consumption needs of some 170,000 Chilean households.

The Taltal wind farm, once up and running, will deliver its energy to the SIC - Central Grid transmission system through the Paposo substation, about 60 km from the plant.

Corporate governance

Report on corporate governance and ownership structure

Section I: governance and ownership structures

Introduction

This report (the "Report") illustrates the Enel Green Power SpA ("Enel Green Power" or "the Company") corporate governance system during the year 2011. The system, adopted by the Company from the beginning of the trading of its shares on the Electronic Stock Exchange organized and managed by Borsa Italiana SpA (the "MTA"), is organized into a series of standards, rules and procedures that are in line with the standards contained in the Self-Discipline Code of the listed companies promoted by Borsa Italiana, published in March 2006, as subsequently amended in March 2010 and available on the Borsa Italiana website at the address http://www.borsaitaliana.it/regolamenti/corporategovernance/corporategovernance.htm (the "Self-Discipline Code") which the Company adhered to on June 11, 2010, as well as the recommendations made in this regard by the CONSOB and, more generally, international best practice.
Such corporate governance system is mainly oriented towards the goal of creating value for the shareholders, in a medium-long term timeframe, 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 when being carried out.
The Company shall comply with the principles and the recommendations contained in the new version of the Self-Discipline Code, published by Borsa Italiana in December 2011 (the "Self-Discipline Code 2011"), at the terms and conditions indicated therein, and shall inform the public thereof through the report on corporate governance and ownership structure which shall be published in 2013.

Ownership structure

Share capital structure

The capital stock 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, 2011 (and still as of the date of the present report), 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 reports made to the CONSOB and the information available to the Company, as of the date of the present report no shareholder – with the exception of Enel SpA, which owns 68.29% of the share capital – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any Shareholders' agreements pursuant to Article 122 of the Consolidated Financial Act regarding Enel Green Power's shares exist. It should be noted that at the end of the financial year 2011, Enel SpA was in possession of shareholding equal to 69.17% of Enel Green Power's share capital, that has then decreased during January 2012, by effect of the free stock allotment of the Company's share in favour of those subjects entitled in accordance with the provisions contained in the informative prospectus published within the public offering and the admission of the Company's shares to the listing on the MTA and on the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao, Valencia), as well as on the SIBE system. 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") do 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 Consolidated Financial Act, provides for a specific discipline regarding the proxies relating 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 27 January, 2010 ("D. Lgs. 27/2010"). In such respect, a specific discipline is provided for the solicitation of voting proxies, which are defined as the request for voting proxies addressed to more than two-hundred shareholders, on specific voting proposal, or accompanied by recommendations, declarations and other indication suitable for the purpose of influencing the vote.

The Consolidated 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 Consolidated Financial Act continues to expect 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 such 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 the date of the present report, 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 the date of the present report neither 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. were given to the Board of Directors.

Change-of-control clauses and bylaws provisions regarding takeover bids

A) The 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 will be in force for 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) The EIB Loan resulting from the demerger 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 demerger 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 line of credit of an overall amount – as of December 31, 2011 – of €2 billion. The agreement will be in force up to December 31, 2012, 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 line of credit in case of a change of control of the Company.

D) Loan facility agreement of Enel Green Power International BV

On July 13, 2010, Enel Green Power International BV ("EGPI BV") entered into an agreement with Enel Finance International NV for a long-term multicurrency and multi-rate line of credit for a 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 facility agreement of Enel Green Power International BV

On July 1, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a short-term multicurrency and multi-rate line of credit for a value of €1.2 billion, with expiration on December 31, 2011, renewable upon request of EGPI BV.
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.

F) Agreement with EKF for the financing of eolic projects in Romania

On October 19, 2011, Enel Green Power, through its subsidiary company EGPI BV, entered into a financing agreement with duration of 12 years for an amount of €112 million, guaranteed by Enel Green Power itself, with the Export Credit Agency of the Danish government ("EKF") and Citigroup, the latter in the quality of "agent" and "arranger".
The agreement provides that, in the event of loss of control of Enel SpA over Enel Green Power or EGPI BV or in case of loss of control of the Ministry of Economy and Finance over Enel SpA, EGPI BV shall immediately reimburse the amounts drawn under the agreement (after the termi-

nation of the consultations with EKF that, in any case, shall not last longer than 45 days).
With regard to the statutory regulations concerning takeover bids, it is specified that the bylaws of Enel Green Power does not contain any derogations to the passivity rule set forth under Article 104, par. 1 and 2, of the Consolidated Financial Act and does not provide for the application of the neutralization rules set forth under Article 104-*bis*, paragraphs 2 and 3, of the Consolidated Financial Act.

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 that regulate 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 assign to the authority of the Board of Directors the resolutions concerning:

> mergers and demergers 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;
> the transfer of 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 a 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 from the termination of the 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 his fixed and variable remuneration (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 relationship as a Director – personally and directly, anywhere in the European Union, in any business activities out of the Enel's 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 favour of former Directors, 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.
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 first section of the Report on the remuneration of the Company, approved by the Board of Directors, upon proposal

of the Compensation Committee on April 2, 2012 and published pursuant to Article 123-*ter* of the Consolidated Financial Act, available at the Company's registered office and on the Company's website (www.enelgreenpower.com) and on Borsa Italiana's website.

Corporate Organization

According to Italian laws concerning listed companies, the corporate organisation is characterized by the following elements:

> a Board of Directors appointed to manage the Company;

> a Board of Statutory Auditors entrusted to supervise (i) the observance of the law and the bylaws, and also the observance of the standards of correct administration when carrying out corporate activities; (ii) the adequacy of the organizational structure, the internal auditing system and the Company's administrative-accounting system, as well as its reliability in correctly representing the Company's transaction; (iii) the financial information process, the effectiveness of the internal control, internal auditing, if applicable, and risk management systems, the legal annual accounts and consolidated accounts audit and the independence of the auditing company; (iv) the actual implementation methods for the corporate governance regulations, provided by the Self-Discipline Code; (v) the adequacy of the instructions given by the Company to its subsidiaries pursuant to the regulations in the matter of communications to the public;

> a Shareholders' Meeting, which is competent to resolve – in ordinary or extraordinary sessions – 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) amendment to the bylaws; (vi) the issuance of convertible bonds.

Upon proposal of the Board of Statutory Auditors the mandate for the audit of the accounts has been assigned to a duly registered auditing company, pursuant to the applicable laws.

Section II: implementation of the recommendations provided for by the Self-Discipline Code and further information

Board of Directors

Role and functions

The Board of Directors plays a central role in the Company's governance structure. In consideration of its role, the Board of Directors meets regularly and works so as to ensure the effective performance of its duties.

In particular, and in accordance with the provisions of the law and specific resolutions of its own (and in particular the latest one, adopted on October 5, 2010):

> defines the corporate governance system of the Company and the 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 the 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's 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's 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, it 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's Group top management, and decides on the adoption of incentive plans for management in general;
> assesses the suitability of the administrative, organizational and accounting set-up of the Company and the 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, it assesses the general management trends of the Company and of the Enel Green Power's Group, with particular regard to conflicts of interest situations, and regularly checks that planned results have been achieved;
> appoints the General Manager and confers relevant powers;
> approves and amends the Company's and Enel Green Power Group's general organizational set-up;
> defines the Group's corporate structure, checking its suitability;
> examines and approves the Company and Enel Green Power's 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 on 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 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. Particularly, 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;

> the drawing of 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;
> the approval of proposals on exercising voting rights during 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 is composed of 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 honourableness provided for the statutory auditors of listed companies.

In implementing the Consolidated Financial Act, the bylaws also foresee 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.

Furthermore – pursuant to the amendments of the Consolidated Financial Act introduced in July 2011, aiming at ensuring the balance between genders in managing and supervisory boards of companies with listed shares, and to the relevant implementing measures adopted by CONSOB through regulation, and in compliance with the bylaws amendments that, accordingly, shall be submitted to the approval of the Shareholders' Meeting called for the approval of the 2011 Company's financial statements – on the occasion of the next three renewals of the Board of Directors following to August 12, 2012, those slates which contain a number of candidates equal to or above three shall also include candidates belonging to different genders, as indicated in the notice of the meeting. With regard to the modalities of appointment of the Board of Directors, the said bylaws amendments shall introduce in the Company's bylaws a correction mechanism within the slates ("sliding clause") to be used in the event that, following the vote, the balance between genders, as provided for by the applicable laws, is not fulfilled.

The slates, 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 by those who present them 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; such slates are 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 said 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 Self-Discipline Code – is to be deposited at the Company's registered office, and is timely 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. as of the date of the present report, 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 the applicable regulations (i.e. the majority of the Directors, in consideration of the *status* of Enel Green Power as listed company subject to direction and coordination of another listed company) is however guaranteed;
> the compliance with the applicable laws on balance between genders (accordingly to the aforesaid bylaws amendments that shall be submitted to the Company's Shareholders' Meeting called for the approval of the 2011 financial statements); and
> the principle of a proportional representation of minorities in the Board of Directors.

The 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 retiring 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 and, in any case, ensuring the compliance with the applicable laws on balance between genders (accordingly to the aforesaid bylaws amendments that shall be submitted to the Company's Shareholders' Meeting called for the approval of the 2011 financial statements);
> if the majority of the Directors appointed by 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 the appointments, 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 Self-Discipline Code.

With regard to the adoption of a succession plan for the only Executive Director of the Company, it is specified that the Board of Directors has not evaluated the opportunity of its adoption yet, since the Board itself has been appointed only during the month of April 2011.

In consideration of the above, it is specified that, at the date of the Report, the Company has not adopted a specific plan for the succession of the Chief Executive Officer.

Please note that the bylaws do not contain any disposition different from those provided by the applicable laws with regard to bylaws amendments.

It is also specified that the Board of Directors, in compliance with the provision contained in Article 2365 of the Civil Code, is empowered by the bylaws to resolve upon the harmonization of the bylaws with the applicable laws.

Following the resolution adopted by the Ordinary Shareholders' Meeting of the Company on April 27, 2011, the Board of Directors in office is composed of ten members.

In particular, on October 5, 2010, before the admission of the Company's shares to the listing on the MTA and on the Spanish Stock Exchanges, the Ordinary Shareholders' Meeting resolved upon the appointment of a Board of Directors made of seven members, in office for three financial years, and thus until the approval of the financial statements of the Company of the financial year 2012. At the same meeting the following Directors have been appointed: Luigi Ferraris, Francesco Starace, Carlo Angelici, Andrea Brentan, Giovanni Battista Lombardo, Carlo Tamburi and Luciana Tarozzi. The appointment of such Directors has been carried out without recurring to the "slate-voting" mechanism mentioned above. Subsequently, in compliance with the obligations undertaken during the listing, the Company and the controlling company Enel SpA, each one within its specific competence, determined the integration of the Board of Directors with three new Independent Directors designated by the shares minorities by the first Shareholders' Meeting held after the listing of the Company.

Therefore, on April 27, 2011, the Ordinary Shareholders' Meeting resolved to raise the number of members of the Board of Directors from seven to ten and appointed three new members, resulting from the vote expressed by the shares minorities, who will terminate the mandate together with the other Directors already in office. During this Shareholders' Meeting, the following Directors have been appointed: Luca Anderlini, Giovanni Pietro Malagnino and Daniele Umberto Santosuosso. The appointment of such Directors has been carried out without recurring to the "slate-voting" mechanism as described above, because such mechanism, pursuant to Article 13.3, letter d), of the bylaws, applies only in case of renewal of the entire Board of Directors.

A brief summary of the professional profile of the members of the Board of Directors, together with the provenance of the candidatures of the Directors appointed by the Shareholders' Meeting, held on April 27, 2011. Such candidatures have been presented by a group of 5 institutional investors and by the ENPAM foundation.

Luigi Ferraris, Chairman – Born in Legnano (Milan) in 1962, married with two sons. Graduated in Economics and Business Studies, he joined Enel in 1999 as Chief Financial Officer of Eurogen, Elettrogen and Interpower, generating companies which are designated for the sale within the process of Italian electric market liberalization. Subsequently he held the office of Responsible of Planning, Control, Administration and Service of the departments "Infrastructures and Networks" and "Market", Group Controller and Director of the Administration, Planning and Control office of Enel SpA. Currently he is the Chief Financial Officer of Enel SpA. Luigi Ferraris started his professional career at Price Waterhouse in 1988.

Then, he held several management roles in the Administration and Control area in primary industrial companies such as Agusta, Piaggio VE and Sasib Beverage.
Between 1996 and 1999 he was the Europe Area Controller of Elsag Bailey Process Automation, a company belonging to the Finmeccanica Group and listed on NYSE. Currently, he is also Director of Endesa SA, Enel Distribuzione SpA, Enel Produzione SpA and Enel Investment Holding BV and Chairman of the Board of Directors of Enel Green Power SpA, Enel Servizi Srl and Enel.Factor SpA. Previously he was Director of WIND, Weather Investments, Aviso Energia SpA, Enel Viesgo Generación SL, Electra de Viesgo Distribución SL, Enel Energia SpA, Enel Energy Europe Srl, Enel Rete Gas SpA, Enel.si Srl, Enel Trade SpA, Deval SpA, CISE, Enel Capital Srl, Sfera, OGK-5, Enel Ingegneria e Innovazione SpA and member of the Supervisory board of Slovenské elektrárne As. Among other activities, he is professor at the Department of Economics at the LUISS University, tenured of the courses "Corporate Strategies" and "Planning and Control".

Francesco Starace, Chief Executive Officer and General Manager – Born in Rome in 1955. He graduated in Nuclear Engineering at the 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 company Sae Sadelmi, which is part of the General Electric group. From 1987 to 2000 he worked for ABB and then Alstom Powers Corporation, where he was also Chief Executive Officer 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 joined the Enel Group in 2000 as manager of Energy Management at Enel Produzione. He was the Market Division Director from 2005 to 2008. He is currently Chief Executive Officer of the listed company Enel Green Power SpA, which, within the Enel Group, is at the head of all the activities concerning renewable energy all over the world.

Luca Anderlini, Director (candidature presented by institutional investors) – Graduated in Economic-oriented Statistics and Demographic Sciences at "La Sapienza" University of Rome, he obtained the Ph.D and a Master degree in Economics at the Faculty of Economics and Politics of the Cambridge University. Since 2001 he is tenured professor of Economics at the Georgetown University. From 1999 to 2001 he was tenured professor of Economics at the Southampton University and from 1990 to 1999 he was associate professor of Economics at the Faculty of Economics and Politics of the Cambridge University. From 1986 to 1999 he was associate professor of Economics at the Cambridge University, St. John's College, from 1986 to 1988 researcher at the Cambridge University, Department of Applied Economics. Since 2009 he is the Director of the Ph.D. program in Economics at the Georgetown University. From 1988 to 1989 he was member of the "College Council" of the St. John's College, Cambridge. Furthermore, he held several academic positions, in particular at the Einaudi Institute for Economics and Finance, the International University College, the Carlo Alberto College, the LUISS Guido Carli University, the London School of Economics, the Georgetown University, the University of Pennsylvania, the Yale University and also the Harvard University. He is author of numerous scientific publications and took part in several international research projects. In the three-year period 2008-2010 he was independent director of Saipem SpA.

Carlo Angelici, Director – Born in Rome in 1945. He graduated in law at "La Sapienza" University of Rome in the academic year 1966/67. Since 1974 he has covered several teaching roles (banking law, bankruptcy law, industrial law, commercial law and insurance law) in several Italian Universities. He is full professor in commercial law since 1983. He is currently the tenured Professor of commercial law at the Faculty of Law at "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 of "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 legal advisor of the Treasury Ministry during the 1999-2000 period. He was appointed as member of the Board of Directors of Enel SpA from 1999 to 2002, as secretary of the Board of Directors at Alitalia SpA during the 2001-2003 period, as Director of Telecom Italia Mobile SpA from 2004 to 2005, of Stretto di Messina SpA from 2005 to 2008 and of SACE BT from 2007 to 2010, as well as member of the Board of Directors of Pirelli & Co. SpA from 2004 to 2010.

Andrea Brentan, Director – Born in Tangiers (Morocco) in 1949. He graduated in Mechanics Engineering at the Milan Polytechnic and obtained a Master Degree in Applied Science at the New York University.
He was Financial Director, General Manager and Chief Executive Officer of Sae Sadelmi, a Milan company belonging to the ABB Group (1991-1999) and head of the international business sector of ALSTOM conventional power stations (2000-2002). He joined Enel Group in November 2002 as head of the Department of International Activities and Business Development in the Energy Management and Generation Division, and then head of the Iberia & Latin America Division. Currently he is Chief Executive Officer of Endesa SA and Enel Energy Europe Srl. Furthermore he is Director of Enel Investment Holding BV and Enel Green Power SpA, as well as deputy-chairman of Enersis SA.

Giovanni Battista Lombardo, Director – Born in Rome in 1946, he graduated in law at the University of Trieste. He has been 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* General Manager, Dr. Monacchi, working on the drafting 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 General Manager (1983-1985). He was also 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 transactions finalized to privatise the subsidiary companies (1985-1998). He was Enel Tax Manager since the beginning of the phase of the transformation into a company of the holding company Enel SpA and the subsequent listing on the stock market of its shares (1998-2003). Over the years, he has been Director of the boards of important stock companies, like Finmeccanica (listed company), Cementir (listed company), Finmare, Lloyd Triestino di Navigazione, Terni Acciai Speciali, Sogei. Several times he was lecturer at the Central Tax School "E. Vanoni". He has been member of Confindustria and Assonime tax committees.

Giovanni Pietro Malagnino, Director (candidature presented by ENPAM Foundation) – He graduated in Medicine and Surgery in 1978 at the University of Perugia and specialized in odontostomatology in 1980 at "La Sapienza" University of Rome. Since 1980 he works as a dentist, specialized in endodontics. Since 1983 he is active member of the Italian Endodontic Association and since 1985 of the American Association of Endodontics. He is also honorary member of the Société Francaise d'Endodontie since 1987. He was member of the managing department of SIE (1984-1986), member of the managing board of the National Association of Italian Dentists (1986-1988), and general secretary (1989-1991) and national manager (1992-1995) of ANDI. He also held the role of deputy-chairman of the Coordination Committee of Scientific Dental Societies (1996-2000) and he was member of the Central Committee of the National Federation of Doctors' and Dentists' Associations (1998-2000). Since 1997 he is member of the expert Commission for the sector studies at SOSE and since 2002 he is the coordinator of the medical professions in the commission of experts of SOSE. Since 2000 he is deputy-chairman of the National Authority of Welfare and Assistance for doctors and dentists and since 2010 he is the substitute deputy-chairman of the Private Welfare Funds Association (ADEPP).

Daniele Umberto Santosuosso, Director (candidature presented by institutional investors) – He graduated in law at "La Sapienza" University of Rome in the academic year 1986/87. From 1993 to 1998 he was University researcher at the University of Perugia and in 1998 he became associate professor of commercial law at "La Sapienza" University. Since 2000 he is full professor of commercial law at "La Sapienza" University of Rome, Faculty of Economics, where he teaches commercial law and international commercial law. He is also coordinator of the postgraduate Master program in International Commercial Law and member of the board of professors of a Ph.D in commercial law, organised by several associated universities. He carried out several activities as visiting scholar and professor at various foreign universities including the London School of Economics, the Heidelberg University and the School of Law of UC, Berkeley. He is author of volumes and essays and papers in national and international conferences, and member and collaborator of scientific journals. He is founder and Director of the Journal "Rivista di Diritto Societario". He collaborates with the daily newspaper "Sole 24 Ore". He is member and consultant of associations, also of specific categories and study centres, research and educational training in national and international contexts. He is member of the Corporate Studies Commission for the National Notary Board; of the Corporate and commercial law Commission of the Bar Association of Rome, for which he coordinates "Seminars of corporate law"; of the Notary School "Anselmo Anselmi" of Rome, where he teaches "extraordinary corporate transactions"; of the regional institute A.C. Jemolo, for the training of professional mediators. From 1999 to 2002 member of the Board of Directors of the Interfaculty Organization Unit of "La Sapienza" University of Rome, and currently member of the Scientific Committee of "La Sapienza" University of Rome, so called Spin-off Committee, in charge of the establishment of limited liability companies with the purpose of entrepreneurial utilization, in innovative contexts, of the results of university researches and the development of new products and services. Consultant from 1995 to 1996 of the Ministry of Post and Telecommunication. Effective member of the I and II Governative Commission "Vietti" (2001-2004); of the study group of the permanent ministerial committee for the reform of Microcredit and Microfinance (from 2005). Appointed by CONSOB, member of the working table for the "Regulation of the discipline concerning related parties" (2010), and for the "Simplification of regulation of financial market" (2011). He was Independent Director, Chairman of the Internal Control Committee and of the Compensation Committee of the listed company Kinexia SpA. With his law firm, he carries out his professional activity in commercial, contracts and arbitration law.

Carlo Tamburi, Director – Born in Rome in 1959. He graduated in Statistics at "La Sapienza" University of Rome in 1982. He has held several positions in the last 30 years at Citibank NA, IRI and the Ministry of Economics and Finance. He was Chairman of Tirrenia di Navigazione SpA and a member of the Boards of several Italian companies, including Finmeccanica, Enel, Wind and Alitalia. He joined the Enel Group on operative level in 2002, and is currently in charge as Manager of the International Division.

Luciana Tarozzi, Director – She worked in Enel's administration department in several 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 1994-1996; 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. During the 2000-2005 period, she was a member of the Board of Directors (without powers of attorney) in a number of companies belonging to the Enel Group.

The Directors are aware of their duties and responsibilities concerning the positions held by them, 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 roles even more efficiently.
The Directors carry out their duties autonomously and in 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/General Manager is also decided by the Board of Directors, upon proposal of the Compensation Committee and consultation with the Board of Statutory Auditors.
For a detailed description of the structure and limits of such compensations here above related to the financial year 2011, please make reference to the second section of the report on remuneration approved by the Board of Directors on April 2, 2012, upon proposal of the Compensation Committee, which is available at the Company's registered office, on the Company's website and on Borsa Italiana's website.

Limits to the number of offices held by the Directors

The Directors accept the office and maintain it when they deem that they can devote the necessary time to the diligent performance 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 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 Self-Discipline Code, 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;
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 Self-Discipline Code, 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 the same mother company as Enel Green Power.
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 2012, 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 Meetings and the Chairman's role

During 2011 financial year, the Board of Directors held 14 meetings, lasting on average about 1 hour and 55 minutes each, with the regular participation of the various Directors and the presence of the Board of Statutory Auditors. As far as 2012 is concerned, 15 Board meetings have been scheduled, 3 of which have already been held.
The activities of the Board of Directors are coordinated by the Chairman, which has a proactive and supervisory role on the functioning of the Board. In particular, the chairman convenes the Board 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 functioning of the Board of Directors and its Committees

During January and February 2012 the Board of Directors, with the assistance of a company qualified in the specific sector, which does not have any other professional or business relationship with Enel Green Power or with the other companies of the Group has performed an evaluation of the size, the composition and the functioning of the board itself and of its internal Committees (so called board review), in accordance with the most advanced Italian and foreign corporate governance practices, implemented by the Self-Discipline Code.
Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis was intended to represent an overview of the activities of the Board of Directors during the first months of its mandate, and, as usual, it focused on the most significant issues regarding the Board of Directors, such as: (i) the structure, composition, role, and responsibilities of such body; (ii) the conduct of Board meetings, the related flows of information and the

decision-making processes adopted; (iii) the composition and functioning of the committees instituted within the Board; (iv) the evaluation of the adequacy of the organizational structures that support the works of the board of directors and of its committees. Among the strengths that emerged from the 2011 board review there are, above all, a cooperative climate and a positive working atmosphere within the board; the composition and the size of the Board of Directors are considered to be appropriate in consideration of the Company's needs; as well as the frequency and duration of the meetings; the information flows on which the board's decision-making process is based, that the directors consider to be complete, effective and usually timely. The contributes and the analysis on the most significant issues which have been provided by the top management during the Board's meetings are considered to be of a high quality. With regard to the Committees set up within the board, it has been expressed a large consensus on the adequacy of their composition, their role and the effectiveness of the activities carried out. The overall picture here above indicates satisfaction and appreciation of the Board of Directors and points out that, although the current composition has been existing only since April 2011, it is still improving and optimizing its actions.
Among the areas of improvement pointed out by some directors, it has been suggested the opportunity to ensure a more timely delivery of the documents submitted to the board's attention and of the drafting of the minutes of the Board of Directors; and the opportunity, for some of the members of the Board of Directors, to achieve a better expertise on the renewable energy business, also through specific initiatives, as well as to deepen some issues concerning risks and corporate strategies as well as the structure and the Company's financial needs.

Executive and non-executive directors

The Board of Directors comprises executive and non-executive directors.
In accordance with the contents of the Self-Discipline Code, 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 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 holding 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 lastly in January 2012, 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 8 Directors currently in charge (Luca Anderlini, Carlo Angelici, Andrea Brentan, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Carlo Tamburi, Daniele Umberto Santosuosso and Luciana Tarozzi), are qualified as non-executive directors.
The number, competence, authority and availability of time of the non-executive directors therefore guarantee that their judgement 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 the appointment of each director (October 2010 and May 2011), and most recently in January 2012, the Board of Directors attested the existence of the requisites of independence considered in the Self-Discipline Code concerning the Directors Luca Anderlini, Carlo Angelici, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Daniele Umberto Santosuosso 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 judgement, 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 each Director 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 Self-Discipline Code, 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, May 2011 and most recently January 2012, the Board of Directors also verified for the six above-mentioned directors – i.e. Luca Anderlini, Carlo Angelici, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Daniele Umberto Santosuosso and Luciana Tarozzi – the requisites of independence foreseen by law (in particular by the Consolidated Financial Act) for the statutory auditors of listed companies (such requisites are indicated in Table 1, attached hereto).

During the months of December 2010, May 2011 and, most recently, February 2012, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Self-Discipline Code, 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.

The independent directors have met, without the presence of the other directors, in December 2011; on that occasion they evaluated the functioning of the Board of Directors, the powers granted to the Chief Executive Officer, the organization structure, and the usefulness of the formative meetings organized by the Company.

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 Self-Discipline Code for the appointment of the Lead Independent Director.

While independence of judgement characterises all Directors' activities, both executive and non-executive, it is specified that the Company, as issuing company subject to direction and coordination of another listed company, has a Board of Directors mainly made up of Directors who may be qualified as independent according to the above meaning, in compliance with the applicable laws. The role of such Directors is important in the Board of Directors as well as in the committees.

Committees

In June 2010, the Board of Directors, in order to guarantee efficient carrying out of its functions, has set up a Compensation Committee and an Internal Control Committee. These committees have a consulting and constructive role, appointed to handle delicate matters which may be a source of possible conflicts of interest. The Internal Control Committee, as specified in the paragraph below, acts also as Committee for the transactions with related parties. According to the applicable laws, such committees are exclusively made up of independent directors appointed by the Board of Directors, which also appoints a chairman and determines the tasks of the committees themselves with a specific resolution.

In June 2010, the Board of Directors approved specific organisational regulations that govern the composition, the tasks and function modalities of each committee. Subsequently, in December 2011, the Board of Directors approved some amendments to the Regulation of the Compensation Committee, in order to conform it to the amendments of Article 7 of the Self-Discipline Code introduced in March 2010.

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. On this regard it should be noted that, in the event that the Compensation Committee decides to have recourse to external consultants in order to obtain information on the market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may actually jeopardize his judgment independence.

Each committee appoints a secretary, who can also be not a member of the committee, who has the task of drawing up the minutes of the meetings.

The meetings of each committee may be attended by the chairman of the Board of Statutory Auditors, or another designated auditor, and by other members of the Board of Directors or representatives of the Company's functions or third parties whose presence may support the better performance of the committee's duties, who have been expressively invited by the respective chairman. The meetings of the Compensation Committee are normally attended also by the head of the "Human Resources and Organization" function, and the meetings of the Internal Control Committee are also attended by the person in charge of the internal control

Compensation Committee

According to the amendments of the Regulation of the Compensation Committee, introduced in December 2011, such committee carries out the following proactive and advisory tasks:

> to present proposals to the Board of Directors concerning the general remuneration policy of the executive Directors, the other Directors with specific offices and the Executives with strategic responsibilities, periodically evaluating the adequacy, the global consistency and the concrete application of the adopted policy and making use of the information provided by the Chief Executive Officer in relation to the implementation of such policy with regard to the executives with strategic responsibilities;

> to submit proposals to the Board of Directors concerning the remuneration of the executive directors and the other directors with special offices, as well as the fixing of the performance objectives connected to the variable part of such remuneration, monitoring the application of the Board's decisions and verifying, in particular, the concrete achievement of the performance objectives;

> to previously examine the annual report on remuneration that shall be made available to the public prior to the annual Shareholders' Meeting called for the approval of the financial reports.

As part of its duties, the Compensation 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.

The Compensation Committee is currently composed of the independent directors Carlo Angelici (acting as chairman), Daniele Umberto Santosuosso and Luca Anderlini, appointed by the Board of Directors on May 10, 2011. The director Luca Anderlini has an adequate professional expertise and experience in the financial discipline, as verified by the Board of Directors at the appointment. Previously, the Committee was composed of the directors Carlo Angelici (as chairman), Giovanni Battista Lombardo and Luciana Tarozzi.

During 2011 the Compensation Committee held six meetings, two of which in its composition prior to the date of May 10, 2011 and four in the current composition; the meetings had an average duration of two hours and has been characterized by the regular attendance of its members, as well as of the Chairman of the Board of Statutory Auditors and recurred to external consultants, at Company's expenses.

During 2011, the Compensation Committee – apart from elaborating the contents of the long-term incentive plans – defined the operative aspects of the variable part of the remuneration of the Chief Executive Officer, in particular identifying the objectives to be assigned to him and verifying the achievement of the objectives regarding the previous financial year. During 2011, the Compensation Committee started to elaborate the guidelines of the remuneration policy of the directors and of the executives with strategic responsibilities, then set forth in detail during the first months of 2012, in order to permit to the Board of Directors to resolve upon the approval of such policy on April 2, 2012.

Internal Control Committee

The Internal Control Committee has the task of assisting the Board of Directors, with investigative functions, of proactive and advisory nature, for the assessment and decision-taking for the internal control system, the approval of financial statements and the half-year report and relations between the Company and the external auditor.

In particular, the Internal Control Committee has the following consultative and proposing tasks:

> assisting the Board of Directors in carrying out the latter's tasks concerning internal control as required by the Self-Discipline Code;

> evaluating, together with the executive manager in charge of drawing up corporate accounting documents and with external auditors, the correct use of ac-

counting principles and homogeneity of the latter for the drawing up of the consolidated financial reports;
> on request from the executive director appointed for said purpose, expressing opinions on specific aspects concerning the identification of the main Company risks in the planning as well as carrying out and managing of the internal control system;
> examining the work plan drawn up by the internal control manager, 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;
> reporting to the Board of Directors, at least every six months, when deciding on the approval of the financial reports and half-year financial report, about the activities carried out and the suitability of the internal control system.

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 Decision no. 17221/2010 and subsequent amendments and integrations and Article 9.C.1 of the Self-Discipline Code (the "Procedure"), the Internal Control Committee has been encharged with the functions of the committee for the transactions with related parties and, therefore, it 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.

The Internal Control Committee is currently made of the Independent Directors Giovanni Battista Lombardo (as chairman), Luciana Tarozzi and Giovanni Pietro Malagnino, appointed by the Board of Directors of May 10, 2011. Previously, the Internal Control Committee was composed of the Directors Giovanni Battista Lombardo (as chairman), Luciana Tarozzi and Carlo Angelici, appointed by the Board of Directors of October 5, 2010, which also verified that Directors Giovanni Battista Lombardo and Luciana Tarozzi have an adequate experience in accounting and finance matters.

During the year 2011, the Internal Control Committee held 11 meetings, two of which in its composition prior to May 10, 2011, and nine in its current composition; the meetings had an average duration of two hours and have been characterized by the regular attendance of the members and of the Chairman of the Board of Statutory Auditors. One of the meetings of the Internal Control Committee was held in its quality as Related Parties Committee pursuant to the Procedure.

During 2011, the activities of the Internal Control Committee mainly focused on the evaluation of (i) the working 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, as well as on the examination of an amendment made by the Company's "Audit" function, concerning the identification of the main risks within the Group (so called risk assessment) and (iii) supervised the compliance with the compliance program adopted pursuant to Legislative Decree 231 of June 8, 2001, providing also for the update of such model.

During the reference period the committee expressed its favourable opinion, within its competence, with regard to the assignment of specific additional mandates to the main external auditor of the Group (in application of the specific procedure, adopted in June 2010, concerning the assignment of mandates to the external auditors that are working for the Group).

The committee has evaluated the notices occurred during the financial year 2011 in compliance with the provisions of the Code of Ethics, has examined a transaction with related parties and expressed, within its competences, a positive evaluation with regard to the adequacy, effectiveness and the effective functioning of the internal control system during the previous financial year.

In 2011 the committee, during the execution of its duties, held some meetings with the heads of some corporate functions.

Lastly, the Committee has monitored the continuous compliance, within the Enel Green Power Group, with the legislation concerning the accounting transparency, the adequacy of the organization structure and of the internal control system of the subsidiaries established and governed by laws of non EU countries.

In consideration of the consistent amendments introduced by the Self-Discipline Code 2011 with regard to the internal control system and risk control, the Board of Directors shall adjust the competences of the Internal Control Committee and shall adopt the necessary amendments to the Regulation of the Internal Control Committee in order to implement the new provisions set forth in the Self-Discipline Code 2011, in the terms and conditions provided for in such code.

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 Shareholders' Ordinary 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 Consolidated Financial 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 he resigns in advance from his position) 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). Moreover – in implementing the amendments to the Consolidated Financial Act introduced in July 2011 with the purpose to ensure the balance between genders in the management and control bodies of listed companies, as well as in compliance with the relevant CONSOB's regulations, and according to the amendments to the bylaws that will be consequently submitted to the Company's Shareholders' Meeting called to resolve upon the approval of the financial statements 2011 – at the first three renewals of the Board of Statutory Auditors subsequent to August 12, 2012, the slates that contain an overall number of candidates (both regular and alternate members) equal or higher than three shall include, both in the first two positions of the list's section related to the regular auditors and in the first two positions of the slate's section related to alternate auditors, candidates of different genders.
The slates must be filed, by those who present them, at the Company's registered offices and published in compliance with the applicable laws 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 internet 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 resolves in accordance with the majorities required by the law and without observing the procedure stated above. It however ensures (i) that the principle of representation of the minority shareholders within the Board of Statutory Auditors is observed; and (ii) the observance of the applicable laws concerning the balance of genders (on the basis of the above mentioned bylaws amendments which will be submitted to the Company's Shareholders' Meeting called for the approval of the financial statements 2011). In all cases, the Statutory Auditors act autonomously and independently, also with regard to the shareholders who elected them.
The current Board of Statutory Auditors was appointed by the general Shareholders' Meeting of April 27, 2011 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 of December 31, 2013. Such Board of Statutory Auditors is composed of the effective statutory auditors Franco Fontana (Chairman), Giuseppe Ascoli and Leonardo Perrone and of the alternate auditors Giulio Monti and Pierpaolo Singer. Previously, the Board of Statutory Auditors was composed of the effective statutory auditors Leonardo Perrone (Chairman), Giuseppe Ascoli and Giuseppe Mariani and by the alternate auditors Giulio Monti and Francesco Rocco.

It is described here below a brief personal summary of the effective statutory auditors currently in office, with the indication of the lists of provenance. The slates have been presented by Enel SpA (which, at the date of presentation of the slate, owned the 69.17% of the corporate capital) and, jointly, by Fondazione ENPAM and INARCASSA (which, at the date of presentation of the slate, jointly owned the 1.50% of the corporate capital).

Franco Fontana, Chairman (designated in the slate presented by Fondazione ENPAM and INARCASSA) – Graduated in Business and Economics at the University Cattolica of Milan. He is a chartered accountant, enrolled in the List of chartered accountants and in the external auditors' register. Since 1986, he is a full professor of "Economy and business administration" at the faculty of Economy at the LUISS Guido Carli University. He is the Director of the LUISS Business School and from 1995 to 2007 he was Chairman of the Faculty of Economics of the LUISS Guido Carli University. He is also author of various publications concerning economics and business administration and organization. Currently, he is effective statutory auditor and Chairman of the Board of Statutory Auditors in various Italian companies, a number of which are part of international groups. From 1994 until 1997 he was President of the Cassa di Risparmio of L'Aquila. He held the office of Statutory Auditor and Chairman of the Board of Statutory Auditors in various Italian companies, a number of which are part of international groups. From 2001 until 2010 he was Statutory Auditor and then Chairman of the Board of Statutory Auditors of Enel SpA. Currently he is Chairman of the Board of Statutory Auditors of Enel Green Power SpA. He is author of several publications on matters regarding management and corporate strategies and organization.

Giuseppe Ascoli, effective statutory auditor (designated in the slate presented by Enel SpA) – Born in Rome on 1954. He is a chartered accountant and external auditor. He is partner in the legal-tax practice "Adonnino Ascoli & Cavasola Scamoni", an interprofessional association that is part of the international alliance CMS. 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 Chairman of Board of Statutory Auditors in companies belonging to national and international groups such as: Enel Group, Ford Group, Groupama, 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 specialized on tax matters. He teaches specialization courses organized by universities or by professional orders. He has been a speaker at several national and international conferences.

Leonardo Perrone, effective auditor (designated in the slate presented by Enel SpA) – Born in Bari on 1942. He obtained a degree in law at "La Sapienza" University of Rome. He is a Supreme Court lawyer specialized in tax and corporate law. He is full professor of "Tax Law" at the Faculty of Economics of "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, 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.

The remuneration of the effective members of the Board of Statutory Auditors has been determined by the Ordinary Shareholders' Meeting which elected them and it is equal to €60,000 per year (gross figure) for the Chairman of the Board of Statutory Auditors and €45,000 per year (gross figure) for each of the effective statutory auditors, in addition to the reimbursement of costs required to carry out the relative duties.

During the financial year 2011, the Board of Statutory Auditors held 12 meetings, 6 of which in the composition before the Shareholders' Meeting of April 27, 2011 and 6 in the current composition. The meetings had an average duration of 2 hours and 30 minutes each and have been regularly attended by the regular Statutory Auditors.
During May 2011 and February 2012 the Board of Statutory Auditors established for each of the Statutory Auditors the existence of the requisites of independence provided for by the Self-Discipline Code.
The Board of Statutory Auditors supervised the independence requirements of the external auditor, verifying the

observance of the applicable laws, as well as the nature and entity of the services different from the auditing services provided to the Company and to its subsidiaries by the same external auditor and by the entities belonging to the same network. Furthermore, the Board of Statutory Auditors has worked together with the Internal Control Committee by organizing jointly meetings during which they have promptly shared that information which is important for the execution of the relative mandates. The Board of Statutory Auditors has also received from the Internal Audit function the updates concerning the inspections over specific operative areas.

With reference to 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), it is specified that, in February 2012, the Effective Statutory Auditors communicated to CONSOB the following information on the number of offices held and the relevant points associated to such offices:

> Franco Fontana: 7 offices; weight of the offices: 3.35 points;
> Leonardo Perrone: 8 offices; weight of the offices: 1.60 points;
> Giuseppe Ascoli: 21 offices; weight of the offices: 5.85 points.

Auditing firm

Audits of Enel Green Power's financial statements and of the Group's consolidated financial statements are entrusted to Reconta Ernst & Young SpA The appointment was awarded to this auditing firm by the Shareholders' Meeting of April 27, 2011, upon proposal of the Board of Statutory Auditors for the financial years from 2011 to 2019 and for a total consideration of €1.86 million.

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 to express a binding opinion about the assignment of each additional task – other than the main task of auditing and for which no incompatibility is provided for by the law – to the Group's main external auditor or to entities belonging to the auditor's network; the assignment of such additional task is only allowed in certain circumstances of demonstrated 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 corporate accounts 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 reports, 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 regarding 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 economic and financial position; (iv) that the management report on the financial statements and consolidated financial reports 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 directors' report included in the half-year financial report contains indications of the more significant events occurring in the first six months of the financial year and their impact on the simplified half-yearly financial report, together with a description of the main risks and uncertainties faced in the remaining six months of the year.

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 and (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 having the purpose to ensure a sound and efficient management.

The internal control system carries out two separate types of activity within the Enel Green Power Group:

> "line control" (or "first level"), comprising all the control activities that the single 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;

> the "second level" controls, which are assigned to (i) the management control function (which is part of Enel Green Power's "Administration, Finance and Control" function) with regard to the monitoring of the business-financial trend of the Company and of the Group, and (ii) the Group Risk Management function with regard to elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk); and the monitoring of the course of the performance and the relative key risks indicators;

> internal auditing carried out by the Company's "Audit" function 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, and more recently in January 2012, 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 function 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 its 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.

In compliance with the most advanced international governance practices since December 2011 Enel Green Power has a specific function of "Risk Management" in order to ensure within the entire Group an effective management of all the risks which may have a significant financial, operative, strategic and business impact and of the principal risks that, for any reason, may affect the economical, financial and patrimonial results of the Enel Green Power Group.

Among the most significant tasks assigned to the new function there are the following:

- definition of the risk assessment guidelines, procedures, instruments and methodologies and mapping of such risks in coordination with the Audit function, in order to share the results of the respective risk assessment area;
- implementation and management of the Enterprise Risk Management;
- definition of the risk management guidelines (instruments, covering strategies and methodologies, etc.) and of the relevant operative limits to be assigned to the single countries, suggesting the respective mitigation actions;
- transfer to the risk owners of the management models, the instruments to be used for the covering and the optimal exposure level, monitoring its observance with respect to the short-, medium- and long-term plan;
- management of the process of definition and acquisition of the insurance policies for the entire Enel Green Power Group.

During 2011 the Function has taken the responsibilities of the activities of analysis, measurement and risk control activities, as well as of the management of the insurances, which previously were under the responsibility of the Administration, Finance and Control Function.

The system of risk 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 ("Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of credibility [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 as-

(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.

sessing the System of the Enel Group and has adopted a specific procedural body – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the System in question. Specifically, the 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 controls instituted 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 reports) 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 and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability 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 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 2011, 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 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).

Regulation on non-EU foreign subsidiaries

With reference to 2011 financial year, the Internal Control Committee checked that the Enel Green Power 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-European Union foreign subsidiaries").

In particular, the following should be noted in this regard:

a) according to the data contained in the financial report as of December 31, 2010 and in application of the parameters concerning material significance for consolidation purposes provided by Article 36, paragraph 2, of the CONSOB Market Regulation, 20 non-EU foreign subsidiaries were identified within the Enel Green Power Group to which the regulations apply for 2011 financial year.

   Specifically, these companies are: 1) (i) Enel Green Power North America Inc.; (ii) Enel Fortuna SA; (iii) Essex Company; (iv) Enel Brasil Participações Ltda; (v) Enel Geothermal LLC; (vi) Renovables de Guatemala SA; (vii) Texkan Wind LLC; (viii) Smoky Hills Wind Project II LLC; (ix) Nevkan Renewables LLC; (x) Enel Green Power Canada Inc.; (xi) Chi Finance LLC; (xii) Enel Panama SA; (xiii) Smoky Hills Wind Farm LLC; (xiv) Enel Stillwater LLC; (xv) Empresa Eléctrica Panguipulli SA; (xvi) Geotérmica del Norte SA; (xvii) Snyder Wind Farm LLC; (xviii) Enel Latin America Ltda; (xix) Hydro Development Group Inc.; (xx) Empresa Eléctrica Puyehue SA;

b) the balance sheet and income statement for 2011 of all the above companies, as included in the reporting package used for the preparation of the Enel Green Power Group's consolidated financial reports, will be made available to the public by Enel Green Power pursuant to Article 36, paragraph 1, letter a), CONSOB's Market Regulation at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2011 financial reports of Enel Green Power (pursuant to Article 77, paragraph 2-*bis* of the CONSOB's 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's 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's 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 reports of Enel Green Power (pursuant to Article 36, paragraph 1, letter c), ii) of the CONSOB's Market Regulation).

Statement of the Board of Directors with respect to the fulfilment of the conditions provided for under Article 37 of CONSOB's Market Regulation no. 16191/07

It is certified that Enel Green Power meets the conditions required for the listing of shares of subsidiary companies subject to the management and coordination of another listed company, provided by Article 37, paragraph 1, of CONSOB's 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 is in line with the corporate interest 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 controlling 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 an Internal Control Committee that also carries out the functions of Committee for Related Parties, and a Compensation Committee exclusively made of independent directors (as defined by paragraph 1-*bis* of Article 37 of CONSOB's Market Regulation). The Company has also a Board of Directors mainly composed of independent directors.

Transactions with related parties

Since January 1, 2011, a new Procedure for Transactions with related parties, approved by the Board of Directors in December 2010, 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 of listed companies.

According to such procedure, the transactions with related parties can be divided in the following three categories:

> transactions of "major importance", which are those exceeding a specific quantitative threshold (equal, respectively to 2.5% and to 5% depending on the related party which is part of the transaction) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity in the transaction and of the liabilities of the entity acquired. If such transactions do not fall under the shareholders' competence according to the bylaws or applicable laws, they are necessarily subject to the Boards of Director's examination and approval;

> transactions of "minor importance", which are defined as those transactions other than the transactions of "major importance" and transactions for "small amounts". If such transactions do not fall under the shareholders' competence according to the bylaws or applicable laws, they fall under the deliberative competence established in the applicable company's powers structure;

> transactions for "small amounts", that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for "small amounts".

In order to allow the related parties committee to express a previous reasoned opinion on Enel Green Power's interest in the completion of transactions with related parties, as well as the convenience and substantial fairness of the relevant conditions, the procedure determines specific information flow. In particular:

> for transactions of "minor importance" the Company's Chief Executive Officer or the proposing function, through the Corporate Affairs Department, provide the

related parties committee, in reasonable advance and, in any case, in general, at least 10 days before the date of the issue of the opinion released by the committee itself, with complete and adequate information about each transaction of minor importance, providing any appropriate updates thereof;

> for transactions of "major importance" the Company's Chief Executive Officer, through the Corporate Affairs Department, provides the related parties committee, promptly – and, in any case within the day following the date in which the Board of Directors of Enel Green Power has been informed for first time – complete and adequate information regarding each transaction of "major importance", providing any appropriate updates thereof. The related parties committee, or one or more of its delegated members, may require information and make comments to the Chief Executive Officer of the Company and to those persons in charge of the negotiations or the inquiry regarding aspects which are subject to the information flows, as well as require any other information deemed to be useful for the assessment of the transaction.

With regard to the nature of the opinion issued by the related parties committee the procedure provides that:

> for the transactions of "minor importance", such opinion is not binding. Nevertheless, Enel Green Power shall make available to the public, within 15 days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of "minor importance" approved in the reference quarter in the presence of a negative opinion of the related parties committee, as well as of the reasons why it was deemed suitable not to share that opinion;

> for the transactions of "major importance", if the related parties issue a negative opinion, the Board of Directors of the Company, if set forth in the bylaws of the Company (introduced during the extraordinary Shareholders' Meeting of April 27, 2011), may submit the transaction of major importance to the Ordinary Shareholders' Meeting for its authorization. The Shareholders' Meeting, without prejudice to the majorities required by law, bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders (so called "whitewash"). In any case, the completion of the major importance transactions is prevented only if the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights.

In compliance with the applicable laws and the procedure, if the relation exists with a director of the Company or with a party related by means of him, the interested director shall promptly notify the Board of Directors with the nature, the terms, the origin and the range of its interest, leaving the Board of Director's meeting during the adoption of the resolution if this is not able to jeopardize the permanence of the constitutive *quorum* and if the Board of Directors does not decide differently.

If the relation exists with the Chief Executive Officer of the Company or with a related party by means of him, in addition to the above he will abstain from the execution of the transaction, and appoints the Board of Directors with its execution.

If the relation exists with one of the regular statutory auditors of the Company or with a related party by means of them, the interested auditor promptly notifies the other auditors and the chairman of the board of directors of the nature, the terms, the origin and the range of its interest.

The procedure provides that the minutes of the resolutions with which the Board of Directors of the Company approves the transactions with related parties, both of "major importance" and of "minor importance" – or, in the latter case, the decisions of the competent delegated body – shall bear adequate reasons about the convenience of Enel Green Power in the completion of the transactions and the convenience and substantial correctness of their underlying terms.

Furthermore, the procedure sets that the Chief Executive Officer of the Company, in the periodical report concerning the activity carried out in the execution of the powers of attorney, shall provide the Board of Directors and the Board of Statutory Auditors, at least quarterly, with specific information regarding the execution of transactions both of "major importance" and of "minor importance".

A specific procedure is prescribed for transactions with related parties carried out by Enel Green Power not directly but through controlled companies. In such cases it is provided that the Board of Directors of the Company or the competent delegated body deriving from the powers structure in force provide for – with the prior non binding opinion of the related parties committee – the previous assessment of the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel Green Power which fall within one or more of the following categories:

> atypical or unusual transactions, by which is meant ones that because of their significance/importance, nature of the counterparties, their object, the way in which the transfer price is determined, the timing of the events (i.e. proximity of the closing of the financial year) may give rise to doubts with regard to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguard of the Company's assets, or the protection of minority shareholders of Enel Green Power;
> transactions whose equivalent-value exceeds €20 million, with the exception of those transactions excluded from the scope of application of the procedure (details follow below).
  As observed above with reference to the transactions of "minor importance" carried out directly by Enel Green Power, also for the transactions carried out through controlled companies it is provided that, if the Board of Directors of the Company or the competent delegated body within the applicable powers' structure have issued a favourable opinion concerning the carrying out of transactions of controlled companies as of the procedure, although the related parties committee issued a negative opinion, Enel Green Power shall make available to the public a specific document containing the reasons for disregarding such opinion.

In observance of the CONSOB regulations, the following transactions with related parties are excluded from the scope of application of the procedure:

a) shareholders' resolutions in relation to the establishment of the compensation due to all the members of the Board of Directors and of the Board of Statutory Auditors;
b) the transactions for "small amounts", as identified in the procedure itself;
c) the remuneration plans based on financial instruments, approved by the Shareholders' Meeting pursuant to the provisions of the Consolidated Financial Act and its executive operations;
d) resolutions other than those indicated under letter a), in relation to the remuneration of the Company's directors holding a special office, together with the remuneration of executives with strategic responsibilities of companies of the Group, provided that:
   - Enel Green Power has adopted a remuneration policy;
   - in the definition of the remuneration policy, a committee consisting solely of non-executive directors – the majority of whom shall be independent – has been involved;
   - a report illustrating the remuneration policy has been submitted for advisory vote of the Shareholders' Meeting of Enel Green Power;
   - the remuneration awarded is consistent with this policy;
e) regular transactions completed at market-equivalent or standard terms;
f) transactions with or between companies controlled, even jointly, by Enel Green Power, as well as transactions with companies affiliated with Enel Green Power, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel Green Power's related party exist.

Lastly, is also provided a simplified procedure in case of urgency for the approval of related parties transactions that are not attributed to the Shareholders' Meeting, it being understood that it requires a posterior not binding vote concerning such transactions by the first Ordinary Shareholders' Meeting of the Company.

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 sets out specifications for procedures to be observed concerning the external diffusion of Company's documents and information – in particular concerning the disclosure of inside 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 Group register, in which the individual and legal entities that have access to inside 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 inside 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 inside 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".

In this respect, it is specified that – following to the amendment of Article 152-*septies* of the Issuers' Regulation introduce by CONSOB Resolution no. 18079 of January 20, 2012, published on the Official Gazette no. 31 of February 7, 2012, the Company shall modify the internal dealing regulation during the financial year 2012.

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 six-monthly 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 Self-Discipline Code 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' works – to adopt specific measures to optimise the Shareholders' Meetings' value; 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 Consolidated Financial Act and in the secondary regulations 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 amended, among the others, the laws regarding the terms of calling the Shareholders' Meetings, the number of the meetings, the *quorum*, the exercise of the right to call the meetings 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.

Some of the most significant new regulations introduced by the provisions of Legislative Decree 27/2010 are synthetically illustrated below, together with some articles of Enel Green Power's bylaws dedicated to Shareholders' Meetings.

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 municipality 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. Being the Company obliged to draw up the consolidated financial report, the Ordinary Shareholders' Meeting must be convened at least once a year for the approval of the financial report within 180 days from the end of the financial year, for the approval of the financial statements.

The Consolidated Financial Act provides that the title to participate and to vote in the Shareholders' Meeting must be certified by a statement in favour of the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting (so-called "record date").

Shareholders may ask questions on the items on the agenda before the Shareholders' Meeting; questions submitted before the meeting will be answered no later than during the meeting.

Shareholders may also notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of the meeting. Shareholders may also be represented in the meeting by a representative in conflict of interest, provided that (i) the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and (ii) specific voting instructions were

given for each resolution in respect of which the representative has to vote on behalf of the shareholder.
Pursuant to the Consolidated 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 Consolidated 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. In this respect the bylaws of the Company allow the Board of Directors of the Company to provide, with reference to single Shareholders' Meetings, in consideration of the evolution and reliability of technical devices, Enel Green Power's bylaws empowers the Board of Directors to provide, with respect to single Shareholders' Meetings, the participation by electronic means, specifying the specific modalities in the notice of the meeting.
The Shareholders' Meetings are governed by the law, the bylaws and by specific regulations approved by the Ordinary Shareholders' Meeting in June 2010, with effect from the beginning 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 Regulation is available on the Company's web site at the following address http://www.enelgreenpower.com/it-IT/company/governance/meetings/.
The Shareholders' Meeting is chaired by the chairman of the Board of Directors or, should he be absent or impeded, by the Chief Executive Officer, or in the event of unavailability of both, 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 in attendance, 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 regard 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, which has been adopted 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 modelling company's conducts to standards set for the utmost transparency and correctness towards all stakeholders. In particular, the Code of Ethics is organized 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, quality of the services 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, the Company, through the transposition by the Board of Directors of the Enel SpA organizational model, adopted the compliance program corresponding to the requisites contained in Legislative Decree 231 of June 8, 2001, which introduced into the Italian legal system a system of administrative responsibility for companies (which is actually a criminal matter), for certain 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 program comprises a "general part" (describing, *inter alia*, the contents of Legislative Decree 231/2001, the goals and functioning of the program, the duties of the body which will supervise functions and observance of the program and its regular updating, information flows, employees education and training, 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.

Specifically, the "special parts" elaborated so far concern crimes against the public administration, corporate crimes, crimes related to terrorism or subversion of the democratic order, crimes against individuals, market abuse crimes and administrative torts, manslaughter and serious or very serious injuries committed by breaching the applicable laws on protection of health and safety at work, crimes of receiving stolen goods, money laundering and using of laundered money, illegal goods or utilities the origin of which is unknown, computer crimes and illegal data handling and organized crimes. Over the years, the compliance program has been periodically amended and adjusted in order to consider, mainly (i) the new cases introduced by the legislation as "condition" crimes (*reati "presupposto"*) of the liability regulated under Legislative Decree 231/2001, (ii) the application experience achieved and the Company's structure evolution, (iii) case law on this matter, (iv) amendments of the law provisions, and, lastly (v) the need to rationalize some contents of the compliance model and to coordinate the different "special" parts.

The Enel Green Power compliance program is adopted also by the Company's subsidiaries subject to Italian law, which shall be directly responsible for the transposition of the compliance programme within their business area, in consideration of the specific activities carried out by the single companies.

Enel Green Power has also drafted specific "guidelines" with the purpose to make the principles of the compliance program applicable also within the most significant international subsidiaries of the Group (identified also in consideration of the kind of activity carried out) in order (i) to make such companies understand the importance of granting correct and transparent business conditions, and (ii) to prevent the risk of administrative liability pursuant to Legislative Decree 231/2001 of Enel Green Power because of illegal conducts within their business activities carried out by the same companies.

The controlling body, called to supervise the functioning and observance of the said program and to take care of its updating (so-called "Supervisory Body"), is composed of a number of members between three and five, appointed by the Board of Directors. Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the Internal Audit Function). During 2011, the control body was composed of the heads of the following functions: Audit, Legal Affairs and Corporate Affairs, since they have specific professional expertise regarding the application of the compliance model and are not directly involved in operating activities. The duration of the office of the members of the control body is aligned to the office of the Board of Directors of the Company and therefore the expiration date will occur at the date of approval of the financial statements 2012.

During 2011 the supervisory body oversaw, as usual, the functioning and the observance of the compliance program and specifically:

> held 9 meetings, for the discussion of the (i) analysis of the principal business areas of the Company considered significant for the organization model and the control procedures of such areas, (ii) adjustments and updating proposals of the compliance model, (iii) progress of the project of implementation of the "guidelines" in the most significant international companies, (iv) approval of the monitoring and supervision activity plan for the year 2011 and of the activities effectively carried out;
> promoted the update of the compliance program, with particular regard to the "general part" and to the "special part", dedicated to preventing organized crimes;
> verified the *status* of the implementation of the "guidelines" in the principal international subsidiaries;
> promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance program;
> constantly reported its activities to the 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 programme 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 integrates the Code of Ethics and the Company's compliance program adopted pursuant to Legislative Decree 231/2001, but is an in-depth consideration of the matter of corruption with the aim at including a series of recommendations for the implementation of the principles formulated on this matter by Transparency International.

Table 1: Structure of Enel Green Power's Board of Directors and Committees

Board of Directors								Internal Control Committee [3]		Compensation Committee [4]		Nomination Committee (*if any*)		Executive Committee (*if any*)	
				Independent											
Office	Members	Executive	Non executive	Consolidated Financial Act (****)	Self-Discipline Code (*****)	(***)	Other offices (*)	(**)	(***)	(**)	(***)	(**)	(***)	(**)	(***)
Chairman	Luigi Ferraris [1]		X			100%	-								
CEO/General Manager	Francesco Starace [1]	X				100%	-								
Director	Luca Anderlini [2]		X	X	X	100%	-			X	100%				
Director	Carlo Angelici [1]		X	X	X	93%	-			X	100%				
Director	Andrea Brentan [1]		X			57%	-								
Director	Giovanni Battista Lombardo [1]		X	X	X	100%	-	X	100%			Non existent		Non existent	
Director	Giovanni Pietro Malagnino [2]		X	X	X	80%	-	X	89%						
Director	Carlo Tamburi [1]		X			36%	-								
Director	Daniele Umberto Santosuosso [2]		X	X	X	100%	-			X	100%				
Director	Luciana Tarozzi [1]		X	X	X	100%	-	X	100%						

Quorum required for the presentation of slates for the appointment of the Board of Directors: 1% of the share capital.

Number of meetings held during 2011 Board of Directors: 14 Internal Control Committee: 11 Compensation Committee: 6 Nomination Committee: n.a. Executive Committee: n.a.

NOTES
(1) Director in charge for the entire corporate year 2011.
(2) Director in charge since April 27, 2011 and expression of the minority shareholders.
(3) It should be noted that during the period from January 1, 2011 to May 10, 2011 the Internal Control Committee was composed of the Directors Giovanni Battista Lombardo, Carlo Angelici and Luciana Tarozzi. Their percentage of participation to the meetings in this period has been equal to 100%. Furthermore, it is specified that the Internal Control Committee carries out also the function of Committee for related parties and that, during 2011, it held one meeting in such quality.
(4) It should be noted that the Compensation Committee for the period from January 1, 2011 to May 10, 2011 was composed of the Directors Carlo Angelici, Giovanni Battista Lombardo and Luciana Tarozzi. Their percentage of participation to the meetings in this period has been equal to 100%.

(*) This column shows the number of offices held by the person concerned in Boards of Directors or Board of Statutory Auditors of other companies of significant size, as defined by the related policy established by the Board of Directors.
(**) In these columns, an "X" indicates the Committees of which each Director is a member.
(***) These columns show the percentage of meetings of, respectively, the Board of Directors and the Committee(s) attended by each Director. All absences have been adequately justified. It should be noted that Luca Anderlini, Giovanni Pietro Malagnino and Daniele Umberto Santosuosso have been appointed as Directors by the general Shareholders' Meeting held on April 27, 2011 and therefore the percentage of participation to the meetings has been calculated considering the period between April 27, 2011 and December 31, 2011.
(****) In this column, an "X" indicates the possess of the requirements of independence provided for the statutory auditors of listed companies by Article 148, paragraph 3, of the Consolidated Financial Act, applicable to Directors pursuant to Article 147-*ter*, paragraph 4, of the Consolidated Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Consolidated Financial Act, the following subjects can not be qualified 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 for by Article 3 of the Self-Discipline Code. Specifically, according to applicative criterion 3.C.1 of the Self-Discipline Code, a director should normally be considered lacking the requisites of independence in the following cases:
a) if, directly or indirectly, including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative [1] of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;
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:

(1) It should be noted that, according to applicative criterion 3.C.2 of the Self-Discipline Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the chairman of the board of directors, the executive directors, and the executives with strategic responsibilities of the considered company or organization.

- 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 controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he or she 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

Board of Statutory Auditors in office from April 27, 2011

Office	Members	Percentage of Board's meetings attended	Number of offices (**)
Chairman	Franco Fontana (*)	100%	7
Effective Auditor	Giuseppe Ascoli	100%	21
Effective Auditor	Leonardo Perrone	100%	8
Alternate Auditor	Giulio Monti	n.a.	-
Alternate Auditor	Pierpaolo Singer (*)	n.a.	-
Number of meetings held in 2011 with reference to the period: 7			
Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: 1% of the share capital.			

Board of Statutory Auditors in office until April 27, 2011

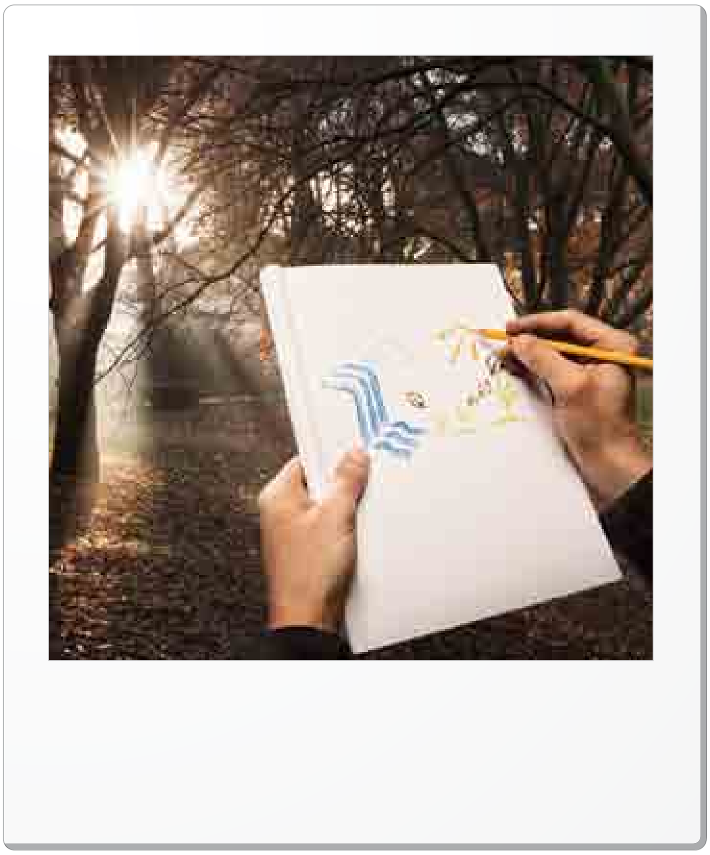
Office	Members	Percentage of Boards meetings attended
Chairman	Leonardo Perrone	100%
Effective Auditor	Giuseppe Ascoli	100%
Effective Auditor	Giuseppe Mariani	100%
Alternate Auditor	Giulio Monti	n.a.
Alternate Auditor	Francesco Rocco	n.a.
Number of meetings held in 2011 with reference to the period: 5		
Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: 1% of the share capital.		

NOTES
(*) The asterisk indicates that the auditor has been designated by the slates presented by the share minorities.
(**) This column shows the number of offices that the person concerned has declared to hold on Boards of Directors or Boards of Statutory Auditors of Italian companies as of February 2012.

(2) In this respect, the comment on Article 3 of the Self-Discipline Code states that "parents, children, the spouse who is not legally separated, the companion living together and family members living together with a person, who could not be considered as an independent director, should be judged as being not independent".

Table 3: Other provisions of the Self-Discipline Code

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Delegation system and transactions with related parties			
Has the Board of Directors delegated powers and established:	X		
a) their limits	X		
b) how they are to be exercised	X		
c) and how often it is to be informed?	X		
Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the Company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the Board of Directors established special procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
Procedures of the most recent election of the Board of Directors and the Board of Statutory Auditors			
Were the candidacies for the office of director filed at least 15 days beforehand?	X		
Were the candidacies for the office of director accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Were the candidacies for the office of director accompanied by a statement that the candidates qualify as independent?	X		
Were the candidacies for the office of statutory auditor filed at least 15 days beforehand?	X		
Were the candidacies for the office of statutory auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Shareholders' Meetings			
Has the Company approved regulations for Shareholders' Meetings?	X		
Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)?	X		
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: Investor Relations - Viale Regina Margherita, 125 - 00198 Rome, Italy - tel. +39 06/83057449 - fax +39 06/83057200 e-mail: iregp@enel.com Relations with retail shareholders: Department of Corporate Affairs - Viale Regina Margherita, 125 - 00198 Rome, Italy - tel. +39 06/83058721 - fax +39 06/83052700 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 corporate financial reports of the Enel Green Power Group at December 31, 2011, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 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, 2011 and December 31, 2011.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel 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.

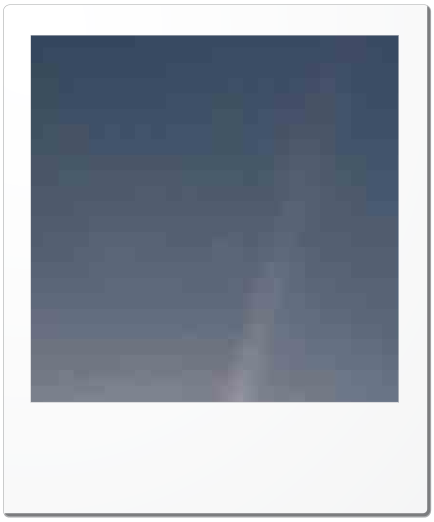
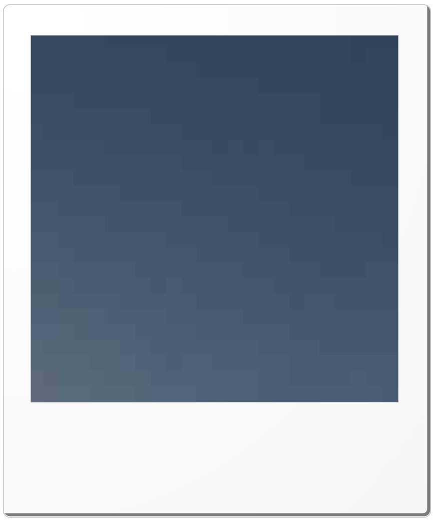
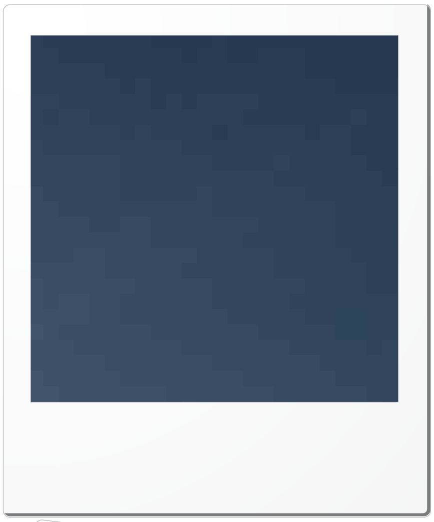
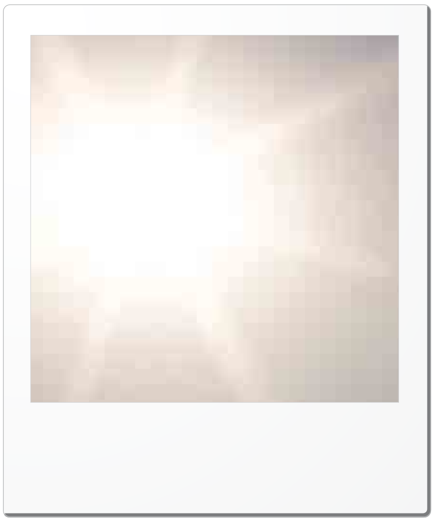
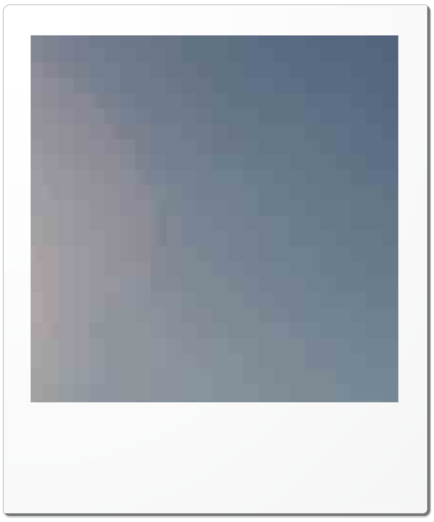
3. In addition, we certify that consolidated financial statements of the Enel Green Power Group at December 31, 2011:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament 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.

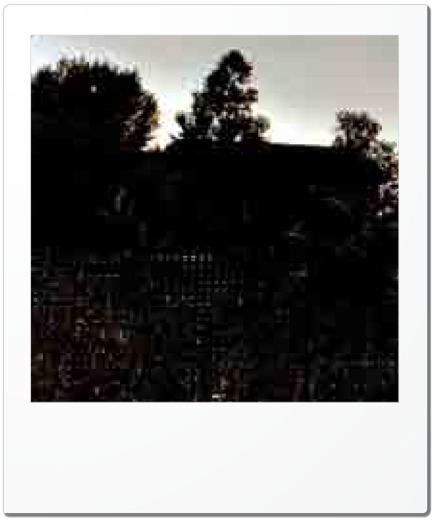
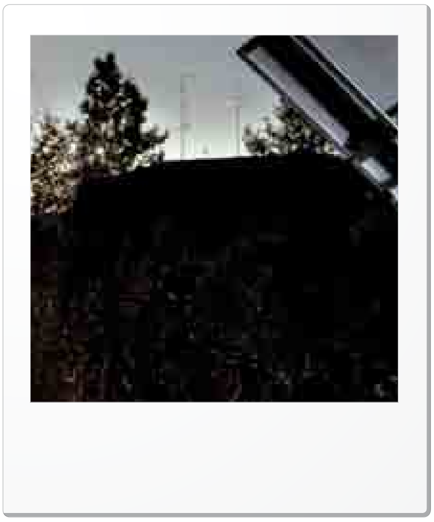
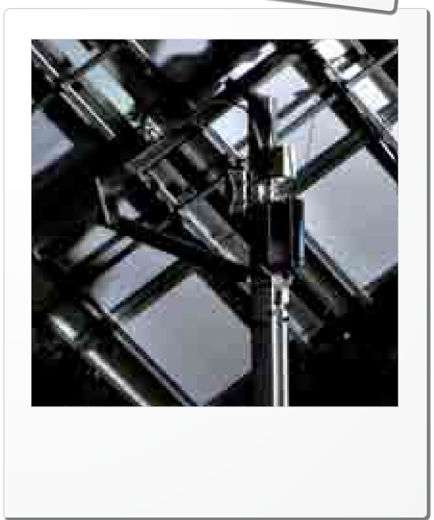
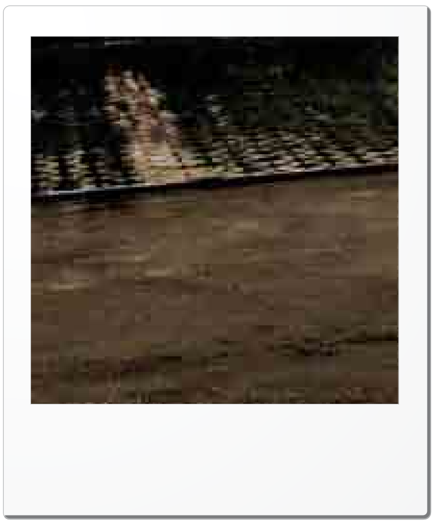
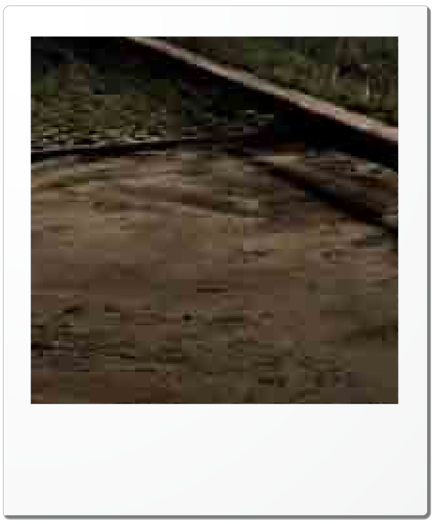
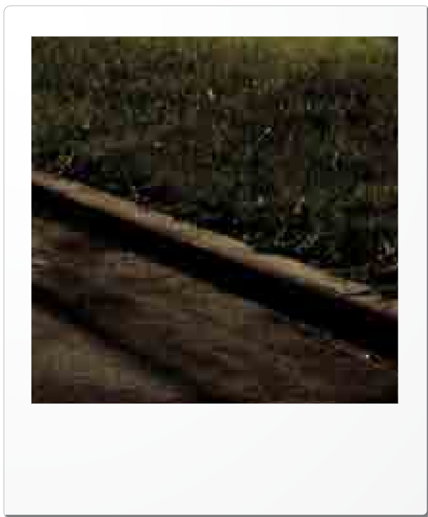
4. Finally, we certify that the report on operations accompanying the financial statements of the Enel Green Power Group at December 31, 2011 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

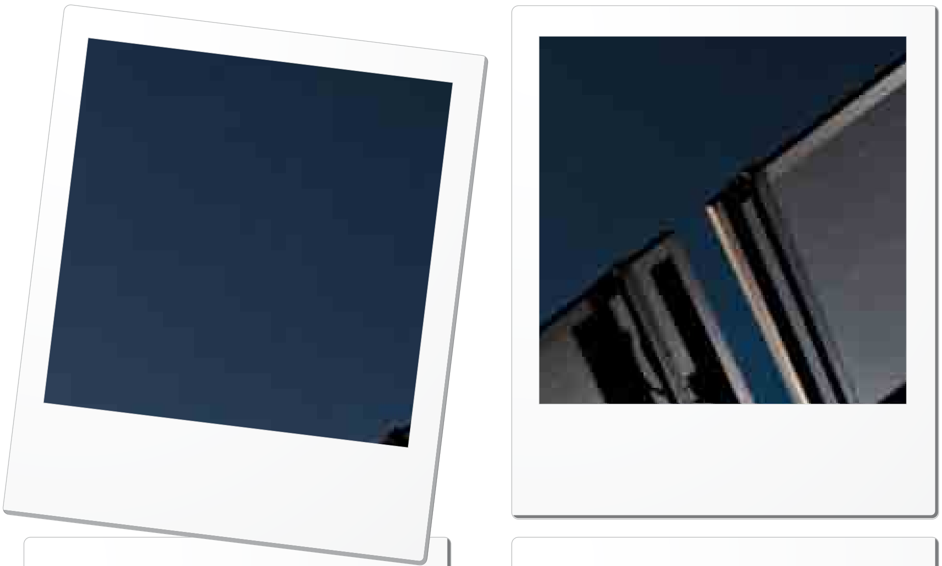
Rome, March 6, 2012

Francesco Starace
Chief Executive Officer of Enel Green Power SpA

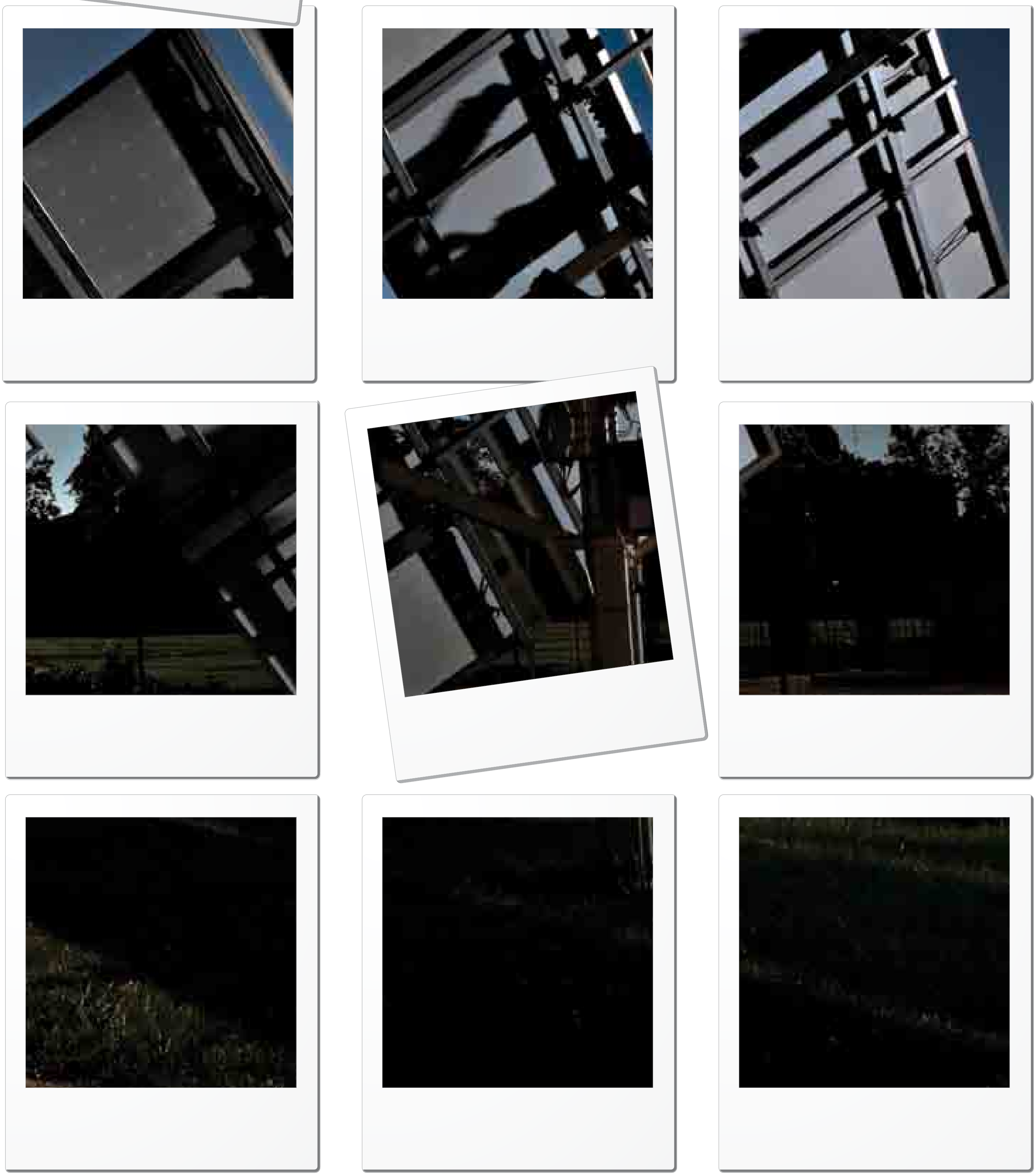
Alberto de Paoli
Officer responsible for the preparation of the financial reports of Enel Green Power SpA



Annexes



Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2011

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, 2011, 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, share capital, currency in which share capital is denominated, 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 December 31, 2011

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Parent Company:							
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Enel SpA	69.17%	
Subsidiaries:							
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Hydro Development Group Inc.	50.00%	100.00%
					Chi Black River Inc.	50.00%	
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Agatos Green Power San Gillio Srl	Milan	Italy	10,000.00	EUR	Enel Green Power SpA	80.00%	80.00%
Aguilón 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	30.60%
Aioliki Martinou SA	Maroussi	Greece	3,950,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Aioliko Voskero SA	Heraklion (Crete)	Greece	955,600.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Alvorada Energia SA	Rio De Janeiro	Brazil	17,117,415.92	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Andaluza De Energia Solar Primera SL	Seville	Spain	3,006.00	EUR	Energias Especiales De Andalucía SL	76.00%	38.76%
Andaluza De Energia Solar Quinta SL	Seville	Spain	3,006.00	EUR	Energias Especiales De Andalucía SL	75.00%	38.25%
Andaluza De Energia Solar Tercera SL	Seville	Spain	3,006.00	EUR	Energias Especiales De Andalucía SL	75.00%	38.25%
Apiacàs Energia SA	Rio De Janeiro	Brazil	21,216,846.33	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Aprovechamientos Eléctricos SA	Madrid	Spain	420,700.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500.00	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%
Argyri Energiaki SA	Athens	Greece	3,200,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Asoleo SL	Madrid	Spain	320,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.01%	30.00%
Atelgen - Produção De Energia ACE	Barcelos	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	51.00%	30.60%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Barbao SA	Madrid	Spain	284,878.74	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc.	100.00%	100.00%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Beaver Valley Holdings Ltd	67.50%	67.50%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2.00	USD	Hydro Development Group Inc.	100.00%	100.00%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30.00	USD	Hydro Development Group Inc.	100.00%	100.00%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	30.60%
Black River Hydro Assoc	New York (New York)	USA	-	USD	(Cataldo) Hydro Power Associates	75.00%	75.00%
Blue Line Valea Nucarilor SRL	Sat Rusu de Sus	Romania	600.00	RON	Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	100.00%	100.00%
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Boott Hydropower Inc.	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Hydro Finance Holding Company Inc.	100.00%	100.00%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Chi Idaho Inc.	100.00%	100.00%
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Bp Hydro Associates	75.92%	100.00%
					Fulcrum Inc.	24.08%	
Bypass Limited	Boise (Idaho)	USA	-	USD	Northwest Hydro Inc.	69.35%	100.00%
					El Dorado Hydro	1.00%	
					Chi West Inc.	29.65%	
Bypass Power Company	Los Angeles (California)	USA	-	USD	Chi West Inc.	100.00%	100.00%
Campos - Recursos Energéticos ACE	Barroselas	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	95.00%	57.00%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%
Carvemagere - Manutenção e Energias Renováveis Lda	Barcelos	Portugal	84,700.00	EUR	Finerge-Gestao de Projectos Energéticos SA	65.00%	39.00%
Castle Rock Ridge Limited Partnership	Wilmington (Delaware)	USA	1,000.00	CAD	Enel Alberta Wind Inc.	100.00%	100.00%
Chi Acquisitions Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Black River Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Highfalls Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	6,834,448.00	CAD	Enel Green Power Canada Inc..	100.00%	100.00%
Chi Idaho Inc.	Wilmington (Delaware)	USA	100.00	USD	Chi Acquisitions Inc.	100.00%	100.00%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Chi S F LP	Montreal (Quebec)	Canada	-	CAD	Chi Hydroelectric Company Inc.	100.00%	100.00%
Chi West Inc.	Wilmington (Delaware)	USA	100.00	USD	Chi Acquisitions Inc.	100.00%	100.00%
Companhia Térmica Do Beato ACE	Lisbon	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	65.00%	39.00%
Companhia Térmica Do Serrado ACE	Paços De Brandão	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	51.00%	30.60%
Companhia Térmica Hectare ACE	Alcochete	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	60.00%	36.00%
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	95.00%	57.00%
Companhia Térmica Oliveira Ferreira ACE	Riba De Ave	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	95.00%	57.00%
Companhia Térmica Ponte Da Pedra ACE	Maia	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	95.00%	57.00%
Companhia Térmica Ribeira Velha ACE	S. Paio De Oleiros	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	51.00%	60.00%
					Pp - Co-Geração SA	49.00%	

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Companhia Térmica Tagol Lda	Algés	Portugal	5,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	95.00%	57.00%
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Aquenergy Systems Inc.	100.00%	100.00%
Conexion Energetica Centroamericana El Salvador SA de Cv	San Salvador	El Salvador	7,950,600.00	SVC	Enel Green Power International BV	59.14%	100.00%
					Grupo Egi SA de Cv	40.86%	
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	95.00%	100.00%
					Gauley River Power Partners LP	5.00%	
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	80.00%	80.00%
Copenhagen Associates	New York (New York)	USA	-	USD	Enel Green Power North America Inc.	50.00%	100.00%
					Hydro Development Group Inc.	50.00%	
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%
Cte - Central Termica Do Estuário Lda	Porto	Portugal	563,910.00	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	60.00%
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%
EGP Stillwater Solar LLC	Willmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
EGP Timber Hills Project LLC	Los Angeles	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%
Enel Green Power Emiliana Eolica SA	Rio de Janeiro	Brazil	13,509,360.00	BRL	Parque Eolico Curva Dos Ventos Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Enel Green Power Jeotermal Enerji Yatirimlari Aş	Istanbul	Turkey	50,000.00	EUR	Enel Green Power International BV	98.99%	98.99%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	13,067,280.00	BRL	Parque Eolico Curva Dos Ventos Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Enel Brasil Participações Ltda	60.00%	60.00%
					Endesa Brasil SA	40.00%	
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	125,000.00	BRL	Endesa Brasil SA	40.00%	60.00%
					Enel Brasil Participações Ltda	60.00%	
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	14,520,000.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eolico Curva Dos Ventos Ltda	1.00%	
Enel Green Power Pedra Do Gerônimo Eólica SA	Rio de Janeiro	Brazil	13,998,000.00	BRL	Parque Eolico Curva Dos Ventos Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	8,972,400.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eolico Curva Dos Ventos Ltda	1.00%	
Energiaki Polymyloy SA	Athens	Greece	45,553,352.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Eed - Empreendimentos Eólicos Do Douro SA	Porto	Portugal	50,000.00	EUR	Finerge-Gestao De Projectos Energéticos SA	85.00%	51.00%
Eevm - Empreendimentos Eólicos Vale Do Minho SA	Porto	Portugal	200,000.00	EUR	Eol Verde Energia Eólica SA	50.00%	22.50%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Egp Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Egp Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Olympe Inc.	82.50%	100.00%
					Northwest Hydro Inc.	17.50%	
Empreendimento Eólico De Rego Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao De Projectos Energéticos SA	51.00%	30.60%
Empreendimentos Eólicos Da Serra Do Sicó SA	Porto	Portugal	50,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	52.38%	31.43%
Empreendimentos Eólicos De Viade Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao De Projectos Energéticos SA	80.00%	48.00%
Empreendimientos Eolicos Cerveirenses SA	Vila Nova De Cerveira	Portugal	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale Do Minho SA	84.99%	19.12%
Empreendimientos Eolicos Da Espiga SA	Caminha	Portugal	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale Do Minho SA	100.00%	22.50%
Empresa Electrica Panguipulli SA	Santiago	Chile	14,053,147.00	CLP	Enel Latin America (Chile) Ltda	99.99%	100.00%
					Energia Alerce Ltda	0.01%	
Empresa Electrica Puyehue SA	Santiago	Chile	11,169,752,000.00	CLP	Enel Latin America (Chile) Ltda	99.90%	100.00%
					Energia Alerce Ltda	0.10%	
Empresa Nacional De Geotermia SA	Santiago	Chile	54,430,867.00	CLP	Enel Latin America (Chile) Ltda	51.00%	51.00%
Enel Alberta Wind Inc.	Calgary	Canada	16,251,021.00	CAD	Enel Green Power Canada Inc..	100.00%	100.00%
Enel Atlantic Canada LP	St-John (Newfoundland)	Canada	-	CAD	Chi Hydroelectric Company Inc.	13.10%	100.00%
					Newind Group Inc.	1.00%	
					Hydrodev Inc.	3.90%	
					Enel Green Power Canada Inc..	82.00%	
Enel Brasil Participações Ltda	Rio De Janeiro	Brazil	419,400,000.00	BRL	Enel Green Power International BV	100.00%	100.00%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%
Enel de Costa Rica SA	San José	Costa Rica	27,500,000.00	USD	Enel Green Power International BV	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Enel Panama SA	50.06%	50.06%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Enel Green Power International BV	100.00%	100.00%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Enel Green Power SpA	51.00%	51.00%
Enel Green Power Calabria Srl	Cosenza	Italy	10,000.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	1,757,364.00	CAD	Enel Green Power North America Inc.	100.00%	100.00%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	-	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eólico Cristal Ltda	1.00%	
Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	Madrid	Spain	11,152.74	EUR	Endesa Generación SA	40.00%	60.00%
					Enel Green Power International BV	60.00%	
Enel Green Power Extremadura SL	Merida (Badajoz)	Spain	3,012.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Enel Green Power France Sas (formerly Enel Erelis Sas)	Lyon	France	80,200,000.00	EUR	Enel Green Power International BV	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Enel Green Power Hellas SA	Maroussi	Greece	2,161,000.00	EUR	Enel Green Power International BV	100.00%	100.00%
Enel Green Power International BV	Amsterdam	Netherlands	244,532,298.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Enel Green Power International BV	100.00%	100.00%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Perú SA	Lima	Peru	1,000.00	PEN	Energia Alerce Ltda	0.10%	100.00%
					Enel Green Power International BV	99.90%	
Enel Green Power Portoscuso Srl (formerly Portoscuso Energia Srl)	Rome	Italy	10,000.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Primavera SA	Rio de Janeiro	Brazil	16,506,000.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eólico Cristal Ltda	1.00%	
Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	Melissano	Italy	1,000,000.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	Sat Rusu De Sus Nuseni	Romania	890,000,500.00	RON	Enel Green Power International BV	100.00%	100.00%
Enel Green Power SAO Judas Eolica SA	Rio de Janeiro	Brazil	17,256,000.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eólico Cristal Ltda	1.00%	
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000.00	EUR	Enel Green Power SpA	60.00%	60.00%
Enel Green Power TSS Srl (formerly Anemos 1 Srl)	Melissano (Lecce)	Italy	1,000,000.00	EUR	Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	100.00%	100.00%
Enel Guatemala SA	Guatemala City	Guatemala	5,000.00	GTQ	Enel Green Power International BV	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Enel Latin America (Chile) Ltda	Santiago	Chile	20,455,970,775.00	CLP	Energia Alerce Ltda	99.99%	100.00%
					Hydromac Energy BV	0.01%	
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Enel Panama SA	Panama	Panama	3,000.00	USD	Enel Green Power International BV	100.00%	100.00%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Chi Power Inc.	100.00%	100.00%
Enel.si Srl	Rome	Italy	5,000,000.00	EUR	Enel Green Power SpA	100.00%	100.00%
Enelpower do Brasil Ltda	Rio De Janeiro	Brazil	1,242,000.00	BRL	Enel Green Power International BV	0.01%	100.00%
					Enel Brasil Participações Ltda	99.99%	
Enercampo - Produção de Energia Lda	Porto	Portugal	249,400.00	EUR	Finerge-Gestao De Projectos Energéticos SA	100.00%	60.00%
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	70.00%	42.00%
Energia Alerce Ltda	Santiago	Chile	1,360,670.00	CLP	Enel Green Power International BV	0.10%	100.00%
					Hydromac Energy BV	99.90%	
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Enel Green Power SpA	51.00%	51.00%
Energía Global De Mexico (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Enel Green Power International BV	99.00%	99.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Energía Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Enel de Costa Rica SA	100.00%	100.00%
Energía Nueva Energía Limpia México Srl de Cv	Mexico City	Mexico	5,339,650.00	MXN	Enel Guatemala SA	0.01%	100.00%
					Enel Green Power International BV	99.99%	
Energía Nueva de Iggu Srl de Cv	Mexico City	Mexico	3,000.00	MXN	Energía Nueva Energía Limpia México Srl de Cv	0.10%	100.00%
					Impulsora Nacional de Electricidad Srl de Cv	99.90%	
Energías Especiales de Andalucía SL	Seville	Spain	800,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	85.00%	51.00%
Energías Especiales de Careon SA	La Coruña	Spain	270,450.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	77.00%	46.20%
Energías Especiales de Pena Armada SA	Madrid	Spain	963,300.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	48.00%
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales del Noroeste SA	Madrid	Spain	6,812,040.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales Montes Castellanos SL	Madrid	Spain	6,741,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales Valencianas SL	Valencia	Spain	60,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Renovables Montes de San Sebastián SL	Madrid	Spain	2,505,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	66.67%	40.00%
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	68.42%	41.05%
Energías Especiales de Gata SL	Badajoz	Spain	3,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales de Padul SL	Madrid	Spain	3,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales Montes de Andalucía SL	Seville	Spain	3,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Energías Especiales Santa Bárbara SL	Badajoz	Spain	3,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Enerlive Srl	Cosenza	Italy	6,520,000.00	EUR	Maicor Wind Srl	100.00%	60.00%
Enerlousado Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	50.00%	60.00%
					Tp - Sociedade Térmica Portuguesa SA	50.00%	
Enerviz - Produçao de Energia de Vizela Lda	Porto	Portugal	673,380.00	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	60.00%
Eol Verde Energia Eólica SA	Porto	Portugal	50,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	75.00%	45.00%
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	30.60%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Eolflor - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	30.60%
Essex Company	Boston (Massachusetts)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
EUFER Operación SL (formerly EUFER Comercializadora SL)	Madrid	Spain	60,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	70.00%	42.00%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	73.60%	44.16%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	65.00%	39.00%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	54.00%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	54.00%
Eólica de la Cuenca Central Asturiana SL	Asturias	Spain	30,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	30.60%
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.50%	30.30%
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	48.00%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	55.00%	33.00%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	60.00%	36.00%
Eólicos Touriñán SA	La Coruña	Spain	601,020.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Finerge-Gestao de Projectos Energéticos SA	Porto	Portugal	750,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Fisterra Eolica SL	La Coruña	Spain	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Fulcrum Inc.	Boise (Idaho)	USA	1,002.50	USD	Chi Acquisitions Inc.	100.00%	100.00%
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	500,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	50.00%	30.00%
Garden Heights Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%
Gauley River Management Corporation	Willison (Vermont)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Gauley River Management Corporation	100.00%	100.00%
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697.33	GTQ	Enel Guatemala SA	1.00%	100.00%
					Enel Green Power International BV	99.00%	

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000.00	GTQ	Enel Guatemala SA	0.01%	100.00%
					Enel Green Power International BV	99.99%	
Geotérmica del Norte SA	Santiago	Chile	62,728,178,101.00	CLP	Enel Latin America Ltda	51.00%	51.00%
Geotérmica Nicaraguense SA	Managua	Nicaragua	92,050,000.00	NIO	Enel Green Power SpA	60.00%	60.00%
Glafkos Hydroelectric Station SA	Maroussi	Greece	4,690,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Grupo Egi SA de Cv	San Salvador	El Salvador	3,448,800.00	SVC	Enel Green Power International BV	100.00%	100.00%
Guadarranque Solar 8 SL Unipersonal	Seville	Spain	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Guadarranque Solar 9 SL Unipersonal	Seville	Spain	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Hidroelectricidad del Pacifico Srl de Cv	Mexico City	Mexico	30,891,536.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%
Hidroribeira - Emp Hidricos e Eólicos Lda	Paço De Arcos	Portugal	7,481.96	EUR	Parque Eólico do Moinho do Céu SA	100.00%	60.00%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	30.60%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Hydro Constructional SA	Maroussi	Greece	3,630,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Hydro Development Group Inc.	Albany (New York)	USA	12.25	USD	Enel Green Power North America Inc.	100.00%	100.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Hydrodev Inc.	Montreal (Quebec)	Canada	7,587,320.00	CAD	Enel Green Power Canada Inc.	100.00%	100.00%
Hydrodev Limited Partnership	Montreal (Quebec)	Canada	-	CAD	Hydrodev Inc.	100.00%	100.00%
Hydromac Energy BV	Amsterdam	Netherlands	18,000.00	EUR	Enel Green Power International BV	100.00%	100.00%
Hídricas de Viseu SA	Viseu	Portugal	986,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	67.00%	60.00%
					Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	
Impulsora Nacional de Electricidad Srl de Cv	Mexico City	Mexico	308,628,665.00	MXN	Enel Green Power International BV	100.00%	100.00%
International Eolian of Korinthia SA	Maroussi	Greece	6,471,798.00	EUR	Enel Green Power Hellas SA	80.00%	80.00%
International Wind Parks of Achaia SA	Maroussi	Greece	8,121,000.00	EUR	Enel Green Power International BV	100.00%	100.00%
International Wind Parks of Crete SA	Maroussi	Greece	3,093,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
International Wind Parks of Rhodes SA	Maroussi	Greece	5,070,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
International Wind Parks of Thrace SA	Maroussi	Greece	5,655,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
International Wind Power SA	Maroussi	Greece	5,119,620.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Iris 2006 Srl	Cutro (Crotone)	Italy	10,000.00	EUR	Enel Green Power SpA	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Isamu Ikeda Energia SA	Rio De Janeiro	Brazil	82,974,475.77	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Enel Green Power North America Inc.	7.50%	100.00%
					Essex Company	92.50%	
Littleville Power Company Inc.	Boston (Massachusetts)	USA	-	USD	Hydro Development Group Inc.	100.00%	100.00%
Lower Saranac Corporation	New York (New York)	USA	2.00	USD	Twin Saranac Holdings LLC	100.00%	100.00%
Lower Saranac Hydro Partners	Wilmington (Delaware)	USA	-	USD	Twin Saranac Holdings LLC	99.00%	100.00%
					Lower Saranac Corporation	1.00%	
Maicor Wind Srl	Cosenza	Italy	20,850,000.00	EUR	Enel Green Power SpA	60.00%	60.00%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Mexicana de Hidroelectricidad Mexhidro Srl de Cv	Mexico City	Mexico	181,728,201.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Missisquoi Associates	Los Angeles (California)	USA	-	USD	Sheldon Vermont Hydro Company Inc.	1.00%	100.00%
					Sheldon Springs Hydro Associates LP	99.00%	
Molinos de Viento del Arenal SA	San Josè	Costa Rica	9,709,200.00	USD	Enel de Costa Rica SA	49.00%	49.00%
Myhs Kastaniotiko SA	Maroussi	Greece	2,560,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Myhs Pougakia SA	Maroussi	Greece	1,250,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Enel Nevkan Inc.	100.00%	100.00%
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc.	100.00%	100.00%
Newind Group Inc.	St. John (Newfoundland)	Canada	578,192.00	CAD	Enel Green Power Canada Inc.	100.00%	100.00%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100.00	USD	Chi West Inc.	100.00%	100.00%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
O&M Cogeneration Inc.	Montreal (Quebec)	Canada	15.00	CAD	Hydrodev Inc.	66.66%	66.66%
Olympe Inc.	Los Angeles (California)	USA	-	USD	Chi West Inc.	100.00%	100.00%
Operación y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000.00	CRC	Enel de Costa Rica SA	85.00%	85.00%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Parque Eolico Curva dos Ventos Ltda	Bahia	Brazil	220,000.00	BRL	Parque Eolico Cristal Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Parque Eolico Engenho Geradora de Energia Ltda	Fortaleza	Brazil	685,423.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eolico Cristal Ltda	1.00%	
Parque Eolico Fontes dos Ventos Ltda	Recife	Brazil	545,334.00	BRL	Parque Eolico Cristal Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Parque Eolico Ouroventos Ltda	Bahia	Brazil	566,347.00	BRL	Parque Eolico Cristal Ltda	1.00%	100.00%
					Enel Brasil Participações Ltda	99.00%	
Parque Eólico Serra Azul Ltda	Bahia	Brazil	440,267.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eolico Cristal Ltda	1.00%	
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267.00	BRL	Enel Brasil Participações Ltda	99.00%	100.00%
					Parque Eolico Cristal Ltda	1.00%	
Ph Chucas SA	San José	Costa Rica	100,000.00	CRC	Inversiones Eólicas La Esperanza SA	71.43%	65.00%
					Enel de Costa Rica SA	28.57%	
Ph Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Enel de Costa Rica SA	33.44%	33.44%
Ph Guacimo SA	San José	Costa Rica	50,000.00	CRC	Enel de Costa Rica SA	40.00%	40.00%
Ph Rio Volcan SA	San José	Costa Rica	100,001.00	CRC	Enel de Costa Rica SA	34.32%	34.32%
Photovoltaic Station Agrilia Baka Production of Energy SA	Kifissia	Greece	60,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Photovoltaic Station Chamolio Production of Energy SA	Kifissia	Greece	245,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Photovoltaic Station Kavassila Production of Energy SA	Kifissia	Greece	151,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Photovoltaic Station Limnochori Production of Energy SA	Kifissia	Greece	323,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Paravento SL	Lugo	Spain	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	54.00%
Parc Eolien de Beauséjour Sasu	Lyon	France	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Parc Eolien de Bouville Sasu	Lyon	France	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Parc Eolien de la Grande Epine Sasu	Lyon	France	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Parc Eolien des Ramiers Sasu	Lyon	France	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Parque Eolico Cristal Ltda	Rio de Janeiro	Brazil	1,000,000.00	BRL	Enel Green Power International BV	0.01%	100.00%
					Enel Brasil Participações Ltda	99.99%	
Parque Eolico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Barbao SA	50.16%	30.10%
Parque Eolico Taltal SA	Santiago	Chile	50,000.00	CLP	Energia Alerce Ltda	0.01%	100.00%
					Enel Latin America (Chile) Ltda	99.99%	
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586.40	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,007,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	48.00%
Parque Eólico Corullón SL	Madrid	Spain	460,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	48.00%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Parque Eólico de Gevancas SA	Porto	Portugal	50,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	60.00%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	82.00%	49.20%
Parque Eólico de Santa Lucía SA	Las Palmas De Gran Canaria	Spain	901,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	65.67%	39.40%
Parque Eólico do Alto Da Vaca Lda	Porto	Portugal	125,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	65.00%	39.00%
Parque Eólico do Moinho Do Céu SA	Porto	Portugal	50,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	100.00%	60.00%
Parque Eólico do Vale do Abade Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	30.60%
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	54.00%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	75.50%	45.30%
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	52.00%	31.20%
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	50.00%	60.00%
					Finerge-Gestao de Projectos Energéticos SA	50.00%	
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%
Photovoltaic Station Kourtesi I Production of Energy SA	Maroussi	Greece	4,497,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	56.12%	33.67%
Pp - Co-Geração SA	S. Paio De Oleiros	Portugal	50,000.00	EUR	Tp - Sociedade Térmica Portuguesa SA	100.00%	60.00%
Primavera Energia SA	Rio De Janeiro	Brazil	41,965,444.64	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Productor Regional de Energía Renovable SA	Valladolid	Spain	710,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	85.00%	51.00%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	82.89%	49.73%
Promociones Energeticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Proveedora de Electricidad de Occidente Srl de Cv	Mexico City	Mexico	89,707,935.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%
Pyrites Associates	New York (New York)	USA	-	USD	Enel Green Power North America Inc.	50.00%	100.00%
					Hydro Development Group Inc.	50.00%	
Quatiara Energia SA	Rio De Janeiro	Brazil	12,148,511.80	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Renovables de Guatemala SA	Guatemala City	Guatemala	1,924,465,600.00	GTQ	Enel Guatemala SA	0.01%	93.84%
					Enel Green Power SpA	51.00%	
					Enel Green Power International BV	42.83%	

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Rock Creek LP	Los Angeles (California)	USA	-	USD	Northwest Hydro Inc.	17.50%	100.00%
					Chi West Inc.	82.50%	
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Enel Kansas LLC	51.00%	51.00%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Chi West Inc.	99.00%	100.00%
					Bypass Power Company	1.00%	
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	50,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	60.00%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Sheldon Vermont Hydro Company Inc.	100.00%	100.00%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%
Sisconer - Exploração de Sistemas de Conversão de Energia Lda	Porto	Portugal	5,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	55.00%	33.00%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	96.00%	57.60%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Slate Creek Hydro Company Inc.	100.00%	100.00%
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Texkan Wind LLC	100.00%	100.00%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Nevkan Renewables LLC	100.00%	100.00%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Texkan Wind LLC	100.00%	100.00%
Socibe Energia SA	Rio De Janeiro	Brazil	33,969,032.25	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Société d’Exploitation du Parc Eolien de la Bouleste Sas	Lyon	France	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Société Armoricaine d’Energie Eolienne Sarl	Lyon	France	1,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Soternix - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	51.00%	30.60%
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
St-Félicien Cogeneration	Montreal (Quebec)	Canada	-	CAD	Hydrodev Inc.	4.00%	96.00%
					Chi S F LP	92.00%	
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	8,200.00	USD	Enel Green Power North America Inc.	75.00%	75.00%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	250.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Enel Green Power SpA	51.00%	51.00%
Tecnoservice Srl	Rovigo	Italy	10,400.00	EUR	Enel Green Power SpA	100.00%	100.00%
Tecnoguat SA	Guatemala City	Guatemala	30,948,000.00	GTQ	Enel Green Power International BV	75.00%	75.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Texkan Inc.	100.00%	100.00%
Tko Power Inc.	Los Angeles (California)	USA	-	USD	Chi West Inc.	100.00%	100.00%
Tp - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	60.00%
Transmisora de Energía Renovable SA	Guatemala City	Guatemala	5,000.00	GTQ	Enel Green Power International BV	99.99%	100.00%
					Enel Guatemala SA	0.01%	
					Generadora Montecristo SA	0.00%	
Triton Power Company	New York (New York)	USA	-	USD	Chi Highfalls Inc.	2.00%	100.00%
					Highfalls Hydro Company Inc.	98.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Twin Falls Hydro Company Inc.	51.00%	51.00%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10.00	USD	Twin Saranac Holdings LLC	100.00%	100.00%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%
Unelco Cogeneraciones Sanitarias del Archipiélago SA	Las Palmas de Gran Canaria	Spain	1,202,020.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	60.00%
Ventominho Energias Renovaveis SA	Esposende	Portugal	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	84.99%	100.00%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP FRANCE 3 SAS	Lyon	France	1,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	100.00%
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Enel Green Power North America Inc.	100.00%	100.00%
Willimantic Power Corporation	Hartford (Connecticut)	USA	-	USD	Chi Acquisitions Inc.	100.00%	100.00%
Wind Park Kouloukonas SA	Maroussi	Greece	2,700,018.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Wind Park of Koryfao SA	Maroussi	Greece	60,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Wind Park of West Ktenias SA	Maroussi	Greece	70,000.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Wind Parks of Korinthia SA	Maroussi	Greece	3,279,500.00	EUR	Enel Green Power Hellas SA	80.00%	80.00%
Wind Parks of Thrace SA	Maroussi	Greece	3,032,220.00	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%

Companies consolidated on a proportionate basis at December 31, 2011

Corporate name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
3SUN Srl	Catania	Italy	180,030,000.00	EUR	Enel Green Power SpA	33.33%	33.33%
Altomonte Fv Srl	Cosenza	Italy	10,000.00	EUR	Enel Green Power & Sharp Solar Energy Srl	100.00%	50.00%
Aridos Energias Especiales SL	Villalbilla	Spain	600,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	41.05%	24.63%
Azucarera Energías SA	Madrid	Spain	570,600.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Boiro Energía SA	Boiro	Spain	601,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Confirel AIE	Girona	Spain	30,050.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cádiz	Spain	200,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Empreendimentos Eólicos de Alvadia Lda	Porto	Portugal	1,150,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	48.00%	28.80%
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	10,000.00	EUR	Enel Green Power SpA	50.00%	50.00%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	16.20%
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Ercasa Cogeneración SA	Zaragoza	Spain	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Erfei AIE	Tarragona	Spain	720,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	42.00%	25.20%
Eurohueco Cogeneración AIE	Barcelona	Spain	2,606,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Eólicas de la Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Eólicas de Tenerife AIE	Santa Cruz De Tenerife	Spain	420,708.40	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Parque Eólico de Malpica SA	La Coruña	Spain	950,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.42%	21.25%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.33%	20.00%
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Sociedad Eólica Los Lances SA	Cádiz	Spain	2,404,040.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.33%	20.00%
Ufefys SL	Aranjuez	Spain	2,373,950.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Ute Biogas Garraf	Barcelona	Spain	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	30.00%

Associated companies accounted for using the equity method at December 31, 2011

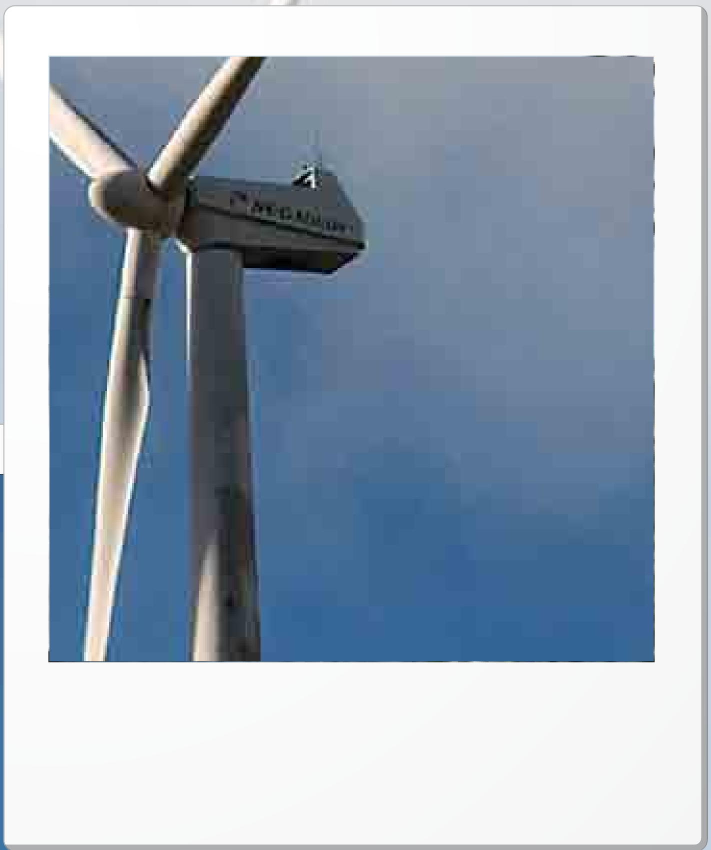
Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Aes Distribuidores Salvadorenos Ltda de Cv	San Salvador	El Salvador	200,000.00	SVC	Grupo Egi SA de Cv	20.00%	20.00%
Aes Distribuidores Salvadorenos y Compañía S En C de Cv	San Salvador	El Salvador	200,000.00	SVC	Grupo Egi SA de Cv	20.00%	20.00%
Aplicaçoes Hidroeléctricas da Beira Alta Ltda	Lisbon	Portugal	399,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.71%	21.43%
Calizas Elycar SL	Huesca	Spain	1,803,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	15.00%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.30%	19.98%
Cogeneración El Salto SL	Zaragoza	Spain	36,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	20.00%	12.00%
Cogeneración Hostalrich AIE	Girona	Spain	781,300.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	19.80%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	20.00%	12.00%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.63%	21.38%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	2,524,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	15.00%
ENEOP-Eólicas de Portugal SA	Lisbon	Portugal	5,000,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	17.98%	21.58%
					Tp - Sociedade Térmica Portuguesa SA	17.98%	
Energías de Villarrubia SL	Barcelona	Spain	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	20.00%	12.00%
Energía de la Loma SA	Jean	Spain	4,450,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Enerlasa SA	Madrid	Spain	1,021,700.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	45.00%	27.00%
Erecosalz SL	Zaragoza	Spain	18,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	19.80%
Eólica del Principado SAU	Oviedo	Spain	90,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas de Gran Canaria	Spain	-	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
Feneralt - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Tp - Sociedade Térmica Portuguesa SA	25.00%	15.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Garofeica SA	Barcelona	Spain	721,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	16.20%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	EGP Geronimo Holding Company Inc.	25.00%	25.00%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Hidroeléctrica del Piedra SL	Zaragoza	Spain	160,470.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	15.00%
Hipotecaria de Santa Ana Ltda de Cv	San Salvador	El Salvador	100,000.00	SVC	Grupo Egi SA de Cv	20.00%	20.00%
International Eolian of Grammatiko SA	Maroussi	Greece	233,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	174,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	153,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	165,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	174,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	152,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
International Eolian of Skopelos SA	Maroussi	Greece	159,000.00	EUR	Enel Green Power International BV	30.00%	30.00%
LaGeo SA de Cv	Ahuachapan	El Salvador	2,562,826,700.00	SVC	Enel Green Power SpA	36.20%	36.20%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	36.50%	21.90%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.33%	20.00%
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Parc Eolic La Tossa-La Mola d’en Pascual SL	Barcelona	Spain	1,183,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Parc Eolien de la Vallière Sasu	Saint Priest	France	59,240.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	49.00%	49.00%
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	58.00%	34.80%
Powercer - Sociedade de Cogeração de Vialonga SA	Loures	Portugal	50,000.00	EUR	Finerge-Gestao de Projectos Energéticos SA	30.00%	18.00%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Puignerel AIE	Barcelona	Spain	11,299,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	15.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Rofeica d'Energía SA	Barcelona	Spain	1,983,300.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	16.20%
Santo Rostro Cogeneración SA	Seville	Spain	207,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	45.00%	27.00%
Sati Cogeneración AIE	Barcelona	Spain	66,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.50%	16.50%
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Eólicos Touriñán SA	100.00%	60.00%
Sistemas Energéticos La Muela SA	Zaragoza	Spain	3,065,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	18.00%
Sistemas Energéticos Más Garullo SA	Zaragoza	Spain	1,503,410.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	16.20%
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	63.34%	38.00%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	18.00%	10.80%
Terrae Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Enel Green Power SpA	15.00%	15.00%
Termotec Energía AIE	Valencia	Spain	481,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	45.00%	27.00%
Thracian Eolian 1 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 2 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 3 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 4 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 5 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 6 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 7 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 8 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Thracian Eolian 9 SA	Maroussi	Greece	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Tirmadrid SA	Valdemingómez	Spain	16,828,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	18.64%	11.18%
Tirme SA	Palma de Mallorca	Spain	7,662,750.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%
TradeWind Energy LLC	Topeka (Kansas)	USA	-	USD	Enel Kansas LLC	42.00%	42.00%
Urgell Energía SA	Lleida	Spain	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	16.20%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	225,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Bolibas SA	Maroussi	Greece	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Distomos SA	Maroussi	Greece	176,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Drimonakia SA	Maroussi	Greece	329,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Folia SA	Maroussi	Greece	144,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Gagari SA	Maroussi	Greece	134,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Goraki SA	Maroussi	Greece	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%

Company name	Registered office	Country	Share capital	Currency	Held by	% holding of ordinary shares	Group % holding
Wind Parks of Gourles SA	Maroussi	Greece	175,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Grammatikaki SA	Maroussi	Greece	165,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Kafoutsi SA	Maroussi	Greece	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Kathara SA	Maroussi	Greece	296,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Kerasia SA	Maroussi	Greece	252,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Korfovouni SA	Maroussi	Greece	201,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Makrilakkoma SA	Maroussi	Greece	254,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Megavouni SA	Maroussi	Greece	208,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Milia SA	Maroussi	Greece	399,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Mirovigli SA	Maroussi	Greece	95,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Mitika SA	Maroussi	Greece	255,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Organi SA	Maroussi	Greece	287,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Pelagia SA	Maroussi	Greece	193,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Petalo SA	Maroussi	Greece	175,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Platanos SA	Maroussi	Greece	179,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Politis SA	Maroussi	Greece	136,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Sagias SA	Maroussi	Greece	271,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Skoubi SA	Maroussi	Greece	152,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Spilia SA	Maroussi	Greece	291,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Stroboulas SA	Maroussi	Greece	176,500.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Trikorfo SA	Maroussi	Greece	152,500.00	EUR	Enel Green Power Hellas SA	29.25%	29.25%
Wind Parks of Vitalio SA	Maroussi	Greece	161,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks of Vourlas SA	Maroussi	Greece	174,000.00	EUR	Enel Green Power Hellas SA	30.00%	30.00%
Yedesa-Cogeneración SA	Almería	Spain	234,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	24.00%

Reports



Report of the Independent Auditors on the consolidated financial statements of the Enel Green Power Group for 2011

ERNST & YOUNG

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel Green Power S.p.A.

1. We have audited the consolidated financial statements of Enel Green Power S.p.A. and its subsidiaries, ("Enel Green Power Group") as of and for the year ended December 31, 2011, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Enel Green Power S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by other auditors dated April 4, 2011.

3. In our opinion, the consolidated financial statements of the Enel Green Power Group as of December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Green Power Group for the year then ended.

4. The management of Enel Green Power S.p.A. is responsible for the preparation of the report on operations and the report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the report on corporate governance and ownership structure, as required

by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) presented in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Green Power Group as of December 31, 2011.

Rome, April 5 2012

Reconta Ernst & Young S.p.A.

Signed by: Riccardo Rossi, Partner

This report has been translated into the English language solely for the convenience of international readers.

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Enel Green Power
Società per azioni
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125 Viale Regina Margherita, Rome
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