Annual Report 2012

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 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 and sign on its behalf. In addition, pursuant to a Board resolution of October 5, 2010 (as modified on December 19, 2012), 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 (as modified on December 19, 2012) 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 the shareholders and other stakeholders

Initial aggregate data on the global renewable energy sector for 2012 continue to reveal a very high level of investment, around $270 billion. [1] It is estimated that the worldwide installed renewables capacity for the year rose by around 110 GW, up 8% compared with 2011. Wind and photovoltaic technologies made especially significant contributions towards this growth in 2012. In the wind sector, over 44 GW of additional capacity was installed, of which 16 GW in Asia, 14 GW in North America, 12 GW in Europe and 2 GW in the rest of the world. Total installed wind capacity now exceeds 280 GW. [2] Photovoltaic power also reached a new global record for installations, with over 30 GW in additional capacity (of which 17 GW in Europe, 10 GW in Asia and 3 GW in North America). As a result, cumulative installed photovoltaic capacity reached around 100 GW in 2012, an increase of 45% compared with 2011. [3]

The expansion in generation from renewable resources, which has now been under way for over a decade globally, is thus one of the most interesting drivers of change in economic, technological and geo-strategic scenarios. In this environment, Enel Green Power in 2012 continued to pursue its announced strategy: consolidation in its European markets and the start of further geographical diversification into markets with an ideal combination of natural resource availability and a major need to develop sources of electricity, partly to meet the demand generated by high rates of population growth.

Enel Green Power continued to expand rapidly in 2012. We increased our installed capacity by more than 900 MW, to a total of 8 GW (up 13% on 2011) in the 16 countries in which we currently operate. At the end of 2012, the net installed capacity of Enel Green Power broke down into 4.3 GW (54%) of wind, 2.6 GW (33%) of hydroelectric capacity, 0.8 GW (10%) of geothermal, 0.2 GW (2%) of solar and 0.1 GW (1%) of other renewable technologies (biomass and cogeneration).

Underscoring the substantial rise in installed capacity, on January 16, 2013, the net daily output of Enel Green Power exceeded 100 GWh for the first time, with a peak of 103 GWh. The symbolic value of this result is significant, representing the scale that the Company has been able to achieve in the last three years thanks to the contribution of all its components.

Total net electricity generation in 2012 amounted to 25.1 TWh, of which 9.8 TWh (39%) from hydro generation, 9.0 TWh (36%) from wind, 5.5 TWh (22%) from geothermal, 0.2 TWh (1%) from solar and 0.5 TWh (2%) represented by other renewable technologies (biomass and cogeneration). This expansion in generation capacity and electricity sales was accompanied by an 8% increase in total revenues: €2.7 billion, compared with €2.5 billion in 2011. The gross operating margin (EBITDA) in 2012 came to €1.7 billion, up 6.3% over 2011.

Thus, development continued along the paths that Enel Green Power set out at the time of our IPO in 2010: substantial technological and geographical diversification, selection of the soundest and most profitable projects, and minimization of country risk. In Enel Green Power's growth strategy, the specific weight of emerging markets has expanded, particularly Mexico, Brazil, Chile and Guatemala, which are characterized by an abundance of natural resources and significant economic and demographic progress. Growth has also been achieved in the United States and Canada, thanks to the strong economic "resilience" and favorable market conditions in those countries.

(1) Source: Bloomberg Energy Finance.
(2) Sources: GEWC and EWEA.
(3) Source: EPIA.

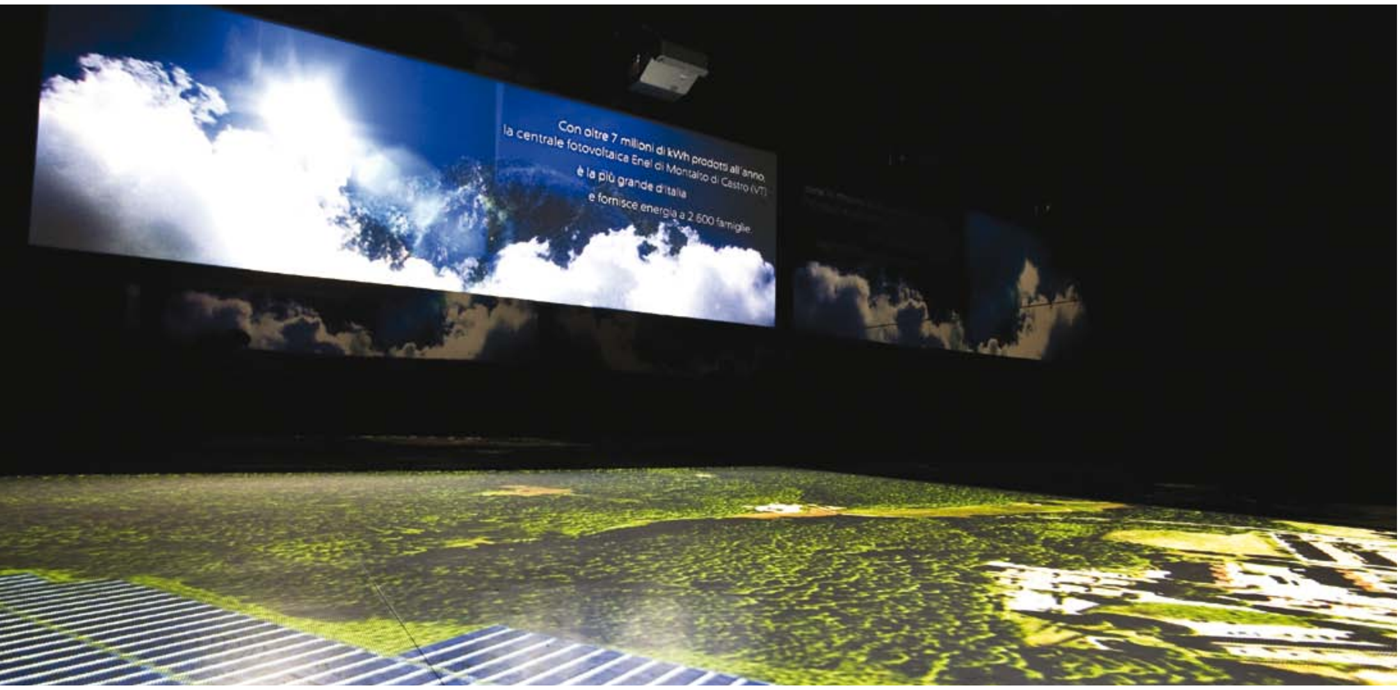
With regard to Europe, the results achieved in 2012 confirm that Enel Green Power's presence has been strengthened in countries such as Romania, where in just two years the Group's installed capacity has risen to about 500 MW, and in our traditional markets, such as Italy and Spain, where a cycle of development has essentially been completed and where the Company continues to seek greater operational efficiency as a distinctive feature of the Group's strategy.
As examples of this strategy, let us briefly mention a few salient developments in 2012: at the end of June and in December, two wind farms in Mexico, in the State of Oaxaca, entered service, with a total capacity of 144 MW, while in November, Enel Green Power won a public tender to develop 102 MW of wind power in Oaxaca; in Brazil, construction began in December on three wind farms in the State of Bahia for a total of 90 MW, while in Chile work began on developing a 90 MW wind farm in Valle de Los Vientos, in the region of Antofagasta; in Guatemala, the new "run-of-the-river" hydroelectric plant (i.e. without a dam or reservoir) with a total capacity of 87 MW entered service in Palo Viejo, in the Quiché Department. In the United States, at the end of the 1st Half of 2012, the 150 MW Rocky Ridge wind farm, located in Kiowa and Washita counties in Oklahoma, entered service. In the meantime, work began on the construction of a new 25 MW geothermal plant in southern Utah; the 76 MW Castle Rock Ridge wind farm was connected to the grid in Alberta, Canada; and in Romania, wind plants in the regions of Banat and Dobrogea, for a total of about 230 MW, entered service between late August and December. In Italy, Spain and Greece, new photovoltaic plants (with about 60 MW of new capacity) and wind plants (more than 170 MW) began operating, while we continued to upgrade our historical geothermal plants in Tuscany by completely refurbishing the Rancia 2 plant in the province of Siena.

This combination of actions never loses sight of the vision and analysis of how our industrial and financial operations interact with the interests of the community and all the other stakeholders. The electrification of remote rural areas in Latin America, thanks to the launch in 2012 of a project to provide six month's technical training for women – often illiterate – in the villages involved, an initiative begun with the Barefoot College, an Indian NGO, is a concrete example of this approach.

Devoting attention to sustainability in all its forms, innovation, research for technical and operational excellence, together with a robust, high-quality project pipeline, enable us to look ahead with confidence to the work and challenges of the coming years.

Chief Executive Officer
Francesco Starace

Summary of results



Operations

	Net installed capacity (MW)			Net electricity generation (TWh)		
	2012	2011	Change	**2012**	2011	Change
Hydroelectric	2,635	2,540	95	9.8	10.1	(0.3)
Geothermal	769	769	-	5.5	5.6	(0.1)
Wind	4,315	3,541	774	9.0	6.2	2.8
Solar	161	101	60	0.2	-	0.2
Cogeneration	77	84	(7)	0.3	0.3	-
Biomass	44	44	-	0.3	0.3	-
Total	**8,001**	**7,079**	**922**	**25.1**	**22.5**	**2.6**

The net installed capacity of the Group at December 31, 2012 amounted to 8 GW, an increase of 922 MW. [4]

On that same date, installed capacity in the Italy and Europe area amounted to 3,998 MW (up 11.6% on December 31, 2011), that in the Iberia and Latin America area amounted to 2,764 MW (up 11.2% on December 31, 2011) and that in the North America area amounted to 1,239 MW (up 22.7% on December 31, 2011).

The growth in the Italy and Europe area (415 MW) was mainly driven by the entry into service of wind plants (totaling 349 MW), in particular in Romania (229 MW), Italy (93 MW) and Greece (27 MW) and photovoltaic plants in Italy (32 MW) and Greece (26 MW). The rise posted in the Iberia and Latin America area (278 MW) [5] is essentially due to the entry into service of wind plants in Mexico (144 MW) and in the Iberian peninsula (54 MW) and to a hydroelectric plant in Guatemala (87 MW). The growth

(4) Taking account of planned decommissioning of 8 MW.
(5) Taking account of planned decommissioning of 8 MW.

in the North America area is largely due to the entry into service of wind (227 MW) and solar (2 MW) capacity.

Net electricity generation by the Group in 2012 exceeded 25 TWh, amounting to 25.1 TWh, up 2.6 TWh or 11.6% over 2011.
More specifically, the expansion in wind output (up 2.8 TWh) reflects the greater installed capacity, while the decrease in hydro generation (down 0.3 TWh) is due to the decline in water availability 2012, especially in Italy.

Of total output, 13.1 TWh came in the Italy and Europe area (up 4.0% compared with 2011), 8.1 TWh (up 15.7% compared with 2011) in the Iberia and Latin America area and 3.9 TWh (up 34.5% compared with 2011) in the North America area.

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) came to 38.2% (39.9% at December 31, 2011). The decline in the average load factor compared with 2011 is mainly attributable to poorer water conditions in Italy in early 2012 and the increase in installed wind capacity.

Performance

Millions of euro

	2012	2011	Change
Total revenues including commodity risk management	2,688	2,527	161
Gross operating margin	1,678	1,583	95
Operating income	972	913	59
Net income attributable to the shareholders of the Parent Company and non-controlling interests	491	514	(23)
Net income attributable to the shareholders of the Parent Company	413	408	5

Millions of euro

	2012	2011	Change
Total revenues including commodity risk management	2,688	2,346	342
Gross operating margin	1,678	1,402	276
Operating income	972	820	152
Net income attributable to the shareholders of the Parent Company and non-controlling interests	491	454	37
Net income attributable to the shareholders of the Parent Company	413	395	18

Note that the performance figures for the two years being compared include the positive effects of significant transactions carried out in the 1st Half of 2011 in the amount of €181 million, including the division of the assets of EUFER, the recognition of an indemnity for the settlement of the Star Lake dispute in North America and the remeasurement at fair value of the assets and liabilities of a number of companies in the Iberia area, whose status with regard to control changed following transactions during the period. They also reflect the negative effects of writedowns totaling €88 million, mainly attributable to the Greece CGU (€70 million).

For the sake of full disclosure, the following table reports the consolidated performance figures at December 31, 2012, and comparative figures for the year-earlier period, net of that non-recurring income and the writedowns.

Total revenues including commodity risk management for the Group amounted to €2,688 million, an increase of €161 million or 6.4% on the previous year due to the net effect of an increase of €317 million in revenues from the sale of electricity (€2,300 million in 2012) and a reduction of €156 million in other revenues and income (€388 million in 2012).

The increase in revenues from the sale of electricity, including incentives, primarily reflects higher production in Italy and the rest of Europe (€134 million), in Iberia and Latin America (€100 million) and in North America (€83 million).

Other revenues amounted to €388 million (€544 million in 2011), and are accounted for by the revenues from Enel.si’s retail business (€215 million, compared with €248 million in 2011), the start of sales of photovoltaic panels produced by 3SUN (€33 million, compared with €1 million in 2011), the termination of agreements with the partners of Trade Wind Energy that led to the cancellation of liabilities in respect of success fees for projects carried out and the remeasurement at fair value of the assets and liabilities of that company, whose status with regard to control changed (€52 million), as well as sundry revenues amounting to €88 million (€114 million in 2011). In 2011, other revenues also included the significant non-recurring transactions in North America and Iberia in the total amount of €181 million.

Excluding the non-recurring income recognized in 2011, *total revenues including commodity risk management* increased by €342 million or 14.6%.

The *gross operating margin* came to €1,678 million, an increase of €95 million or 6.0% compared with 2011.

The Italy and Europe area posted a gross operating margin of €971 million, an increase of €102 million compared with 2011 (€869 million) mainly due to the expansion in installed capacity (415 MW), partly offset by the poorer water availability in Italy in the 1st Quarter of 2012.

The Iberia and Latin America area registered a gross operating margin of €497 million, a decline of €76 million from 2011 (€573 million). Excluding the non-recurring income recognized in 2011 (€165 million), the gross operating margin grew by €89 million or 21.8%, mainly attributable to the expansion in installed capacity (286 MW).

In the North America area, the gross operating margin was €197 million, a €90 million increase on 2011 (€107 million). Excluding the impact of the non-recurring income posted in 2011 (€16 million), the gross operating margin rose by €106 million or 116.5%, mainly owing to the expansion of installed capacity (229 MW) and the other revenues discussed earlier.

In the Retail segment, the gross operating margin totaled €13 million, down €21 million compared with 2011 (€34 million), when performance had benefited from sales of white certificates associated with energy efficiency projects carried out in previous years.

Excluding the impact of the non-recurring income recognized in 2011 mentioned above, the gross operating margin rose by €276 million or 19.7%.

Operating income totaled €972 million, up €59 million or 6.5% compared with the €913 million posted in 2011.
The change reflects the increase in the gross operating margin, only partly offset by the increase in depreciation, amortization and impairment losses (up €36 million). More specifically, the increase in depreciation and amortization due to the expansion in net installed capacity and the completion in the 2nd Half of 2011 of the allocation of the purchase price for the acquisitions in Iberia was partially offset by the effect of the revision of the estimated useful life of wind farms to 25 years, in line with industry practice. This had a positive impact of €44 million in the 2012.
Excluding the impact of the non-recurring income recognized in 2011, operating income rose by €152 million or 18.5%.

Net income attributable to the shareholders of the Parent Company in 2012 amounted to €413 million, up €5 million or 1.2% compared with the €408 million posted in 2011.

Excluding the impact of the non-recurring income recognized in 2011 (€13 million), net income attributable to the shareholders of the Parent Company rose by €18 million or 4.6% over 2011 (€395 million).

Financial position

Millions of euro

	2012	2011	Change
Net capital employed [(1)]	12,586	11,813	773
Net financial debt	4,614	4,075	539
Shareholders' equity (including non-controlling interests)	7,972	7,738	234
Cash flows from operations	1,059	1,258	(199)
Capital expenditure (gross of grants)	1,257	1,557	(300)

(1) Of which "Net assets held for sale" in the amount of €4 million at December 31, 2011 (none at December 31, 2012).

Net capital employed at December 31, 2012 amounted to €12,586 million (€11,813 million at December 31, 2011 including net assets held for sale of €4 million). It is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €7,972 million (€7,738 million at December 31, 2011) and net financial debt of €4,614 million (€4,075 million at December 31, 2011). At December 31, 2012, the debt-to-equity ratio was 0.58, compared with 0.53 at the end of 2011.

The increase of €539 million in *Net financial debt* was mainly attributable to new borrowing from banks and other long-term lenders.

Capital expenditure in 2012 amounted to €1,257 million, down €300 million from 2011. In addition to operating investments, the Group made financial investments mainly attributable to the acquisition of Stipa Nayaa (€120 million) in Mexico, the payment of success fees for solar projects in Italy and Greece (€29 million) and the acquisition of equity interests in a number of companies carrying out a wind project in Greece (with a net positive financial impact of €22 million, including grants received of €32 million).

Performance and operations by segment

The following table reports performance for 2012 and 2011 by segment.

Millions of euro	2012			2011		
	Revenues [(1)]	Gross operating margin	Operating income	Revenues [(1)]	Gross operating margin	Operating income
Italy and Europe	1,433	971	581	1,250	869	445
Iberia and Latin America	797	497	272	881	573	376
North America	300	197	116	183	107	55
Retail	215	13	3	327	34	37
Eliminations and adjustments	(57)	-	-	(114)	-	-
Total	**2,688**	**1,678**	**972**	**2,527**	**1,583**	**913**

(1) Total revenues including commodity risk management.

The following table reports financial position figures by segment.

Millions of euro	at Dec. 31, 2012			at Dec. 31, 2011		
	Operating assets (1)	Operating liabilities	Capital expenditure	Operating assets (1)	Operating liabilities	Capital expenditure
Italy and Europe	7,433	984	773	6,915	868	970
Iberia and Latin America	4,342	650	339	4,028	402	280
North America	1,483	106	145	1,403	149	307
Retail	77	78	-	114	104	-
Eliminations and adjustments	(136)	(133)	-	(67)	(62)	-
Total	**13,199**	**1,685**	**1,257**	**12,393**	**1,461**	**1,557**

(1) Operating assets regarding units classified as "held for sale" amounted to €0 million at December 31, 2012 and to €4 million at December 31, 2011.

The following table gives a breakdown of personnel by segment.

No. of employees	at Dec. 31, 2012	at Dec. 31, 2011
Italy and Europe	2,130	1,983
Iberia and Latin America	921	833
North America	358	320
Retail	103	94
Total	**3,512**	**3,230**

Group employees at December 31, 2012 numbered 3,512 (3,230 at December 31, 2011), up 282.

Significant events in 2012

5
January

Concession for 99 MW wind farm in Chile

January 5, 2012 - The Group was awarded a concession for approximately 2,600 hectares located in the Taltal district, in the region of Antofagasta, 1,550 km north of Santiago, for the construction of a wind farm. The facility will have 33 wind turbines with a total installed capacity of 99 MW.

27
March

Concessions for geothermal exploration in Chile

March 27, 2012 - The Group was awarded with three geothermal exploration concessions totaling 165,702 hectares in Chile in a tender launched in June 2010 by the Ministry of Energy.

March

Entry into service of new solar power plants in Italy

The photovoltaic capacity installed in Italy by the ESSE joint venture reached about 20 MW with the entry into service at the end of March of five plants in Calabria (11.8 MW) and in Lazio (2.6 MW).

The five new plants were all built using multi-junction thin-film panels manufactured at the Catania factory of 3SUN, the joint venture between Enel Green Power, Sharp and STMicroelectronics.

Together, the new plants will be able to generate 19.5 million kWh of power, enough to meet the annual electricity needs of more than 7,200 households and avoid the atmospheric emission of some 10 thousand metric tons of CO_2.

2
April

Chisholm View

April 2, 2012 - Enel Green Power announced the closing of an agreement on March 30, 2012 for the development of the Chisholm View wind project in Oklahoma.
Under the accord, Enel Green Power North America Inc. acquired 49% of the project, with an option to increase its stake by another 26% in 2013.
The project has a total installed capacity of 235 MW and is supported by a long-term power purchase agreement for the electricity generated by the plant.
On June 6, 2012, Enel Green Power North America and EFS Chisholm LLC signed a capital contribution agreement with a syndicate led by JP Morgan (the other members are Wells Fargo Wind Holdings LLC and Metropolitan Life Insurance Company) under which the syndicate has committed to provide funding of about $220 million for the Chisholm View wind project.
The syndicate disbursed the funds in December 2012 through a tax equity agreement, in conjunction with the entry into service of the plant.
Enel Green Power provided a parent company guarantee, which does not comprise the return on the investment, for Enel Green Power North America's obligations under the capital contribution and tax equity agreements.
To date, the Group has not exercised the option to acquire the additional stake.

2
May

Agreement with EKF to finance three wind plants in Romania, the United States and Brazil

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

7
May

Work begins on new geothermal plant in the USA

May 7, 2012 - Enel Green Power, through its subsidiary Enel Green Power North America Inc., began construction on the geothermal plant located in Cove Fort in southern Utah (USA).
The new plant, which will have a gross installed capacity of 25 MW, will be able to generate around 160 million kWh of electricity per year, avoiding the emission of around 115 thousand metric tons of CO_2 into the atmosphere each year. The Cove Fort plant will also benefit from a 20-year contract for the sale of the electricity generated.

30
May

Start-up of Rancia 2 geothermal power plant

May 30, 2012 - The completely refurbished Rancia 2 geothermal plant in Tuscany, in the municipality of Radicondoli in the province of Siena, entered service.
The plant, which has an installed capacity of 17 MW, will be able to generate about 150 million kWh of power, thus avoiding the emission of 100 thousand metric tons of CO_2 each year.

31
May

Castle Rock Ridge wind farm in Canada becomes operational

May 31, 2012 - The Castle Rock Ridge wind farm, located at Pincher Creek in Canada's Alberta province, was connected to the grid. The new wind facility has 33 turbines with a total capacity of 76 MW. It will be able to generate over 200 million kWh each year, avoiding the atmospheric emission of more than 130 thousand metric tons of CO_2 annually.

May

Start-up of new plants in Greece

Enel Green Power consolidated its position in the Greek renewables industry in the Peloponnese region with the start-up in May and June of the photovoltaic plants Kourtesi II, Agrilia Baka, located in the Messinia area, Kavasila, located in western Achaea, and Limnochori and Chamolio, in Corinth, with a total installed capacity of 22.2 MW and an annual output of about 29 million kWh.
In addition, in May operations began at the Corinth wind farm, composed of 32 wind turbines of 0.85 MW each for a total installed capacity exceeding 27 MW, with expected annual output of 57 million kWh of power.

June

Start-up of Rocky Ridge wind farm in Oklahoma

In June, Enel Green Power North America Inc. started operations at the Rocky Ridge wind farm, located in Kiowa and Washita counties, Oklahoma. The new wind farm has a total installed capacity of about 150 MW, and is composed of 93 turbines of 1.6 MW each. The fully operating plant will generate over 600 million kWh per year, thus avoiding more than 450 thousand metric tons of CO_2 emissions into the atmosphere annually. The energy generated by the new wind farm will be purchased by the local utility Western Farmers Electric Cooperative.

June

First wind farm in Mexico

At the end of June, the Group acquired its first wind farm in Mexico, the Bii Nee Stipa II wind farm, composed of 37 wind turbines of 2 MW each, for a total installed capacity of 74 MW. The plant, which was developed and built by Gamesa, exploits the excellent wind resources that characterize the Isthmus of Tehuantepec, located in the Mexican State of Oaxaca, with a potential load factor of around 40%. The fully operating plant will be able to generate over 250 million kWh annually, thereby avoiding the atmospheric emission of over 100 thousand metric tons of CO_2 each year.

20
July

Financing for Caney River wind farm

July 20, 2012 - Enel Green Power North America Inc. was awarded a grant of about $99 million by the US Treasury Department for the construction of the Caney River wind farm in Kansas.
The grant – awarded under Section 1603 of the American Recovery and Reinvestment Act of 2009 – has been allocated to the consortium led by JP Morgan, with which Enel Green Power North America entered into a tax equity partnership agreement in December last year. The other members of the consortium are Wells Fargo Wind Holdings LLC and Metropolitan Life Insurance Company.

6
August

Prairie Rose wind farm

August 6, 2012 - Enel Green Power announced the conclusion of an equity partnership agreement between its US subsidiary, Enel Green Power North America Inc., and EFS Prairie Rose LLC, a GE Capital subsidiary, for the construction of the Prairie Rose wind farm in northern Rock County, Minnesota.
Under the agreement, Enel Green Power North America Inc. acquired 49% of the project, with an option to increase its stake by another 26% in 2013.
The project will have a total installed capacity of 200 MW and is supported by a long term power purchase agreement (PPA).
In addition, Enel Green Power North America and EFS Prairie Rose signed a tax equity agreement with a syndicate led by JP Morgan, including Wells Fargo Wind Holdings LLC and Metropolitan Life Insurance Company, whereby the syndicate commits to finance the Prairie Rose project in the amount of about $190 million. The syndicate members releases funds at the commercial operation date in the 4th Quarter of 2012, subject to fulfillment of requirements set out in the capital contribution agreement, and upon funding became partners in the project with limited voting rights. The syndicate members' equity interest will allow them to obtain a percentage of the tax and financial benefits attributed to the project.

30
August

Moldova Noua wind farm in Romania enters operation

August 30, 2012 - Enel Green Power completed the connection of the new Moldova Noua wind farm in the Banat region of Romania to the grid. The fully operational plant, composed of 21 2.3 MW SWT wind turbines with a total installed capacity of 48 MW, 25 MW of which have been online since December of last year, will be capable of generating some 130 million kWh, thus avoiding the emission of over 70 thousand metric tons of CO_2 into the atmosphere.

5
September

Operations start at Padul wind farm in Andalusia

September 5, 2012 - Enel Green Power connected a new 18 MW wind farm to the grid in Andalusia named "Padul" after the municipality near Granada where the plant is located. The fully-operational facility is expected to generate over 37 million kWh annually. The energy produced by the nine 2 MW turbines at Padul will avoid annual atmospheric emissions of about 28 thousand metric tons of CO_2, saving around 14 thousand metric tons of oil equivalent (TOE).

14
September

New solar installations enter into service in Italy

September 14, 2012 - Enel Green Power further strengthened its position in the Italian photovoltaic power market with the entry into service of six new photovoltaic systems installed on rooftops in Abruzzo and Molise.
The four systems installed in Termoli (Campobasso province, in the Molise region) have a combined installed capacity of over 2.3 MW, while those in Casoli (province of Chieti) and Nocciano (province of Pescara), both in the Abruzzo region, have a total installed capacity of approximately 1.5 MW. Following their entry into service, these new facilities, installed on the rooftops of warehouses, are expected to generate more than 4.5 million kWh and avoid the atmospheric emission of over 2,300 metric tons of CO_2 per year.
In addition, ESSE began operation of two rooftop systems for a total installed capacity of around 1.5 MW.

The facilities are located in Campania at Colbuccaro (Acerra 2) and Montegranaro (Acerra 1). They are installed on the rooftops of 8 agricultural sheds and are expected to generate more than 1.8 million kWh per year, thereby avoiding the emission of over 900 metric tons of CO_2 into the atmosphere each year. The installations were built using thin-film modules manufactured at 3SUN's Catania factory (3SUN is an equal joint venture between Enel Green Power, Sharp and STMicroelectronics).

29
September

Enel Green Power, Autonomous Province of Bolzano and TIS team up for innovation

September 29, 2012 - Enel Green Power, the Department of Innovation, Research, Development and Cooperatives (Assessorat für Innovation, Forschung, Entwicklung und Genossenschaften) of the Autonomous Province of Bolzano and TIS - Innovation Park signed a three-year memorandum of understanding to promote technological innovation in power generation from renewables.

September

Acampo Hospital wind farm enters service

In September, Enel Green Power España developed and connected the new Acampo Hospital wind farm, located in Zaragoza (Aragón), to the grid. The wind farm project was obtained through a public tender. With 5.4 MW in installed capacity, the fully-operational facility will generate over 19 million kWh annually. The energy produced by the three 1.8 MW turbines at Acampo Hospital will avoid annual atmospheric emissions of over 14 thousand metric tons of CO_2, saving around 7 thousand metric TOE.

20
November

Loan agreement with EKF for a €110 million loan for a wind farm in Chile

November 20, 2012 - Enel Green Power SpA, acting through its subsidiary Enel Green Power International BV, agreed an agreement for a 12-year loan of €110 million with the Danish Government's Export Credit Agency (EKF) and Citigroup, the latter as agent and arranger. The loan is guaranteed by Enel Green Power.
The loan will be used to cover part of the investment in Enel Green Power's Talinay wind farm in Chile, which has an installed capacity of around 90 MW.

22
November

Enel Green Power awarded 102 MW of wind capacity in Mexican public tender

November 22, 2012 - Enel Green Power won a public tender, called Sureste I – Phase II, held by the Mexican Government's electricity agency, for the construction of a 102 MW wind farm. The plant will be located on the Isthmus of Tehuantepec in the State of Oaxaca, an area characterized by high winds. Once completed, the new plant will be able to generate more than 350 GWh a year, with a load factor of more than 40%. This means that the wind generators could operate for more than 3,500 hours equivalent per year, well above the European average.
The tender gives Enel Green Power the right to enter into a 20-year power purchase agreement (PPA) with the Mexican Government's *Comisión Federal de Electricidad*.

27
November

€160 million loan agreement with EIB for renewable plants in Italy

November 27, 2012 - Enel Green Power SpA signed an agreement with the European Investment Bank (EIB) for a 20-year loan totaling €160 million to help fund Enel Green Power's development program in Italy through 2014.

4
December

Construction begins on three wind farms in Brazil

December 4, 2012 - Enel Brasil Participações started construction on three wind farms in the Brazilian State of Bahia. The new wind farms, named "Cristal", "Primavera" and "São Judas", are all located in the State of Bahia. The plants will have a total installed capacity of approximately 90 MW.

Once in service, the three wind farms will be able to generate around 400 GWh a year, thereby avoiding the emission of more than 250 thousand metric tons of CO_2 into the atmosphere. In September 2010, Enel Green Power won a public tender, held in Brazil and solely dedicated to wind power, for the awarding of three multi-year contracts for the sale of electricity from new power plants. The three projects are characterized by ample wind resources and a load factor of about 45%, one of the highest in the world. The wind generators can operate for around 4 thousand hours equivalent per year, which is much higher than the European average. Through the tender, Enel Green Power also gained the right to sign a 20-year contract to sell the electricity generated by the three plants through the Brazilian government agency CCEE at a price indexed 100% to Brazilian inflation.

7
December

64 MW of wind power enters into service in Italy

December 7, 2012 - Enel Green Power connected to the grid the new wind farms located in Cutro, in the province of Crotone (Calabria), and Potenza-Pietragalla, in the province of Potenza (Basilicata).

The Cutro wind farm is composed of 23 turbines of 2 MW each, for a total installed capacity of 46 MW. Once fully operational, the wind farm will be able to generate around 100 million kWh of clean energy each year, therefore avoiding the emission of 26 thousand metric tons of CO_2 into the atmosphere.

The wind farm is connected to the high-voltage grid through an 18 km underground cable.

The Potenza-Pietragalla wind farm is composed of nine 2 MW turbines for a total installed capacity of 18 MW. Once fully operational, the new wind farm will be able to generate more than 39 million kWh of clean energy each year, therefore avoiding atmospheric emission of over 10 thousand metric tons of CO_2.

The two new wind farms will generate together 139 million kWh per year, avoiding the emission in the atmosphere of 36 thousand metric tons of CO_2.

14
December

Wind farm enters service in Zopiloapan in Mexico

December 14, 2012 - Enel Green Power connected to the grid its second wind farm in Mexico, Zopiloapan, located in the State of Oaxaca.

The wind farm, designed and built by Gamesa, consists of thirty-five 2-MW wind turbines and has a load factor of around 40%, the equivalent of approximately 250 million kWh of clean energy each year once fully operational. Power generation from the new plant will avoid the annual emission of around 150 thousand metric tons of CO_2 into the atmosphere.

17
December

Enel Green Power and Simest team up to develop renewable energy projects in Costa Rica and Mexico

December 17, 2012 - two of Enel Green Power's renewable energy projects in Costa Rica and Mexico will receive the financial support of Simest, the public-private finance institution which promotes the international development of Italian enterprises.

The two projects are the Chucas hydroelectric plant in Costa Rica, which will have a 50 MW capacity and the Bii Nee Stipa II wind farm in Mexico, with a total installed capacity of 74 MW.

Simest's participation in the equity of both projects, totaling €10 million, will ensure that Enel Green Power will have access to interest rate support provided by Simest.

19
December

Enel Green Power signs an agreement with IADB to finance a wind farm in Mexico

December 19, 2012 - Enel Green Power, acting through its subsidiary Impulsora Nacional de Electricidad Srl de Cv, signed a loan agreement with the Inter-American Development Bank (IADB) for 988 million Mexican pesos, equivalent to approximately $76 million, to cover part of the investment in the Bii Nee Stipa II wind farm in Mexico.

The 10-year loan will be backed by a parent company guarantee from Enel Green Power.

21
December

Start of construction of a new wind farm in Chile

December 21, 2012 - Enel Green Power started construction of the Valle de Los Vientos wind plant in the II Region of Antofagasta in Chile.

The new plant will comprise 45 wind turbines of 2 MW each, for a total installed capacity of approximately 90 MW. Once in operation, the Valle de Los Vientos plant will be able to generate more than 200 GWh a year, avoiding the atmospheric emission of more than 165 thousand metric tons of CO_2.

28
December

Three new wind farms enter service in Romania

December 28, 2012 - Enel Green Power connected to the grid three new wind farms – Elcomex EOL (Zephyr I), Targusor (Zephyr II) and Gebelesis — located in the Dobrogea region of Romania for a total installed capacity of 206 MW. Once fully operational, the new wind farms will be able to generate about 560 million kWh of energy each year.

The Elcomex EOL wind farm is composed of fifty-two wind turbines of 2.3 MW each for a total installed capacity of around 120 MW. Once fully operational, the new wind farm will be able to generate around 340 million kWh of energy each year. The Targusor wind farm is composed of twenty-six wind turbines of 2.3 MW each for a total installed capacity of around 60 MW. Once fully operational, it will be able to generate more than 170 million kWh of energy per year.

The Gebelesis wind farm, in northern Dobrogea, is composed of five wind turbines of 3 MW each and six wind turbines of 2 MW each for a total installed capacity of 27 MW. Once fully operational, it will be able to generate around 50 million kWh of energy each year.

The contribution of renewable energy to sustainability

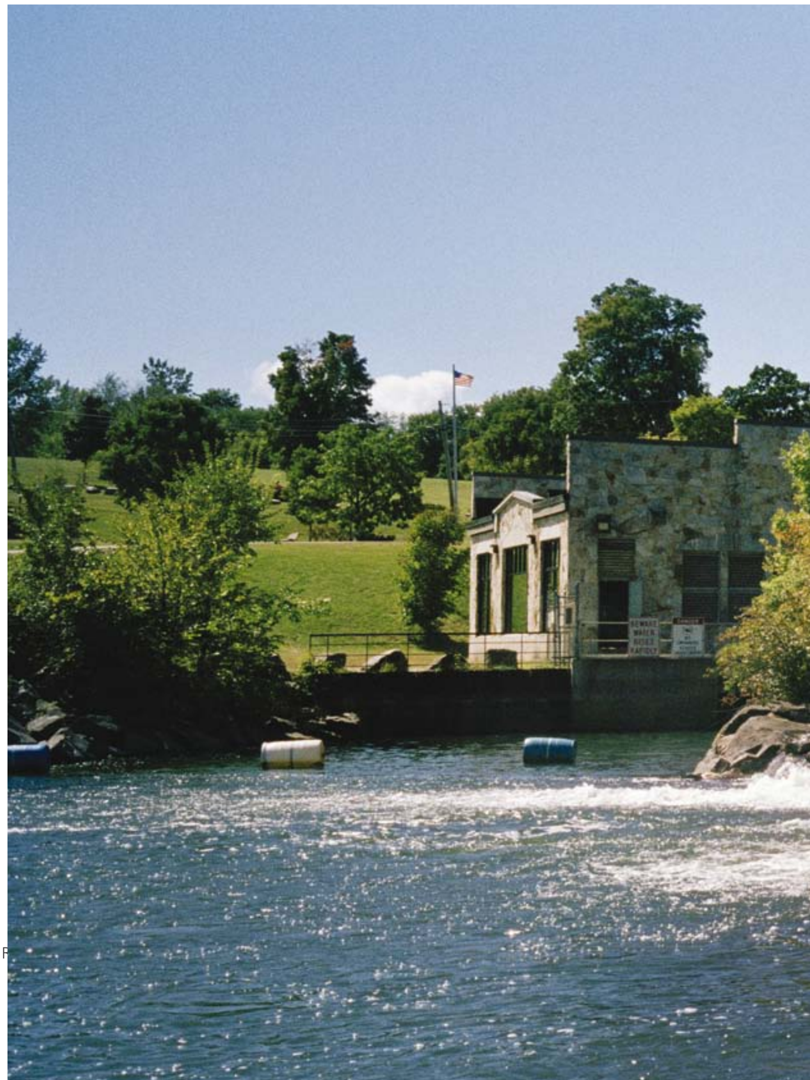
By its very nature Enel Green Power contributes to sustainable development: renewables are an important tool for enhancing the competitiveness of the economy of various countries and for ensuring the security of the supply of energy resources. The widespread production of electricity from water, sun, wind and geothermal energy fosters greater energy independence for nations and at the same time supports the protection of the environment.

Enel Green Power's approach to sustainability is not limited to affirming its intrinsic nature, or its "renewables" DNA, but rather seeks to promote a strategy that integrates sustainability into business processes and throughout the value chain, a new business model for the rational use of resources, based on listening and community involvement to create shared value.
To translate these objectives into specific actions and measurable projects, in 2012 Enel Green Power established an organizational unit for CSR with a central Project Office and units throughout our international operations. During 2012, with the involvement of all Enel Green Power Functions, an action plan was launched to build the management system and foster the continued dissemination of a culture of sustainability.

In a context in which the standard setters (such as GRI and the ESG indices) have not yet pursued specific studies into renewables, Enel Green Power seeks to be a pioneer in defining its own (objective and measurable) path for sustainable growth. With this aim, Enel Green Power, in collaboration with KPMG, conducted an analysis of its position in relation to international best practices and the requirements of the main sustainability indices. On the basis of the findings, we identified key indicators – whether existing, under development or to be implemented – that the various functions can use, in concert, to integrate CSR ever more closely into industrial and business processes.

With the objective of preparing an Integrated Report, the study made it possible to identify the key indicators to be considered in the Enel Green Power Strategic Plan, as well as to define CSR KPIs for internal use, which will enable us to monitor the impact of projects and processes in terms of sustainability.

The challenge in 2013 will be to strengthen the Group's vocation for sustainability so that CSR becomes an increasingly integral part of the value chain and a tool to support the growth and development of our business. Enel Green Power can already proudly display its attention to CSR not only throughout its entire business, for example in the adoption of a green procurement plan which provides for the provisioning of more environmentally



conscious goods and services, but also in its decisions upstream, such as, for example, avoiding the use of photovoltaic panels containing toxic substances like cadmium telluride, and downstream, having provided for the disposal of solar panels in our processes.

With our international operations extending to the emerging countries, a key pillar of our business growth and development strategy is the "Never Against" philosophy: seek dialogue from the beginning, build and enhance shared value to create consensus, foresee potential conflicts and avoid imposing solutions. To this end, in preliminary country studies, political-economic analysis is accompanied by social analysis, together with indicators of the well-being and development of communities and populations in order to construct business projects that, from the outset, leverage social aspects as well as economic factors. The partnership with the Barefoot College is a concrete example of our objective to become a benchmark in this area, a credible model and good citizen of the countries in which we operate. The initiatives we promote spring from our practice of listening carefully to local needs and must produce effective, measurable development. In 2012, the partnership with the Barefoot College, which is an integral part of the larger Group project Enabling Electricity, brought 16 semiliterate women (the "grandmothers") from Chile, Peru, Guatemala and El Salvador to northern India. The women, who all hailed from poor, remote villages without access to electricity, came to learn, in six months, how to install and maintain small photovoltaic systems. Giving tools and skills to the village grandmothers, because they are the most reliable figures in the community and thus the most appropriate candidates for training in India, means actively contributing to the autonomous development of their area, bringing added value that survives the project itself, reducing the incentive to migrate to urban areas. More than just a project, it is a life experience for women who often had never left their village and have now become 'bearers of the new' for the benefit of the entire community. A documentary made by two young graduates of the School of Cinematography in Palermo recounts the story through images and eyewitness accounts of the project, as lived through the eyes of the grandmothers, from their travels to India to the electrification of their villages.
With the same objective of leveraging local culture, helping communities to grow and become self-sufficient, agricultural programs were carried out in Chile with the Mapuche communities using indigenous techniques, resulting in a 200% increase in potato output in three

years. The project obtained the "*Más para Chile*" designation from the Minister of Development for programs to protect the most disadvantaged populations.

For Enel Green Power, creating a channel for listening and open dialogue with local communities means being open to supporting both large-scale initiatives, such as the Barefoot College, as well as more focused projects of more limited scope, but which nonetheless impact disadvantaged populations and contribute to the development of the community, improving their living conditions. Examples include the investments undertaken in Romania for the construction of roads, playgrounds (Gebelesis, Prahova), and heating systems in schools (Targusor and Corugea). In Mexico, "*Un Techo Para Mi País*" led to the construction of 150 houses for the poor who lived in the areas surrounding Enel Green Power plants, while the creation of a Social Fund in favor of the community of fishermen of El Gallo made it possible to pursue projects that have improved their quality of life, because we believe sustainability means sharing the interests of local communities. In Guatemala, the "Gummarquaj Archeological Programme" involved the creation of a museum dedicated to indigenous cultures, underscoring Enel Green Power's commitment to ensuring continuity and respect for the traditions and cultures of the region.

Respect for the person and the environment are also reflected in the San Patrignano project, which saw the construction of three photovoltaic systems within the Community, with a capacity of about 50 kWp, avoiding the emission of 30 metric tons of CO_2 a year. The active involvement of the young people in the Community in the design and installation of the system, with a training program focused on photovoltaics, has laid the foundation for the development of more professional skills and, hopefully, reintegration into society.

The dissemination of a culture of sustainability has been the engine driving many initiatives involving children and students from various countries. In addition to large-scale projects such as Play Energy, which by now encompasses the entire Enel Group from Europe to America, a number of other initiatives have also been promoted. In Greece, the celebration of Global Wind Day in collaboration with the non-profit Global Kiter Foundation was an opportunity to explain the behavior of wind to school children and promote wind energy through kites. Similarly, the Energy Days in the United States served as an opportunity to attract families to events promoting a culture of renewable and sustainable energy.

Well-established initiatives to leverage local communities and promote renewable energy resources continued in all the countries in which we operate, and in particular through the "Nature and Territory" project in Italy and Spain. In Italy, in partnership with local institutions, more than 30 events with more than 44,000 visitors were organized, confirming the integration of Enel Green Power with local communities and the environments in which its plants are located. In Spain, the project led to the development of hiking trails through the wind farm at Los Barrancos, in Andalusia, and the "*Cross Enel Green Power Sierra de la Capelada Duathlon*", in Galicia.

Environmental sustainability in Europe has been promoted mainly through agreements with foundations and local institutions, such as the *Fundación Patrimonio Natural de Castilla y León* and the Government of Vistahermosa and Padul in Spain, for the development and implementation of projects for the protection of biodiversity, and with the collaboration of the Fapas NGO for the reforestation of abandoned areas of the Belmonte plant in Asturias. In Central America, where efforts continued in Panama to preserve biodiversity of the Fortuna Reserve with the Smithsonian Institute, Costa Rica has launched a reforestation program in the area affected by the construction of the Chucas plant.

The desire to promote the informed use of energy has guided various Enel Green Power projects at different levels. Symbolically following up on the "Green Embassy" project from 2011, in 2012 one of the most successful events in Brazil was the Italian Pavilion set up as part of "Rio +20" conference on sustainable energy. The pavilion was entirely covered with thin-film photovoltaic panels designed to provide all the energy required by the structure itself.
In Italy, in collaboration with the State Railways and the Ministry for the Environment, *TrenoVerde* has offered a traveling exhibition using 4 coaches to promote renewable resources and green energy, informing over 10,000 visitors about eco-sustainable behavior and high-efficiency eco-friendly products.
Innovation has also become a tool for stakeholder engagement to experiment with new approaches to listening and dialogue with a view to disseminating a "renewable" culture. Enel Green Power draws on the contribution of research centers and universities in Italy and abroad that are involved in the promotion of technological innovation. In addition, in partnership with the Third University of Rome, an experimental project *Elebici@Roma3* was launched, involving, for a year and a half, 30 students in the daily use of an electric bicycle with a commitment to recount their experience in a "diary". The data collected will enable us to analyze the relationship between people, bicycles and cities and to assess its impact in economic, social and environmental terms.
The culture of sustainability of Enel Green Power is promoted and practiced actively by those who work for Enel Green Power, becoming the public face of a "green way of life".
This is confirmed by the success of two initiatives for employees of the Group: "Green Place to Live" and "I love my electric bike". Awards for the best renewables projects conceived and developed by Enel Green Power employees created a strong incentive for "green creativity", developing a consistent approach to innovation that integrates all spheres of daily life, at home and at work.
Thanks to the free loan of electric bikes, thereby contributing to the reduction of pollution, electric mobility also becomes an instrument for promoting physical well-being and that of the environment, and offers evidence of a sustainable lifestyle at the office as well as at home.

In adopting a systemic approach to sustainability, Enel Green Power seeks to meld responsible technological challenges, energy efficiency and respect for the environment with a commitment to build a better future, educating people in responsible consumption in mature markets and creating the conditions for access to energy in emerging markets. Our new goal is to put the promotion of a culture of sustainability at the heart of our business model.

Reference scenario

Enel Green Power and the financial markets

	2012	2011
Group gross operating margin per share (euro)	0.32	0.32
Group operating income per share (euro)	0.18	0.18
Group net earnings per share (euro)	0.08	0.08
Dividend per share (eurocents)	2.59	2.48
Pay-out ratio (1) (%)	30	30
Group shareholders' equity per share (euro)	1.38	1.38
Share price - 12-month high (euro)	1.66	2.05
Share price - 12-month low (euro)	1.02	1.49
Average share price in December (euro)	1.36	1.61
Market capitalization (2) (millions of euro)	6,799	8,036
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	1.19%
STOXX Europe 600 Utilities index	1.00%
Bloomberg World Energy Alternative Sources	18.94%

(1) Updated to January 31, 2013.

In 2012, the performance of the financial markets was tied to developments in the market for government securities issued by a number of euro-area countries. The 1st Half of the year was initially positive, thanks to the easing of tensions generated by the sovereign debt crisis that has affected the euro-area countries. The support measures adopted by the European Central Bank (ECB), including financing on facilitated terms for euro-area banks, as well as the agreement reached with European Governments and the International Monetary Fund (IMF) over the bail-out plan for Greece, triggered a rising trend and alleviated pressures on the government securities issued by certain euro-area countries. The spread between the Italian 10-year bond and the German bund narrowed to a low of 278 basis points in March. Strains in the European financial markets worsened from the end of the 1st Quarter, however, due to growing worries over Greece and Spain. Concerns about the outcome of the Greek elections and the deterioration of conditions in the Spanish banking system, with the resulting request for recapitalization for one of that country's largest banking groups, adversely impacted market performance. Fears about the political and economic stability of the euro-area countries were compounded by expectations of a further slowdown in the world economy.

In the 2nd Half of the year, further action by the ECB and the decisions of the European Council aimed at stabilizing the spread on government securities issued by those countries most affected by the debt crisis had a positive impact on the markets. The effective implementation of outright monetary transactions (OMTs), consisting of ECB purchases of government securities on the secondary market, was made possible due to the ratification of the European Stability Mechanism (ESM) by the German Constitutional Court. These actions came in addition to the decision by the euro-area countries to ease the budgetary targets for Greece and to extend the time period for achieving those targets by two more years. The financial difficulties faced by Spain and the Spanish banking system were a source of tension, even in the final part of the year, and worsened in response to the downgrade of Spain's debt rating by Standard & Poor's in October. During the 4th Quarter, the situation was also affected by uncertainties engendered by United States in connection with the negotiations to avoid increases in income taxes and cuts in government spending. The impact on the financial markets was, however, softened by repeated assurances by the US Government and the reaching of an agreement to avoid the fiscal cliff at the very end of the year. In the United States, the Standard & Poor's 500 index ended the 2nd Half of the year on a positive note (up 4.7% during the period).

In this environment, equities performed well overall. The major markets ended the year with gains: London up 6%, Milan up 8%, Paris up 15%, Frankfurt up 29%, Tokyo up 23% and, in the US, the S&P 500 index up 13% and the Dow Jones index up 7%. Madrid lost ground, falling 5%. However, in the 2nd Half of the year, the Spanish index rose sharply, in line with the leading European indices (up 15%). The two-speed performance of the main European markets is also evident in the comparison between the 1st and 2nd Halves of the year:

> FTSE-MIB: down 5.4% in the 1st Half of 2012, up 14.0% in the 2nd Half and up 7.8% for the year as a whole.
> London: 0% in 1st Half 2012, +5.8% in 2nd Half of 2012, +5.8% for year as a whole.
> Paris: +1.1% in 1st Half 2012, +13.9% in 2nd Half of 2012, +15.2% for year as a whole.
> Frankfurt: +8.8% in 1st Half 2012, +18.6% in 2nd Half of 2012, +29.1% for year as a whole.
> Madrid: -17.1% in 1st Half 2012, +15.0% in 2nd Half of 2012, -4.7% for year as a whole.

Utilities stocks followed a similar pattern, initially falling before rising. However, the STOXX Utilities index fell during both the 1st and 2nd Halves of the year (-7% in the 1st Half, -2% in the 2nd Half) and posted a loss of 8.8% for the year as a whole. The lowering of guidance targets by a number of major European utilities for the end of the year seriously affected sector performance. More specifically, in November, E.ON cut its earnings forecasts for 2013 and EDF reported results below expectations and reduced its targets for 2013. Enel Green Power experienced the same trend, reporting a decline of 23% in the 1st Half of the year and an increase of 13% in the 2nd Half, for a 13% decline for the year as a whole.

The utilities segment was also affected by market developments driven by worries over the sovereign debt crisis and expectations of a further slowdown in the world economy. The deterioration in expectations for the economy, particularly in Europe, has had a negative impact on the outlook for gas and energy demand, which affected the performance of energy company stocks. By contrast, in the final quarter, the utilities with the greatest exposure to the Spanish market benefited from the lifting of the uncertainty surrounding energy sector reform following the proposal presented by the Spanish Government, which gave a clearer view of the possible changes to the regulatory framework and established potential approaches for addressing the structural rate deficit that characterizes the energy market there. More specifically, the Spanish Government decided to introduce a tax on generation from any source and a special tax on nuclear and hydroelectric power.

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, online 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 +39-0683058721) and for institutional investors (phone: +39-0683059104; e-mail: iregp@enel.com).

Economic and energy conditions in 2012

Economic developments

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

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

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

In the foreign exchange markets, the euro/dollar rate went from an average of 1.39 in 2011 to one of 1.29 in 2012. The depreciation of the euro is mainly attributable to agreements reached by the European institutions on monetary and fiscal issues, which spurred a decline in the spreads on the government securities of the Mediterranean countries of the euro area from their alarmingly high levels over the course of 2011.

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

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

Annual real GDP growth

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

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

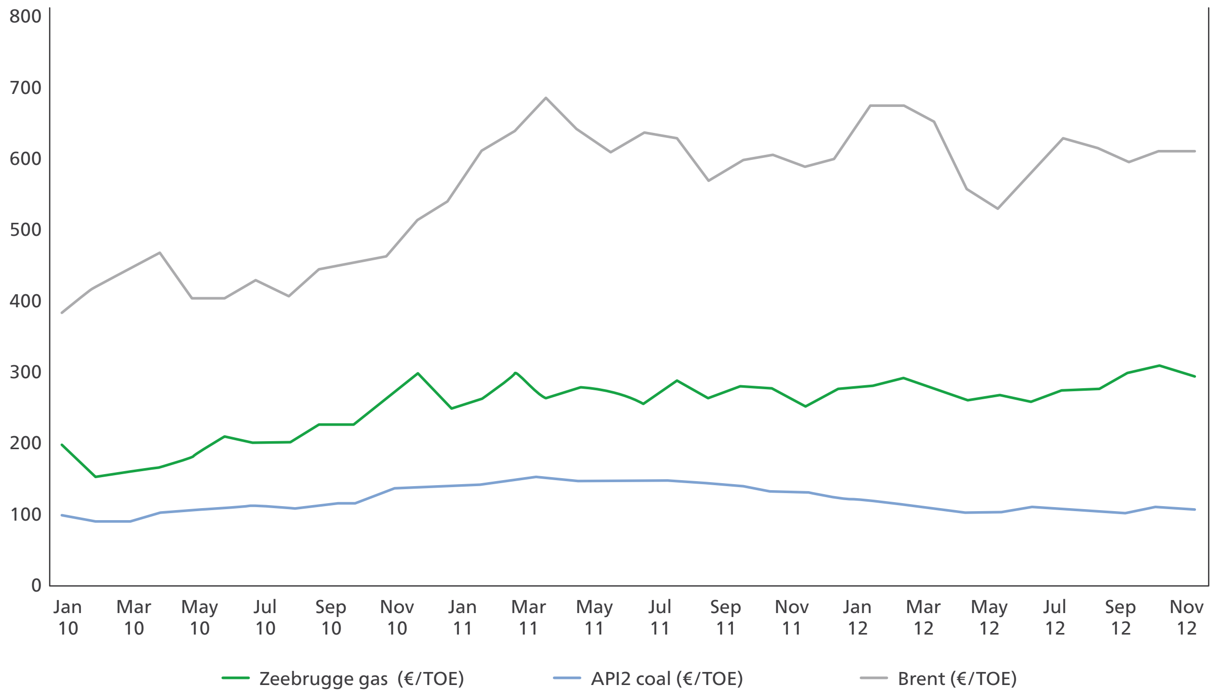
Developments in the main market indicators

Money market

International commodity prices

In 2012 the price of Brent oil, which stood at $115 a barrel at the end of the year, was driven by a series of factors not directly attributable to structural changes in supply and demand. The main factors included strife in the Middle East and North Africa, the new monetary stimulus implemented by the Federal Reserve through another round of quantitative easing and, partly, the removal of about one million barrels a day of Iranian crude from the world market. Thus, geopolitical tensions and financial factors appear to be the main causes of developments in oil prices.

Commodity prices



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

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

Electricity markets

Electricity demand

Developments in electricity demand

TWh

	2012	2011	Change
Italy	**325.3**	**334.6**	**-2.8%**
Spain	252.0	255.4	-1.3%
Portugal	49.0	50.5	-3.0%
France	489.5	478.2	2.4%
Greece	50.2	51.2	-2.0%
Bulgaria	32.5	33.2	-2.1%
Romania (1)	39.2	39.8	-1.5%
Brazil	546.9	528.0	3.6%
Chile (2)	47.5	45.0	5.6%
Colombia	59.4	57.0	4.2%
Peru	38.1	36.0	5.8%
USA (3)	3,112.0	3,173.0	-1.9%

(1) Europe/Urals.
(2) Figure for the SIC – *Sistema Interconectado Central*.
(3) Net of grid losses.
Source: Enel based on TSO figures.

In Europe electricity demand decreased in the Mediterranean countries, primarily due to the slowdown in industrial consumption. More specifically, in Italy (down 2.8%), Spain (down 1.3%), Greece (down 2.0%) and Portugal (down 3.0%) the negative performance of the industrial sector and the macroeconomic uncertainty had a decisive impact on the level of electricity demand. In the rest of Europe, electricity demand expanded in France (up 2.4%) compared with 2011. Demand continued to rise considerably in Latin America, with significant increases in Brazil (up 3.6%) and even larger gains in Chile (up 5.6%), Colombia (up 4.2%) and Peru (up 5.8%).

Electricity prices

Electricity prices

	Average baseload price 2012 (€/MWh)	Change in baseload price 2012-2011	Average peakload price 2012 (€/MWh)	Change in peakload price 2012-2011
Italy	75.5	4.6%	66.6	-6.3%
Spain	47.2	-5.5%	41.5	-10.0%
Brazil	66.1	427.0%	172.1	367.0%
Chile	145.4	11.3%	253.1	25.6%
Colombia	50.0	69.1%	113.3	126.0%

Developments in prices in the main markets

€cents/kWh

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

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

Electricity price developments in Italy

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

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

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

The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas rose by 15.6% in 2012, mainly owing to the increase in the A3 rate component covering costs for incentives for renewable generation.

Italy

Domestic electricity generation and demand

Millions of kWh

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

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

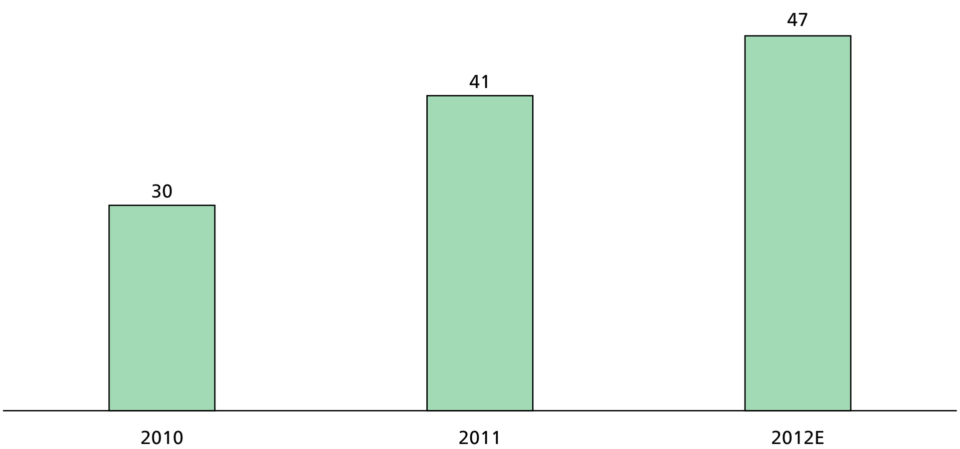
Domestic *electricity demand* in 2012 decreased by 2.8% compared with 2011, to 325.3 TWh. Of total electricity demand, 86.8% was met by net domestic electricity generation for consumption (86.3% in 2011) with the remaining 13.2% being met by net electricity imports (13.7% in 2011).

Net imports in 2012 declined by 2.6 TWh, mainly as a result of the electricity price differential between the Italian market and those in foreign countries.

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

As regards trends in the renewables sector in particular, in 2012 the installed capacity of renewable resource generation plants in Italy rose by an estimated 6 GW compared with 2011, to about 47 GW, as detailed in the following chart.

Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on ESO and EWEA data for 2012.
Note: excluding pure pumping systems.

Regulatory and rate issues

With Directive 2009/28/EC of the European Parliament and of the Council of April 23, 2009, the European Union approved the European climate and energy package, known as the "20-20-20" strategy, requiring that by 2020 Member States:

> reduce their greenhouse gas emissions by 20% (binding target);
> raise the share of total EU energy consumption produced from renewable resources to 20% (binding target);
> achieve a 20% improvement in energy efficiency (non-binding target).

According to Article 4(1) of the Directive, all the Member States are required to set binding national targets to achieve these objectives. Italy, specifically, is required to cover 17% of its final energy consumption using renewable resources.

At present, in Italy, progress on achieving the 20-20-20 target for the electricity sector, set out in the National Action Plan (NAP) of July 2010, is eight years ahead of schedule.

Recent information on the progress made in achieving the renewable energy resource development targets can be found in the "The new National Energy Strategy for a more competitive and sustainable environment" (NES) report issued on October 16, 2012 by the Italian Government, which was opened to public consultation (which closed on November 30, 2012).

The NES sets out four key targets for the energy sector:

1. significantly narrowing the gap in energy costs for consumers and businesses, including aligning prices and costs to those of Europe;
2. achieving and surpassing the environmental targets for decarbonization as defined in the European 2020 climate and energy package;
3. continuing to improve the security and independence of Italy's energy supplies;
4. fostering sustainable economic growth by developing the energy sector.

In order to achieve these targets, the NES proposes seven simultaneous action priorities:

1. improving energy efficiency, reducing consumption by 24% as compared with taking no action through 2020 (therefore exceeding the 20% target set by the EU);
2. making the gas market more competitive and making Italy the main south-European gas hub;
3. promoting the sustainable development of renewable energy so that it accounts for up to 20% of final gross consumption (more than the EU target of 17%) and, for the electricity sector, up to 38%, as compared with the 26% envisaged in the national action plan for renewable energy (PANER);
4. promoting the development of electricity infrastructure and the electricity market with the dual purpose of integrating the Italian market into the European market and renewables into the electricity market;
5. encouraging a restructuring of the fuel refining and distribution sector to make it more competitive and technologically advanced;
6. fostering the return of sustainable production of domestic hydrocarbons based on Italian oil and gas resources;
7. modernizing the governance system, which currently has much slower, more cumbersome procedures than do other countries.

The document sets out targets for each priority, as well as the starting points and primary actions to be undertaken.

The regulatory framework for supporting renewable energy in Italy consists of a variety of remuneration mechanisms. With regard to wind, geothermal and biomass technology, the incentive system envisages:

> for plants that enter service by the end of 2012, as provided for by Legislative Decree 28/2011, the green certificates mechanism applies and such certificates shall be valid through 2015. Green certificates are negotiable instruments issued by the Energy Services Operator (ESO) in proportion to the energy generated by a plant certified as powered by renewable resources. Plants that hold a generation license and that enter service by April 30, 2013 (June 30, 2013 for plants fueled by biodegradable waste) may take part in the green certificate system with a 3% reduction per month starting from January 2013;
> for plants that enter service after January 1, 2013, as provided for by the ministerial decree concerning incentives for renewable energy resources (July 6, 2012), a Dutch auction process or feed-in tariffs will apply, depending on the installed capacity and the technology employed.

The above incentive mechanisms will terminate upon reaching an indicative cumulative annual cost of €5.8 billion. At December 31, 2012, the cumulative annual cost was around €3.7 billion.

With regard to solar technology, the incentive system envisages:

> for plants that entered service prior to August 27, 2012, the First (for plants entering service between September 19, 2005 and April 12, 2007), the Second (between April 13, 2007 and December 31, 2010), [6] the Third (between January 1, 2011 and May 31, 2011) and the Fourth (between June 1, 2011 and August 26, 2012) Energy Accounts apply based on a feed-in premium system (a cumulative incentive rate over the zonal price);
> for plants that enter service after August 27, 2012, the Fifth Energy Account (ministerial decree of July 5, 2012) applies. It provides for, among other things, the shift from a feed-in premium system to a feed-in tariff system (comprehensive rate), to which a bonus rate for self-consumption may be added. The incentive mechanism will terminate 30 days after an indicative cumulative annual cost ceiling of €6.7 billion is reached. As of January 2013, the indicative annual cost was around €6.5 billion.

Resolution no. 281/2012/R/efr of the Authority for Electricity and Gas (the Authority) introduced a far-reaching change in the rules governing dispatching services for generation plants powered by non-schedulable renewable resources.
More specifically, starting from January 1, 2013 it extended to existing plants the use of the imbalancing payments envisaged for plants that do not use non-schedulable renewable resources, net of an exemption of 20% of the amended and corrected binding delivery schedule for the first six months and one of 10% starting from July 1, 2013. The resolution also eliminated the bonus for correct scheduling.
With Resolution no. 84/2012/R/eel (as amended by Resolution nos. 165/2012/R/eel and 344/2012/R/eel), the Authority, responding to a rapid and sizable increase in distributed generation and, in particular, from photovoltaic resources, approved a number of provisions aimed at ensuring continuity in safely managing the national electric system.
More specifically, the Authority required all plants that generate electricity intermittently and in a non-schedulable manner to adopt specific electrical devices and technical operating rules. The new rules apply to all plants connected to medium- and low-voltage networks. Existing plants must comply with the resolution's provisions by March 31, 2013.

The Authority also issued Resolution no. 570/2012 "Integrated text on the procedures and the technical and financial conditions for the provision of net metering service: 2013 terms and conditions", establishing new rules on net metering, implementing the provisions of the ministerial decree of July 6, 2012. The new rules apply as from January 1, 2013 and the main changes include:

> eliminating the requirement for the transmission of information on individual invoices, meaning that the utility company selling the service is no longer involved;
> standardizing the one-time net metering fee;
> in addition to components associated with the grid, components reimbursed to generating companies still include general system costs (a subsequent measure setting a ceiling on reimbursement is expected).

(6) Law 129 of August 13, 2010 (the so-called "Save Alcoa" Law) extended the period of application of the Third Energy Account to June 30, 2011 for plants installed by December 31, 2010.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

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

(1) Includes the balance of trade with the extra-peninsular system.
Source: *Red Eléctrica de España* - (*Balance eléctrico diario Peninsular* - December 2012 report). Volumes for 2011 are updated to December 3, 2012.

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

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

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

Electricity generation and demand in the extra-peninsular market

Millions of kWh

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

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

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

Net imports in 2012 amounted to 0.6 TWh and entirely regarded trade with the Iberian peninsula.

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

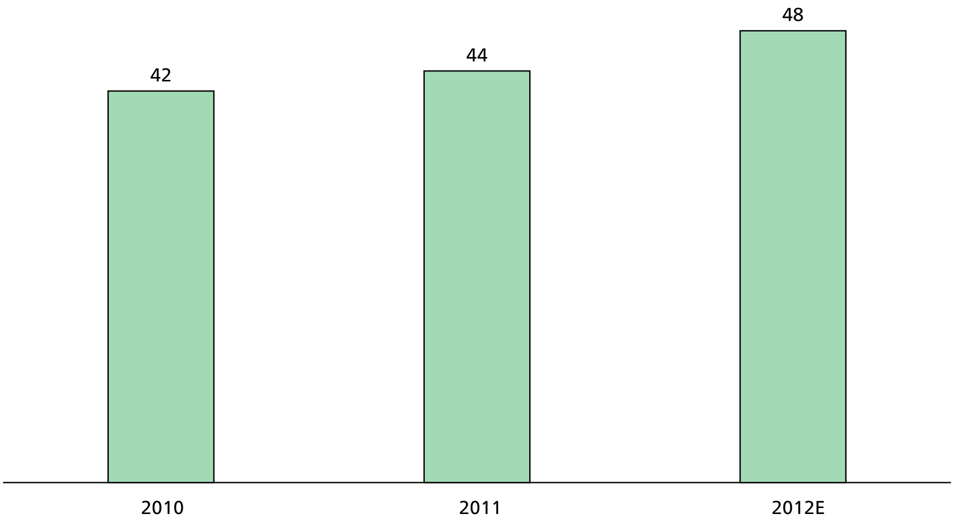
In Spain, the renewables sector has grown substantially in recent years, increasing its share of total consumption of primary energy.

On November 11, 2011, the Spanish government approved the new "Renewable Energy Plan" for 2011-2020 ("REP 2011-2020"), which sets out the development plan for the renewable energy sector. The REP 2011-2020 establishes specific measures to implement in order to achieve the target established with Directive 2009/28/EC for 20% of total energy consumption from renewable energy resources by 2020, the deadline by which the government expects to reach 64 GW of installed capacity, mainly through the growth of wind and solar power. The document also sets specific capacity and output targets for each technology:

> wind: 35.7 GW of capacity by 2020;
> hydroelectric: 13.9 GW of capacity by 2020;
> geothermal: 0.05 GW of capacity by 2020;
> solar (photovoltaic and CSP): 12 GW of capacity by 2020;
> marine: 0.1 GW of capacity by 2020;
> biomass (solid biomass, waste and biogas): 1.9 GW of capacity by 2020.

The installed capacity of renewable resource generation plants rose by 8% in 2012 compared with the previous year, to about 48 GW, as detailed in the following chart.

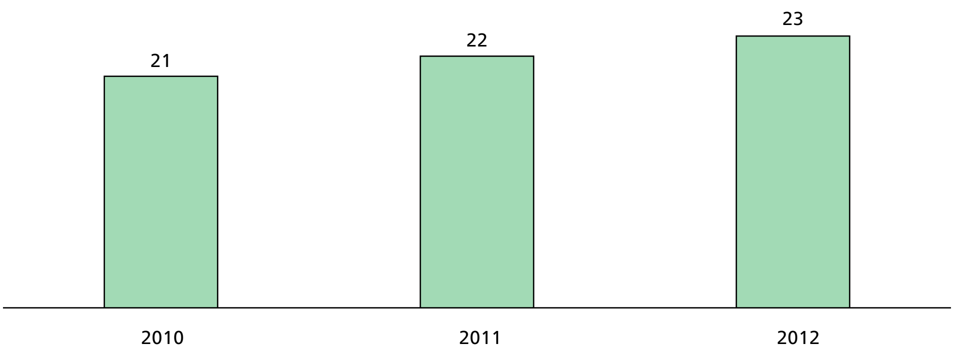
Developments in installed renewable generation capacity (GW)



Source: Enerdata, REE/PANER; based on EER, EWEA, BNEF and EPIA data for 2012.
Note: excluding pure pumping systems.

With specific regard to the wind sector, the Spanish market is the second largest in Europe (after Germany), with about 23 GW of installed capacity as of 2012, most of which in the region of Castilla y León. In the past year, the installed wind power base expanded by about 5% and as of 2012 accounts for about 48% of total installed renewables capacity.

Developments in installed wind power capacity (GW)



Source: Enerdata, EWEA.

Regulatory and rate issues

During 2012 the development of new renewables plants in Spain involved the construction of wind farms and solar thermal plants previously entered in the "pre-registration" system in 2009 and 2010 but not yet in service.

The "pre-register" was introduced with the publication of the resolution of the secretary of state for energy of November 19, 2009, which specified the rules for the submission of projects for entry in the register (as provided by Royal Decree Law 6 of April 30, 2009). Such registration is necessary to access the rates set out in Royal Decree 661/2007.

Royal Decree 1614 of December 7, 2010 amended the rules governing certain aspects of electricity generation, especially as regards solar, thermal and wind plants, introducing the following amendments in particular:

> for wind plants receiving incentives under Royal Decree 661/2007, the decree reduced the reference premium by 35% between 2011 and 2012. Those premiums will be restored during 2013;

> for all wind plants, the decree set a ceiling on the number of hours equivalent of subsidized generation sold at wholesale prices (2,589 hours/year) if the average number of hours exceeded 2,350 hours/year.

In addition, 2012 was characterized by an energy policy that focused primarily on resolving the issue of the rate deficit, which at the start of the year amounted to about €24,000 million. Royal Decree Law 1/2012 suspended the "pre-registration" process and eliminated subsidies for new renewable energy installations that were not entered in the register before the date the decree entered force.

Royal Decree Law 13 of March 30, 2012, with which Spain transposed various EU Directives concerning the electricity and gas markets, introduced a number of measures designed to help generate the revenues necessary to cover the costs of the electrical system, including a reduction in the remuneration of electricity distribution and transport services. Completing the developments, Orden IET/843/2012 also revised rates for end users as from April 1, 2013.

In September 2012, the Government presented a bill for energy sustainability, with the basic intention of establishing or modifying energy taxes. The bill became law with Law 15 of December 27, 2012, containing "fiscal measures for energy sustainability", and entered force on January 1, 2013. The main measures include:

> a tax of 7% on electricity generated with any technology;

> the establishment of taxes on the production of spent nuclear fuel and nuclear waste and on radioactive waste storage;

> the introduction of a royalty of 22% of the value of the energy produced for the use of water for electricity generation (reduced by 90% for plants with a capacity of less than 50 MW);

> for solar thermal generation, electricity generated using non-renewable resources as a backup for the normal operation of the plants will not be eligible for subsidies.

All the revenues generated by these measures and by CO_2 auctions will be used to cover the costs of the electric system in order to achieve break-even and prevent the creation of an additional deficit in 2013.

The final regulatory change for 2012 came with Royal Decree Law 29 of December 28, 2012, containing urgent measures for the electric industry. The most significant was an amendment of Law 54/1997 eliminating the obligation to eliminate the rate deficit in 2013 and shifted responsibility for a number of costs to the State in order to reduce the deficit for 2012.

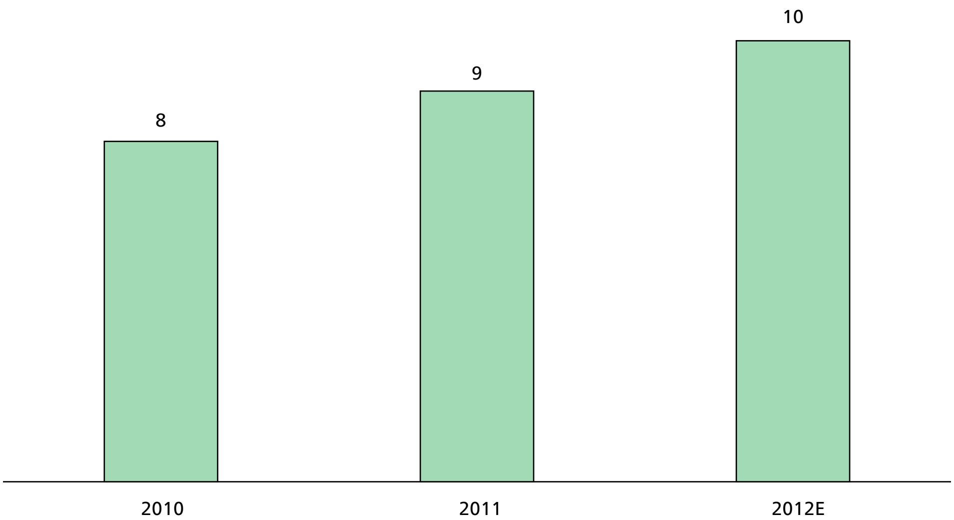
Renewable resource generators can choose between a feed-in tariff (energy price included) or the market price (without the premium, which was eliminated with Royal Decree 2/2013).

Portugal

Portugal has adopted a strategy centered on the development of renewable energy resources, supporting the sector with a range of financial and tax measures. According to the "*Plano Nacional de Accao para as energias renovaveis ao abrigo da Directiva 2009/28/CE*", more than 40% of generation and about 20% of final consumption of electricity comes from renewable resources, while installed capacity is forecast to rise to about 19 GW by 2020, with the hydroelectric and wind sectors making the largest contribution to growth.

In 2012, Portugal had a total installed capacity of about 10 GW, up some 7% on 2011.

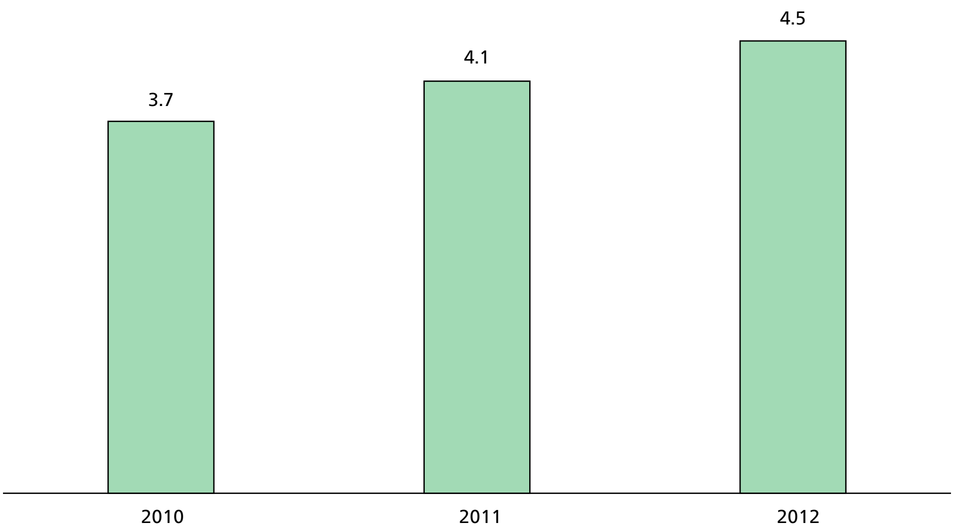
Developments in installed renewable generation capacity (GW)



Source: Enerdata, GWEC; based on PAN, EWEA, EER and EPIA data for 2012.
Note: excluding pure pumping systems.

The wind sector made the largest contribution to the growth in installed renewables generation capacity, accounting for about 45% of the total in 2012.

Developments in installed wind power capacity (GW)



Source: Enerdata, EWEA.

Regulatory and rate issues

There are currently two main tariff systems that apply to wind plants, both of which use a feed-in tariff mechanism. More specifically:

> Royal Decree 339-C/2001. The incentive mechanism is a feed-in tariff updated on a monthly basis and varies depending on the plant load factor (the greater the load

factor, the smaller the subsidy). In addition, on February 28, 2013, a decree was published that provides for an extension of 5-7 years of the duration of the incentives (following their ordinary expiry) against payment of €5,000 or €5,800 per MW for the years from 2013 and 2020 inclusive. More specifically, the remuneration in these cases is as follows:

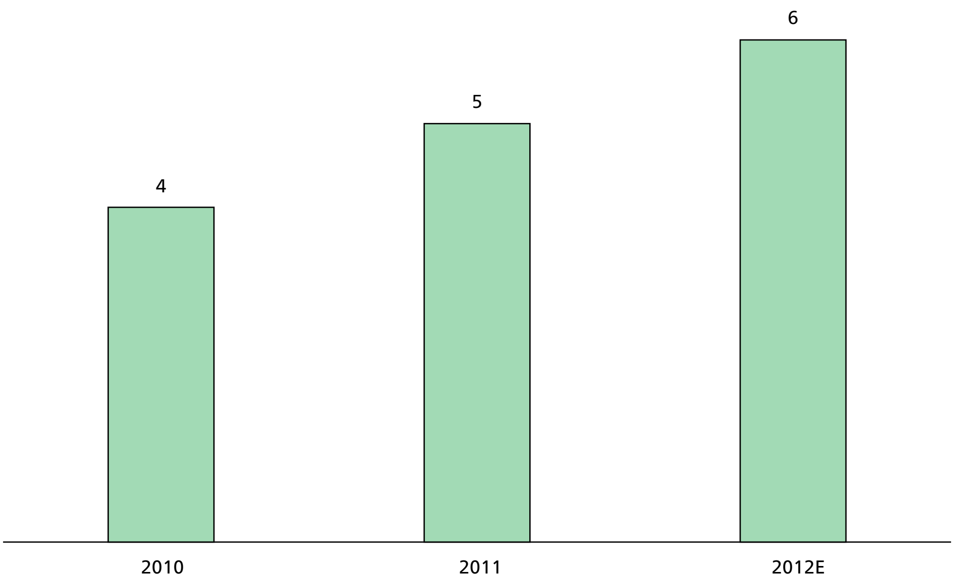
- average electricity price with a floor of €60/MWh and no cap;
- average electricity price with a floor of €74/MWh and a cap of €90/MWh;

> Royal Decree 33A/2005. The decree also provides for a feed-in tariff mechanism updated on a monthly basis. Plants participate in a Dutch auction in order to access the incentives.

Greece

In compliance with the objectives agreed with the transposition of EU regulations, Greece has focused on developing renewable electricity generation. With Law 3851/2010 "Accelerating the development of Renewable Energy Sources to deal with climate change and other regulations addressing issues under the authority of the Ministry of Environment, Energy and Climate Change", Greece has set itself a target of increasing the current share of clean energy to about 40% of total electricity output by 2020. To achieve the target, Greece plans an efficient mix of tax, financial and technical measures, including a revision of the feed-in tariff system, a simplification of licensing procedures and the elimination of barriers to implementing renewables projects at the local level.
The "National Renewable Energy Action Plan in the scope of Directive 2009/28/EC", setting out measures for the implementation of Directive 2009/28/EC, Greece has projected a total installed capacity for renewable generation of 13 GW by 2020, with wind and solar power expected to make the largest contribution.
In recent years, installed renewables capacity has expanded in Greece, reaching about 6 GW in 2012, up 26% compared with 2011.

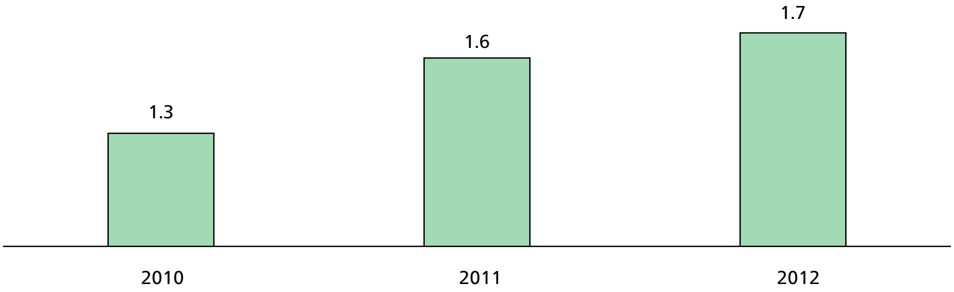
Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on Enerdata, EWEA and EPIA data for 2012.
Note: excluding pure pumping systems.

The wind sector has grown fairly steadily, reaching about 1.7 GW in 2012, broadly in line with the previous year.

Developments in installed wind power capacity (GW)



Source: Enerdata, EWEA.

Regulatory and rate issues

The Greek incentive system uses a feed-in tariff differentiated by energy resource. Rates for all sources are adjusted annually by 50% of the change in the Greek consumer price index (CPI), with the exception of photovoltaic power, which is adjusted by 25% of the CPI. The incentives are awarded through a 20-year contract for all resources, with the exception of roof-mounted photovoltaic systems with a capacity of less than 10 kW, which benefit from a 25-year contract. Resources that do not benefit from local or European investment support systems receive a rate premium of 15-20%, with the exception of solar power.

Since August 2012, permits for new photovoltaic plants (except for roof-installed systems) have been suspended.

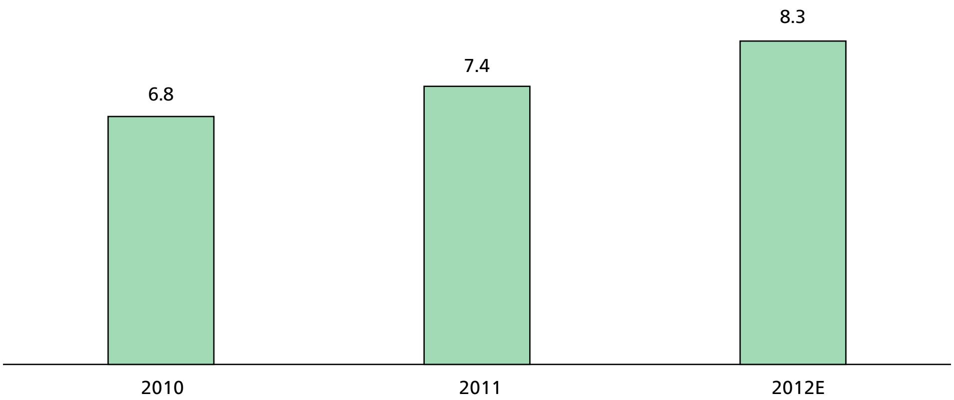
In November 2012, a new tax was levied on the revenues of existing renewable energy plants. The tax is equal to 10% for all renewable energy technologies with the exception of photovoltaic plants, for which it was set at 25-30%. The tax is temporary (July 2012-July 2014) but may be extended for an additional year.

Romania

Romania has used the green certificates mechanism to foster the development of renewable energy in recent years. Under its "National Renewable Energy Action Plan" (NREAP) to implement Directive 2009/28/EC, the Romanian government plans to reach a total of about 12.6 GW of renewable generation capacity by 2020, an installed base that will cover 38.2% of the country's gross electricity consumption.

Installed renewable generation capacity expanded by an estimated 13% in 2012, reaching about 8 GW, as detailed in the following chart.

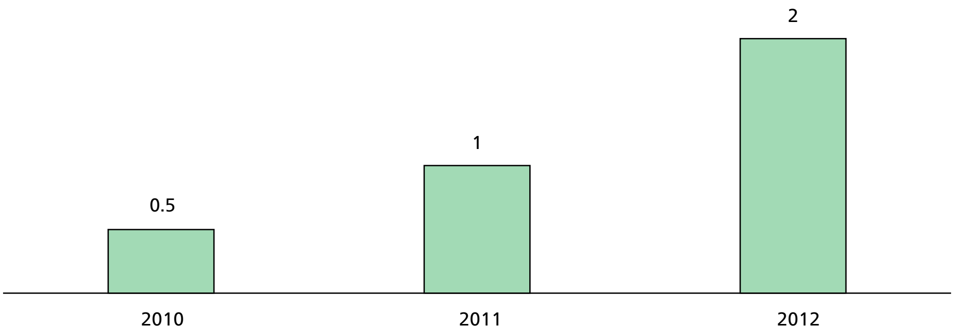
Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on NREAP, EWEA and BNEF data for 2012.
Note: excluding pure pumping systems.

The growth is mainly attributable to wind power: in 2012 alone, installed wind capacity expanded by 93%, to about 2 GW. That capacity is mainly located in the region of Dobrogea, an area which borders the Black Sea, with an especially favorable geographical morphology, as it is a flat region with a low population density. Other regions with significant development potential include Banat and Romanian Moldava.

Developments in installed wind power capacity (GW)



Source: Enerdata, EWEA.

Regulatory and rate issues

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables (8.3% in 2010, rising to 20% in 2020). Owing to a shortage of certificates on the market, each year the Romanian authorities publish a mandatory share that has been recalculated to ensure balance between supply and demand. The value of certificates required varies on the basis of coefficients differentiated by resource. More specifically, these are 2 green certificates per MWh of generation from biomass, geothermal and wind until 2017 (1 certificate after 2017), 6 certificates per MWh of photovoltaic generation and 3 certificates per MWh of hydroelectric generation by new plants.

The price of green certificates is set by law within a specified range (cap & floor). In the case of non-compliance, sellers are subject to a penalty equal to double the maximum value of the certificate.

The number of green certificates assigned can be revised if plants have "overcompensated". The revision cannot be implemented before 2015 (2014 for photovoltaics).

United States

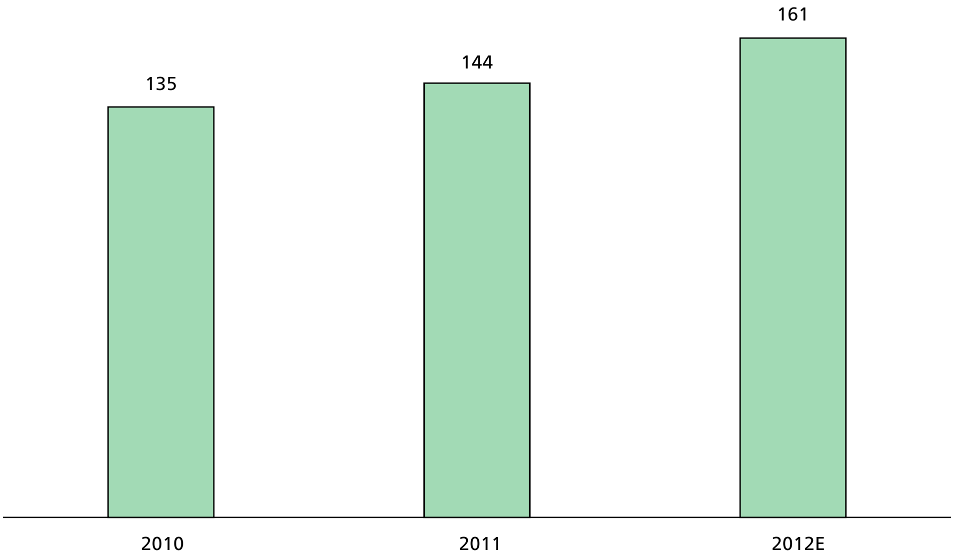
In the United States, renewable energy use is supported by specific federal and State-level measures and is evolving continuously. Renewable Portfolio Standards – under which a specified percentage of electricity must be generated from renewable resources – are in wide use, having been adopted by 29 States plus the District of Columbia.

According to the World Energy Outlook 2012, renewable energy generation capacity will expand sharply, rising to 258 GW in 2020. [7] The greatest contributions to the growth will come from photovoltaics and wind power.

As of 2012, the United States has a total installed renewables capacity of about 161 GW, up about 12% on the previous year. That substantial increase is mainly ascribable to the expansion of wind power.

(7) Including pure pumping systems.

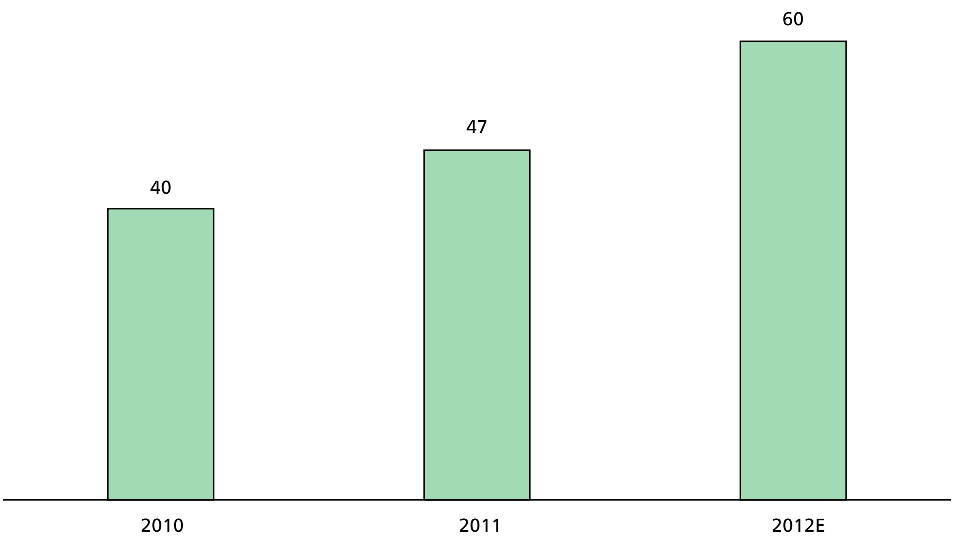
Developments in installed renewable generation capacity (GW)



Source: Enerdata, IEA, Seia, BNEF; based on EIA, GWEC, EPIA, REN21, BNEF and IEA data for 2012.
Note: excluding pure pumping systems.

Wind power is the renewable resource that expanded its share of total installed renewables capacity the most, going from 32.6% in 2011 to 37.4% in 2012. The wind sector was also the most dynamic in absolute terms, rising from 47 GW in 2011 to 60 GW in 2012.

Developments in installed wind power capacity (GW)



Source: Enerdata; based on GWEC data for 2012.

The growth in wind capacity was accompanied by a parallel expansion in its geographical reach. According to Global Wind Energy Outlook 2012, the number of States that already have installed wind capacity was 38 in 2011, 31 of which increased their capacity in the same year. The most active are Texas, California, Kansas, Oklahoma and Illinois.

Regulatory and rate issues

The United States has a two-level renewables incentive system:

> at the federal level, the main type of support is represented by tax incentives for production and investment (the Production Tax Credit and the Investment Tax Credit). In January 2013, the Production Tax Credit was renewed and to qualify, plants must begin construction by December 31, 2013;

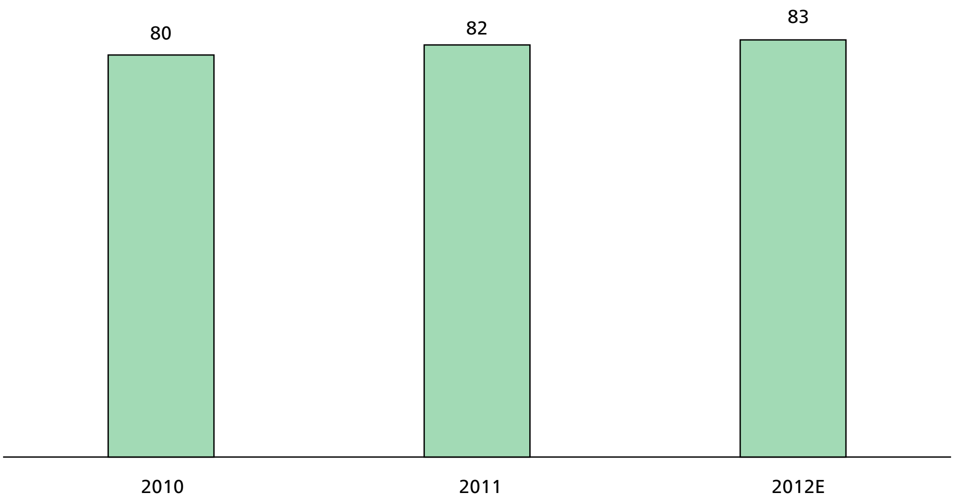
> at the State level, in addition to specific State tax incentives, the main approach is the Renewable Portfolio Standard (RPS) mechanism, consisting of mandatory percentages of generation from renewables for utilities, with targets differing from State to State. Most States have adopted systems of tradable certificates.

Canada

As of 2011, Canada was one of the world leaders in installed renewable generation capacity, thanks largely to the contribution of hydroelectric power. The development of renewables has been spurred mainly by a series of voluntary and binding targets adopted by a number of provinces (Manitoba, New Brunswick, Ontario, Quebec and Nova Scotia). In addition, the provinces of Quebec and Alberta are adopting regulations governing greenhouse gas emissions.

In 2012, the installed base of renewable generation capacity grew by about 1 GW, to about 83 GW, of which about 90% in the form of hydroelectric power.

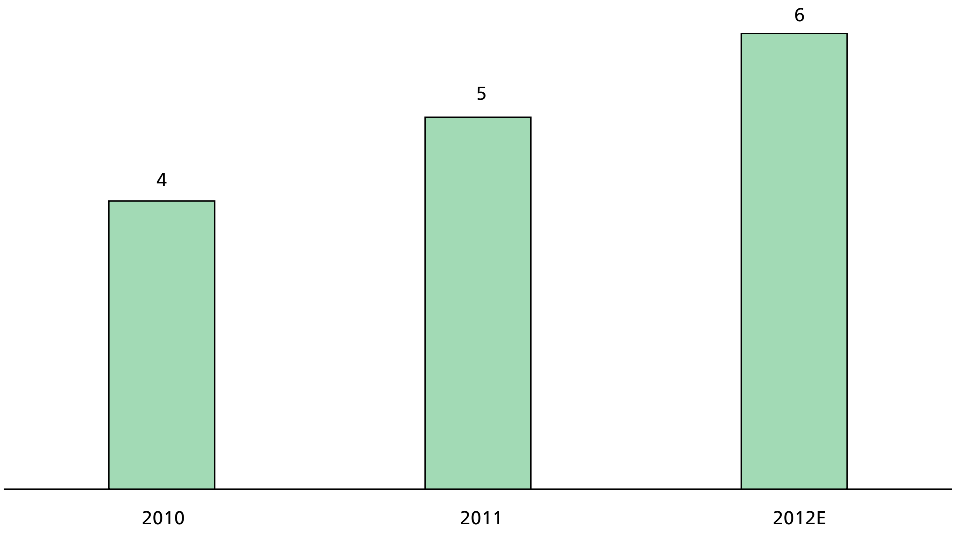
Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on REN21, GWEC, EPIA, and EER 2011 data for 2012.
Note: excluding pure pumping systems.

The resource whose installed capacity grew the most in 2012 was wind power, with capacity rising to an estimated 6 GW last year. The provinces with the most new installed wind capacity in 2012 were Quebec, Ontario and Alberta.

Developments in installed wind power capacity (GW)



Source: Enerdata; based on GWEC data for 2012.

Regulatory and rate issues

There are currently no renewable energy incentive mechanisms in place at the federal level, following the expiry of the ecoEnergy for Renewable Power program in 2011. However, new federal regulations designed to reduce greenhouse gas emissions were published in September 2012. More specifically, the rules establish performance standards for new coal-fired plants, which will enter into force in July 2015.

Furthermore, there is also a national-level target for reducing greenhouse gas emissions by 17% of their 2005 level by 2020.

With regard to the renewable generation, only a few provinces have set binding targets and adopted different approaches to developing energy resources. Ontario is one of these, having adopted a feed-in tariff mechanism to foster the expansion of generation from renewable resources.

Finally, in August 2012, the regulatory framework underwent a number of major structural changes, including:

> a reduction in prices for the solar sector (from 44.3 cents/kWh to 35-34.7 cents/kWh) and the wind sector (from 13.5 cents/kWh to 11.5 cents/kWh);
> the simplification of the incentive process and the creation of quotas designed to foster the participation of local communities;
> the introduction of the timetable for new applications in the first four months of 2013.

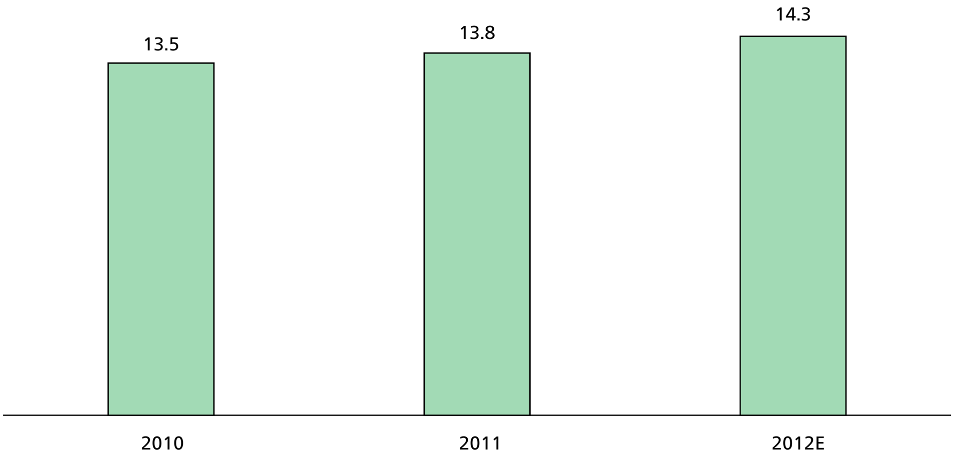
Mexico

The Mexican Government has recently taken steps to develop a regulatory framework to support renewables. On June 5, 2012, President Felipe Calderón signed a decree implementing the *Ley general de cambio climático*, which set out targets for the reduction of greenhouse gas emissions and for the share of generation using clean resources.

More specifically, the Mexican Government has set a target for reducing emissions by 30% by 2020, and generating 35% of electricity from clean resources by 2024.

Installed renewable generation capacity is estimated to have expanded by about 3% in 2012 from 2011, to about 14 GW.

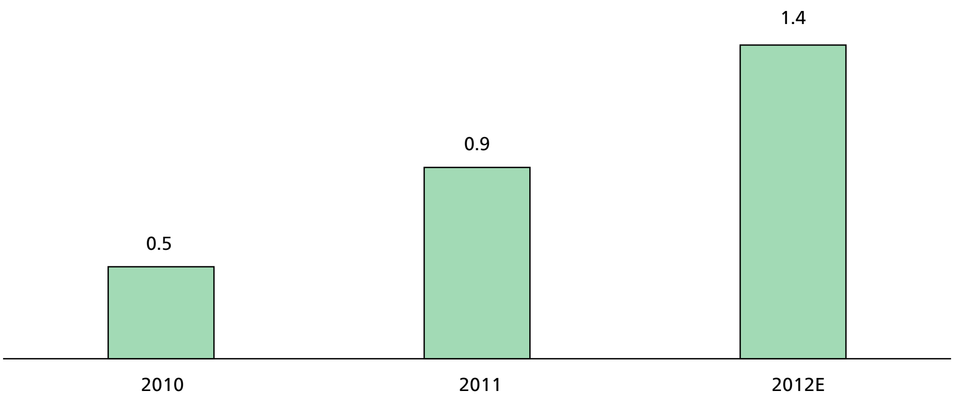
Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on Sener, BNEF and ENE data for 2012.
Note: excluding pure pumping systems.

Wind power made the greatest contribution to the overall increase in installed renewables capacity in the last year. In 2012, the installed base of wind capacity amounted to about 1.4 GW, as detailed in the following chart.

Developments in installed wind power capacity (GW)



Source: Enerdata; based on GWEC data for 2012.

Regulatory and rate issues

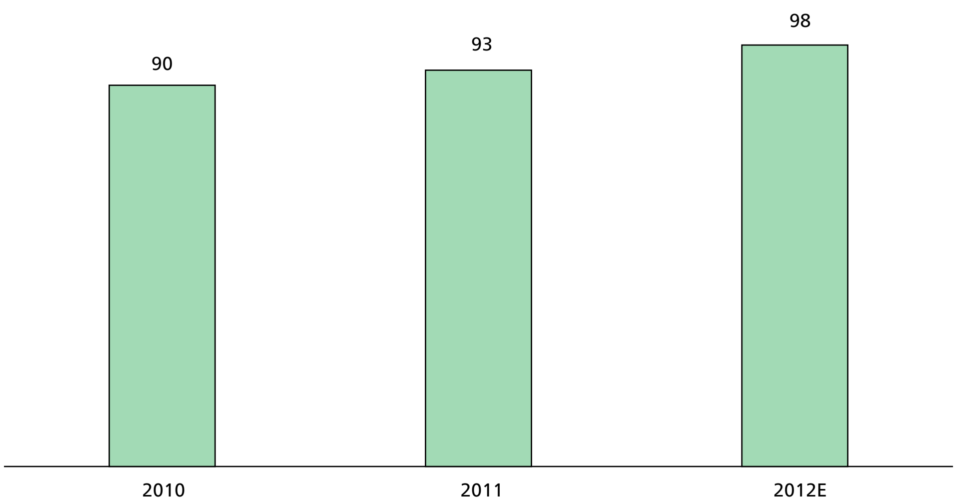
The renewables promotion law (LAERFTE) was published in 2008 to govern the regulatory framework for the transition of the country towards clean energy technologies. Private-sector investors participate as independent power producers (IPPs, who sell all their capacity to the *Comisión Federal de Energía* using auction mechanisms), self-suppliers and small-scale generators (with an installed capacity of less than 30 MW, selling their capacity on the basis of rates regulated by the *Comisión Federal de Energía*).

On October 31, 2012, a resolution of the Energy Authority (*Comisión Reguladora de Energía*) was published allowing private investors to participate in auctions for the award of long-term contracts for the supply of electricity from small-scale renewable generation plants (less than 30 MW).

Brazil

Brazil is the Latin American country with the greatest installed renewable generation capacity. As of 2012, according to the Global Wind Energy Outlook 2012, the supply of renewable energy in Brazil remains highly concentrated in the hydroelectric segment (80% of the total), although wind power and biomass are expanding rapidly.
According to the World Energy Outlook 2012, installed renewable generation capacity in Brazil will expand sharply, rising to 126 GW in 2020. [8] The largest contributions to growth are expected to come from hydroelectric power (historically the most developed segment) and wind power (which forecasts see growing exponentially in the coming years).
As of 2012, installed renewables capacity was an estimated 98 GW, up 5% on the previous year.

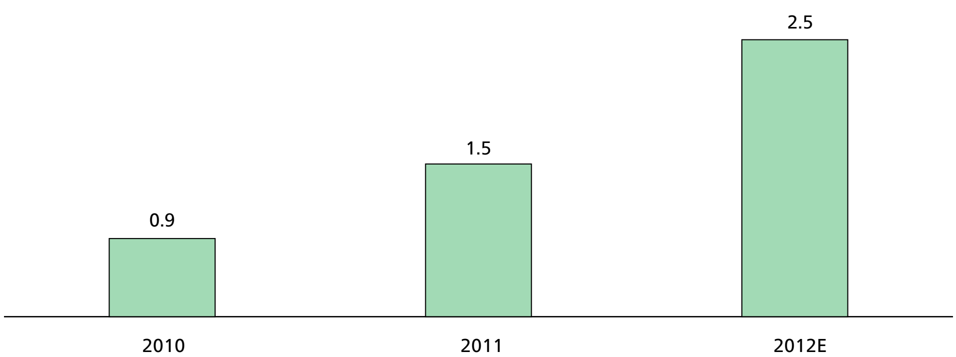
Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on ANEEL, GWEC and EPIA data for 2012.
Note: excluding pure pumping systems.

Installed wind capacity amounted to about 2.5 GW in 2012, sharply up on 2011 (an increase of 69.5%). At the same time, wind's share of total renewables capacity rose from 1.6% in 2011 to 2.6% in 2012).

Developments in installed wind power capacity (GW)



Source: Enerdata; based on GWEC data for 2012.

(8) Including pure pumping systems.

Regulatory and rate issues

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

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

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

The Brazilian auction mechanism is used for all renewable resources, with the exception of hydroelectric plants with a capacity of more than 30 MW.

The year 2012 was characterized by a number of major decisions concerning electricity, including:

> Resolution nos. 481 and 482 of April 17, 2012. On April 17, 2012, ANEEL (*Agência Nacional de Energia Elétrica*) published a number of resolutions concerning mini and micro solar generation for plants with an installed capacity of less than 1 MW. The resolutions enable customers to benefit from energy consumption credits through a net metering mechanism, allowing them to pay only the difference between what they actually consume and the power generated by their solar plant. The measures also provide for discounts of 80% on distribution and transmission fees for plants in operation by December 31, 2017;
> Decree 579. On April 11, 2012, the Brazilian President signed Decree 579 (later ratified into law) establishing the terms and conditions for the renewal of concessions in the electricity sector set to expire before 2018 and reducing a number of rate components of a fiscal nature. With regard to hydroelectric concessions, the decree permits holders of concessions for plants with output of more than 1 MW to apply for a renewal of the concession 60 months before its expiration. Holders of concessions expiring before 2018 decided in October 2012 whether to seek renewal.

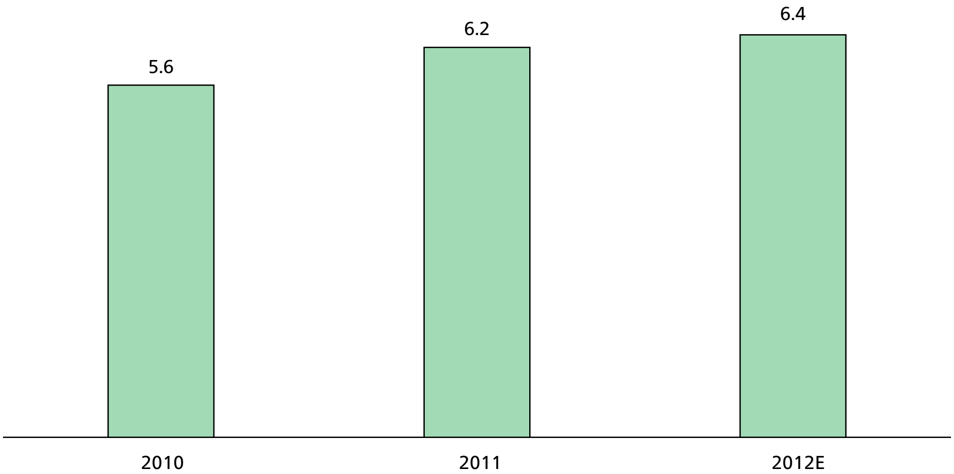
Chile

Unlike many Latin American countries, Chile does not have an abundance of fossil fuel resources and primarily meets domestic energy with imports. At the same time, however, Chile has major renewable energy potential in a range of technologies, including hydroelectric, wind, solar and geothermal. Nevertheless, according to estimates in the Global Wind Energy Outlook 2012, as of 2012 these resources account for less than 1% of the existing energy mix.

In February 2012, the Chilean Government published the "National Energy Strategy 2012-2030", setting out ambitious goals for energy efficiency with the objective of reducing national energy demand by 12% by 2020, while at the same time expanding renewable energy.

As the following chart shows, as of 2012 Chile had an installed renewable generation capacity of about 6 GW, slightly up (2.6%) on the previous year.

Developments in installed renewable generation capacity (GW)



Source: Enerdata; based on CNE, EER, REN21 and BNEF data for 2012.
Note: Excluding pure pumping systems.

Regulatory and rate issues

Chile has used a green certificates mechanism introduced in 2010 to foster the development of renewable energy.

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale to distributors or end users. The law sets a level of 5% of all power under contract after August 31, 2007. Between 2010 and 2014, the proportion of electricity from renewables will remain at 5%, before rising by 0.5 points a year to reach a share of 10% by 2024. The current mechanism establishes penalties for failure to achieve the mandatory share.

The Chilean Government is currently discussing the possibility of increasing the mandatory share from 10% in 2024 to 20% in 2020. The *Consejo Asesor para el Desarrollo Eléctrico* (CADE), which was charged with analyzing the Chilean energy market, produced a report recommending a renewables target of 15% by 2024. The proposal to set the target at 20% by 2020 was recently approved by the Senate and is currently being examined by the Energy Committee of the Chamber of Deputies. All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW.

During 2012, a number of pieces of energy legislation were enacted, including:

> Law 20.600. On June 28, 2012, Law 20.600 establishing environmental courts was published in the *Diario Oficial*. These bodies will have special jurisdiction over environmental disputes, helping to reduce environmental conflict and, therefore, ensuring greater security for infrastructure development projects;

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

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 (hereinafter, the "Group") and analyze its financial structure, Enel Green Power 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", net of the capitalized portion.

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
> "Deferred tax assets";
> "Long-term financial receivables" reported under "Non-current financial assets";
> "Long-term loans";
> "Post-employment and other employee benefits";
> "Provisions for risks and charges";
> "Net deferred tax liabilities".

Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
> "Securities" and "Other financial receivables" 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", the current portion of long-term loans, "Short-term loans", less "Cash and cash equivalents" and "Current financial assets" and "Non-current financial assets" not previously included in the definition of other performance indicators.

Main changes in the scope of consolidation

2011

Business combinations with non-Group entities

Sociedad Eólica de Andalucía (SEA)
On March 31, 2011 (date of execution of the agreement), Enel Green Power España obtained control of SEA SA, and therefore the company is now consolidated on a line-by-line basis.
With this transaction the Group increased its stake in SEA SA 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 SA 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. 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.

Enel Unión Fenosa Renovables (EUFER)
On May 30, 2011, Enel Green Power and its subsidiary Enel Green Power España finalized the agreement signed with Gas Natural SDG SA for the break-up of EUFER SA, a 50% joint venture between Enel Green Power España and Gas Natural Fenosa.
The division of EUFER SA was finalized by means of a 50% reduction in the share capital of EUFER SA, carried out through the transfer to Gas Natural Fenosa of a portion of EUFER SA's assets.

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 Trade Wind Energy LLC were reclassified to appropriate items of the balance sheet.

2012

Business combinations with non-Group entities

The following section discusses the highlights of the main business combinations carried out in 2012. In preparing the consolidated financial statements, the Group will identify the fair value of the assets acquired and the liabilities and contingent liabilities assumed within 12 months of the data of the acquisition.

Kafireas pipeline
During the 1st Half of 2012, following achievement of the contractually specified technical milestones and under the terms of a contract amendment agreed with the Greek partner, the developer of initiatives associated with the Elica II project, the Group, acting through the subsidiary Enel Green Power Hellas, acquired 50% of the shares of the eight companies involved in the Kafireas wind project.
With the acquisition of that stake, which is added to the 30% held previously, the Group acquired full control of those companies in what qualifies as a step acquisition pursuant to IFRS 3.
Following those events, as from June 29, 2012 (the date of the new agreement), those companies have therefore

been consolidated on a line-by-line basis, rather than being accounted for as equity investments in associates, as they were until December 31, 2011.
The effects of the transaction led to the provisional recognition of goodwill amounting to €57 million, determined as the difference between:
(i) the sum of the price paid (€39 million), the fair value of the 30% already held (€19 million) and the value of non-controlling interests (equal to zero); and
(ii) the provisional fair value of the net assets acquired (€1 million).
The remeasurement at fair value of the equity interest already held, as provided for under IFRS 3, did not have a material financial impact.
In addition, the valuation of non-controlling interests for the transaction was carried out in proportion to the value of the net assets acquired.

Stipa Nayaa

At the end of June, Enel Green Power reached an agreement to acquire its first wind farm in Mexico, Bii Nee Stipa II. The plant exploits the excellent wind resources that characterize the Isthmus of Tehuantepec, located in the Mexican State of Oaxaca. Developed and built by Gamesa, the plant is composed of 37 wind turbines of 2 MW each, for a total installed capacity of 74 MW.
With the operation, the Enel Green Power Group purchased the entire share capital of Stipa Nayaa, acquiring full control. The transaction represents a business combination and was treated in accordance with the provisions of IFRS 3.
For information on the effects of the transaction, please see note 4 "Main changes in the scope of consolidation".

Trade Wind Energy

On October 12, 2012 (date of execution of the agreement), Enel Green Power North America obtained control of Trade Wind Energy (TWE), and therefore the company is now consolidated on a line-by-line basis.
With this transaction the Group increased its stake in TWE from 41.2% (previously accounted for using the equity method) to 100%.
For information on the effects of the transaction, please see note 4 "Main changes in the scope of consolidation".

Eólica Zopiloapan

On December 14, 2012, the Group signed an agreement to acquire its second wind plant in Mexico, Bii Nee Stipa III held by Eólica Zopiloapan, also located in Oaxaca. The wind farm, developed and built by Gamesa, consists of thirty-five 2-MW wind turbines.
With the operation, the Enel Green Power Group purchased the entire share capital of Eólica Zopiloapan, acquiring full control. The transaction represents a business combination and was treated in accordance with the provisions of IFRS 3.
For information on the effects of the transaction, please see note 4 "Main changes in the scope of consolidation".

Minor acquisitions

During 2012, the Group acquired an additional controlling stake in equity investments in Iberia with the purchase of holdings in Sociedad Eólica Los Lances for €5 million (with an impact of €4 million on goodwill) and in SEA for €1 million (with an impact of €1 million on goodwill).
In addition, success fees totaling €29 million were paid for the acquisition of photovoltaic projects in Italy and Greece.

Reclassification of "Net assets held for sale"

As from the 4th Quarter of 2012, given that the conditions established under IFRS 5 for classification under assets/liabilities held for sale no longer obtained, the assets of Enel Green Power España were reclassified to appropriate items of the balance sheet.

Group performance

The following table reports the reclassified income statement for 2012, which takes account of the change in the scope of consolidation, with comparative figures for 2011.

Millions of euro

	2012	2011	Change
Total revenues including commodity risk management	**2,688**	**2,527**	**161**
Total costs	**1,010**	**944**	**66**
GROSS OPERATING MARGIN	**1,678**	**1,583**	**95**
Depreciation, amortization and impairment losses	706	670	36
OPERATING INCOME	**972**	**913**	**59**
Financial income	133	128	5
Financial expense	(363)	(291)	(72)
NET FINANCIAL INCOME/(EXPENSE)	**(230)**	**(163)**	**(67)**
Share of income/(expense) from equity investments accounted for using the equity method	47	46	1
INCOME BEFORE TAXES	**789**	**796**	**(7)**
Income taxes	298	282	16
NET INCOME	**491**	**514**	**(23)**
- Attributable to shareholders of the Parent Company	413	408	5
- Attributable to non-controlling interests	78	106	(28)

Revenues

Millions of euro

	2012	2011	Change
Revenues from electricity sales	1,642	1,509	133
Revenues from green certificates and other incentives	666	486	180
Net income/(charges) from commodity risk management	(8)	(12)	4
Revenues from electricity sales, including commodity risk management	**2,300**	**1,983**	**317**
Other revenues and income	388	544	(156)
Total revenues including commodity risk management	**2,688**	**2,527**	**161**

Total revenues including commodity risk management for the Group amounted to €2,688 million, an increase of €161 million (6.4%) on the corresponding period of the previous year due to the net effect of an increase of €317 million in revenues from the sale of electricity (equal to €2,300 million in 2012) and a reduction of €156 million in other revenues and income (which totaled €388 million in 2012).

The increase in *revenues from electricity sales*, including incentives, primarily reflects higher production in Iberia and Latin America (€100 million), in North America (€83 million) and in the rest of Europe (€95 million). Revenues from the sale of electricity in Italy rose by €39 million, with the increase in revenues from higher wind output and in average sales prices more than offsetting the decline in revenues attributable to lower hydroelectric generation due to poorer water availability (403 million kWh).

In particular, *revenues from green certificates and other incentives*, in the amount of €666 million, rose by €180 million over the previous year mainly due to the increase in subsidized power generation in Italy (€31 million), in the rest of Europe (€59 million) and in Iberia (€53 million),and the increase in revenues from tax partnerships in North America (€38 million).

Other revenues and income amounted to €388 million (€544 million in 2011), and are mainly accounted for by the revenues from Enel.si's retail business (€215 million, compared with €248 million in 2011), the start of sales of photovoltaic panels produced by 3SUN (€33 million, compared with €1 million in 2011), the termination of agreements with the partners of Trade Wind Energy that led to the cancellation of liabilities in respect of success fees for projects carried out and the remeasurement at fair value of the assets and liabilities of that company, whose status with regard to control changed (€52 million), and other revenues (€88 million, compared with €114 million in 2011).

Excluding the non-recurring income recognized in 2011, *total revenues including commodity risk management* increased by €342 million or 14.6%

Costs

Millions of euro

	2012	2011	Change
Electricity and materials	371	431	(60)
Personnel	242	213	29
Services	431	352	79
Other operating expenses	128	68	60
Total	**1,010**	**944**	**66**
- of which capitalized	*(162)*	*(120)*	*(42)*

Costs totaled €1,010 million in 2012, an increase of €66 million (including an exchange rate gain of €15 million) or 7.0% on 2011 (€944 million), reflecting mainly:

> the decrease in *electricity and materials* costs (€60 million), was mainly attributable to the contraction in retail activity, partly offset by costs for the manufacture of photovoltaic panels;

> the increase in costs for *services* (€79 million) was mainly attributable to higher lease and rental fees (€19 million), costs for consulting services and insurance (€14 million), costs for maintenance and repairs (€5 million) and sundry other operating expenses (€17 million);

> the increase in *other operating expenses* (€60 million) was mainly the result of the higher costs in the retail business (€35 million), increased allocations to provisions for risks and charges (€9 million), higher taxes on land and buildings (€5 million) and greater capital losses (€6 million).

The **gross operating margin**, came to €1,678 million, an increase of €95 million or 6.0% compared with 2011.

Excluding the impact of the non-recurring income recognized in 2011, the gross operating margin rose by €276 million or 19.7%, essentially in line with developments in revenues.

Operating income totaled €972 million, up €59 million or 6.5% compared with the €913 million posted in 2011.

The change reflects the increase in the gross operating margin, only partly offset by higher depreciation, amortization and impairment losses (€36 million). The latter rise reflects increase in net installed capacity and the reduction in impairment losses, which in 2011 includes the writedown of goodwill recognized in respect of assets held in Greece (€70 million).

More specifically, the increase in depreciation and amortization due to the expansion in net installed capacity and the completion in the 2nd Half of 2011 of the allocation of the purchase price for the acquisitions referred to earlier was partly offset by the effect of the revision of the estimated useful life of wind farms to 25 years, in line with industry practice. This had a positive impact of €44 million in 2012.

Excluding the impact of the non-recurring income and writedowns recognized in 2011, operating income rose by €152 million or 18.5%.

Net financial expense amounted to €230 million, up €67 million with respect to 2011. The rise is mainly attributable to the increase in financial expense associated with the rise in average debt and in borrowing costs as a result of the transformation of debt from short to long term and the shift from floating to fixed rates.

The **share of income from equity investments accounted for using the equity method** rose by €1 million on 2011. Excluding the effect of the writeback due to the settlement of the Star Lake dispute in the 1st Quarter of 2011 (€7 million), the item increased by €8 million on 2011 as a result of the increase in the share of income of the associated company LaGeo (€16 million) and the Spanish associated companies (€6 million) and an increase in the losses of the associated companies in North America (€12 million).

Taxes amounted to €298 million, up €16 million. Excluding the effects of the non-recurring income recognized in 2011 (€40 million), the item rose by €56 million over the year-earlier period. Taxes equaled 37.8% of taxable income (excluding the effects of the non-recurring income) for the period, compared with 34.8% for the previous year.

Net income attributable to shareholders of the Parent Company in 2012 amounted to €413 million, up €5 million or 1.2% compared with the €408 million posted in 2011.
Excluding the impact of the non-recurring income (€96 million) and the writedowns (€83 million) recognized in 2011, net income attributable to the shareholders of the Parent Company rose by €18 million or 4.6%.

Earnings per share

Earnings per share at December 31, 2012 have been calculated on the basis of the average number of ordinary shares in 2012.
No diluting effects have to be considered in calculating diluted earnings per share, which therefore are equal to basic earnings per share.

	2012	2011
Net income pertaining to shareholders of the Parent Company (millions of euro)	413	408
Average number of ordinary shares in the year	5,000,000,000	5,000,000,000
Basic and diluted earnings per share (in euro)	**0.08**	**0.08**

Analysis of the Group's financial position

The following table reports the reclassified balance sheet at December 31, 2012, with comparative figures at December 31, 2011.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Net non-current assets			
Property, plant and equipment	10,878	10,172	706
Intangible assets	1,260	1,299	(39)
Goodwill	942	858	84
Equity investments accounted for using the equity method	533	488	45
Net non-current financial assets/(liabilities)	(8)	16	(24)
Net other non-current assets/(liabilities)	(54)	(70)	16
Total	**13,551**	**12,763**	**788**
Net current assets			
Inventories	64	61	3
Trade receivables	571	529	42
Net tax receivables/(payables)	174	66	108
Net current financial assets/(liabilities)	(82)	(113)	31
Trade payables	(1,070)	(1,033)	(37)
Net other current assets/(liabilities)	(186)	(43)	(143)
Total	**(529)**	**(533)**	**4**
Gross capital employed	**13,022**	**12,230**	**792**
Provisions			
Post-employment and other employee benefits	(46)	(43)	(3)
Provisions for risks and charges	(103)	(101)	(2)
Net deferred taxes	(287)	(277)	(10)
Total	**(436)**	**(421)**	**(15)**
Net assets held for sale	**-**	**4**	**(4)**
Net capital employed	**12,586**	**11,813**	**773**
Shareholders' equity	**7,972**	**7,738**	**234**
Net financial debt	**4,614**	**4,075**	**539**

Property, plant and equipment amounted to €10,878 million, an increase of €706 million, the result mainly of capital expenditure during the period (€1,226 million), depreciation, amortization and impairment losses (€578 million), the change in the scope of consolidation (€224 million) largely accounted for by the acquisition of the Mexican companies Stipa Nayaa and Zopiloapan, exchange rate losses (€73 million) and disposals (€104 million), mainly by the Parent Company.

Intangible assets amounted to €1,260 million, a decrease of €39 million compared with December 31, 2011, due mainly to amortization and impairment losses (€98 million), partly offset by investments made during the year (€31 million) and the acquisition of 100% control of Trade Wind Energy (€28 million), in which Enel Green Power had previously held a 41.2% stake, which was accounted for using the equity method.

Goodwill amounted to €942 million, an increase of €84 million compared with December 31, 2011, due mainly to changes in the scope of consolidation following acquisition of controlling interests in the Greek firms involved in the Kafireas project, which were previously measured at equity (€57 million), the acquisition of the Mexican companies Stipa Nayaa (€14 million) and Zopiloapan (€14 million).
Equity investments accounted for using the equity method amounted to €533 million, an increase of €45 million

compared with December 31, 2011, due essentially to the recognition of net income from equity investments in Iberia and Latin American and in North America (€47 million). This factor was partially offset by the change in the consolidation method from equity accounting to line-by-line consolidation for the companies involved in the Kafireas project in Greece (€34 million) and the wind project development company Trade Wind Energy in North America (€12 million), as well as the recognition of dividends approved by the associated company LaGeo (€18 million) and by a number of associates of Enel Green Power España (€23 million) and the acquisition of minority interests in the companies executing the Chisholm View and Prairie Rose projects in North America (€108 million).
The item also includes – in the case of the associated companies of Enel Green Power Hellas – amounts already paid as success fees totaling €41 million in respect of the Mani and Cyclades initiatives under development, with a view to the subsequent acquisition of an additional 50% of those companies in order to obtain control following achievement of specified technical milestones.

Net current assets were a negative €529 million at December 31, 2012 (compared with a negative €533 million at December 31, 2011), a change of €4 million due mainly to the following:

> the increase in *trade receivables* (€42 million), related to the rise in receivables in Europe and in Iberia and Latin America (€58 million), partly offset by the decline in Retail business receivables (€24 million);
> the increase in *net tax receivables/(payables)* (€108 million), mainly due to the VAT receivables in the Italy and Europe area (€46 million) and in the Iberia and Latin America area (€48 million);
> the increase in *trade payables* (€37 million), in line with less rapid growth in investments during the year;
> the increase in *other net current assets/(liabilities)* amounting to €143 million, mainly attributable to the increase in advances and accrued expenses for the development of projects in Mexico (€80 million) and other sundry liabilities in Italy (€59 million).

Provisions posted an increase of €15 million due mainly to an increase in "Net deferred taxes" (€10 million).

Net capital employed at December 31, 2012 amounted to €12,586 million and is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €7,972 million and net financial debt of €4,614 million. The debt-to-equity ratio was 0.58 (0.53 at December 31, 2011).

Analysis of the financial structure

Net financial debt

Net financial debt breaks down as follows.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Long-term debt			
Bank loans	1,645	1,013	632
Bonds	-	19	(19)
Other loans	481	395	86
Due to related parties	2,491	2,306	185
Long-term debt	**4,617**	**3,733**	**884**
Long-term financial receivables	(269)	(279)	10
Net long-term debt	**4,348**	**3,454**	**894**
Short-term debt			
Short-term portion of long-term bank debt	112	100	12
Drawings on revolving credit facilities	-	6	(6)
Other short-term bank debt	70	33	37
Short-term bank debt	**182**	**139**	**43**
Bonds - short-term portion	19	18	1
Other loans - short-term portion	71	138	(67)
Other short-term financial payables and payables due to related parties	748	828	(80)
Other short-term debt and amounts due to related parties	**838**	**984**	**(146)**
Other short-term financial receivables	(382)	(102)	(280)
Cash with banks and short-term securities	(372)	(400)	28
Cash and cash equivalents and short-term financial receivables	**(754)**	**(502)**	**(252)**
Net short-term financial debt	**266**	**621**	**(355)**
NET FINANCIAL DEBT	**4,614**	**4,075**	**539**

Net financial debt totaled €4,614 million at December 31, 2012, an increase of €539 million, mainly attributable to a rise in net long-term debt in the form of bank loans and other loans.

Cash flows

Millions of euro

	2012	2011	Change
Cash and cash equivalents at the beginning of the year	**349**	**199**	**150**
Cash flows generated by operating activities	1,059	1,258	(199)
Cash flows used in investing activities	(1,416)	(1,721)	305
Cash flows generated by financing activities	343	608	(265)
Effect of exchange rate changes on cash and cash equivalents	(2)	5	(7)
Cash and cash equivalents at the end of the year	**333**	**349**	**(16)**

Cash flows generated by operating activities for 2012 were a positive €1,059 million, down €199 million from the previous year (€1,258 million). This reflected a gross operating margin, net of non-monetary items, totaling €1,627 million (up €230 million on the previous year) and cash requirements associated with net current assets of €634 million (up €495 million on 2011). The greater use of cash related to the change in net current assets for the two periods under review was due mainly to the payment of trade payables in respect of operating investments in the last three months of 2011 and the increase in taxes paid in 2012.

Cash flows used in investing activities in 2012 amounted to €1,416 million, down €305 million compared with 2011. Cash flows for investing activities in 2012 include €1,257 million in operational investments (€1,557 million in 2011). The remainder is mainly attributable to the acquisition of the 100% holding in Stipa Nayaa in Mexico (€120 million) and the acquisition of minority interests in the companies executing the Prairie Rose and Chisholm View projects in North America (€108 million) and advances paid for the acquisition of a stake in the company that is building the Talinay wind plant in Chile (€27 million), as well as success fees for solar projects in Greece and Italy (€29 million). These factors were partially offset by the acquisition of an additional equity interest in the companies involved in the Kafireas project, which had a positive impact of €22 million (including grants received in the amount of €32 million), and the collection of dividends from associated companies (€41 million).

Cash flows generated by financing activities came to €343 million, down €265 million from the previous year due to the increase in net financial debt described above (€539 million) and the dividends paid in 2012 in the amount of €147 million.

The combined effect of the cash flows in 2012 produced a decrease in cash and cash equivalents of €16 million.

Performance and financial position by segment

Results by segment for 2012 and 2011

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 2012

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	1,381	792	300	215	-	**2,688**
Revenues from other segments	52	5	-	-	(57)	**-**
Total revenues including commodity risk management	1,433	797	300	215	(57)	**2,688**
Gross operating margin	971	497	197	13	-	**1,678**
Depreciation, amortization and impairment losses	390	225	81	10	-	**706**
Operating income	581	272	116	3	-	**972**
Capital expenditure	773	339	145	-	-	**1,257**

Results by segment for 2011

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	1,216	880	183	248	-	**2,527**
Revenues from other segments	34	1	-	79	(114)	**-**
Total revenues including commodity risk management	**1,250**	**881**	**183**	**327**	**(114)**	**2,527**
Gross operating margin	**869**	**573**	**107**	**34**	-	**1,583**
Depreciation, amortization and impairment losses	424	197	52	(3)	-	**670**
Operating income	**445**	**376**	**55**	**37**	-	**913**
Capital expenditure	**970**	**280**	**307**	-	-	**1,557**

Change

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	165	(88)	117	(33)	-	**161**
Revenues from other segments	18	4	-	(79)	57	**-**
Total revenues including commodity risk management	**183**	**(84)**	**117**	**(112)**	**57**	**161**
Gross operating margin	**102**	**(76)**	**90**	**(21)**	-	**95**
Depreciation, amortization and impairment losses	(34)	28	29	13	-	**36**
Operating income	**136**	**(104)**	**61**	**(34)**	-	**59**
Capital expenditure	**(197)**	**59**	**(162)**	-	-	**(300)**

Italy and Europe

In Italy and Europe, Enel Green Power operates:

> in Italy with 393 plants with a net installed capacity of 3,032 MW, broken down into 288 hydroelectric plants (1,513 MW), 33 geothermal plants (722 MW), 39 wind plants (717 MW) and 33 solar plants (80 MW);
> in Greece (through Enel Green Power Hellas) with 17 wind plants with a net installed capacity of 199 MW, 5 hydro plants with a net installed capacity of 20 MW, and 7 solar plants with a net installed capacity of 30 MW;
> in France (through Enel Green Power France) with 10 wind plants with a net installed capacity of 166 MW;
> in Romania (through Enel Green Power Romania) with 9 wind plants with a net installed capacity of 498 MW;
> in Bulgaria (through Enel Green Power Bulgaria) with 2 wind plants with a net installed capacity of 42 MW.

The Group's presence in Italy and Greece also includes Enel Green Power Sharp & Solar, which has 11 solar plants with a total net installed capacity of 12 MW.
In addition, Enel Green Power has major wind and solar projects under way in Italy (mainly the Bagnore 4 project - 38 MW) and in Europe, mainly solar projects in Greece (48 MW, of which 7 MW through Enel Green Power Sharp & Solar) and in Romania (55 MW).

Operations

Net electricity generation and net installed capacity

	Net installed capacity (MW)			Net electricity generation (GWh)		
	2012	2011	Change	**2012**	2011	Change
Hydroelectric	1,533	1,525	8	5,305	5,689	(384)
Geothermal	722	722	-	5,235	5,300	(65)
Wind	1,621	1,272	349	2,495	1,572	923
Solar	122	64	58	115	23	92
Total	**3,998**	**3,583**	**415**	**13,150**	**12,584**	**566**
of which:						
- Italy	3,042	2,915	127	11,637	11,791	(154)
- Romania	498	269	229	589	132	457
- Greece	250	191	59	477	349	128
- other	208	208	-	447	312	135

Net installed capacity increased by 415 MW compared with December 31, 2011, mainly in the wind segment (349 MW) – particularly in Romania (229 MW), Italy (93 MW) and Greece (27 MW) – and in the solar segment (58 MW), particularly in Italy (32 MW) and Greece (26 MW).

Electricity generation increased by 566 million kWh in 2012. The change in output in Italy was essentially due to a decline in hydroelectric generation (403 million kWh), owing to poorer water availability, and geothermal power (65 million kWh), which were only partly offset by increases in wind (248 million kWh) and solar (66 million kWh) generation.

In the rest of Europe, power generation increased by 720 million kWh, of which 675 million kWh in the wind segment (457 million kWh in Romania).

Performance and financial position

Millions of euro

	2012	2011	Change
Revenues from third parties including commodity risk management	1,381	1,216	165
Revenues from other segments	52	34	18
Total revenues including commodity risk management	**1,433**	**1,250**	**183**
Gross operating margin	**971**	**869**	**102**
Operating income	**581**	**445**	**136**
Employees at year end (no.)	2,131	1,983	148
Capital expenditure	773	970	(197)

Revenues from third parties including commodity risk management amounted to €1,381 million, an increase of €165 million compared with 2011 (€1,216 million) due mainly to an increase in revenues from electricity sales (€134 million), largely in the rest of Europe, and in revenues from the sale of 3SUN photovoltaic panels (€32 million).

The **gross operating margin** came to €971 million, a rise of €102 million on the previous year (€869 million), mainly due to the expansion of installed capacity (415 MW), which was only partly offset by the poorer water conditions reported in Italy and the costs associated with the manufacture of photovoltaic panels by 3SUN (€26 million).

Operating income totaled €581 million, a rise of €136 million over 2011, taking account of depreciation, amortization and impairment losses in the amount of €34 million. The decrease reflects an increase of €21 million associated with the expansion of installed capacity, partly offset by the positive impact of the revision of the useful life of wind plants (€17 million) and a decline of €62 million in impairment losses, which in 2011 reflected the writedown of goodwill on the assets held in Greece in 2011 (€70 million).

Capital expenditure in 2012 amounted to €773 million (€970 million in 2011), of which €390 million in Italy (€495 million in 2011) and €383 million in the rest of Europe (€475 million in 2011).
Investments in Italy mainly regarded the construction of geothermal plants in the amount of €187 million (€104 million in 2011), photovoltaic plants in the amount of €59 million (€147 million in 2011), wind plants in the amount of €66 million (€82 million in 2011) and hydroelectric plants in the amount of €57 million (€64 million in 2011).
In the rest of Europe, capital expenditure primarily regarded the construction of wind plants in Romania (€251 million, compared with €330 million in 2011) and in France (€8 million, compared with €56 million in 2011) and of solar plants in Greece (€124 million, compared with €47 million in 2011).
In addition, in 2012 success fees of €29 million were paid for the acquisition of photovoltaic projects in Italy and Greece.

Iberia and Latin America

Enel Green Power operates in Iberia and Latin America:

> in Spain with 101 plants for a total net installed capacity of 1,680 MW, broken down into 80 wind plants (1,568 MW), 9 hydro plants (57 MW), 6 photovoltaic plants (13 MW), 3 cogeneration plants (19 MW) and 3 biomass plants (23 MW);
> in Portugal, with 28 plants for a total net installed capacity of 184 MW, broken down into 14 wind plants (126 MW) and 14 cogeneration plants (58 MW);
> in Panama with one hydro plant with a net installed capacity of 300 MW;
> in Guatemala with 5 hydro plants with a total net installed capacity of 163 MW;
> in Mexico with 5 plants with a total net installed capacity of 197 MW, broken down into 2 wind plants (144 MW) and 3 hydro plants (53 MW);
> in Brazil with 20 hydro plants for a total net installed capacity of 93 MW;
> in Chile with 2 hydro plants for a total net installed capacity of 92 MW;
> in Costa Rica with 3 plants for a net installed capacity of 55 MW, broken down into 2 hydro plants (31 MW) and 1 wind plant (24 MW).

Enel Green Power is also present with major wind projects in Spain (Las Angosturas - 36 MW, Los Madronales - 34 MW, Sierra del Cortado II - 14 MW), in Portugal with the ENEOP consortium (480 MW), as well as wind projects in Brazil (Cristal - 90 MW, Leilao 2011 - 193 MW), Chile (Talinay - 90 MW, Valle de Los Vientos - 90 MW, Taltal - 99 MW) and the hydroelectric sector in Costa Rica (Chucas - 50 MW).

Operations

Net electricity generation and net installed capacity

	Net installed capacity (MW)			Net electricity generation (GWh)		
	2012	2011	Change	**2012**	2011	Change
Hydroelectric	789	702	87	3,598	3,340	258
Wind	1,862	1,664	198	3,998	3,160	838
Cogeneration	77	84	(7)	330	326	4
Biomass	23	23	-	113	124	(11)
Solar	13	13	-	26	25	1
Total	**2,764**	**2,486**	**278**	**8,065**	**6,975**	**1,090**
of which:						
- Iberia	1,864	1,817	47	4,340	3,711	629
- Panama	300	300	-	1,666	1,543	123
- Mexico	197	53	144	365	231	134
- Guatemala	163	76	87	582	356	226
- Brazil	93	93	-	512	536	(24)
- Other	147	147	-	600	598	2

Net installed capacity rose by 278 MW compared with 2011, mainly attributable to wind power in Mexico (144 MW) and Spain (up 54 MW) and in the hydroelectric sector in Guatemala (87 MW).

Electricity generation increased by 1,090 million kWh, mainly due to a rise in wind generation in Iberia (659 million kWh) and in Mexico (162 million kWh) and hydroelectric output in Latin America (282 million kWh), primarily in Guatemala (226 million kWh) and in Panama (123 million kWh), partly offset by lower hydroelectric output in Iberia (24 million kWh).

Performance and financial position

Millions of euro

	2012	2011	Change
Revenues from third parties including commodity risk management	792	880	(88)
Revenues from other segments	5	1	4
Total revenues including commodity risk management	**797**	**881**	**(84)**
Gross operating margin	**497**	**573**	**(76)**
Operating income	**272**	**376**	**(104)**
Employees at year end (no.)	921	832	89
Capital expenditure	339	280	59

Revenues from third parties including commodity risk management amounted to €792 million, a decrease of €88 million from 2011 (€880 million). This was the net result of an increase in revenues from the sale of electricity (€100 million) and a decline in other revenues (€190 million), which in 2011 had included a number of non-recurring transactions, namely the execution of the agreement to split the assets of EUFER (€120 million) and the remeasurement at fair value of the assets and liabilities of two companies in Iberia (€45 million) whose status with respect to the requirements concerning control changed.

The increase in revenues from the sale of electricity is mainly attributable to the rise in volumes in Iberia (€55 million) and the effect of higher volumes and higher average prices in Latin America (€46 million).

The **gross operating margin** came to €497 million, down €76 million on 2011 (€573 million). Excluding the non-recurring effects recognized in 2011 (€165 million), the gross operating margin rose by €89 million or 21.8%, mainly reflecting the increase in installed capacity.

Operating income came to €272 million, down €104 million compared with 2011. In addition to the reduction in gross operating margin, the decline in operating income reflects an increase of €26 million in depreciation and amortization, mainly due to the rise in installed capacity, partly offset by the revision of the useful life of wind plants (€24 million).
Excluding the impact of the non-recurring income in 2011 (€165 million), operating income rose by €49 million.

Capital expenditure in 2012 amounted to €339 million (€280 million in 2011) and mainly regarded expenditure on the construction of wind plants in Iberia (€122 million, compared with €188 million in 2011), in Brazil (€79 million, compared with €6 million in 2011) and in Chile (€43 million, none in 2011), as well as hydroelectric plants in Guatemala (€40 million, compared with €45 million in 2011) and Costa Rica (€14 million, in line with 2011).
In addition, financial investments of €120 million were made in Mexico, as were advances for the acquisition of the equity stake in the company that is building the Talinay wind farm in Chile (€27 million).

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), 23 wind plants (729 MW of net installed capacity), 2 geothermal facilities (47 MW of net installed capacity), as well as 1 photovoltaic plant (26 MW of net installed capacity). It also operates 2 wind plants (103 MW of net installed capacity) and 1 biomass plant (21 MW of net installed capacity) in Canada, for a total installed capacity of 1,239 MW.

It is also present with major projects, including partnerships, in the geothermal segment (Cove Fort with 25 MW of nominal capacity and 17 MW of net capacity) and the wind segment (Prairie Rose with 199 MW and Chisholm View with 235 MW).

Operations

Net electricity generation and net installed capacity

	Net installed capacity (MW)			Net electricity generation (GWh)		
	2012	2011	Change	**2012**	2011	Change
Hydroelectric	313	313	-	933	1,069	(136)
Wind	832	605	227	2,492	1,409	1,083
Geothermal	47	47	-	257	268	(11)
Biomass	21	21	-	175	175	-
Solar	26	24	2	42	-	42
Total	**1,239**	**1,010**	**229**	**3,899**	**2,921**	**978**

Net installed capacity rose by 229 MW compared with 2011, with the increase attributable to the entry into service of wind farms (227 MW).

There was an increase of 978 million kWh in electricity generation in 2012, mainly attributable to greater wind (1,083 million kWh) and solar (42 million kWh) output as a result of the increase in installed capacity, partly offset by lower hydroelectric generation (136 million kWh) due to the reduction in water availability compared with the previous year.

Performance and financial position

Millions of euro

	2012	2011	Change
Revenues from third parties including commodity risk management	300	183	117
Revenues from other segments	-	-	-
Total revenues including commodity risk management	**300**	**183**	**117**
Gross operating margin	**197**	**107**	**90**
Operating income	**116**	**55**	**61**
Employees at year end (no.)	358	320	38
Capital expenditure	145	307	(162)

Total revenues including commodity risk management amounted to €300 million, up €117 million on 2011 (€183 million), mainly as a result of an increase in revenues from the sale of electricity and from tax partnerships (€42 million) and other revenues (€75 million).
Other revenues, which totaled €75 million, were mainly associated with the cancellation of the payable for the success fees recognized in the previous year for the acquisition of the Caney River project (€31 million) following agreements with the partners, the remeasurement at fair value of the assets and liabilities of Trade Wind Energy (€21 million), whose status with regard to control changed following transactions during the period, and the disposal of property, plant and equipment (€10 million).

Excluding the impact of the non-recurring revenues recognized in 2011 (€16 million in respect of the recognition of an indemnity in the settlement of the Star Lake dispute), total revenues including commodity risk management rose by €133 million.

The **gross operating margin** amounted to €197 million, an increase of €90 million on 2011 (€107 million). Excluding the impact of the non-recurring income recognized in 2011 (€16 million), the gross operating margin rose by €106 million or 116.5%, mainly due to the expansion in installed capacity and other revenues.

Operating income came to €116 million, an increase of €61 million on 2011. Excluding the impact of the non-recurring income recognized in 2011 (€16 million), operating income rose by €77 million. The increase in the gross operating margin was partly offset by the rise in impairment for the period (€12 million) and higher depreciation and amortization charges (€13 million), attributable to the expansion in installed capacity, net of the effect of the revision of the useful life of wind plants (€3 million).

Capital expenditure in 2012 amounted to €145 million (€307 million in 2011). Spending mainly regarded the construction of the wind plants (€110 million, compared with €249 million in 2011), geothermal plants (€27 million, compared with €3 million in 2011) and hydroelectric plants (€8 million, compared with €12 million in 2011). Financial investment included the acquisition of a minority interest in the company that is developing the Chisholm View and Prairie Rose wind projects (€108 million).

Retail

Enel.si is involved in developing the photovoltaic and energy efficiency markets. In 2012, work continued on focusing and enhancing the efficiency of the retail network to help Enel.si retain its position as the leading franchising system in Italy for systems for distributed generation from renewable resources, with 784 franchisees at December 31, 2012 (968 at December 31, 2011).
In 2012, 148.8 MWp of photovoltaic modules were delivered and sold, a decrease of 26.5 MWp on the 175.3 MWp delivered in 2011, while continuing to supply other components of photovoltaic systems (inverters, support structures, etc.).

Performance and financial position

Millions of euro

	2012	2011	Change
Revenues from third parties including commodity risk management	215	248	(33)
Revenues from other segments	-	79	(79)
Total revenues including commodity risk management	**215**	**327**	**(112)**
Gross operating margin	**13**	**34**	**(21)**
Operating income	**3**	**37**	**(34)**
Employees at year end (no.)	103	94	9

Total revenues including commodity risk management in 2012 came to €215 million (€327 million in 2011), a decrease of €112 million including intersegment revenues, essentially the net effect of a decline in revenues from sales of photovoltaic materials to other Group (€79 million) and non-Group (€34 million) companies and an increase in sales of energy efficiency certificates (up €5 million).

The **gross operating margin** amounted to €13 million, a decrease of €21 million compared with 2011 (€34 million), when performance had benefited from sales of white certificates associated with energy efficiency projects carried out in previous years, which had initially been opposed by the Authority and then partially written down, before being recognized in 2011 following a favorable ruling of the Council of State.

Operating income of €3 million represents a decrease of €34 million over 2011 (€37 million), attributable to the reduction in the gross operating margin (€21 million) and an increase in writedowns of receivables (€9 million), which takes into account the likely inability to collect a number of significant items and to the greater risk of uncollectibility connected with the country's economic condition.

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 2012 was a key period in confirming Enel Green Power's leadership in the renewable energy sector and the achievement of the strategic goals announced to the financial market.

In 2013, the Group will continue to implement the Strategic Plan, confirming the expansion of installed capacity and focusing our efforts mainly on emerging countries through balanced growth in all the main technologies. We will also leverage business and financial advantages by rationalizing operating costs and operating plants efficiently, and by exploiting economies of scale, mainly in procurement.

The Group will focus on markets with abundant renewable resources, stable regulatory frameworks and strong economic growth. We will assess and select possible new opportunities in countries with considerable potential for expansion in order to increase geographical diversification.

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

Innovation

In 2012, Enel Green Power spent about €12 million on developing and demonstrating innovative technologies and has budgeted to spend a total of around €50 million through 2015.

Innovation is a key part of the Group's pursuit of sustainable growth.

During the year, Enel Green Power focused on three strategies:

> *Improving Performance*, i.e. enhancing the performance of all the technologies that Enel Green Power has traditionally used, increasing their availability and mitigating the impact of intermittency, thanks in part to plants that use two or more technologies;

> *Integration of Renewable Power in Anthropized Environments*, i.e. integrating the use of renewable resources in highly anthropized environments, thanks to the use of smaller-scale, low visual impact equipment, as well as architectural integration, particularly involving "thin-film" photovoltaic panels that can be easily adapted to fit the needs of buildings;

> *Use of New Renewable Resources*, i.e. employing renewable resources that are presently not being exploited, particularly energy from the sea, which could ensure that even remote locations, like islands, have greater access to electricity.

The Group has invested around €5 million in these activities to find useful long-term solutions, and has spent another €7 million on implementing projects that will generate short- and medium-term benefits for the Group's operations.

Improving Performance

Enel Green Power has taken steps on a variety of fronts, ranging from wind and geothermal generation to the use of two or more technologies simultaneously, to improve the performance of Enel Green Power's plants.

Wind

In the wind generation field, work continued on refining the short- and medium-term (up to 72 hours) output forecasting models of wind farms, which use computational fluid dynamics (CFD) for new wind farms without any production history and statistics-based artificial neural networks (ANN) for those that do have historical data. All the major wind farms in Italy and Romania are equipped with these systems.

Hydroelectric

In 2012, design solutions were developed to optimize energy output by hydroelectric plants, using releases to regulate the minimum essential flow.

Geothermal

In the field of geothermal generation, extensive effort was put into the potential exploitation of low-enthalpy geothermal resources. Using binary ORC (Organic Rankine Cycle) cycles with supercritical working fluid, the project, conducted in partnership with Massachusetts Institute of Technology, among others, involved the construction by Enel Green Power of a prototype at the Livorno experimental area. Compared with existing subcritical systems that primarily employ paraffinic hydrocarbons, the plant offers interesting advantages in terms of performance, which require further study before being deployed on a wider scale.

Hybridization

Over the year, Enel Green Power concentrated on integrating multiple technologies. Since March last year, a 26 MW photovoltaic system and a 33 MW geothermal plant have operated side-by-side at the Stillwater plant in the US. In August, this project led to Enel Green Power winning the second edition of the GEA Honors Awards sponsored by the Geothermal Energy Association.

The Group has also launched a project to integrate geothermal and solar thermal energy at Stillwater by building a demonstration plant, offering an incremental capacity of 2 MW, where the geothermal fluid will be pre-heated using solar power.

Integration of Renewable Power in Anthropized Environments

In order to be able to use renewable resources in a highly anthropized context, Enel Green Power has developed a variety of projects, ranging from wind to small-scale solar plants.

Small-scale wind turbines

During the year, work began on bringing the experimental two-bladed wind turbine, developed with the assistance of architect Renzo Piano, into service. The primary innovative features of the machine are its lower environmental impact and related technical solutions (e.g. a vertical alignment system for the transparent blades that lines the blades up with the tower when no wind is present). In addition, the aerodynamic shape of the blades, their much lighter weight and the control system for the machine are designed to start the wind turbine in very low wind conditions, thereby increasing the annual output.

Solar

In 2012, at Enel's laboratories in Catania, testing of an innovative solar thermal power system was completed. It uses solar radiation to produce: i) electricity using a small-scale, free piston Stirling engine located at the focal point of a highly-reflective parabolic mirror, as well as ii) heat to be used to warm residential water. The system incorporates a precision tracker that follows the movement of the sun and is configured so as to be able to securely position itself in adverse weather conditions. The positive results of initial testing lead us to believe that the device could partly replace diesel engines at Enel Green Power sites used to provide electricity and hot water.

In addition, an examination was begun within the "Joint Enel Green Power - Sharp - STMicroelectronics Research Program" of current activities on the possible development of innovative technological applications for the architectural integration of thin-film photovoltaic panels.

Use of New Renewable Resources

With the goal of developing new, currently unutilized renewable resources, Enel Green Power has been concentrating on, among other things, exploiting energy from the sea. More specifically, in 2012, following an analysis of the most promising technologies for generating electricity from waves and tides, Enel Green Power entered into a technological partnership with 40South Energy to develop and test a wave power system with a nominal capacity of around 100 kW. The device, called the R115, which is expected to enter service in 2013, offers innovative technical and functional solutions, including:

> high capacity factor and usability in any wave conditions;
> high degree of safety in operation thanks to being able to perform maintenance entirely on the surface;
> complete environmental compatibility.

Enel Green Power takes advantage of the contributions of Italian and foreign research centers and universities involved in developing innovative technology. In 2012, the Group began a partnership with, among others, the TIS - Innovation Park and the Innovation Department of the Autonomous Province of Bolzano, as well as with the ItaliaCamp Foundation and the Fulbright Best program.

Human resources and organization

In 2012, the Enel Green Power Group developed and focused its attention on an organizational strategy called "Transnational Organization", which develops and supports a multiple and varied internal organizational view and approach within an environment that is closely integrated but at the same time flexible across which interdependent, international resources and expertise are distributed.

Therefore, the Group has pursued the following goals:
> the search for efficiency and synergies in the global integration process;
> managing opportunities by taking advantage of multinational flexibility;
> development of innovation, learning and adaptation;
> encouraging responsibility at the local level.

Organization

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 & Quality, Business Development, Engineering & Construction, Purchasing, Operation & Maintenance, Legal Affairs and Corporate Secretariat, Administration, Finance and Control, Audit, Regulatory Affairs, Human Resources and Organization, External Relations, Information & Communication Technology, Risk Management and Innovation.

Specifically, during the year, planning, organization and management change centered on a range of activities:
> the Innovation and Risk Management departments were structured so as to enhance and expand the quest for new ways of conducting and supporting business, as well as to protect against risks to the Group and establish the optimum central and local exposure levels. The Risk Management department also developed a substantial procedural system by issuing organizational procedures and operational instructions aimed at guiding and coordinating risk management processes;
> the Safety, Environment & Quality department was reorganized to expand the scope of its activities by creating the Quality and Certification unit and the relative management at the central and area/country level. The Safety, Environment & Quality units for the 3 hubs of Mexico & Central America, Brazil and Chile & new countries, previously grouped into a single Latin America Safety & Environment unit, were formed to monitor activities more closely at a local level;
> steps were taken to strengthen and consolidate the Engineering & Construction department by setting up a structure built around a more technological and regional viewpoint, a more international distribution of expertise and greater mobility of resources for various projects in Italy and abroad;
> the Enel.si retail structure was reorganized to focus more on international expansion and taking a more centralized approach to commercial planning and management in Italy;
> in order to better seize and support new business opportunities in Latin America, the structure of the area and the company systems was reorganized based on a model envisaging 3 hubs (Mexico & Central America, Brazil and Chile & new countries) in order to optimize investments and operate more effectively;
> as part of the process of integrating and enhancing the efficiency of the Legal Affairs and Corporate Secretariat departments, they were combined in a new department whose aim is to find potential synergies in the legal and corporate area.

Projects launched and developed in 2012 include:

> *the One Company project*: a project launched by the Enel Group to define its organizational structure based on the most innovative standards and to review, with an eye towards boosting efficiency, existing staff processes to ensure the greatest integration and synergies possible between Group companies (shared business values and language, excellent processes and effective systems). In October 2012, a phase specifically targeted at the Enel Green Power Group was begun, involving:
  - the redesign and standardization of processes that are nevertheless conducted in accordance with local laws, regulations and governance, thereby ensuring that the Enel Green Power Group remains managerially independent from the Parent Company Enel SpA;
  - eliminating steps in the approval process and low value-added activities;
  - eliminating the duplication of activities between the Enel Green Power Group central departments and the Area/Country departments.

  These objectives should lead to the following results:
  - clear and transparent determination of the responsibilities of all the actors in processes;
  - make processes more efficient and effective;
  - identification of KPIs for monitoring processes and cost saving efforts.

  The Cooperation Project was established to achieve integration and identify synergies. Personnel of Enel Green Power Brasil and of Endesa Brasil were involved and the initial results led to the transfer of Enel Green Power Brasil's headquarters to those of Endesa Brasil and the sharing of suppliers.

> *Global catalogue,* the fruit of the Global Professional System project in which the Enel Green Power Group participates. It aims to create a global catalogue of the technical and professional expertise of each professional family and area in order to:
  - standardize jobs/professional positions;
  - promote and improve staff mobility;
  - identify the critical skills for each position;
  - strengthen technical and professional careers with a global vision.

> *SAP HR Global* project, aimed at providing the Human Resources and Organization department with a single set of processes, systems, reports and standardized data through the creation of a single global system integrated with local systems. The Group expects to achieve higher standardization and greater efficiency in human resource processes and better availability of consolidated data by integrating and consolidating processes and systems.

> *Telecommuting*, a one-year pilot project currently under way (May 2012-April 2013) involving 40 staff members of the Retail Area of Enel.si. The project involved the signing of an agreement designed to make it easier for participants to work outside the office and to build an employee/employer relationship based on productivity and results, thereby fostering a home-work balance. Any savings generated by this initiative will be reinvested in benefits for the employees involved.

Development and training

In 2012, training and development efforts had the goal of promoting international integration, expanding employees' knowledge, improving the sharing and standardization of technical and managerial best practices, improving staff language skills and supporting bringing employee practices in line with the Leadership Model adopted by the Group.

The main actions taken related to:

> seeking out and identifying "talent" within the Enel Green Power Group and planning development programs to stimulate professional growth and strengthen management skills;

> launching and conducting the "2012 Climate and Safety Survey", with 85% of all Group employees participating;

> planning and holding management training events:
  - *"Top Team Training"*, for Enel Green Power's Top Team to stimulate conversation within the team on the current status of integration efforts, the impact of the One Company project and to gain a general view of the key skills required for innovation;
  - *"Project Management Culture",* a course for Engineer-

ing & Construction department project managers, project engineers and construction managers in order to create a uniform project management culture and develop a shared language for procedures for managing complex projects;

- *"O&M Citizens - Follow up",* 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;
- *"Energy Management Program" - "Dispatching and Metering"* and *"Energy Risk Market"* modules for Energy Management department staff in order to forge a standard knowledge base, develop a shared language and encourage mutual understanding among team members;
- *"Geotechnical Workshop"*, for the Civil Engineering unit of the Engineering & Construction department staff in order to reinforce understanding of geotechnical issues and encourage understanding and integration among team members;
- *"Six months of safety",* a 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 2012" 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 executives (EVP, SVP, VP), Pool 1 members and 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.

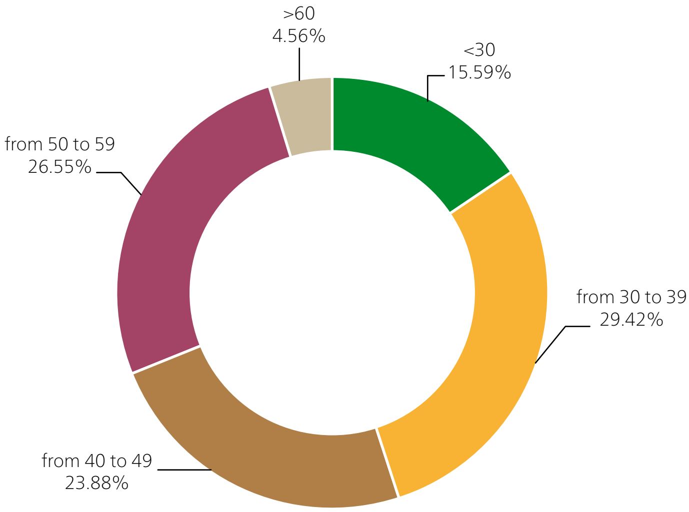
Staffing levels

The size of the Enel Green Power Group's workforce increased significantly, in line with the growth in business. Therefore, the recruitment process has been key to the policies of the Human Resources and Organization department, which have focused on the international movement of employees with the greatest technical skills to those areas where the best business opportunities exist.

Staffing levels in 2012 are summarized below.

	Initial workforce at Dec. 31, 2011	Hirings	Terminations	Enel Group transfers	**Final workforce at Dec. 31, 2012**
Italy and Europe	1,983	144	53	57	2,131
Retail	94	6	1	4	103
Iberia and Latin America	832	232	142	(1)	921
North America	320	93	55	-	358
Total	**3,229**	**475**	**251**	**60**	**3,513**

Breakdown by employee age

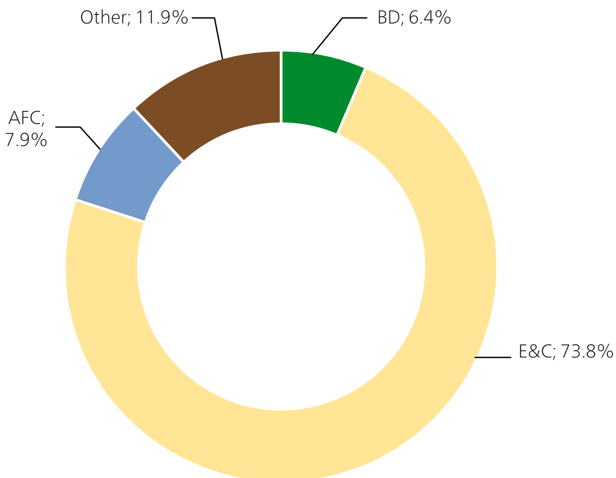


The following table summarizes the movement of employees.

International mobility

	Transferred to						
Transferred from	Europe	Latin America	North America	New countries	South Africa	Other countries	**Total**
Europe	53	41	20	11	9	39	**173**
Latin America	4	12	-	-	-	2	**18**
North America	1	3	-	-	-	7	**11**
Total	**58**	**56**	**20**	**11**	**9**	**48**	**202**

International mobility by department (100%=202)



Legend:
E&C: Engineering & Construction
AFC: Administration, Finance and Control
BD: Business Development

Labor relations

As regards labor relations in 2012, now that the organizational structure has been stabilized on the basis of discussions conducted in 2011, the following three issues deserve specific mention.

The new performance bonus (agreement of December 20, 2011), which is characterized by substantial changes aimed at increasing decentralization and early specification of targets, which are assigned to all units at the start of the year, as well as individual tailoring based on the performance review, which this year was extended to all personnel, production workers included.

The agreement on telecommuting (March 28, 2012), which was applied to all of Enel.si's sales force.

The framework agreement (July 5, 2012) regarding the installation of black boxes on the corporate fleet in order to increase safety on the road and enhance management of the motor pool. It has already been applied to the Geothermal area and will soon be extended to the remaining areas.

A particularly important event was the signing by the Group of the new Italian Labor Relations model (July 17, 2012), which emphasizes the importance of dialogue and a constructive climate for participatory labor relations through clear, shared rules that can be immediately put into practice and that, within an environment of mutual trust, can help in reaching agreements that further business strategy, recognizing and enhancing labor aspects. Within this context, the value of bilateral contacts, complementing central negotiations, and the rationalization of the relationship between the national and local levels of dialogue, in a balance compatible with the need for jointly agreeing governance of processes, with special emphasis on the impact on employees.

A major feature of the second part of the year at the Group and sector level was the start of negotiations for the renewal, for the period January 1, 2013 to December 31, 2015, of the national collective bargaining agreement originally signed on 5 March 2010. The negotiations were completed successfully with the signing of a renewal agreement on February 18, 2013, after lengthy discussions influenced by the economic difficulties impacting the electric industry as well as the country in general.

In conjunction with the contract renewal, Enel and the trade unions began discussions regarding the complex economic environment and the difficulties currently affecting the electric industry, the impact of which was accentuated by regulatory changes in 2012 with repercussions on human resource management (notably the pension system reform). This led to the signing of a framework agreement on "employability" in November. This will be followed up in 2013 with special implementing agreements.

Other developments included the plan for the gradual transition of Enel Group employees in Italy to retirement, which was established in December 2012 as a form of post-employment benefit. It seeks to encourage voluntary terminations with specific benefits at the time the employment relationship ends, in line with the need to facilitate generational turnover (the plan would apply to employees at least 55 years old with at least 15 years of service with the Group and the possibility of retiring within four years).

As to the countries in which the Group operates, integration between the central and Group labor relations structures continued, in application 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. All this was pursued in accordance with the One Company project, which also encompasses a review of industrial relations processes, formalized in appropriate division-level policy, that establishes the duties and procedures of the central and local structures so as to simplify and optimize their respective activities. The Enel Group has, since its beginnings, and gradually as it has expanded internationally in recent years, established an open and wholly cooperative relationship with the unions. This is confirmed by the high percentage of Group employees being covered by collective bargaining agreements, not just in Italy (where all employees are covered), but also in countries that have historically had a weaker tradition of cooperation between employers and the unions.

Finally, among the other labor relations issues that affect the broader Enel Group that are followed as a company and of particular interest to Enel Green Power, we must mention the evolution of the new global model for international labor relations, already integrated into the key parts of the Group's international structure, namely the Code of Ethics, the Leadership Model, the Management Model and the Corporate Social Responsibility strategies, towards a form of agreement (International Framework Agreement) with international union representatives (MoU of December 18, 2012). This agreement is meant to serve as a benchmark for industrial relations globally, so as to ensure that the Group takes an integrated and consistent approach, all while bearing in mind the specific issues affecting each of the countries in which Enel operates.

In addition, in December, the agreement of Enel's European Works Committee was renewed for four more years.

Regulations governing non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel Green Power SpA for 2012 – March 11, 2013 – the Enel Green Power Group meets the conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries (hereinafter "non-EU subsidiaries") established by CONSOB with Article 36 of the Market Rules (approved with Resolution no. 16191 of October 29, 2007 as amended).

Specifically, we report that:

a) in application of the materiality criteria for the purposes of consolidation introduced in Article 36, paragraph 2, of the CONSOB Market Rules, thirty-seven non-EU subsidiaries of the Enel Green Power Group have been identified to which the rules in question apply on the basis of the consolidated financial statements of the Enel Green Power Group at December 31, 2011.
They are: 1) Enel Fortuna SA; 2) Enel Green Power North America Inc.; 3) Essex Company; 4) Enel Geothermal LLC; 5) Enel Brasil Participações Ltda; 6) Renovables de Guatemala SA; 7) Smoky Hills Wind Project II LLC; 8) Texkan Wind LLC; 9) Enel Green Power Canada Inc.; 10) Nevkan Renewables LLC; 11) Enel Panama SA; 12) Enel Latin America (Chile) Ltda; 13) Enel Stillwater LLC; 14) Smoky Hills Wind Farm LLC; 15) Empresa Eléctrica Panguipulli SA; 16) Hydro Development Group Inc.; 17) Empresa Eléctrica Puyehue SA; 18) Geotérmica del Norte SA; 19) Snyder Wind Farm LLC; 20) Enel Kansas LLC; 21) Enel Nevkan Inc.; 22) Enel Texkan Inc.; 23) Chi Hydroelectric Company Inc.; 24) Enel Salt Wells LLC; 25) Primavera Energia SA; 26) Padoma Wind Power LLC; 27) Isamu Ikeda Energia SA; 28) Generadora de Occidente Ltda; 29) Impulsora Nacional de Electricidad Srl de Cv; 30) Boott Hydropower Inc.; 31) Mexicana de Hidroelectricidad Mexhidro Srl de Cv; 32) Enel de Costa Rica SA; 33) Energía Alerce Ltda; 34) Enel Cove Fort LLC; 35) Canastota Wind Power LLC; 36) Apiacás Energia SA; 37) Proveedora de Electricidad de Occidente Srl de Cv;

b) the balance sheet and income statement for the 2012 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Green Power Group will be made available to the public by Enel Green Power SpA at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting to be called to approve the 2012 financial statements of Enel Green Power SpA, together with the summary documents of the essential information from the most recent financial statements of subsidiaries and associates (pursuant to the provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Rules as approved in Resolution no. 11971 of May 14, 1999, as amended);

c) the articles of association and the composition and powers of the corporate bodies from all the above subsidiaries have been obtained by Enel Green Power SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 36, paragraph 1, letter b), of the CONSOB Market Rules);

d) Enel Green Power SpA has verified that the above subsidiaries:

> (i) provide the auditor of Enel Green Power SpA with information necessary to perform annual and interim audits of Enel Green Power SpA (pursuant to Article 36, paragraph 1, letter ci), of the CONSOB Market Rules);

> (ii) use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company Enel Green Power SpA of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements of the Enel Green Power Group (pursuant to Article 36, paragraph 1, letter cii), of the CONSOB Market Rules).

Regulations governing subsidiaries subject to the management and coordination of other companies

Enel Green Power SpA meets the conditions for admission to trading of the shares of subsidiaries subject to management and coordination by another listed company pursuant to Article 37, paragraph 1, of the Market Rules (approved with Resolution no. 16191 of October 29, 2007 as amended).

In particular, Enel Green Power SpA as a subsidiary subject to management and coordination by another company:

a) has fulfilled publication obligations pursuant to Article 2497-*bis* of the Italian Civil Code;
b) has independent decision-making powers in relations with customers and suppliers;
c) has a centralized treasury with Enel SpA that satisfies the interests of the Company, as it gives Enel Green Power greater capacity for planning, monitoring and covering liquidity requirements and, therefore, optimizes liquidity management and also makes it possible to access the services on competitive terms, drawing on the long, specialized experience of the Parent Company in providing such services and its effective capacity to access the banking and financial system, as verified by the Board of Auditors;
d) has a Control and Risks Committee (formerly the Internal Control Committee), which in Enel Green Power SpA also acts as the Related Parties Committee, and an Appointment and Compensation Committee (formerly the Compensation Committee), both of which are entirely composed of independent directors pursuant to Article 37, paragraph 1-*bis*, of the Market Rules. As a subsidiary subject to management and coordination by another listed Italian company, Enel Green Power SpA also has a Board of Directors composed of a majority of independent directors.

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/en-GB/company/governance/related_parties/) sets out a series of rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties and was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB.

More specifically, in 2012 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 the Parent Company Enel SpA.
Under the provisions of the uniform tax code (Presidential Decree 917/1986, Article 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.

In November and December 2012, approval was given for a number of transactions defined as ordinary transactions of greater importance carried out through a subsidiary on terms equivalent to market or standard terms and conditions.

These transactions qualify for the exemption referred to in Article 13, paragraph 3, letter c), of the "Regulation governing transactions with related parties" adopted by CONSOB with Resolution no. 17221 of March 12, 2010, as amended ("Related Parties Regulation") and the related procedure adopted by Enel Green Power in implementation of the regulation. As such, those transactions are not subject to the publication requirements provided for transactions of greater importance with related parties under Article 5, paragraphs 1 to 7, of the Related Parties Regulation. Those transactions were in any case notified specifically to CONSOB in accordance with Article 13, paragraph 3, letter c).

The following provides a summary of the main features of the transactions.

Transaction counterparty: Empresa Nacional de Electricidad SA.
Nature: sale of electricity to be generated by the Valle de Los Vientos and Taltal plants by Enel Latin America (Chile) Ltda to Empresa Nacional de Electricidad SA for twenty years as from the entry into service of the plants.
Value: the theoretical maximum value of the transaction ranges from a minimum of about $870 million to a maximum of about $1,320 million.

Transaction counterparty: Enel Finance International NV.
Nature and value: two financing agreements for two credit lines of €500 million (for a total of €1 billion) between Enel Green Power International BV and Enel Finance International NV. The conditions negotiated are in line with the terms and conditions obtainable on the debt market from leading financial counterparties even for agreements involving smaller amounts but equal duration.

Transaction counterparty: Enel Energie and Enel Energie Muntenia.
Nature: two contracts for the sale of green certificates regarding, respectively, the 1st Half of 2013 and the 2nd Half of 2013 - 1st Half of 2023 between Enel Green Power

Romania Srl and Enel Energie/Enel Energie Muntenia.
Value: for the first contract the value will range from a minimum of €21.6 million to a maximum of about €73.2 million, while for the second it ranges from a minimum of €656.7 million to a maximum of €1,539 million.

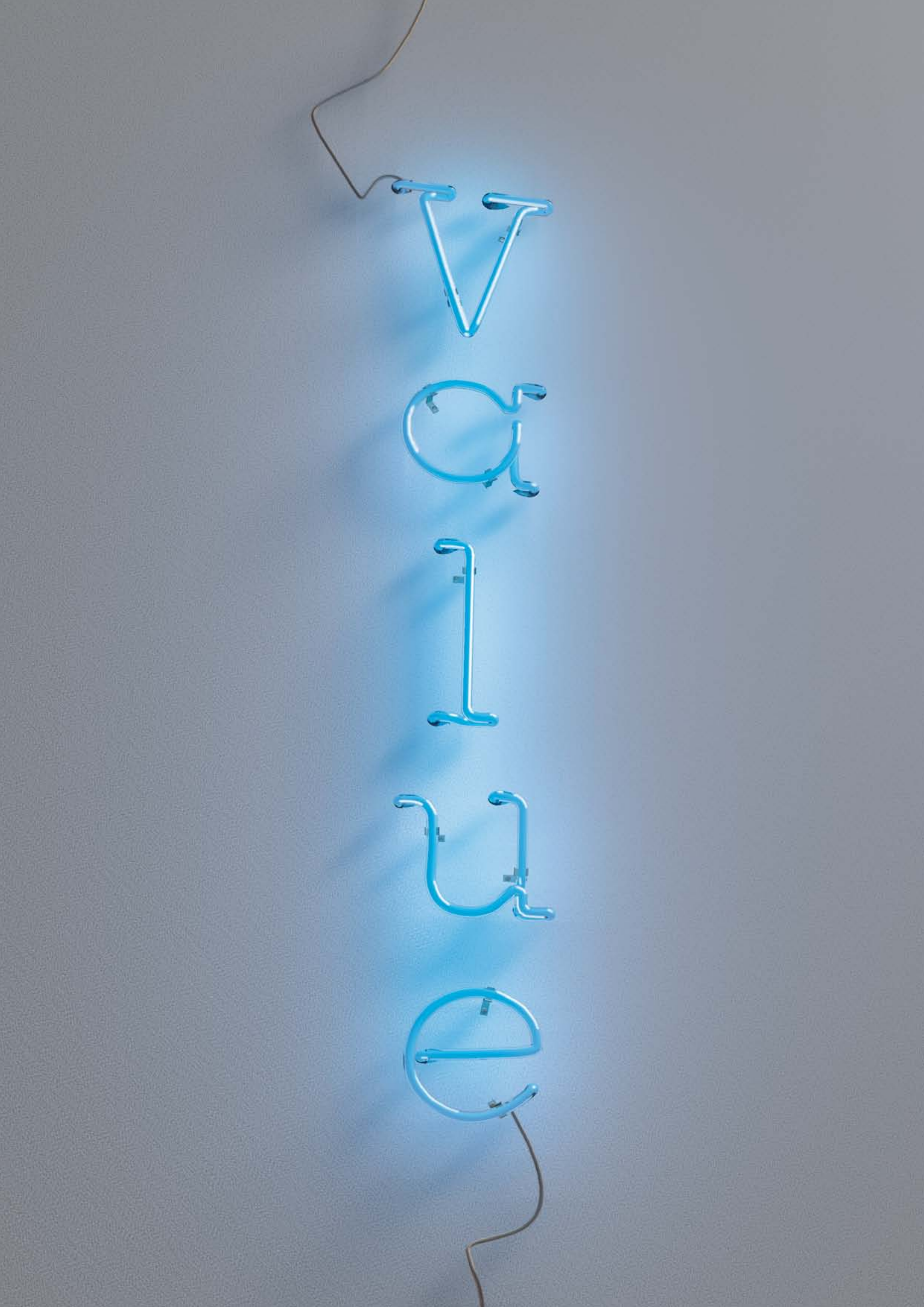
Transaction counterparty: Enel Finance International NV.
Nature and value: the renewal of a €1.2 billion financing agreement between Enel Green Power International BV and Enel Finance International NV. The terms and conditions of the renewal are in line with the terms and conditions obtainable on the debt market from leading financial counterparties even for agreements involving smaller amounts but equal duration.

In all of the above transactions, the transaction counterparty is a related party of Enel Green Power as they all share the same ultimate Parent Company, Enel SpA.

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	
	2012	2011	**at Dec. 31, 2012**	at Dec. 31, 2011
Financial statements - Enel Green Power SpA	236	247	6,508	6,397
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	47	46	(8,576)	(6,999)
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	225	211	8,535	6,861
Intragroup dividends	(73)	(29)	-	-
Consolidation differences at the Group consolidation level	(22)	(67)	631	638
Total Group	413	408	7,098	6,897
Total non-controlling interests	78	106	874	841
CONSOLIDATED FINANCIAL STATEMENTS	**491**	**514**	**7,972**	**7,738**


value

Consolidated financial statements

Consolidated Income Statement

Millions of euro	Notes	2012	of which with related parties	2011	of which with related parties
Revenues and income					
Revenues from sales and services	6.a	2,565	*1,225*	2,253	*1,176*
Other revenues and income	6.b	131	*14*	286	*12*
		2,696		2,539	
Costs					
Raw materials and consumables	7.a	371	*34*	431	*34*
Services	7.b	431	*90*	352	*99*
Personnel	7.c	242		213	
Depreciation, amortization and impairment losses	7.d	706		670	
Other operating expenses	7.e	128	*27*	68	*1*
Capitalized costs		(162)		(120)	
		1,716		1,614	
Net income/(charges) from commodity risk management	8	(8)	*(5)*	(12)	*(9)*
Operating income		972		913	
Net financial income/(expense)	9	(230)	*(156)*	(163)	*(136)*
Financial income		133	*4*	128	*3*
Financial expense		(363)	*(160)*	(291)	*(139)*
Share of income/(expense) from equity investments accounted for using the equity method	10	47		46	
Income before taxes		789		796	
Income taxes	11	298		282	
Net income for the year		**491**		**514**	
Attributable to shareholders of the Parent Company		413		408	
Attributable to non-controlling interests		78		106	
Earnings per share: basic and diluted (in euros)		*0.08*		*0.08*	

Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2012	2011
Net income for the year	25	**491**	**514**
Other comprehensive income:			
Change in fair value of cash flow hedge derivatives		(14)	(18)
Gain/(Loss) on translation differences		(86)	24
Income/(Loss) recognized directly in equity (net of taxes)		**(100)**	**6**
Comprehensive income for the year		**391**	**520**
Attributable to:			
- shareholders of the Parent Company		325	411
- non-controlling interests		66	109

Consolidated Balance Sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2012**		at Dec. 31, 2011	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	12	10,878	*26*	10,172	*30*
Intangible assets	13	1,260		1,299	
Goodwill	14	942		858	
Deferred tax assets	15	297		323	
Equity investments accounted for using the equity method	16	533		488	
Non-current financial assets	17	328	*14*	335	*34*
Other non-current assets	18	83		53	
		14,321		**13,528**	
Current assets					
Inventories	19	64		61	
Trade receivables	20	571	*203*	529	*260*
Tax receivables	21	63	*6*	44	*18*
Current financial assets	22	428	*370*	163	*19*
Other current assets	23	344	*22*	275	*6*
Cash and cash equivalents	24	333		349	
		1,803		**1,421**	
Assets held for sale		-		4	
TOTAL ASSETS		**16,124**		**14,953**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Equity attributable to the shareholders of the Parent Company	25				
Share capital		1,000		1,000	
Reserves		5,685		5,489	
Net income for the period		413		408	
		7,098		**6,897**	
Non-controlling interests	26	874		841	
- of which net income		*78*		*106*	
TOTAL SHAREHOLDERS' EQUITY		**7,972**		**7,738**	
Non-current liabilities					
Long-term loans	27	4,617	*2,491*	3,733	*2,306*
Post-employment and other employee benefits	28	46		43	
Provisions for risks and charges	29	101		99	
Deferred tax liabilities	15	584		600	
Non-current financial liabilities	30	67	*34*	40	*14*
Other non-current liabilities	31	137		123	
		5,552		**4,638**	
Current liabilities					
Short-term loans	32	818	*725*	867	*822*
Current portion of long-term loans	27	202		256	
Current portion of long-term provisions and short-term provisions	29	2		2	
Trade payables	33	1,070	*302*	1,033	*267*
Income tax payable	34	44		93	*3*
Other current liabilities	35	375	*17*	203	*24*
Current financial liabilities	36	89	*71*	123	*84*
		2,600		**2,577**	
Liabilities held for sale		-		-	
TOTAL LIABILITIES		**8,152**		**7,215**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,124**		**14,953**	

Statement of Changes in Consolidated Shareholders' Equity

Millions of euro	Share capital	Reserves: Reserve from measurement of CFH financial instruments	Reserves: Translation reserve	Reserves: Other reserves	Total other reserves	Net income pertaining to shareholders of Parent Company	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total share-holders' equity
At December 31, 2010	1,000	(12)	54	5,128	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**	**(30)**	**75**	**5,444**	**5,489**	**408**	**6,897**	**841**	**7,738**

Millions of euro	Share capital	Reserves: Reserve from measurement of CFH financial instruments	Reserves: Translation reserve	Reserves: Other reserves	Total other reserves	Net income pertaining to shareholders of Parent Company	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total share-holders' equity
At December 31, 2011	1,000	(30)	75	5,444	5,489	408	6,897	841	**7,738**
Income/(Loss) recognized directly in equity	-	(8)	(80)	-	(88)	-	(88)	(12)	**(100)**
Net income/(loss) for the year	-	-	-	-	-	413	413	78	**491**
Comprehensive income	-	(8)	(80)	-	(88)	413	325	66	**391**
Allocation of net income for the year	-	-	-	408	408	(408)	-	-	**-**
Dividends paid	-	-	-	(124)	(124)	-	(124)	(33)	**(157)**
At December 31, 2012	**1,000**	**(38)**	**(5)**	**5,728**	**5,685**	**413**	**7,098**	**874**	**7,972**

Consolidated Statement of Cash Flows

Millions of euro	Notes	2012	of which with related parties	2011	of which with related parties
Income before taxes		**789**		**796**	
Adjustments for:					
Depreciation, amortization and impairment losses	7.d	706		670	
Provisions for risks and charges and post-employment and other employee benefits		4		2	
Share of net (income)/expense from equity investments accounted for using equity method	10	(47)		(46)	
Net financial (income)/expense	9	230	*156*	163	*101*
(Gains)/Losses and other non-monetary items		(55)		(188)	
Cash flows from operating activities before changes in net current assets		*1,627*		*1,397*	
Increase/(Decrease) in provisions and post-employment and other employee benefits		(13)		(37)	
(Increase)/Decrease in inventories		(3)		57	
(Increase)/Decrease in trade receivables and payables		39	*(22)*	218	*(86)*
(Increase)/Decrease in other current and non-current assets/liabilities		(62)	*(6)*	16	*(26)*
Interest income/(expense) and other financial income/(expense) collected/(paid)		(249)	*(153)*	(177)	*(117)*
Income taxes paid		(280)		(216)	
Cash flows from operating activities (a)		**1,059**		**1,258**	
Investments in property, plant and equipment	12	(1,226)		(1,536)	
Investments in intangible assets	13	(31)		(21)	
Investments in entities (or business units) for success fees		(29)		(99)	
Investments in entities (or business units) less cash and cash equivalents acquired	4	(113)		(57)	
Disposals of entities (or business units) less cash and cash equivalents sold		-		21	
(Increase)/Decrease in other investing activities		(58)		(47)	
Dividends collected from associated companies		41		18	
Cash flows used in investing activities (b)		**(1,416)**		**(1,721)**	
Financial debt: new long-term borrowing (repayments)	27	1,095	*185*	2,121	*1,656*
Financial debt: repayments and other net changes	27	(605)	*242*	(1,377)	*(678)*
Dividends and interim dividends paid		(147)	*100*	(136)	*(94)*
Cash flows from financing activities (c)		**343**		**608**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**(2)**		**5**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	24	**(16)**		**150**	
Cash and cash equivalents at the beginning of the year		349		199	
Cash and cash equivalents at the end of the year		**333**		**349**	

Notes to the financial statements

Introduction

Enel Green Power SpA, operating in the generation of electricity from renewable resources, including hydroelectric, wind, geothermal, solar and other sources, has its registered office in Viale Regina Margherita 125, Rome, Italy.
The consolidated financial statements for the year ended December 31, 2012 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 consolidated financial statements were authorized for publication by the Board on March 11, 2013.

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Accounting policies and measurement criteria

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2012 have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

Basis of presentation

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

Use of estimates and management judgment

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

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

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

Use of estimates

Pensions and other post-employment benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

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

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

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is reviewed periodically and wherever circumstances or events suggest that more frequent review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 3 below.

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

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

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

Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the *Gazzetta Ufficiale* of August 11, 2012) introduced a sweeping overhaul of the rules governing Italian hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

> for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the payment shall be determined on the basis of revalued cost less public capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
> for other property, plant and equipment, the payment shall be determined on the basis of market value, meaning replacement value, depreciated for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

The main uncertainties are the following:

> the price for the transfer of the business unit must be negotiated with the grantor agency five years prior to the expiration of the concession, on the basis of currently unavailable technical and financial parameters that will be announced in a decree of the Ministry for Economic Development acting on an opinion of the Authority for Electricity and Gas;
> it is reasonable to expect that the process of quantifying that value will require assessments involving significant uncertainties, especially as regards the determination of the ordinary wear and tear of the assets under discussion and the positions that the parties involved could take;
> the law itself, which acknowledges the existence of objective uncertainties associated with the determination of the price, establishes that in the event of disagreement between the concession holder and the grantor, the issue shall be resolved through recourse to a panel of three independent and qualified third parties (of which two chosen by each of the parties, respectively, and the third by the President of the competent Tribunal for public waterworks);
> at present no historic data are available as the rules have not yet been applied.

In view of the above uncertainties, the directors have decided to not attempt to formulate a reasonable and reliable estimate of residual value.

The fact that the new legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free of charge prior to Law 134 (until last year, given that the assets were to be relinquished free of charge, the depreciation period was pegged to the time period closest to the term of the concession or the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets. Until additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

Recovery of deferred tax assets

At December 31, 2012, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

The assessment of recoverability takes account of the estimate of future taxable incomes and is based on prudent tax planning strategies. However, where the Company should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel 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.

Provision for doubtful accounts

The provision for doubtful accounts reflects estimates of losses on the Group's receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, current and historical arrears, eliminations and collections, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the economy and the relevant markets.

The estimates and assumptions are reviewed periodically and the effects of any changes are taken to the income statement in the year they accrue.

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of photovoltaic and wind power 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 and is based on the economic parameters of the country in which the plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework.

Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other

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

Management judgments

Identification of cash generating units (CGUs)

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

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

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

The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

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

Determination of the existence of control

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

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

Related parties

Related parties are mainly parties that have the same controlling entity 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, and the boards of auditors, key management personnel – and their close relatives – of Enel Green Power SpA and the companies over which it exercises direct or indirect control. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include company directors.

Subsidiaries

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

Associated companies

Associated companies comprise those entities in which the Group has a significant influence. Potential voting rights that are effectively exercisable or convertible are also taken into consideration in determining the existence of significant influence.
These investments are initially recognized at cost, allocating any difference between the cost of the equity investment and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities of the associated company in an analogous manner to the treatment of business combinations, and are subsequently measured using the equity method. The Group's share of profit or loss is recognized in the consolidated financial statements from the date on which it acquires the significant influence over the entity until such influence ceases.
Should the Group's share of the loss for the period exceed the carrying amount of the equity investment, the latter is impaired and any excess recognized in a provision if the Group has a commitment to meet legal or constructive obligations of the associate or in any case to cover its losses.
Where an interest is divested and as a result the Group no longer exercises a significant influence, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date 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 assets, liabilities, revenues and expenses of the joint venture characterized by reciprocity with respect to the Group are eliminated against the reciprocal account items of the Group's consolidated entities after having been prorated on the basis of the proportional share in the venture.

The following table reports the main account aggregates of the companies over which the Group exercises joint control included in these financial statements (see attachment on equity investments):

Millions of euro

	2012
Non-current assets	129
Current assets	17
Non-current liabilities	70
Current liabilities	33
Operating income	63
Operating expenses	92

The amounts reported for joint ventures whose financial statements have not yet been approved by the boards of the Company are included in the consolidation on the basis of the accounts formally transmitted by the administration unit of the investee.

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

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2012 in accordance with the accounting policies adopted by the Parent Company.
All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group. In both cases, unrealized losses are eliminated except when representative of impairment.

Translation of foreign currency items

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

Translation of financial statements denominated in a foreign currency

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

Business combinations

At first-time adoption of the IFRS-EU, the Group elected to not apply IFRS 3 (Business Combinations) retrospectively to acquisitions carried out prior to January 1, 2004. Accordingly, the goodwill in respect of acquisitions preceding the IFRS-EU transition date is carried at the value reported in the last consolidated financial statements prepared on the basis of the previous accounting standards (for the year ended December 31, 2003).
Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).
Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities could only be calculated on a provisional basis, the business combination was recognized using such provisional values. The value of the non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition of control the net assets acquired previously were remeasured

to fair value and any adjustments were recognized in equity. Any adjustments resulting from the completion of the measurement process were recognized within twelve months of the acquisition date.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008).
More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser.
Costs directly attributable to the acquisition are recognized through profit or loss.
This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.
The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.
If the fair values of the assets, liabilities and contingent 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-EU. In the absence of a specific accounting standard, the Group has adopted the following policies:

> book value accounting, in which recognition is carried out on the basis of the previous book values of the net assets acquired where the transaction has no economic substance. These values correspond to those reported in the consolidated financial statements of the ultimate Parent Company, Enel SpA;
> purchase accounting, in which recognition is carried out, by analogy, on the basis of IFRS 3 where the transaction has economic substance.

Property, plant and equipment

Property, plant and equipment, which mainly regards generation plants (including land, building and civil works, penstocks, fixed hydraulic works, boilers and ancillary systems, gas turbine sets, machinery), office equipment, furniture and supplies, and assets under construction, is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use and capitalized internal costs with respect to drawing on inventories and labor costs. 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 future 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 (so-called qualifying assets) are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.
Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.
Where major components of individual assets 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 company and the cost of the item can be reliably determined. All other

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

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

Property, plant and equipment is reported net of accumulated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is ready for use, which is considered the moment the asset is connected to the electricity transmission system.

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	60
Plant and machinery:	
- *penstocks*	50
- *mechanical and electrical machinery*	40
- *other fixed hydraulic works*	100
Geothermal power plants	
Buildings and civil works	60
Plant and machinery:	
- *cooling towers*	20
- *turbines and generators*	30
- *turbine parts in contact with fluid*	10
- *other mechanical machinery*	20
Wind power plants	
Buildings and civil works	60
Plant and machinery:	
- *towers*	25
- *turbines and generators*	25
- *other mechanical machinery*	15-25
Solar power plants	
Buildings and civil works	20-25
Plant and machinery:	
- *other mechanical machinery*	18-20

(1) The assets include immaterial items of property, plant and equipment whose useful life may differ from the estimated life.

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.

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

The Group, in line with its main industry peers, changed the estimated useful life of wind plants from 20 to 25 years, with effect from January 1, 2012.

The extension of the useful life was based on a study by an independent expert, who analyzed the technical availability of plants for an additional five years. The study covered 65% of the Group's installed wind capacity. The revision of the useful life reduced the charge for depreciation recognised in the income statement by about €44 million.

Plants include assets (essentially for intake and governing works, penstocks and outflow channels) that, prior to the recent regulatory changes introduced by Law 134 of August 7, 2012 (containing "urgent measures for growth", published in the *Gazzetta Ufficiale* of August 11, 2012), were classified as to be relinquished free of charge at the end of concessions for the water diversions of hydroelectric plants. These concessions terminate on December 31, 2029.

Following the entry into force of these measures, these assets, along with the business unit to which they belong, must be transferred to the new concession holder, upon termination of the concession if the concession is not renewed, against payment of an amount that, with respect specifically to these assets, is determined starting at the revalued historic cost, less any capital grants, also revalued, taking into account ordinary wear and tear. Therefore, starting from September 2012, even assets previously considered to be relinquished are depreciated as with other categories of property, plant and equipment over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants".

The introduction of the law discussed above led to an estimated decrease in depreciation of €10 million.

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

Leased assets

Property, plant and equipment acquired under finance

leases, whereby all risks and rewards incident to ownership are substantially transferred to the Company, are initially recognized as assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.
Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.
Although not formally designated as lease agreements, certain types of contract can be considered as such if performance of such contracts depends on the use of one or more specific assets and if in substance those contracts grant the right to use such assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits, as well as goodwill if acquired for consideration. They are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable incidental expenses necessary to make the assets ready for use.
The assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis.
Amortization commences when the asset is ready for use.

Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.
Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.
Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

Impairment losses

Property, plant and equipment and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any property, plant and equipment and intangible assets is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
The latter is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.
If an asset's carrying amount or that of the cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in the income statement.
Impairment losses of cash generating units are first charged against the carrying amount of any goodwill attributed to it and then against the value of other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss no longer apply, the carrying amount of the asset is restored through profit or loss in an amount that shall not exceed the net carrying amount the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.
The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired. The original value of

goodwill is not restored even if in subsequent years the reasons for the impairment no longer apply.
If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they are isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and written down where necessary.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs or, where applicable, replacement cost.
For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.
Materials and other consumables held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Financial instruments

Financial assets measured at fair value through profit or loss

This category includes debt securities and equity investments in entities other than subsidiaries, associates and joint ventures held for trading and designated as at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognized at fair value. Subsequent to initial recognition, gains and losses from changes in their fair value are recognized in the income statement.

Financial assets held to maturity

This category comprises non-derivative financial instruments with fixed or determinable payments and that do not represent equity investments that are quoted on an active market for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.
Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate. In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market that the entity does not originally intend to sell.
Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate. In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions.
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category includes listed debt securities not classified as held to maturity, equity investments in other entities (unless classified as "designated as at fair value through profit or loss") and financial assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.
At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot

be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance-sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each balance-sheet date, financial assets are analyzed to determine whether their value is impaired.
A financial asset is considered impaired when there is objective evidence of such impairment loss as the result of one or more events that occurred after the initial recognition of the asset that have had an impact on the reliably estimated future cash flows of the asset.
Objective evidence of an impairment loss includes observable data about events such as, for example, significant financial difficulty of the obligor; default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or other form of financial reorganization; or observable data indicating a measurable decrease in estimated future cash flows.
Where an impairment loss is found, the latter is calculated as indicated above for each type of financial asset involved.
When there is no realistic chance of recovering the financial asset, the corresponding value of the asset is written off through profit or loss.

Cash and cash equivalents

This category reports assets that are available on demand or at very short term, readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.
In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost. Trade payables falling due in line with generally accepted trade terms are not discounted.

Financial liabilities

Financial liabilities other than derivatives are recognized when the company becomes a party to the contractual clauses representing the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.
When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and are recognized in profit or loss only when the change in the cash flows from the hedged items to be offset actually occurs. The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.
Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss.
Derivative financial instruments are recognized at the trade date.
Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which are separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.
Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-period exchange rates.

The Group also analyzes all forward contracts for the purchase or sale of non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they must be classified and treated in conformity with IAS 39 or if they have been entered into for physical delivery in line with the normal purchase/sale/use needs of the Company (own use exemption).

If such contracts have not been entered into in order to obtain or deliver electricity or energy commodities, they are measured at fair value.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

> the contractual right to receive the cash flows associated with the asset expires;
> the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements envisaged under IAS 39 (the "pass through test");
> the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or lapsed.

Fair value hierarchy pursuant to IFRS 7

Financial assets and liabilities measured at fair value are classified in a three-level hierarchy as described below, in consideration of the inputs used to determine such fair value.

In particular:

> level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);
> level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 but that are observable either directly or indirectly on the market;
> level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

Post-employment and other employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance-sheet date (the projected unit credit method). The liability, which is carried net of any plan assets, is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

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

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

In the event of a change being made to an existing defined-benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss if the benefits of the change or introduction have already vested or amortized on a straight-line basis over the average period until the benefits become vested.

In the case of changes to or the introduction of other long-term benefits, any past service cost is recognized immediately in profit or loss in its entirety.

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 dis-

count rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.
Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.
Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.
Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.
For more information on the estimation criteria adopted in determining provisions for dismantling and/or restoration of property, plant and equipment.

Grants and subsidies

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar local, national or international authorities.
Grants received for specific expenditure or specific assets the value of which is recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement over the period in which the related costs are recognized.
Operating grants are recognized fully in profit or loss at the time they satisfy the requirements for recognition. Such grants include incentives for green certificates granted to the Group for the generation of power with plants that use renewable resources. These green certificates are recognized on the basis of amounts generated and are measured at fair value pursuant to IAS 20.

Incentives for green certificates, which are recognised *ex post*, regard amounts of electricity generated during the year that qualify for the assignment of green certificates.

Revenues

Revenues are recognized when it is probable that the future economic benefits will flow to the Company and these benefits can be measured reliably.
More specifically, the following criteria are used depending on the type of transaction:

> revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;
> revenues from the sale and transport of electricity refer to the quantities sold during the period, even if these have not yet been invoiced, and are determined on the basis of meter readings at the generation plants and the data exchanged with any other market operators;
> revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;
> revenues accrued in the period in respect of construction contracts are recognized on the basis of the payments agreed in relation to the stage of completion of the work, determined using the cost-to-cost method, under which costs, revenues and the related margins are recognized on the basis of the progress of the project. The stage of completion is determined as a ratio between costs incurred at the measurement date and the overall costs expected for the project. In additional to contractual payments, project revenues include any payments in respect of variations, price revisions and incentives, with the latter recognized where it is probable that they will actually be earned and can be reliably determined. Revenues are also adjusted for any penalties for delays attributable to the Company.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in the fair value of derivatives connected with financial transactions.

Income taxes

Current income taxes for the period, which are recognized under "income tax payable" net of payments on account, or under "income tax receivable" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance-sheet date.
Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end.
Deferred tax assets and liabilities in respect of taxes levied by the same tax authority are offset if the Company has a legal right to offset current tax assets against current tax liabilities generated at the time they reverse.
Current and deferred taxes are recognized in profit or loss, with the exception of those in respect of items directly credited or debited to equity, which are recognized directly in equity.

Dividends

Dividends from equity investments are recognized when the shareholder's right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Discontinued operations and non-current assets held for sale

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

> represents a major line of business or geographical area of operations;
> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
> is a subsidiary acquired exclusively with a view to resale.

Gains or losses on operating assets sold – whether disposed of or classified as held for sale – are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

> the book value before the asset (or disposal group) was classified as held for sale, adjusted for depreciation, amortization, writedowns or writebacks that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
> the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

2

Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following amendment to international accounting standards that took effect as from January 1, 2012:

> "Amendments to IFRS 7 – *Financial instruments: Disclosures"*; the amendments introduced new disclosure requirements to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the Company's financial position. The new version of the standard introduces specific disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which, as of the balance-sheet date, the Company has a continuing involvement. The application of the amendments on a prospective basis did not have a significant impact.

Standards not yet applicable and not yet adopted

In 2012, the European Commission endorsed the following accounting standards and interpretations, which will be applicable to the Group in future years:

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

> "IAS 19 – *Employee benefits*", issued in June 2011; the standard supersedes the current IAS 19 governing the accounting treatment of employee benefits. The most significant change regards the requirement to recognize all actuarial gains/losses in OCI, with the elimination of the corridor approach. The amended standard also introduces more stringent rules for disclosures, with the disaggregation of the cost into three components; eliminates the expected return of plan assets; no longer permits the deferral of the recognition of past service cost; provides for enhanced disclosures; and introduces more detailed rules for the recognition of termination benefits. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures. However, it is felt that the impact will mainly derive from the change in the accounting treatment of past service cost and actuarial gains and losses, whose recognition can no longer be deferred, as noted above. For greater details, please see note 28, which reports the amount of unrecognized actuarial gains and losses in these financial statements at December 31, 2012.

> "IFRS 13 – *Fair value measurement*", issued in May 2011; the standard represents a single IFRS framework to be used whenever another accounting standard requires or permits the use of fair value measurement. The standard sets out guidelines for measuring fair value and introduces specific disclosure requirements. The new standard will take effect prospectively for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected to have a significant impact.

> "Amendments to IFRS 7 – *Offsetting financial assets and financial liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, which are discussed below; the amendments establish more extensive disclosures for the offsetting of financial assets and liabilities, with a view to enabling users of financial statements to assess the actual and potential effects on the entity's financial position of netting arrangements, including the set-off rights associated with recognized assets or liabilities.
> The amendments will take effect retrospectively for annual reporting periods beginning on or after January 1, 2013. The future application of the measures is not expected to have a significant impact.

> "IFRIC 20 – *Stripping costs in the production phase of a surface mine*", issued in October 2011; the interpretation sets out the accounting treatment to be applied to costs incurred for the removal of mine waste materials during the production phase, clarifying when they can be recognized as an asset. The interpretation will take

effect for annual reporting periods beginning on or after January 1, 2013. More specifically, the interpretation will apply to costs incurred as from the first year presented in the financial statements. The future application of the measures is not expected to have an impact.

- "IFRS 10 – *Consolidated financial statements*", issued in May 2011; replaces "SIC 12 – *Consolidation – Special purpose entities"* and, for the part concerning consolidated financial statements, "IAS 27 – *Consolidated and separate financial statements",* the title of which was changed to "*Separate financial statements*". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the current IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While current accounting standards give priority – where control does not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: 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 for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.
- "IAS 27 – *Separate financial statements*", issued in May 2011. Together with the issue of IFRS 10 and IFRS 12, the current IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The Group does not expect the future application of the measures to have an impact.
- "IFRS 11 – *Joint arrangements*", issued in May 2011; replaces "IAS 31 – *Interests in joint ventures"* and "SIC 13 – *Jointly controlled entities – non-monetary contributions by venturers"*. Unlike IAS 31, which assesses joint arrangements on the basis of the contractual form adopted, IFRS 11 assesses them on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have pro-rata rights to the assets and pro-rata obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to a share of the net assets or results of the arrangement.

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

  The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.
- "IAS 28 – *Investments in associates and joint ventures*", issued in May 2011. Together with the issue of IFRS 11 and IFRS 12, the current IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of "SIC 13 – *Jointly controlled entities - non-monetary contributions by venturers",* describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.
- "IFRS 12 – *Disclosure of interests in other entities",* issued in May 2011; IFRS 12 brings together in a single standard the required disclosures concerning interests held in

subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard 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 for annual reporting periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*", issued in December 2011. IAS 32 establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity: a) has a legally enforceable right to set off the amounts; and b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The amendments to IAS 32 clarify the conditions that must be met for these two requirements to be satisfied. As regards the first requirement, the 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 insignificant and, in this regard, specifies the characteristics that gross settlement systems must have.

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

In the years from 2009 to 2012, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that as of December 31, 2012 had not yet been endorsed by the European Commission. The rules that could have an impact on the consolidated financial statements of the Group are set out below:

> "IFRS 9 – *Financial instruments*", issued in November 2009 and revised in October 2010: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets and liabilities. Financial assets must be classified based on the business model of the entity and the characteristics of the associated cash flows. The new standard requires financial assets and liabilities to be measured initially at fair value plus any transaction costs directly attributable to their assumption or issue. Subsequently, they are measured at fair value or amortized cost, unless the fair value option is applied. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure them at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss.

The new standard, which was amended in December 2011 with regard to the effective date, will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IFRS 9 and IFRS 7 – *Mandatory effective date and transition disclosure*", issued in December 2011. The amendment modifies "IFRS 9 – *Financial instruments",* postponing the mandatory effective date from January 1, 2013 to January 1, 2015 and establishing new rules for the transition from IAS 39 to IFRS 9. It also modifies "IFRS 7 – *Financial instruments: Disclosures"*, introducing new comparative disclosures, which will be mandatory or optional depending on the date of transition to IFRS 9.

The amendments establish that companies that adopt IFRS 9 for the first time always have the option of not restating prior periods. More specifically, companies that adopt IFRS 9 for reporting periods beginning before January 1, 2012 are not required to restate prior periods or provide the additional disclosures to those already provided for following the amendments made to IFRS 7 with the issue of IFRS 9; companies that adopted IFRS 9 for periods beginning from January 1, 2012 until December 31, 2012 could elect to either restate prior periods or provide the additional comparative disclosures in accordance with the amendments to IFRS 7; companies that adopt IFRS 9 for periods beginning from January 1, 2013 until January 1, 2015 are required to provide the additional comparative disclosures in accordance with the amendments to IFRS 7 regardless of whether they restate prior periods, which they may but are not required to do.

The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*", issued in June 2012. The amendments are intended to clarify a number of issues concerning

the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean "the beginning of the annual reporting period in which IFRS 10 is applied for the first time" (i.e. January 1, 2013). In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended analogously, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11.

The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2013. Nevertheless, the European Commission is considering the possibility of deferring initial application to January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

> "Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment entities*", issued in October 2012. The amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the Parent qualifies as an "investment entity". More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the Parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The Parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity. The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2014. The Group is assessing the potential impact of the future application of the measures.

> "*Annual Improvements to IFRSs 2009-2011 Cycle*", issued in May 2012; the document contains formal modifications and clarifications of existing standards. The amendments will take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2013. The Group is assessing the potential impact of the future application of the measures. More specifically, the following standards have been amended:
  - "IFRS 1 – *First-time Adoption of International Financial Reporting Standards";* the amendment clarifies that an entity that has stopped applying IFRS may, if it decides to resume applying those standards to its financial statements, choose either to reapply IFRS 1 or apply IAS 8 as if it had never stopped applying IFRS. IFRS 1 was also amended with regard to the capitalization of borrowing costs: a first-time adopter may choose between applying the provisions of IAS 23 as from the date of first-time adoption of IFRS/IAS or from a previous date, in accordance with paragraph 28 of IAS 23. The amendment also establishes that entities that adopt IFRS/IAS for the first time do not have to adjust borrowing costs capitalized using their previous generally accepted accounting principles and must only apply IAS 23 for borrowing costs incurred as from the date selected as indicated above;
  - "IAS 1 – *Presentation of Financial Statements";* the amendment clarifies how comparative information must be presented in the financial statements and specifies that an entity may voluntarily elect to provide additional comparative information;
  - "IAS 16 – *Property, plant and equipment";* the amendment clarifies that if spare parts and servicing equipment meet the requirements for classification as "property, plant and equipment" they shall be recognized and measured in accordance with IAS 16; otherwise they shall be classified as inventory;
  - "IAS 32 – *Financial Instruments: Presentation";* the amendment establishes that income taxes relating to distributions to equity holders and to transaction costs of equity transactions shall be accounted for in accordance with IAS 12;
  - "IAS 34 – *Interim Financial Reporting";* the amendment clarifies that interim financial reports indicate specify the total assets and liabilities for a particular reportable segment only if such amounts are regularly provided by the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements presented.

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 caused by these fluctuations. Certain types of risk are mitigated using derivative instruments. Risk management and control and the related hedging strategies are centralized with the Enel Green Power SpA.

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

In order to contain exposures within the limits set at the start of the year as part of risk management policies, Group companies enter into over-the-counter (OTC) derivatives contracts with market operators and within the Enel Group. The internal counterparty for derivatives on commodities and energy is primarily Enel Trade SpA, while transactions in derivatives on interest rates and exchange rates are carried out with Enel SpA, the Parent Company.

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.

There were no changes in the criteria for measuring derivatives outstanding as year-end as compared with the previous year.

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 mainly interest rate swaps.

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.

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, 2012, outstanding interest rate swaps had a total notional amount of €881 million (€490 million at December 31, 2011).

The following table reports the notional amount and fair value at December 31, 2012 and December 31, 2011, 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, 2012			
Cash flow hedge derivatives	**870**	**(67)**	-	**(67)**
Interest rate swaps	870	(67)	-	(67)
Trading derivatives	**11**	**(1)**	-	**(1)**
Interest rate swap	11	(1)	-	(1)
Total interest rate derivatives	**881**	**(68)**	-	**(68)**

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)**

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, 2012	2013	2014	2015	2016	2017	Beyond
Cash flow hedge derivatives							
Negative fair value	(67)	(21)	(18)	(14)	(10)	(6)	(1)
Trading derivatives							
Negative fair value	(1)	(1)	-	-	-	-	-

An analysis of the overall financial debt of the Group shows that 35% is floating rate (55% at December 31, 2011), without taking into account hedging derivatives.
Taking net long-term financial debt, at December 31, 2012, 31% was floating rate (47% at December 31, 2011). 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 12% (22% at December 31, 2011).
If market interest rates had been 25 basis point higher at December 31, 2012, all other variables being equal, shareholders' equity would have been about €12.8 million higher as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 25 basis point lower at that date, all other variables being equal, shareholders' equity would have been €12.8 million lower as a result of the decrease in the fair value of CFH derivatives on interest rates. The negative (or positive) impact on the income statement in terms of higher (or lower) annual interest expense on the unhedged portion of long-term debt would be about €1.4 million.

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 derivatives contracts with Enel SpA in order to hedge cash flows in foreign currencies other than the functional currency.

At December 31, 2012, 87% of the overall financial debt of the Group was denominated in euro (85% at December 31, 2011) and the remaining 13% in the functional currency of the country in which the Group company holding the debtor position operates, therefore, there is no exposure of the Group's debt to exchange rate risk.
Currency forwards (i.e. derivative contracts in which the counterparties agree to buy and sell two principal flows in different currencies at a specific date in the future and at a specific exchange rate, the so-called strike) were the primary hedges carried out in 2012. These contracts can provide for the effective delivery of the two flows (deliverable forward) or the payment of the difference between the strike price and the prevailing exchange rate at maturity (non-deliverable forward).
The term of these contracts does not exceed the term of the underlying financial liability so that any change in the fair value and/or in the expected cash flows of these contracts is offset by a corresponding change in the fair value and/or expected cash flows of the underlying position.
At December 31, 2012 outstanding forward contracts had a total notional amount of €14 million (€49 million at December 31, 2011), mainly used to hedge the exchange rate risk associated with trade flows denominated in US dollars and Romanian leu.

The following tables report the notional amount and fair value of exchange rate derivatives at December 31, 2012 and December 31, 2011, by type of hedge and accounting treatment adopted.

Millions of euro	Notional	Fair value	Fair value asses	Fair value liabilities
	at Dec. 31, 2012			
Trading derivatives	14	-	-	-
Forwards	14	-	-	-
Total forwards	14	-	-	-
Total exchange rate derivatives	14	-	-	-

Millions of euro	Notional	Fair value	Fair value asses	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)**

At December 31, 2012, assuming a 10% appreciation of the euro against the dollar, all other variables being equal, net income would have been about €1.23 million lower as a result of the increase in the fair value of trading derivatives on exchange rates.
Conversely, assuming a 10% depreciation of the euro against the dollar, all other variables being equal, net income would have been about €1.51 million higher as a result of the decrease 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 2012, in Iberia with Endesa Generación SL.
The fair value at December 31, 2012, 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 tables report the notional amounts and fair values of derivative contracts on commodities at December 31, 2012 and December 31, 2011.

Millions of euro	Notional	Fair value	Fair value asses	Fair value liabilities
		at Dec. 31, 2012		
Cash flow hedge derivatives	**174**	**10**	**10**	**-**
Two-way contracts for differences	144	2	2	-
Other energy derivatives	30	8	8	-
Total commodity derivatives	**174**	**10**	**10**	**-**

Millions of euro	Notional	Fair value	Fair value asses	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)**

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 the these financial derivatives.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2012	2013	2014	2015	2016	2017	Beyond
Cash flow hedge derivatives	**10**	**4**	**2**	**2**	**2**	**1**	**-**
Positive fair value	10	4	2	2	1	1	-
Negative fair value	-	-	-	-	-	-	-

The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2012 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Fair value	+10%
Two-way contracts for differences	16	2	(12)
Other energy derivatives	11	8	7

Liquidity risk

The volatility of the capital market may hinder or prevent the Group companies from obtaining the financing they needs to operate.

The Group's existing policies for controlling and managing liquidity risk guarantee that there will be sufficient liquidity to cover expected commitments over a specific time horizon without the use of additional financing, as well as the assurance that a sufficient liquidity buffer will be maintained to cover any unexpected obligations.

The Enel Green Power Group has access, either indirectly through Enel SpA or directly through Enel Green Power International BV, to the Enel Group's centralized treasury function allowing it ready access the monetary and capital markets, and to timely manage any excess liquidity.

To guarantee support for the Company's development plans, it turned to a variety of funding sources among related parties (which covered about 57% of the debt) as well as non-Group sources (about 43%) that are balanced and diversified in terms of type of funding and maturity dates.

At December 31, 2012, the Enel Green Power Group had a total of about €5,700 million in committed credit lines (€3,200 million drawn) and €700 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. In order to minimize credit risk, the Group has adopted a special control and management policy that provides for measuring the creditworthiness of counterparties – based on information provided by outside sources and internal valuation models – and the continuous, organized monitoring of risk exposures, in order to quickly identify degenerating in existing credit quality.

Finally, to mitigate its exposure to credit risk, the Group obtains bank guarantees and/or makes use of factoring.

During 2012, in order to improve the management of credit risk and other minor risks, taking due account of the deterioration in macroeconomic conditions, the Group carried out a number of assignments of assets in respect of green certificates under which substantially all the risks were transferred, with the consequent derecognition of the assets.

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, 2012 the maximum exposure to credit risk amounted to €1,425 million (€1,080 million at December 31, 2011), broken down as follows (for more detailed information, please see the notes to the financial statements).

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Long-term financial receivables and securities	269	279	(10)
Non-current financial assets	74	56	18
Other non-current assets	83	53	30
Trade receivables	571	529	42
Short-term financial receivables and securities	421	153	268
Other current financial assets	7	10	(3)
Total	**1,425**	**1,080**	**345**

4

Main changes in the scope of consolidation

The scope of consolidation at December 31, 2012 differed from that at the end of the previous year as a result of the main transactions detailed below.

2011

Business combinations with non-Group entities - international

Sociedad Eólica de Andalucía

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

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

Enel Unión Fenosa Renovables (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, 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.

Other minor operations

During 2011, 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 (€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 for a total of €15 million. The excess cost recognized was allocated to intangible assets and property, plant and equipment.

2012

Acquisitions

The following section discusses the highlights of the main business combinations carried out in 2012. For each of them, the Group will identify the fair value of the assets acquired and the liabilities and contingent liabilities assumed within 12 months of the date of the acquisition.

Kafireas Pipeline

Millions of euro	
Property, plant and equipment	-
Cash and cash equivalents	32
Other current and non-current assets	-
Current liabilities	(31)
Total net assets acquired	**1**
Goodwill	57
Value of the transaction (1)	**58**
Cash and cash equivalents	**(32)**
Cash flow effect	**(22)** (2)
To be paid	**-**

(1) Including incidental expenses.
(2) Net of price paid for the acquisition of 30% of the share capital in 2008 and advances paid in 2011 (totaling €34 million) and the amount still to be paid (€14 million).

During the 1st Half of 2012, following achievement of the contractually specified technical milestones and under the terms of a contract amendment agreed with the Greek partner, the developer of initiatives associated with the Elica II project, the Group, acting through the subsidiary Enel Green Power Hellas, acquired 50% of the shares of the eight companies involved in the Kafireas wind project. With the acquisition of that stake, which is added to the 30% held previously, the Group acquired full control of those companies in what qualifies as a step acquisition pursuant to IFRS 3.

Following those events, as from June 29, 2012 (the date of the new agreement), those companies have therefore been consolidated on a line-by-line basis, rather than being accounted for as equity investments in associates, as they were until December 31, 2011.

The effects of the transaction led to the provisional recognition of goodwill amounting to €57 million, determined as the difference between:

(i) the sum of the price paid (€39 million), the fair value of the 30% already held (€19 million) and the value of non-controlling interests (equal to zero); and

(ii) the provisional fair value of the net assets acquired (€1 million).

The remeasurement at fair value of the equity interest already held, as provided for under IFRS 3, did not have a material financial impact.

Finally, the valuation of non-controlling interests for the transaction was carried out in proportion to the value of the net assets acquired.

Stipa Nayaa

Millions of euro	
Property, plant and equipment	113
Cash and cash equivalents	-
Other current and non-current assets	18
Current liabilities	(6)
Total net assets acquired	**125**
Goodwill	14
Value of the transaction (1)	**139**
Cash and cash equivalents	**-**
Cash flow effect	**120** (2)
To be paid	**-**

(1) Including incidental expenses.
(2) Net of advances paid in 2011 (totaling €19 million) and exchange rate effects.

At the end of June, Enel Green Power reached an agreement to acquire its first wind farm in Mexico, Bii Nee Stipa II. The plant exploits the excellent wind resources that characterize the Isthmus of Tehuantepec, located in the Mexican State of Oaxaca, with a potential load factor of around 40%. The fully-operational plant will be able to generate over 250 million kWh annually, thereby avoiding the atmospheric emission of over 100 thousand metric tons of CO_2 each year.

Developed and built by Gamesa, the plant is composed of 37 wind turbines of 2 MW each, for a total installed capacity of 74 MW.

With the operation, the Enel Green Power Group purchased the entire share capital of Stipa Nayaa, acquiring full control. The transaction represents a business combination and was treated in accordance with the provisions of IFRS 3.

Eólica Zopiloapan

Millions of euro	
Property, plant and equipment	105
Cash and cash equivalents	-
Other current and non-current assets	15
Current liabilities	(8)
Total net assets acquired	**112**
Goodwill	14
Value of the transaction (1)	**126**
Cash and cash equivalents	**-**
Cash flow effect	**-**
To be paid	**126**

(1) Including incidental expenses.

On December 14, 2012, the Group signed the agreement to acquire its second wind plant in Mexico, the Bii Nee Stipa III in Oaxaca. The wind farm, designed and built by Gamesa and owned by Eólica Zopiloapan, consists of thirty-five 2-MW wind turbines.

With the operation, the Enel Green Power Group purchased the entire share capital of Eólica Zopiloapan, the plant's owner, acquiring full control. The transaction represents a business combination and was treated in accordance with the provisions of IFRS 3.

Trade Wind Energy

The Group increased its stake in Trade Wind Energy (TWE) from 41.2% (previously accounted for using the equity method) to 100%.

The following table reports the remeasurement at fair value as at the acquisition date (final figures) of the value of the net assets acquired (58.8%) of TWE.

Millions of euro	Carrying amount	Fair value adjustments	Fair value
Non-current assets	6	28	34
Cash and cash equivalents	17	-	17
Other current assets	8	-	8
Current liabilities	(1)	-	(1)
Total net assets acquired	**30**	**28**	**58**
Non-controlling interests (pro-rated at 41.2%)	**12**	**12**	**24**
CONSOLIDATED NET ASSETS (pro-rated at 58.8%)	**18**	**16**	**34**
of which negative goodwill			(11)
Value of the transaction			**23**
Cash and cash equivalents			**17**
Cash flow effect			**6**
- of which paid			1
- of which to be paid			5

Therefore, the transaction led to the pro-rated (41.2%) remeasurement at fair value of the net assets held in TWE prior to the acquisition of control of the company in the amount of €12 million, which, pursuant to IFRS 3/Revised, was taken to profit or loss.

Following the transaction, the agreement with the partners of TWE was terminated, leading to the cancellation of the liability for success fees recognized the previous year as part of the acquisition of the Caney River project, in the amount of €31 million.

Minor acquisitions

During the course of 2012, the Group acquired an additional controlling stake in equity investments in Iberia with the purchase of holdings in Sociedad Eólica Los Lances for €5 million (with an impact of €4 million on goodwill) and in SEA for €1 million (with an impact of €1 million on goodwill).

In addition, success fees totaling €29 million were paid for the acquisition of photovoltaic projects in Italy and Greece.

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 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, 2012 and the year ended December 31, 2011, restated.

For more information on performance and developments in the financial position during the year, please see the report on operations.

Segment information for 2012

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	1,381	792	300	215	-	**2,688**
Revenues from other segments	52	5	-	-	(57)	**-**
Total revenues including commodity risk management	**1,433**	**797**	**300**	**215**	**(57)**	**2,688**
Total costs	462	300	103	202	(57)	**1,010**
Depreciation, amortization and impairment losses	390	225	81	10	-	**706**
of which writedowns and writebacks	*8*	*43*	-	*9*	-	***60***
Operating income	**581**	**272**	**116**	**3**	**-**	**972**
Capital expenditure	**773**	**339**	**145**	**-**	**-**	**1,257**

Segment information for 2011

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	1,216	880	183	248	-	**2,527**
Revenues from other segments	34	1	-	79	(114)	**-**
Total revenues including commodity risk management	**1,250**	**881**	**183**	**327**	**(114)**	**2,527**
Total Costs	381	308	76	293	(114)	**944**
Depreciation, amortization and impairment losses	424	197	52	(3)	-	**670**
of which writedowns and writebacks	-	*3*	*6*	*(3)*	-	***6***
Operating income	**445**	**376**	**55**	**37**	**-**	**913**
Capital expenditure	**970**	**280**	**307**	**-**	**-**	**1,557**

Change

Millions of euro

	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Total revenues from third parties including commodity risk management	165	(88)	117	(33)	-	**161**
Revenues from other segments	18	4	-	(79)	57	**-**
Total revenues including commodity risk management	**183**	**(84)**	**117**	**(112)**	**57**	**161**
Total costs	81	(8)	27	(91)	57	**66**
Depreciation, amortization and impairment losses	(34)	28	29	13	-	**36**
of which writedowns and writebacks	*8*	*40*	*(6)*	*12*	-	***54***
Operating income	**136**	**(104)**	**61**	**(34)**	**-**	**59**
Capital expenditure	**(197)**	**59**	**(162)**	**-**	**-**	**(300)**

The following tables reconcile segment assets and liabilities and the consolidated figures.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Total assets	**16,124**	**14,953**	**1,171**
Financial assets, cash and cash equivalents	(1,104)	(847)	(257)
Tax assets	(360)	(367)	7
Other assets	(1,461)	(1,346)	(115)
Operating assets (1)	**13,199**	**12,393**	**806**
Total liabilities	**8,152**	**7,215**	**937**
Loans and other financial liabilities	(5,793)	(5,019)	(774)
Tax liabilities	(628)	(692)	64
Other liabilities	(46)	(43)	(3)
Operating liabilities	**1,685**	**1,461**	**224**

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011 (none at December 31, 2012).

At December 31, 2012

Millions of euro	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Property, plant and equipment	6,551	3,032	1,295	-	-	**10,878**
Intangible assets	150	982	127	1	-	**1,260**
Trade receivables	459	176	22	42	(128)	**571**
Other	273	152	39	34	(8)	**490**
Operating assets	**7,433**	**4,342**	**1,483**	**77**	**(136)**	**13,199**
Trade payables	620	447	42	73	(112)	**1,070**
Provisions	58	32	11	2	-	**103**
Other	306	171	53	3	(21)	**512**
Operating liabilities	**984**	**650**	**106**	**78**	**(133)**	**1,685**

At December 31, 2011

Millions of euro	Italy and Europe	Iberia and Latin America	North America	Retail	Eliminations and adjustments	**Total**
Property, plant and equipment [1]	6,197	2,723	1,252	-	-	**10,172**
Intangible assets	142	1,045	111	1	-	**1,299**
Trade receivables	369	135	18	71	(64)	**529**
Other	207	125	22	42	(3)	**393**
Operating assets	**6,915**	**4,028**	**1,403**	**114**	**(67)**	12,393
Trade payables	650	294	56	89	(56)	**1,033**
Provisions	54	36	8	3	-	**101**
Other	164	72	85	12	(6)	**327**
Operating liabilities	**868**	**402**	**149**	**104**	**(62)**	**1,461**

(1) Operating assets regarding units classified as "held for sale" amounted to €4 million at December 31, 2011 and refer to property, plant and equipment in Iberia and Latin America.

Information on the Consolidated Income Statement

Revenues and income

6.a Revenues from sales and services - *€2,565 million*

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Energy	2,308	*1,179*	1,995	*1,130*	313
Other sales and services	257	*46*	258	*46*	(1)
Total	**2,565**		**2,253**		**312**

"Energy" revenues include €1,642 million from the sale of electricity (€1,509 million in 2011) and €666 million from green certificates and other incentives (€486 million in 2011).

The increase compared with the previous year, equal to €313 million, is mainly due to greater output and higher average sales prices (€133 million) and an increase in revenues from green certificates and other incentives (€180 million).

The increase in revenues from green certificates and other incentives compared with the previous year (€180 million) is mainly due to greater subsidized generation in Italy (€31 million), the rest of Europe (€59 million) and Iberia (€53 million) as well as revenues from tax partnerships in North America (€38 million).

The share of the item in question generated in transactions with related parties in 2012 mainly regards the sale of electricity to the EMO in the amount of €471 million (€469 million in 2011), to the ESO in the amount of €259 million (€85 million in 2011) and to Enel Produzione for €117 million (€1 million in 2011), under bilateral contracts with Enel Trade in the amount of €254 million (€538 million in 2011), as well as the sale of white certificates to Enel Distribuzione in the amount of €40 million (€39 million in 2011).

Revenues from "Other sales and services" were essentially in line with 2011. This item mainly comprise revenues from the retail operations of Enel.si, equal to €215 million (€248 million in 2011), which declined as a result of the fall in prices of photovoltaic panels and materials, and revenues from the start of the sale of photovoltaic panels manufactured by 3SUN, which amounted to €33 million (€1 million in 2011).

6.b Other revenues and income - *€131 million*

"Other revenues and income" totaled €131 million (€286 million in 2011). Of the total, €75 million is attributable to the North America area, €23 million to the Parent Company and €22 million to the Iberia and Latin America area.

The other revenues of the North America area mainly regard the cancellation of the liability for success fees recognized the previous year for the acquisition of the Caney River project (€31 million) following agreements with the partners, the remeasurement at fair value of the assets and liabilities of Trade Wind Energy (€21 million), whose status with regard to the requirements for control changed, and the disposal of property, plant and equipment (€10 million).

The decrease of €155 million is attributable to the effect of the recognition in the 1st Half of 2011 of the non-recurring income in Iberia and North America in the amount of €181 million. Excluding those items, other revenues rose by €26 million.

Costs

7.a Raw materials and consumables - *€371 million*

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Materials	242	*22*	310		(68)
Electricity	74	*12*	71	*30*	3
Fuels and gas	55		50	*4*	5
Total	**371**		**431**		**(60)**
- of which capitalized	*(73)*		*(95)*		*22*

Costs for the purchase of "Materials" fell by €68 million, and mainly regard purchases of photovoltaic materials by Enel.si for resale (€133 million), down €123 million compared with 2011, materials for the manufacture of photovoltaic panels by 3SUN (€30 million), not yet operating in 2011, and materials for maintenance of generation plants by the Parent Company (€70 million, up €26 million).

Costs for the purchase of "Electricity" are in line with 2011 and mainly reflect electricity purchased in Panama under the electricity sale contract (€40 million, down €9 million from 2011) and that in electricity purchased for plant auxiliary services, directly and indirectly connected with electricity generation, illumination services and motive power in Italy (€18 million, up €2 million over 2011).

Costs for the purchase of "Fuels and gas" regard Spanish cogeneration plants and increased by €5 million over 2011.

The item shows a decrease in capitalized costs for raw materials and consumables (€22 million), mainly associated with costs for the construction of new plants.

7.b Services - *€431 million*

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Maintenance and repairs	92		87		5
Leases and rentals	83	*9*	64	*6*	19
Transmission	25		22		3
Other	231	*81*	179	*93*	52
Total	**431**		**352**		**79**

The increase in costs for "Maintenance and repairs" (€5 million) mainly reflects the rise in plant maintenance costs as a result of the expansion in installed capacity as compared with 2011, notably in Romania (up 229 MW), North America (up 229 MW) and Italy (up 127 MW).

"Leases and rentals" rose by €19 million and mainly include license fees for water diversion concessions of the Parent Company (€42 million, up €9 million over 2011) and costs of renting and leasing land for new wind plants in Spain (€19 million, up €6 million over 2011).

"Other" costs for services mainly regard:

> general costs indirectly connected with generation, partly governed by contracts with the Enel Group (€76 million, down €2 million compared with the previous year);
> insurance premiums on sundry policies to cover risks (€34 million, up €10 million on 2011);

- fees for professional and technical services and strategic, management and organizational consulting (€28 million, up €4 million on 2011);
- costs for personnel-related services, mainly travel expenses (€22 million, up €6 million on 2011);
- fee for transport and storage (€11 million, up €4 million on 2011).

7.c Personnel - *€242 million*

Millions of euro

	2012	2011	Change
Wages and salaries	178	160	18
Social security contributions	42	38	4
Post-employment and other employee benefits	8	7	1
Other costs	14	8	6
Total	**242**	**213**	**29**
- of which capitalized	*(61)*	*(25)*	*(36)*

The rise in personnel costs mainly reflects the increase in average labor costs and the expansion of the average workforce through organic growth in Italy and the rest of Europe (an increase of 147 employees over 2011) and in Iberia and Latin America (an increase of 88 employees).
The item shows an increase in capitalized costs (€36 million), mainly associated with costs for personnel involved in the design and construction of new plants.
The Group also undertook a reorganization with a view to increasing integration and efficiency involving staff functions and the Group as a whole, as discussed in the section "Human resources and organization" of the Report on operations.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2012.

	Average number			Headcount
	2012	2011	Change	**at Dec. 31, 2012**
Senior managers	88	80	8	79
Middle managers	525	494	31	557
Office staff	1,621	1,506	115	1,687
Workers	1,124	1,045	79	1,189
Total	**3,358**	**3,125**	**233**	**3,512**

7.d Depreciation, amortization and impairment losses - *€706 million*

Millions of euro

	2012	2011	Change
Depreciation	549	526	23
Amortization	84	58	26
Goodwill impairment	13	70	(57)
Impairment losses	60	16	44
Total	**706**	**670**	**36**

The increase in depreciation of €23 million is mainly associated with the entry into service of the photovoltaic manufacturing plant run by 3SUN (€31 million) and new plants in North America (€36 million), partly offset by the effect of the revision of the estimated useful life of wind farms (€44 million) and that of the introduction of Law 134/2012 on hydroelectric plants in Italy (€10 million) as discussed in note 4 under "Property, plant and equipment".

The increase in "Amortization" of €26 million mainly reflects the increase in amortization of the intangible assets of the Spanish countries (€17 million).

"Goodwill impairment" declined by €57 million compared with 2011. It includes the writedown of €13 million of a specific asset, acquired in 2010, in North America dedicated to the development of renewable energy generation projects impacted by uncertainties that limit its ability to contribute to the generation of the cash flows of the CGU and, accordingly, has been written down separately. Among other developments, the conditions for the payment of the success fees agreed at the time of the acquisition no longer obtain and so the associated liability has been cancelled. The associated income, equal to €4 million, was recognized under "Other revenues".

The increase in "Impairment losses" of €44 million reflects €25 million in impairment losses on property, plant and equipment and intangible assets, mainly in respect of development costs for abandoned projects, and €19 million in writedowns of receivables.

7.e Other operating expenses - *€128 million*

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Taxes and duties	36		31		5
Royalties	27		26		1
Other	65	*27*	11	*1*	54
Total	**128**		**68**		**60**

"Taxes and duties" include costs for municipal property tax (IMU) 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 increased by €54 million, mainly due to the purchase of energy efficiency certificates for resale (€35 million) and to the recognition of capital losses on the disposal of property, plant and equipment (€6 million).

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

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Realized income on derivatives	**11**		**7**		**4**
CFH - hedge on commodity prices	11	*11*	7	*7*	4
Unrealized income	**2**		**-**		**2**
Trading - non-hedge on commodity prices	2		-		2
Total income from commodity risk management	**13**		**7**		**6**
Realized charges on derivatives	**(16)**		**(17)**		**1**
CFH - hedge on commodity prices	(16)	*(16)*	(17)	*(16)*	1
Unrealized charges	**(5)**		**(2)**		**(3)**
CFH - hedge on commodity prices	(5)		(2)		(3)
Total charges from commodity risk management	**(21)**		**(19)**		**(2)**
Net income/(charges) from commodity risk management	**(8)**		**(12)**		**4**

"Net income/(charges) from commodity risk management" include €5 million in net charges realized on positions closed during the year (€10 million in 2011) and €3 million in net unrealized charges (€2 million in 2011).

Contracts in Italy are mainly entered into with Enel Trade SpA for commodity derivatives and with Enel SpA to hedge exchange rate risk, as a number of hedge contracts with Enel Trade are denominated in dollars.

9. Net financial income/(expense) - *€(230) million*

Millions of euro

	2012	*of which with related parties*	2011	*of which with related parties*	Change
Foreign exchange gains	104		94		10
Interest and other income from financial assets	27	*4*	33	*2*	(6)
Income from financial derivative instruments	2		1	*1*	1
Total financial income	**133**		**128**		**5**
Foreign exchange losses	104		93		11
Interest and other charges on financial liabilities	247		177		70
- long-term loans	*207*	*117*	*148*	*90*	*59*
- short-term loans	*39*	*35*	*48*	*35*	*(9)*
- other financial expense	*25*		*16*		*9*
- capitalized financial expense	*(24)*		*(35)*		*11*
Expense on derivative instruments	12	*8*	21	*14*	(9)
Total financial expense	**363**		**291**		**72**
Net financial expense	**(230)**		**(163)**		**(67)**

"Interest and other charges on financial liabilities" increased by €70 million, mainly due to:

> the consolidation of credit lines granted at the end of 2011 and subsequent new fixed-rate credit lines granted in 2012, primarily by Enel Finance International NV to Enel Green Power International BV;

> the increase in 2012 of the spread on 3- and 6-month floating rate loans, the parameters to which floating-rate loans are linked;

> new medium- and long-term borrowing for the development plan.

The decline in "Interest and other income from financial assets" (€6 million) largely reflects the decline in liquidity available in 2012 and to the decline in the basis rates (Euribor, Libor) following market developments.

10. Share of income/(expense) from equity investments accounted for using the equity method - *€47 million*

Millions of euro

	2012	2011	Change
Income from associates	74	55	19
Expense on associates	(27)	(9)	(18)
Total	**47**	**46**	**1**

"Income from associates" is mainly accounted for by profits received from LaGeo in the amount of €34 million (€18 million in 2011) and associated companies in Iberia in the amount of €33 million (€27 million in 2011).

"Expense on associates" mainly regards the losses of associates in North America in the amount of €23 million (€8 million in 2011).

11. Income taxes - *€298 million*

Millions of euro

	2012	2011	Change
Current taxes	296	336	(40)
Deferred tax liabilities/(assets)	7	(48)	55
Adjustments for prior years	(5)	(6)	1
Total	**298**	**282**	**16**

"Taxes" amounted to €298 million, up €16 million, mainly for the taxes of the Italian companies.
The following table reconciles the theoretical tax rate with the effective rate.

Millions of euro

	2012		2011	
Income before taxes	789		796	
Theoretical tax	**217**	**27.5%**	**219**	**27.5%**
Ires surtax	49	6.2%	52	6.5%
Irap	30	3.8%	30	3.8%
Effect of local tax rates	4	0.5%	(11)	-1.4%
Permanent differences and minor items	(2)	-0.3%	(8)	-1.0%
Effective tax	**298**	**37.8%**	**282**	**35.4%**

Information on the Consolidated Balance Sheet

Assets

Non-current assets

12. Property, plant and equipment - *€10,878 million*

Developments in property, plant and equipment for 2011 and 2012 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	1,322	9,735	52	112	1,556	12,777
Accumulated depreciation	(333)	(3,783)	(6)	(84)	-	(4,206)
Balance at Jan. 1, 2011	**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 Dec. 31, 2011	**1,023**	**6,988**	**212**	**52**	**1,897**	**10,172**
Capital expenditure	26	141	2	9	1,048	1,226
Assets entering service	37	1,097	3	1	(1,138)	-
Depreciation and impairment losses	(40)	(503)	(9)	(14)	(12)	(578)
Capitalized borrowing costs	-	-	-	-	24	24
Plant retirement fund	-	9	-	-	2	11
Exchange rate differences	(4)	(53)	-	(1)	(15)	(73)
Change in scope of consolidation	1	215	-	-	8	224
Disposals	(3)	(38)	-	-	(63)	(104)
Other changes	109	(79)	14	(1)	(67)	(24)
Total changes	**126**	**789**	**10**	**(6)**	**(213)**	**706**
Cost	1,576	12,523	245	152	1,682	16,178
Accumulated depreciation	(426)	(4,730)	(23)	(104)	-	(5,283)
Impairment	(1)	(16)	-	-	-	(17)
Balance at Dec. 31, 2012	**1,149**	**7,777**	**222**	**48**	**1,682**	**10,878**

The increase of €706 million is mainly attributable to capital expenditure during the period (€1,226 million) and the change in the scope of consolidation (€224 million), partly offset by depreciation (€549 million) and impairment losses (€29 million), disposals (€104 million) carried out primarily by the Parent Company and exchange rate losses (€73 million).

The table below summarizes capital expenditure in 2012 and 2011 by category. Total expenditure came to €1,226 million in 2012, down €310 million on 2011.

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Power plants			
- Hydroelectric	127	146	(19)
- Wind	686	948	(262)
- Geothermal	214	113	101
- Solar	188	235	(47)
- Biomass	1	2	(1)
- Other technologies	3	89	(86)
Total power plants	**1,219**	**1,533**	**(314)**
Other investments in property, plant and equipment	7	3	4
Total power plants	**1,226**	**1,536**	**(310)**

Investments mainly regarded wind plants in Italy and Europe, in Iberia and Latin America and in North America (€686 million), geothermal plants in Italy and North America (€214 million), solar plants in Italy, Greece and Romania (€188 million) and hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€127 million).

More specifically, "Change in scope of consolidation" refers mainly to the acquisition of Mexican companies Stipa Nayaa (€113 million) and Zopiloapan (€105 million).

"Land and buildings" comprise €61 million in respect of land and €1,088 million in respect of buildings.
"Plant and equipment" at December 31, 2011 included 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. Following the introduction of Law 134/2012, as discussed in note 1 "Depreciable value of certain elements of Italian hydroelectric plants" those assets are no longer classified as "to be relinquished free of charge".

"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 €222 million (€212 million at December 31, 2011). The change for the year is associated with the development of wind plants in Italy in the amount of €10 million.

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

Millions of euro	**at Dec. 31, 2012**	
	Minimum lease payments	Present value
2013	23	46
2014-2017	82	52
After 2017	156	124
Total	**261**	**222**
- of which financial expense	*39*	

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*	

13. Intangible assets - *€1,260 million*

Millions of euro

	Concessions, licenses, trademarks and similar rights	Other intangible assets and sale contracts	**Total**
Cost	234	810	1,044
Accumulated amortization	(87)	(47)	(134)
Balance at Jan. 1, 2011	**147**	**763**	**910**
Capital expenditure	13	8	21
Amortization and impairment losses	(54)	(8)	(62)
Change in scope of consolidation	19	3	22
Entry into service	12	(12)	-
Reclassification from assets held for sale	4	-	4
Exchange rate differences	(3)	6	3
Allocation of excess cost	389	51	440
Disposals and other changes	12	(51)	(39)
Total changes	**392**	**(3)**	**389**
Cost	615	892	1,507
Accumulated amortization	(76)	(132)	(208)
Balance at Dec. 31, 2011	**539**	**760**	**1,299**
Capital expenditure	12	19	31
Amortization and impairment losses	(50)	(48)	(98)
Change in scope of consolidation	7	2	9
Exchange rate differences	(4)	(4)	(8)
Allocation of excess cost/remeasurement at fair value	5	30	35
Disposals and other changes	(1)	(7)	(8)
Total changes	**(31)**	**(8)**	**(39)**
Cost	621	934	1,555
Accumulated amortization	(102)	(178)	(280)
Impairment	(13)	(2)	(15)
Balance at Dec. 31, 2012	**506**	**754**	**1,260**

The decrease in "Intangible assets", equal to €39 million, is mainly attributable to the amortization (€84 million) and impairment losses (€14 million), partly offset by capital expenditure in Italy and Europe and in Iberia and Latin America (€31 million) and the acquisition of full control of Trade Wind Energy (€28 million), previously held at 41.2% and accounted for using the equity method.

There are no intangible assets with an indefinite useful life.

14. Goodwill - *€942 million*

Millions of euro	at Dec. 31, 2011							**at Dec. 31, 2012**		
	Cost	Cumulative impairment	**Net value**	Acquisitions/ Development/ Success fees	Exchange rate differences	Purchase price allocation	Impairment and other changes	Cost	Cumulative impairment	**Net value**
Latin America	266	-	**266**	28	(6)	-	-	288	-	**288**
Enel Green Power España	407	(1)	**406**	6	-	(5)	-	408	(1)	**407**
Enel Green Power Hellas	70	(70)	**-**	73	-	-	-	143	(70)	**73**
Enel Green Power Romania	13	-	**13**	-	-	-	-	13	-	**13**
Enel Green Power Bulgaria	5	-	**5**	-	-	-	-	5	-	**5**
Enel Green Power France	25	-	**25**	-	-	(1)	-	24	-	**24**
Enel Green Power North America	124	(1)	**123**	-	(3)	-	(13)	121	(14)	**107**
Enel Green Power Sharp & Solar Energy	-	-	**-**	5	-	-	-	5	-	**5**
Italian acquisitions	20	-	**20**	-	-	-	-	20	-	**20**
Total	**930**	**(72)**	**858**	**112**	**(9)**	**(6)**	**(13)**	**1,027**	**(85)**	**942**

"Goodwill" amounted to €942 million, an increase of €84 million compared with December 31, 2011, mainly attributable to the change in the scope of consolidation following the acquisition of control of the Greek companies involved in the Kafireas project, which had previously been accounted for using the equity method (€57 million), to the acquisition of the Mexican companies Stipa Nayaa (€14 million) and Zopiloapan (€14 million) and to other minor acquisitions in Greece and Italy (€20 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 (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet for each CGU identified, except 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, 2012**	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)	at Dec. 31, 2011	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
Latin America	288	3.40%	9.90%	5 years	21 years	266	3.50%	9.20%	5 years	30 years
Enel Green Power Hellas	73	2.00%	16.80%	5 years	20 years	-	2.20%	15.8%	10 years	26 years
Enel Green Power España	407	2.00%	8.40%	5 years	17 years	406	2.00%	8.30%	5 years	16 years
Enel Green Power Romania	13	2.40%	11.50%	5 years	20 years	13	2.90%	11.10%	5 years	20 years
Enel Green Power Bulgaria	5	3.00%	9.30%	10 years	12 years	5	2.50%	9.20%	10 years	14 years
Enel Green Power France	24	1.90%	7.80%	5 years	18 years	25	2.00%	7.90%	5 years	20 years
Enel Green Power North America	107	2.20%	7.70%	5 years	20 years	123	2.10%	7.80%	5 years	21 years
Italian acquisitions	25	2.00%	9.30%	10 years	14-15 years	20	2.00%	10.90%	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 years estimated as at 2011 were revised specifically during 2012.

At December 31, 2012, impairment testing showed evidence of an impairment loss for a specific asset in North America dedicated to the development of renewable energy generation projects impacted by uncertainties that limit its ability to contribute to the generation of the cash flows of the CGU.

Similarly, at December 31, 2011, an impairment loss was identified that led to the writing off of goodwill for the Enel Green Power Hellas CGU (€70 million) as a result of an increase in the country risk factored into the discount rate.

15. Deferred tax assets and Deferred tax liabilities - *€297 million and €(584) 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, 2011	Increase/ (Decrease) taken to income statement	Other changes/ Exchange rate effect	**at Dec. 31, 2012**
Deferred tax assets:				
- differences in the value of non-current and financial assets	86	13	24	123
- measurement of financial instruments	22	1	(6)	17
- accruals to provisions for risks and charges with deferred deductibility	14	2	(1)	15
- tax credits (North America)	71	2	-	73
- tax loss carried forward	49	4	(33)	20
- other items	81	4	(36)	49
Total	**323**	**26**	**(52)**	**297**
Deferred tax liabilities:				
- differences on non-current and financial assets	179	34	(4)	209
- allocation of excess costs to assets	374	-	(2)	372
- measurement of financial instruments	(2)	-	2	-
- other items	49	(1)	(45)	3
Total	**600**	**33**	**(49)**	**584**

"Deferred tax assets" at December 31, 2012 amounted to €297 million, a decrease of €26 million compared with December 31, 2011.
Deferred tax assets on prior-year tax losses in the amount of €61 million were not recognized as current estimates of futures taxable income indicate that recovery is uncertain.

"Deferred tax liabilities" at December 31, 2012 amounted to €584 million, a decrease of €16 million compared with December 31, 2011.

16. Equity investments accounted for using the equity method - *€533 million*

Millions of euro	at Dec. 31, 2011					at Dec. 31,2012	
	Value	%	Acquisitions/ (Disposals)	Other changes	Income effect	Value	%
LaGeo SA de Cv	91	36.2%	-	(22)	34	103	36.2%
Terrae	11	15.0%	-	-	-	11	15.0%
Chisholm View Wind Project LLC	-		60	-	-	60	49.0%
Prairie Rose Wind LLC	-		48	-	-	48	49.0%
Other North America (1)	36		-	(14)	(17)	5	
Enel Green Power Hellas associates (1)	168	30.0%	-	(34)	-	134	30.0%
Enel Green Power España associates (1)	171		-	(40)	30	161	
Other	11		-	-	-	11	
Total	**488**		**108**	**(110)**	**47**	**533**	

(1) For a breakdown of the 42 investee companies, all held at 30%, based in Greece, the 34 companies of the Enel Green Power España Group and 2 companies in North America, please see the annex "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2012".

"Equity investments accounted for using the equity method" amounted to €533 million, an increase of €45 million compared with December 31, 2011. Acquisitions/disposals for the period report the cost of acquiring minority stakes in Chisholm View and Prairie Rose in North America (€108 million). Other changes report the effect of the change in the consolidation method from equity accounting to line-by-line consolidation for the companies involved in the Kafireas project in Greece (€34 million), the wind project development company Trade Wind Energy in North America (€14 million), and a number of associates of Enel Green Power España (€3 million). They also reflect the distribution of dividends approved by LaGeo (€18 million) and other associates of Enel Green Power España (€23 million) and exchange rate losses.
The item also reflects – in the case of the associated companies of Enel Green Power Hellas – amounts already paid as success fees totaling €41 million in respect of the Mani and Cyclades initiatives under development, with a view to the subsequent acquisition of an additional 50% of those companies in order to obtain control following achievement of specified technical milestones.

The principal income statement and balance sheet aggregates for associated companies are provided below.

Millions of euro	at Dec. 31, 2012				2012	
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Profit/ (Loss)
Enel Green Power España associates	1,976	433	1,937	277	408	70
Enel Green Power Hellas associates	9	2	-	1	-	-
LaGeo SA de Cv	243	170	18	49	197	94
Chisholm View	278	9	61	111	1	1
Prairie Rose	225	6	47	82	1	1

17. Non-current financial assets - *€328 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Long-term financial receivables from non-Group parties and associates	269	*14*	279	*34*	(10)
Derivative contracts	6		10		(4)
Other financial assets	53		46		7
Total	**328**		**335**		**(7)**

"Long-term financial receivables from non-Group parties and associates" amounted to €269 million, a decline of €10 million, largely attributable to the joint effect of the decrease in loans to the associated companies of Enel Green Power España (€24 million), partially offset by the increase in the receivables of the Parent Company in respect of the loan granted by the shareholders (in equal parts) to the 3SUN joint venture (€14 million).

The rise in "Other financial assets", equal to €7 million, is mainly attributable to the payment of an advance for the acquisition of an interest in the Talinay project in Chile (€27 million) and the increase in advances for the purchase of equity investments by the Parent Company (€7 million) as part of the PowerCrop project. The rise was partially offset by the effect of the acquisition and consequent line-by-line consolidation of the Stipa Nayaa investment in Mexico (as discussed in note 4 under "Main changes in the scope of consolidation"), for which an advance of €19 million had been paid in previous years.

"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 value		Fair value		
	at Dec. 31, 2012	at Dec. 31, 2011	**at Dec. 31, 2012**	at Dec. 31, 2011	Change
Cash flow hedge derivatives					
Commodities	33	31	6	10	(4)
Total	**33**	**31**	**6**	**10**	**(4)**

The commodity derivatives regard an energy derivative contract entered into in North America with a fair value of €6 million.

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

18. Other non-current assets - *€83 million*

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Tax receivables	64	34	30
Security deposits (for operations)	2	2	-
Other receivables	17	17	-
Total	**83**	**53**	**30**

"Other non-current assets" amounted to €83 million, up €30 million as a result of an increase in tax receivables. The item reports VAT credits, mainly pertaining to the subsidiaries 3SUN, Enel Latin America (Chile) and Enel de Guatemala.

Current assets

19. Inventories - *€64 million*

"Inventories" came to €64 million, essentially in line with the figure at December 31, 2011 (€61 million). Of the total, €21 million regarded the value of photovoltaic panels of the retail business (€29 million at December 31, 2011), €15 million regarded materials and other inventories of the Parent Company (€14 million at December 31, 2011) and €16 million regarded materials and other inventories of the subsidiary Enel Green Power España (€7 million at December 31, 2011).

20. Trade receivables - *€571 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Sale and transport of electricity	474	*203*	409	*260*	65
Other receivables	97		120		(23)
Total	**571**		**529**		**42**

"Trade receivables" amounted to €571 million, up €42 million as a result of an increase in receivables in respect of electricity sales, in line with the increase in the associated revenues, and a decline in other receivables.

Receivables in respect of green certificates for electricity generated during the year totaling €247 million were transferred in 2012, of which €52 million did not meet the requirements for derecognition.

Trade receivables break down by maturity as follows.

Millions of euro

at Dec. 31, 2012	Trade receivables due from non-Group counterparties	*of which government entities*
Not past due/to be invoiced	180	*13*
Past due:		
- from 0 to 6 months	103	*21*
- from 6 to 12 months	72	*3*
- from 12 to 24 months	11	-
- more than 24 months	2	-
Total	**368**	***37***

21. Tax receivables - *€63 million*

"Tax receivables" amounted to €63 million, an increase of €19 million, mainly as a result of the rise in the tax receivables of subsidiaries in Iberia and Panama (€26 million).

22. Current financial assets - *€428 million*

Millions of euro	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Securities	39		51		(12)
Derivative contracts	4	*3*	3		1
Accrued financial income and pre-paid financial expense	2	*1*	7		(5)
Other financial receivables	383	*366*	102	*19*	281
Total	**428**		**163**		**265**

"Securities", equal to €39 million, contracted by €12 million compared with 2011, due to the change in temporary investments in short-term securities, mainly certificates of deposit.

"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, 2012	at Dec. 31, 2011	**at Dec. 31, 2012**	at Dec. 31, 2011	Change
Cash flow hedge derivatives	141	7	4	3	1
Commodities	141	7	4	3	1
Trading derivatives	-	6	-	-	-
Exchange rates	-	6	-	-	-
Total	**141**	**13**	**4**	**3**	**1**

The notional amount of cash flow hedge derivatives classified under current financial assets came to €141 million at December 31, 2012. The related fair value came to €4 million.
As regards the hierarchy of inputs used in determining fair value, all the derivatives are classified as level 2.

"Other financial receivables" rose by €281 million, mainly attributable to the increase in the receivable of the Group finance company, Enel Green Power International BV, in respect of the Enel Group finance company (€320 million) for the new projects in North America and Mexico discussed elsewhere and the increase in the receivables of the Parent Company in respect of a loan to the 3SUN joint venture (€20 million).
These factors were partially offset by the decline in the financial receivables of Enel Green Power North America in respect of its associated companies (€57 million).

23. Other current assets - *€344 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Tax receivables	194		145		49
Advances to suppliers	29		17		12
Current prepaid operating expenses	49		38		11
Other receivables	72	*22*	75	*6*	(3)
Total	**344**		**275**		**69**

The increase in "Tax receivables" mainly regards the VAT creditor position in Romania (€98 million) and Mexico (€30 million), associated with investments carried out during 2012.

24. Cash and cash equivalents - *€333 million*

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Bank and post office deposits - demand	145	201	(56)
Bank and post office deposits - restricted	188	148	40
Total	**333**	**349**	**(16)**

"Bank and post office deposits - restricted" essentially regard deposits securing certain operations which require the pledging of funds to secure debt service (such as project financing or tax partnerships).

The change in restricted cash and cash equivalents (€40 million) primarily reflects the receipt of subsidies for the start of new projects.

Liabilities

25. Equity attributable to the shareholders of the Parent Company - *€7,098 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, 2011) with a par value of €0.20 and is entirely paid up.

At December 31, 2012, based on the shareholders register and other available information, no shareholders held more than 2% of total share capital apart from Enel SpA.

Reserves - *€5,685 million*

The main components of reserves are detailed below.

Legal reserve - *€200 million*

The legal reserve is equal to 20% of share capital and has therefore reached the limit provided for under Article 2430 of the Civil Code.

Reserve from the measurement of CFH financial instruments - *€(38) million*

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

Translation reserve - *€(5) 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, 2012, the reserve amounted to a negative €5 million, down €80 million. The decrease for the period is due to the effects of the appreciation of the functional currency against the foreign currencies used by the subsidiaries.

Other sundry reserves (excluding the legal reserve) - *€5,528 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.

	at Dec. 31, 2011			Changes						**at Dec. 31, 2012**		
Millions of euro	**Total**	*of which shareholders of Parent Company*	*of which non-controlling interests*	Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*of which shareholders of Parent Company*	*of which non-controlling interests*	**Total**	*of which shareholders of Parent Company*	*of which non-controlling interests*
Reserve from measurement of financial instruments	**(34)**	*(30)*	*(4)*	(26)	12	-	**(14)**	*(8)*	*(6)*	**(48)**	*(38)*	*(10)*
Reserve from translation of financial statements denominated in foreign currency	**82**	*75*	*7*	(80)	-	(6)	**(86)**	*(80)*	*(6)*	**(4)**	*(5)*	*1*
Total gains/(losses) recognized in equity	**48**	***45***	***3***	**(106)**	**12**	**(6)**	**(100)**	***(88)***	***(12)***	**(52)**	***(43)***	***(9)***

26. Non-controlling interests - *€874 million*

Non-controlling interests increased by €33 million in 2012, mainly attributable to net income for the year pertaining to non-controlling shareholders (€78 million) offset by the payment of dividends (€33 million).

Non-current liabilities

27. Loans - *€4,819 million (of which current portion equal to €202 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 12 months.

The following table shows long-term debt and repayment schedules at December 31, 2012, grouped by loan and interest rate type.

Millions of euro	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
		at Dec. 31, 2011			**at Dec. 31,2012**	
Bonds:						
- listed, fixed rate	37	37	37	19	19	19
Total	37	37	37	19	19	19
Bank loans:						
- fixed rate	388	388	388	411	411	411
- floating rate	728	725	728	1,353	1,346	1,347
Total	1,116	1,113	1,116	1,764	1,757	1,758
Non-bank loans:						
- fixed rate	359	360	359	344	344	344
- floating rate	174	173	174	208	208	208
Total	533	533	533	552	552	552
Loans from related parties:						
- fixed rate	2,306	2,306	2,306	2,357	2,354	2,357
- floating rate	-	-	-	137	137	137
Total	2,306	2,306	2,306	2,494	2,491	2,494
TOTAL	**3,992**	**3,989**	**3,992**	**4,829**	**4,819**	**4,823**

"Bonds", equal to €19 million (€37 million at December 31, 2011), regard the bond issue of the Panamanian company Enel Fortuna, paying a fixed rate of 10.125% maturing in 2013.

"Bank loans" amounted to €1,757 million (including the portion falling due within 12 months, equal to €112 million). It mainly regards:

> loans granted by the EIB to the Parent Company, totaling €709 million (€436 million at December 31, 2011). The loans were granted to finance investments in renewable generation. The repayment plan provides for 52 equal half-yearly installments;

> bank loans totaling €322 million granted within a project financing structure (€344 million at December 31, 2011) to Enel Green Power España by more than 20 Spanish banks, including financing from Caixa in the amount of €178 million, Sabadell in the amount of €59 million, Montepio in the amount of €21 million, Banesto in the amount of €17 million, Caja Astur in the amount of €18 million and BBVA in the amount of €16 million;

> a 12-year loan of €180 million granted in April 2012 by Citibank International PLC to Enel Green Power International BV for the development of wind projects in Brazil, North America and Romania;

> a 12-year loan of €103 million (€112 million at December 31, 2011) granted in October 2011 by Citibank International PLC to Enel Green Power International BV for the development of wind projects in Romania;

> a 10-year loan of €58 million granted in December 2012 to the subsidiary Impulsora Nacional de Eletricidad Srl de Cv for the development of the Bii Nee Stipa II project in Mexico. The repayment plan provides for half-yearly installments as from February 2014;

> a loan of €55 million granted within a project financing structure to 3SUN Srl (33% owned by Enel Green Power SpA) by a pool of banks (UniCredit SpA, Banca Imi SpA and Centrobanca SpA) for the construction of renewable energy projects in Catania;

> the first tranche of the bank loan of €44 million (€44 million at December 31, 2011) from Intesa Sanpaolo SpA to finance the Palo Viejo project in Guatemala. The loan benefits from an interest rate subsidy from Simest;

> 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;

> 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) for the development of the Bii Nee Stipa II project in Mexico. The 8-year loan provides for repayment in half-yearly installments as from December 2015. The loan benefits from an interest rate subsidy from Simest;

Current portion	Portion falling due at more than 12 months	Maturing in				
		2014	2015	2016	2017	Beyond
19	-	-	-	-	-	-
19	**-**	**-**	**-**	**-**	**-**	**-**
1	410	7	16	31	27	329
111	1,235	103	117	149	110	756
112	**1,645**	**110**	**133**	**180**	**137**	**1,085**
50	294	39	52	71	29	103
21	187	14	10	10	30	123
71	**481**	**53**	**62**	**81**	**59**	**226**
-	2,354	2	2	2	2	2,346
-	137	-	-	-	-	137
-	**2,491**	**2**	**2**	**2**	**2**	**2,483**
202	**4,617**	**165**	**197**	**263**	**198**	**3,794**

> a loan of €44 million granted in February 2012 by Intesa Sanpaolo SpA to Enel Green Power SpA to develop wind projects in Costa Rica. The 8-year loan provides for repayment in half-yearly installments starting from August 2015. The loan benefits from an interest rate subsidy from Simest;

> a loan of €44 million granted in December 2012 by BBVA to Enel Green Power Partecipazioni Speciali Srl (100% owned by Enel Green Power SpA) to develop the Bii Nee Stipa III wind project in Mexico. The 8-year loan provides for repayment in half-yearly installments starting from June 2016. The loan benefits from an interest rate subsidy from Simest;

> a loan of €44 million granted in December 2012 by Intesa Sanpaolo SpA to Enel Green Power SpA to develop projects in Chile. The 8-year loan provides for repayment in half-yearly installments starting from June 2016. The loan benefits from an interest rate subsidy from Simest;

> bank loans totaling €31 million (€17 million at December 31, 2011) from two Greek banks: NBG Bank and Emporiki Bank;

> a 12-year loan of €25 million granted in November 2012 by Citibank International PLC to Enel Green Power International BV to develop wind projects in Chile;

> a bank loan of €9 million (€10 million at December 31, 2011) from Banco Industrial del Guatemala, with the short-term portion equal to €1 million.

"Non-bank loans" at December 31, 2012 amounted to €552 million (including the portion falling due within 12 months equal to €71 million). They largely regard:

> loans for tax partnership arrangements in the amount of €297 million (€302 million at December 31, 2011) for the Snyder Wind Farm, Smoky Hills I and Smoky Hills 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 €62 million (€68 million at December 31, 2011);

> lease contracts amounting to €150 million entered into by seven Italian subsidiaries of Enel Green Power SpA to develop wind and solar projects in Italy;

> bank loans of €24 million granted to the subsidiaries of Enel Green Power España to develop projects in the renewable resources field;

> shareholder loans of €14 million granted to 3SUN Srl to develop wind projects in Catania;

> lease contract of €5 million for a wind project in Greece.

"Loans from related parties" mainly reports the loan from Enel Finance International NV to Enel Green Power International BV amounting to €2,463 million (€2,275 million at December 31, 2011) and the financial debt of Enel Green Power France in respect of Enel Lease Sarl totaling €30 million (€31 million at December 31, 2011).

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

Millions of euro	Nominal value	Repayments	New financing	Exchange rate differences	Nominal value
	At Dec. 31,2011				**at Dec. 31, 2012**
Bonds	37	(18)	-	-	19
Bank loans	1,116	(97)	745	-	1,764
Non-bank loans	533	(135)	163	(8)	553
Loans from related parties	2,306	-	187	-	2,493
Total financial debt	**3,992**	**(250)**	**1,095**	**(8)**	**4,829**

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

Millions of euro	Carrying amount	Nominal value	*Current average interest rate*	*Current effective interest rate*
	at Dec. 31, 2011	**at Dec. 31, 2012**		
Euro	3,398	4,198	*4.71%*	*4.69%*
US dollar	541	615	*6.55%*	*6.55%*
Chilean peso/UF	34	-	-	-
Other currencies	16	16	*8.09%*	*8.09%*
Total non-euro currencies	591	631	-	-
TOTAL	**3,989**	**4,829**		

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

Millions of euro	**at Dec. 31, 2012**	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Bank and post office deposits	333		349		(16)
Securities	39		51		(12)
Liquidity	**372**		**400**		**(28)**
Other short-term financial receivables	**382**	*346*	**102**	*19*	**280**
Short-term bank debt	(70)		(39)		(31)
Short-term portion of long-term bank debt	(112)		(100)		(12)
Bonds (short-term portion)	(19)		(18)		(1)
Other loans (short-term portion)	(71)		(138)		67
Other short-term financial payables	(748)	*(725)*	(828)	*(822)*	80
Total short-term financial debt	**(1,020)**		**(1,123)**		**103**
Net short-term financial position	**(266)**		**(621)**		**355**
Debt to banks	(1,645)		(1,013)		(632)
Other loans and loans from related parties	(2,972)	*(2,491)*	(2,701)	*(2,306)*	(271)
Bonds	-		(19)		19
Net long-term financial position	**(4,617)**		**(3,733)**		**(884)**
Net financial position as per CONSOB instructions	**(4,883)**		**(4,354)**		**(529)**
Long-term financial receivables and securities	269	*1*	279	*34*	(10)
NET FINANCIAL DEBT	**(4,614)**		**(4,075)**		**(539)**

Loans issued within project financing structures – totaling €439 million at December 31, 2012 – are channeled through single plant companies in which the Group generally holds a majority interest. Such loans require the shareholders, together with the single plant companies, 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 receiving the financing and the project companies.

The financial covenants generally:

> require the project company to meet specified equity/debt ratios – generally 15%/85% (in some cases 10%/90% or 20%/80%);

> restrict the scope for the project company 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 1.10);

> 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 1.40) 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.

28. Post-employment and other employee benefits - *€46 million*

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplementary pension and healthcare plans and residential electricity discounts (which have changed following the recent contractual agreement concerning employees in service).

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Post-employment and other employee benefits	25	25	-
Electricity discounts	3	3	-
Additional months' pay and indemnity in lieu of notice	5	5	-
Loyalty bonus	3	2	1
Asem supplementary health care plan	3	3	-
Other employee benefits	7	5	2
Total	**46**	**43**	**3**

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

Millions of euro	2012				2011			
	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	3	8	43	32	8	6	46
Service cost	-	-	-	-	1	-	-	1
Interest cost	1	-	1	2	2	-	-	2
Benefits paid	(2)	-	-	(2)	(4)	-	-	(4)
Curtailments/settlements	-	-	-	-	-	(6)	-	(6)
Other changes	-	-	-	-	2	-	2	4
Actuarial (gains)/losses	3	-	2	5	(1)	1	-	-
Past service cost	41	-	-	41	-	-	-	-
Actuarial liability at the end of the year	75	3	11	89	32	3	8	43
Change in plan assets								
Net actuarial liability	75	3	11	89	32	3	8	43
Net unrecognized (gains)/losses	(42)	(2)	1	(43)	-	-	-	-
Carrying amount of liability	**33**	**1**	**12**	**46**	**32**	**3**	**8**	**43**

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, 2012.

Millions of euro	2012				2011			
	Pension benefits	Electricity discount	Other benefits	Total	Pension benefits	Electricity discount	Other benefits	Total
Service cost	-	-	-	-	1	-	-	1
Interest cost	1	-	-	1	2	-	-	2
Amortization of actuarial (gains)/losses	-	-	1	1	-	-	-	-
Other changes	2	-	-	2	-	-	-	-
Total	**3**	**-**	**1**	**4**	**3**	**-**	**-**	**3**

Employee benefit expenses recognized in 2012 amounted to €3 million, of which €2 million for net accretion costs recognized under financial expense.

The main actuarial assumptions, determined in accordance with the previous year, used to calculate the actuarial liabilities in respect of employee benefits and change in plan assets are set out in the following table.

	2012	2011
Discount rate	3.20%	4.70%
Rate of wage increases	2.00%	2.00%
Rate of increase in healthcare costs	3.00%	3.00%

29. Provisions for risks and charges - *€103 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, 2011				**at Dec. 31, 2012**	
Litigation	22	2	(1)	(1)	22	-
Charges for generation plants	64	14	(7)	(1)	70	1
Taxes	6	-	-	(2)	4	-
Other	9	-	-	(2)	7	1
Total	**101**	**16**	**(8)**	**(6)**	**103**	**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 - *€70 million*

The item mainly includes provisions for the estimated future liability in respect of the dismantling of plants and restoration of plants and sites where there is a legal, contractual or constructive obligation to do so, or for environmental cleanup or restoration of original environmental conditions in cases in which operations have caused environmental damage and charges for sundry items and disputes with local authorities regarding fees and other duties. The increase in the item includes €11 million attributable to the updating of the estimate for the decommissioning and site restoration provision.

30. Non-current financial liabilities - *€67 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, 2012	at Dec. 31, 2011	**at Dec. 31, 2012**	at Dec. 31, 2011	Change
Cash flow hedge derivatives	870	476	67	40	27
Interest rates	870	476	67	40	27
Total	**870**	**476**	**67**	**40**	**27**

The notional amount of cash flow hedge derivatives classified under non-current financial assets was equal to €870 million at December 31, 2012. The related fair value was €67 million.

The increase of €27 million in the fair value is mainly attributable to the increase in the cash flow hedge derivatives on interest rates in respect of the ultimate parent (€20 million) and non-Group counterparties (€7 million).

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

31. Other non-current liabilities - *€137 million*

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Liabilities for urbanization fees	37	18	19
Liabilities for purchase of equity investments	21	21	-
Other liabilities	79	84	(5)
Total	**137**	**123**	**14**

"Liabilities for urbanization fees" include €36 million in fees to be paid to municipalities in Tuscany that host geothermal plants under the provisions of Article 4 of the voluntary agreement implementing the protocol of understanding of December 20, 2007 (€18 million at December 31, 2011). More specifically, that agreement, signed in April 2010, establishes that Enel Green Power SpA shall pay local authorities, as an environmental and territorial indemnity, a specified amount per authorized MW. The item also includes €1 million in plant grants already received from the Ministry for Economic Activity pursuant to Law 488/1992 in respect of projects still under way (€7 million at December 31, 2011).

"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 €9 million, and the equity interest in Renovables de Guatemala held by Simest (8.8%) in the amount of €12 million (€13 million at December 31, 2011). 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 did not produce a significant effect on the income statement.

Current liabilities

32. Short-term loans - *€818 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Bank loans	70		33		37
Other loans	748	*725*	834	*822*	(86)
Total	**818**	***725***	**867**	***822***	**(49)**

"Other loans" mainly regard the short-term exposure to Enel SpA (€612 million) and Enel Finance International NV (€110 million).

33. Trade payables - *€1,070 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Trade payables	1,070	*302*	1,032	*267*	38
Payables in respect of construction contracts	-		1		(1)
Total	**1,070**		**1,033**		**37**

"Trade payables" amounted to €1,070 million, an increase of €38 million, mainly in respect of payables due to the ultimate Parent Company.

The item reports liabilities in respect of related parties in the amount of €302 million (€267 million at December 31, 2011), mainly in respect of the ultimate Parent Company Enel SpA.

The following table reports trade payables due to non-Group counterparties by due date.

Millions of euro

By June 30, 2013	627
Between July 1 and December 31, 2013	81
In 2014	60
Beyond	-
Total at December 31, 2012	**768**

34. Income tax payables - *€44 million*

The decrease of €49 million in "Income tax payables" mainly regards the decline in the income tax liabilities of Enel Green Power España (€35 million) and the Parent Company (€19 million).

35. Other current liabilities - *€375 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Payables for sundry urbanization fees	30		23		7
Payables due to employees and social security institutions	27		26		1
Advances and accrued expenses	56	*1*	46	*1*	10
Liabilities for purchase of equity investments	126		-		126
Other tax payables	38		29		9
Other liabilities	98	*16*	79	*23*	19
Total	**375**		**203**		**172**

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

"Liabilities for purchase of equity investments" include the debt for the purchase of the second wind plant in Mexico, as discussed in note 4.

36. Current financial liabilities - *€89 million*

Millions of euro

	at Dec. 31, 2012	*of which with related parties*	at Dec. 31, 2011	*of which with related parties*	Change
Current accrued financial expense	88	*71*	105	*70*	(17)
Derivative contracts	1		18	*14*	(17)
Total	**89**		**123**		**(34)**

"Current accrued financial expense" declined by €17 million, mainly attributable to the reclassification of a number of liabilities in Iberia and Romania.

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, 2012	at Dec. 31, 2011	**at Dec. 31, 2012**	at Dec. 31, 2011	Change
Cash flow hedge derivatives	-	**364**	-	**14**	**(14)**
Commodities	-	350	-	14	(14)
Interest rates	-	14	-	-	-
Trading derivatives	**25**	**43**	**1**	**4**	**(3)**
Exchange rates	14	43	-	4	(4)
Interest rates	11	-	1	-	1
Total	**25**	**407**	**1**	**18**	**(17)**

The notional amount of trading derivatives classified under current financial liabilities came to €25 million at December 31, 2012. The related fair value was €1 million.

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

37. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2012	at Dec. 31, 2011	Change
Guarantees given			
- sureties and other guarantees granted to third parties	1,146	528	618
Commitments to suppliers for:			
- various supplies	1,126	1,620	(494)
Total	**2,272**	**2,148**	**124**

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 (Siemens) and Vestas Italia Srl (Vestas). 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.

38. 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/en-GB/company/governance/related_parties/) sets out a series of rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties and was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB.

More specifically, in 2012 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 917/1986, Article 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.

In November and December 2012, approval was given for a number of transactions defined as ordinary transactions of greater importance carried out through a subsidiary on terms equivalent to market or standard terms and conditions.

These transactions qualify for the exemption referred to in Article 13.3(c) of the "Regulation governing transactions with related parties" adopted by CONSOB with Resolution no. 17221 of March 12, 2010 as amended ("Related Parties Regulation") and the related procedure adopted by Enel Green Power in implementation of the regulation. As such, those transactions are not subject to the publication requirements provided for transactions of greater importance with related parties under Article 5, paragraphs 1 to 7, of the Related Parties Regulation. Those transactions were in any case notified specifically to CONSOB in accordance with Article 13.3(c). The following provides a summary of the main features of the transactions:

Transaction counterparty: Empresa Nacional de Electricidad SA.

Nature: sale of electricity to be generated by the Valle de Los Vientos and Taltal plants by Enel Latin America (Chile) Ltda to Empresa Nacional de Electricidad SA for twenty years as from the entry into service of the plants;

Value: the theoretical maximum value of the transaction ranges from a minimum of about $870 million to a maximum of about $1,320 million.

Transaction counterparty: Enel Finance International NV.

Nature and value: two financing agreements for two credit lines of €500 million (for a total of €1 billion) between

Millions of euro	Related parties						
	Enel SpA	Enel Servizi Srl	Enel Produzione SpA	Enel Trade SpA	Enel Finance International NV	Enel Lease Eurl	Enel.Factor SpA
Balance sheet							
Trade receivables	2	3	134	19	-	-	-
Other current assets	13	-	-	3	-	-	-
Current financial assets	-	-	-	2	347	-	-
Trade payables	135	87	19	-	-	-	28
Other current liabilities	12	1	-	3	-	-	-
Current financial liabilities	15	-	-	-	56	-	-
Long-term loans	-	-	-	-	2,461	29	-
Short-term loans	612	-	-	-	110	2	-
Income statement							
Revenues from sales and services	-	-	117	254	-	-	-
Other revenues	-	1	1	-	-	-	-
Raw materials and consumables	-	-	-	-	-	-	-
Services	31	32	9	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-
Financial income	-	-	-	-	3	-	-
Financial expense	21	-	-	-	136	2	-

Enel Green Power International BV and Enel Finance International NV. The conditions negotiated are in line with the terms and conditions obtainable on the debt market from leading financial counterparties even for agreements involving smaller amounts but equal duration.

Transaction counterparty: Enel Energie and Enel Energie Muntenia.

Nature: two contracts for the sale of green certificates regarding, respectively, the 1st Half of 2013 and the 2nd Half of 2013 - 1st Half of 2023 between Enel Green Power Romania Srl and Enel Energie/Enel Energie Muntenia.

Value: for the first contract the value will range from a minimum of €21.6 million to a maximum of about €73.2 million, while for the second it ranges from a minimum of €656.7 million to a maximum of €1,539 million.

Transaction counterparty: Enel Finance International NV.

Nature and value: the renewal of a €1.2 billion financing agreement between Enel Green Power International BV and Enel Finance International NV. The terms and conditions of the renewal are in line with the terms and conditions obtainable on the debt market from leading financial counterparties even for agreements involving smaller amounts but equal duration.

In all of the above transactions, the transaction counterparty is a related party of Enel Green Power as they all share the same ultimate Parent Company, Enel SpA.

The following table summarizes the relationships between the Group and its related parties for 2012.

	Related parties										
	GSE SpA	GME SpA	AU SpA	Terna SpA	Enel Distribuzione SpA	Enel Ingegneria e Ricerca SpA	Endesa	Other	**OVERALL TOTAL**	Total balance-sheet item	% of total
	21	-	-	-	1	-	-	23	**203**	571	36%
	-	-	-	-	-	-	-	6	**22**	344	6%
	-	-	-	-	-	-	-	21	**370**	428	86%
	-	-	-	-	-	12	1	20	**302**	1,070	28%
	-	-	-	-	-	-	-	1	**17**	375	5%
	-	-	-	-	-	-	-	-	**71**	89	80%
	-	-	-	-	-	-	1	-	**2,491**	4,617	54%
	-	-	-	-	-	-	-	1	**725**	818	89%
	259	471	-	13	40	-	-	71	**1,225**	2,565	48%
	-	-	-	1	-	-	-	11	**14**	131	11%
	-	-	-	-	2	-	-	32	**34**	371	9%
	-	-	-	-	-	3	2	13	**90**	431	21%
	-	15	-	10	-	-	-	2	**27**	128	21%
	-	-	-	-	-	-	-	1	**4**	133	3%
	-	-	-	-	-	-	1	-	**160**	363	44%

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 Ricerca SpA: consulting and technical management of projects involving the construction of new plants performed by Enel Ingegneria e Ricerca SpA for Enel Green Power SpA and Group companies;
> Enel Finance International NV: 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.

39. Contingent assets and liabilities

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 reform of the electricity sector in El Salvador, gave Enel Produzione (which Enel Green Power succeeded as a result of the spin-off of 2008) the right to finance the investments of LaGeo, treating those payments as capital increases. The agreement also required LaGeo to distribute all its net income.
After complying with the agreement during the initial phase of construction of the geothermal plants in El Salvador, bringing Enel Produzione stake in LaGeo to 36.20%, LaGeo no longer allowed Enel Produzione (and then Enel

Green Power) to finance the investments approved and, consequently, to subscribe any further capital increases.
Enel Produzione therefore asked the arbitration board to order INE and CEL (i) to perform the specific obligations provided for under the shareholders' agreement, with distribution of net income as dividends and allowing it to finance the investments in LaGeo and subscribe the corresponding capital increase, and to pay damages of $30 million plus interest, duties and legal costs or, alternatively, (ii) pay total damages of $264.2 million plus interest, duties and legal costs.
INE joined the proceedings, asking that CEL be excluded and requesting damages from Enel Green Power totaling $100.3 million for alleged losses caused by the poor execution of the works carried out up to the date of the request on the investments financed by the Enel Group to that date.
After completion of the preliminary proceedings, in January 2010, the arbitration board held the final hearings in the last week of February and first week of March 2010 in Panama. The final briefs of the parties were filed on May 22, 2010. 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, which on January 8, 2013 upheld the ruling of the arbitration board.

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

In 1999 Energía XXI files for arbitration against MADE (now Enel Green Power) for alleged losses incurred due to the early termination of an agency contract for the sale of wind generators and wind farms of Enel Green Power España in Portugal and Brazil. With its ruling of November 21, 2000, the arbitration tribunal found that the termination of the contract by MADE was illegitimate and ordered it to pay: (i) legal costs; (ii) the fixed portion of the monthly fee for the period from July 21, 1999 (date of termination of contract) to October 9, 2000 (expiration date of the contract), equal to about €50,000; (iii) as well as lost profits in to be determined respect of contracts for at least 15 MW of capacity. Following the arbitration ruling, two civil court cases began:

1. the first appeal was lodged by MADE with the *Tribunal Judicial de Primera Instancia* asking for the arbitration ruling to be voided. The case is still pending;
2. the second appeal was lodged by Energía XXI on May 9, 2006, with the Civil Court of Lisbon, with which Energía XXI asked for Enel Green Power España to be ordered to pay the amount determined in the arbitration ruling (the losses for which Energía XXI now puts at €546 million). Enel Green Power España considers the claim to be entirely unfounded. Acting on a petition by MADE, the court has so far suspended the case pending resolution of the first suit.

Additional VAT assessment against Enel.si

In the years from 2007 to 2012, Enel.si imported photovoltaic panels through the Customs Office of Piacenza, paying VAT at the facilitated rate of 10% envisaged for photovoltaic generation systems at no. 127-*quinquies* of Table A - Part Three, attached to Presidential Decree 633/1972.
The Piacenza Customs Office, following a review of customs bills of entry for photovoltaic panels, conducted

pursuant to Article 78, paragraph II, of Regulation (EEC) 2973/1992 and Article 11 of Legislative Decree 374/1990 notified Enel.si of three fines for VAT violations levied against Bertola shippers but contractually charged to Enel.si for a total of about €7.9 million, contesting the application of the facilitated VAT rate of 10%, arguing that a photovoltaic panel cannot be considered a photovoltaic generation system but rather a finished good. The fines were immediately appealed.

The application of the 10% VAT rate is fully supported by the favorable response provided to Enel.si in 2008 by the Revenue Agency – Regional Office of Lazio – to the query submitted by the Company. The Regional Office of Lazio expressly confirmed the applicability of the 10% VAT rate on the basis of a technical appraisal performed by the Politecnico di Milano, attached to the query, which expressly qualified photovoltaic modules as low-power, low-voltage electricity generation systems. Additional confirmation of the legitimacy of the Company's action is provided by the favorable rulings of the Provincial Tax Commission of Piacenza nos. 63/01/2012 and 2/01/2013, which respectively granted the appeal submitted by Enel.si against the first two fines levied. As regards the third fine, an appeal was lodged by the relevant deadline and we are waiting for a hearing date to be set.

In April 2012, the Finance Police – Tax Police Unit of Rome (Customs and Intracommunity VAT section) initiated an audit of the Company focusing primarily on compliance with customs regulations concerning purchases, sales, imports and exports at the national, EU and extra-EU level for the years 2007 to 2012 (April). The audit was concluded with the issuance of an assessment whose amount in terms of penalties for EU and non-EU purchases carried out by the Company between 2007 and 2012 is not easy to quantify. The best estimate is about €27.7 million. The Company may appeal within 60 days of notification of the penalties. In December 2012, the Revenue Agency – Regional Office of Lazio notified Enel.si of the first penalty assessment for 2007 only in the amount of about €4.3 million, which the Company appealed in January 2013. The appeal is still pending before the Provisional Tax Commission of Rome.

In view of the response to the query submitted and the initial favorable rulings issued by the Provincial Tax Commission of Piacenza, the Company considers the risk of an unfavorable ruling to be remote.

Dispute concerning Enel Green Power España wind farms in Spain

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 SET Ponjos substations at Villameca have been challenged by the SEO environmental organization.

On October 25, 2012, the judge of the court of first instance granted the petition regarding the SET substations at Villameca. Enel Green Power has appealed the ruling and case is now pending on appeal.

The other proceedings are still at the first level of adjudication.

Enelpower do Brasil

Enelpower do Brasil is currently involved in litigation concerning the PIS and COFINS taxes for a total amount of about 54 million reais (about €21 million).

Enelpower do Brasil appealed the tax assessment, obtaining a reduction to about 23 million reais (about €9 million).

The proceeding is currently pending while awaiting the ruling of the second-level administrative authorities. Any unfavorable ruling could be appealed further.

LDK

In September 2011, Enel.si sued LDK Solar, a supplier of photovoltaic panels, to recover $7.2 million in contractual penalties due for failing to meet delivery schedules.

During the proceedings, LDK in turn demanded indemnities of $35 million from Enel.si, alleging that the latter had terminated the supply contract illegitimately.

During the proceedings, the counter-claim was reduced by LDK to $11.2 million.

Enel.si is confident that the counter-claim will be rejected as the contract was terminated legally and without the losses alleged by the counterparty.

At the hearing of February 5, 2013, the court set deadlines of March 7, April 6 and April 24 2013 for the filing of briefs and evidence.

Resit Srl

In 2010, Resit Srl sold Enel Green Power 100% of Altomonte FV Srl, the owner of a 20 MW photovoltaic project in the town of Altomonte.
The price agreed was established on a variable base that depended on the different levels of capacity for which a license could be issued.
Since the project received approval of less capacity than expected, Enel Green Power paid the price corresponding to the actual capacity of the plant.
Since Resit appealed the denial of authorization and at the same time filed an application for a new license, the rest of the plant was subsequently authorized. For that reason Resit asked Enel Green Power to pay the amount originally agreed in the case the entire plant was built in full. While expressing its willingness to pay part of that amount, Enel Green Power noted that, while the authorization was pending, the tariff regime changed and the plant built after the new authorization obtained was smaller than the originally planned facility. The Company therefore asked Resit to agree on a lower final purchase price.
Resit objected to Enel Green Power's arguments and obtained an injunction from the Court of Rome ordering payment of €1.7 million plus legal costs.
Enel Green Power appealed the injunction, arguing that the €1.7 million was excessive.

Mat B Eole vs Enel Green Power France (France)

Mat B Eole (previously a partner of Enel Green Power France) sued Enel Green Power France before the Commercial Court of Lyon, alleging the illegal termination of a cooperation agreement concerning the Haut de Conges Wind Farm (28 MW), requesting damages of about €2.5 million. In a ruling issued in May 2012, the Commercial Court ruled against the plaintiff, ordering Mat B Eole to transfer the power purchase certificate to Enel Green Power France, saying that it had been illegally retained, and to pay Enel Green Power France €435,000 in damages. In September 2012, Mat B Eole appealed the decision before the competent Commercial Court of Appeal. The preliminary phase is pending and will be completed on May 14, 2013.

Ministério Público do Estado de Mato Grosso vs Primavera Energia SA

On January 18, 2011 the Ministério Público do Estado de Mato Grosso filed a civil suit against Primavera Energia, alleging that the company had caused environmental damage due to the failure to install fish ladders to safeguard fish in the river from which the Primavera Energia hydroelectric plant draws water.
The Ministry requested an urgent order ("*tutela antecipada*") for the immediate construction of a fish ladder or similar mechanism to ensure their survival.
On February 1, 2011, the Court ruled that no urgent relief could be granted without hearing the two parties to the dispute.
After the hearing, in accepting the pleas submitted by Primavera Energia, the Federal Court issued a ruling on January 16, 2013, denying the request for an urgent order to build a fish ladder. Primavera Energia believes that the case, which is currently worth $2.5 million, will ultimately be decided in its favor.

Former shareholders of Prius Enerolica vs Enel Green Power España

On August 25, 2006, the former shareholders of Prius Enerolica and EUFER (now Enel Green Power España) signed a sale contract for 100% of the shares held by the sellers of Prius Enerolica. On November 14, 2011, the former shareholders of Prius Enerolica filed for arbitration seeking damages for alleged losses due to the delayed payment of the sale price. The sale agreement provided for the price to be determined on the basis of the terms of the contract once the documentation specified in the agreement had been received. The contract also provided for a penalty of €300,000 a month for any delay in the delivery of that documentation (which was necessary for calculating the sale price).
The arbitration ruling is expected to be issued by the first quarter of 2013.
Enel Green Power España is confident that the case will be decided in its favor and in any case believes that the amount requested by the counterparty, equal to €17.5 million, is disproportionate.

CIS arbitration proceeding vs Enel Green Power

On August 4, 2010 Enel Green Power SpA signed a leasehold agreement for the rooftops of the industrial sheds of the Centro Ingrosso Sviluppo Campano Gianni Nappi SpA (hereinafter CIS) in order to build and operate a photovoltaic plant.

On April 22, 2011, during the construction of the plant, a fire broke out in one of the sheds where the subcontractor of Enel Green Power, General Membrane SpA, was installing the plant.

CIS, in order to determine the cause of the fire and assess the loss, asked for a precautionary technical appraisal before the Court of Nola.

The technical consultant appointed by the Court filed a final report that concluded that the fire was probably accidentally started by the workers who were working on the burned shed. The report also quantified the direct losses suffered by CIS in the total amount of €3 million.

On November 3, 2012, CIS activated the arbitration process provided for in Article 21 of the leasehold agreement with Enel Green Power. In its filing, CIS asked for Enel Green Power SpA to pay €5.2 million.

Enel Green Power does not feel it has any liability for the fire of April 22, 2011, and argues that it was itself harmed by the event and had incurred losses that are currently being quantified, for which it is filing a counter-claim.

Enel Green Power also feels that it was harmed further by a second fire on March 26, 2012, at another CIS shed, suffering losses now being quantified and for which it is filing a counter-claim.

40. Subsequent events

Entry into service of a new wind plant in Spain

January 9, 2013 - Enel Green Power España, the Spanish subsidiary of Enel Green Power, connected the Agreda wind farm to the grid. Agreda is located in the autonomous community of Castilla y León in Spain.
The new plant has 12 turbines for an installed capacity of 18 MW and will be able to generate around 48 million kWh per year once fully up and running, avoiding the emission of 35 thousand metric tons of CO_2 into the atmosphere each year.

LaGeo: Paris Court of Appeal upholds ruling of International Court of Arbitration

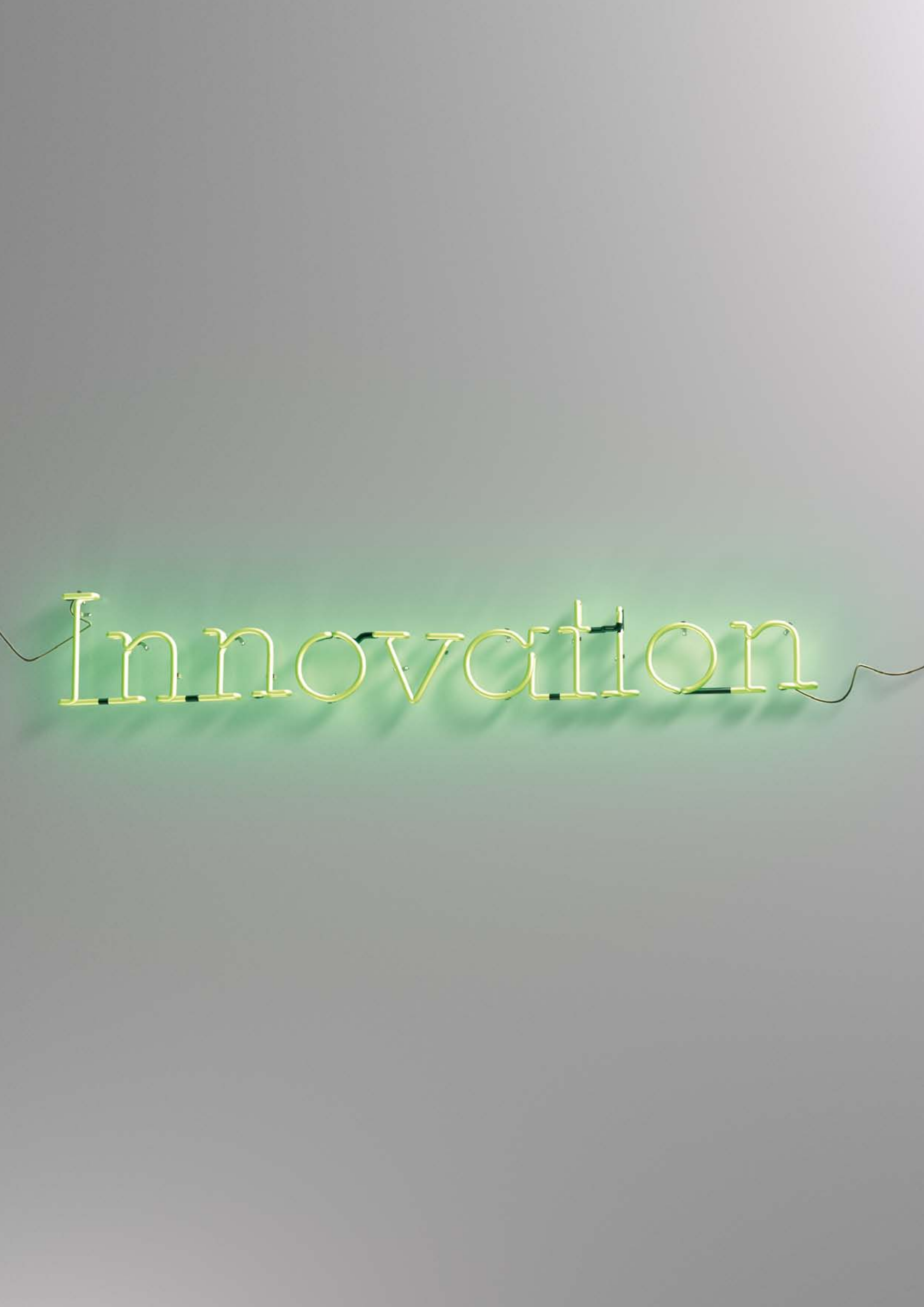
January 9, 2013 - the Court of Appeal of Paris upheld the ruling of the International Court of Arbitration (International Chamber of Commerce) concerning the international arbitration proceeding brought by Enel Green Power against Inversiones Energéticas (INE), its partner in LaGeo, a joint venture for the development of geothermal energy in El Salvador.
The judges rejected the appeal lodged by INE asking for the ruling in favor of Enel Green Power to be voided, confirming that the ruling had been issued at the end of a fair trial.
The decision of the Court of Appeal reaffirms Enel Green Power's right to allocate investments in LaGeo to share capital through the subscription of newly issued shares in the joint venture.

Start-up of new photovoltaic plants in Greece

January 30, 2013 - Enel Green Power Hellas started operations at 13 new photovoltaic facilities with an installed capacity of 42 MW, enough to generate about 55 million kWh per year. They are located in Macedonia (15 MW), Thrace (14 MW), Thessaly (10 MW) and southern Greece (3 MW).
At the same time, ESSE, the equally held joint venture with Sharp, started operations at six new photovoltaic plants with an installed capacity of 15 MW, enough to generate about 21 million kWh per year. They are located in Thrace (9.8 MW), Macedonia (3.5 MW) and Epirus (2.5 MW).
With these plants, the installed solar capacity of the Italian-Japanese joint venture rises to about 38 MW.
The entry into service of the new plants of both companies will enable generation 76 million kWh of zero-emission power, avoiding the atmospheric emission of more than 50 thousand metric tons of CO_2 per year.

Entry into service of a new wind plant in Italy

February 7, 2013 - Enel Green Power connected the new Bagaladi wind plant in the province of Reggio Calabria to the grid. The plant, composed of 33 wind turbines with a capacity of 0.85 MW each, giving a total installed capacity of 28 MW, will generate more than 50 million kWh per year.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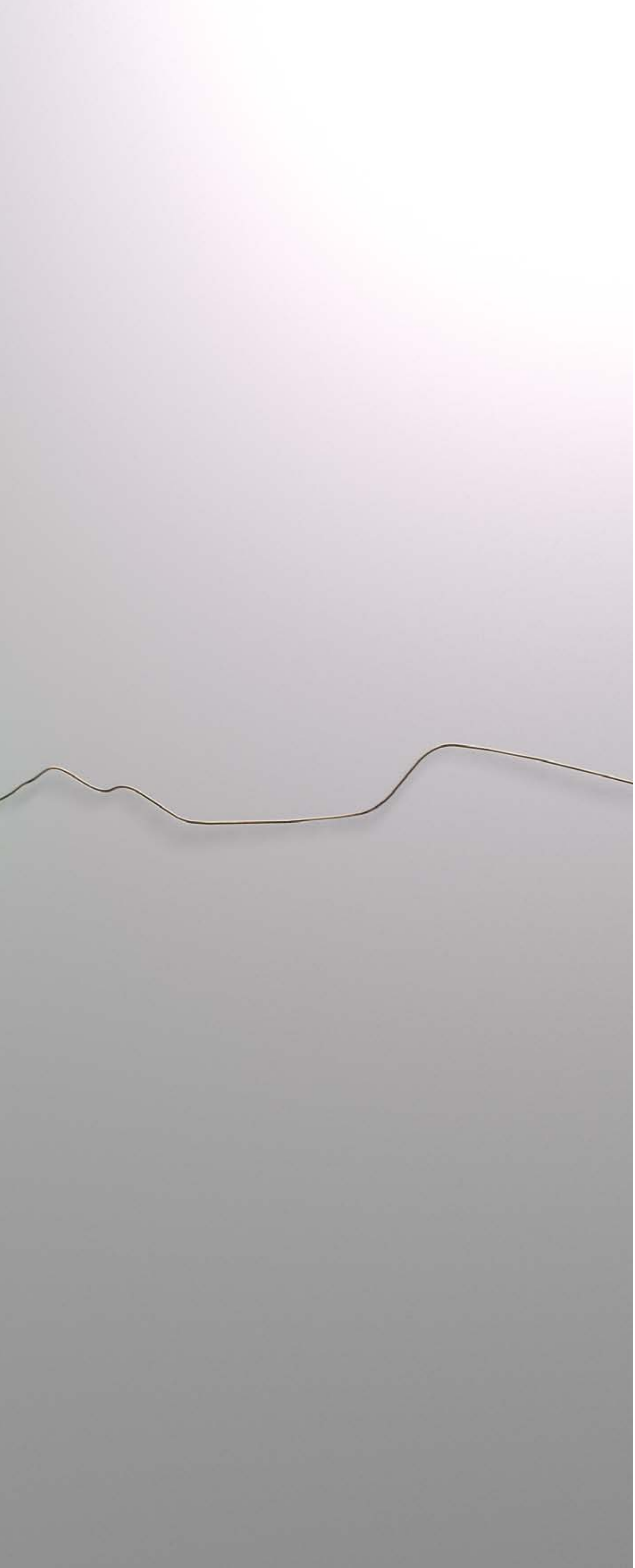

Corporate governance

Corporate governance and ownership structures report

Section I: governance and ownership structures

Introduction

The corporate governance system of Enel Green Power SpA (hereinafter, also referred to as "Enel Green Power" or the "Company") and the corporate group headed by the latter (hereinafter, in short, "the Enel Green Power Group" or, more simply, the "Group") complies with the standards contained in the Corporate Governance Code of listed companies [(1)] (hereinafter, in short, the "Corporate Governance Code") implemented by the Company. The abovementioned corporate governance system is also inspired by the recommendations made in this regard by the CONSOB and, more generally, international best practice.
In December 2012, Enel Green Power's Board of Directors ordered the implementation of recommendations set forth in the edition of the Corporate Governance Code published in December 2011 (and prepared by the Corporate Governance Committee promoted by ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria), in accordance with the timeframe provided under the applicable transitional provisions. Until such time, over the course of 2012, the corporate governance system of the Company and the Group was in line with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006 (and prepared by the Corporate Governance Committee promoted by Borsa Italiana), as well as the amendments on directors' remuneration made to Article 7 of the Code in March 2010.
Such corporate governance system is oriented towards the goal of creating value for the shareholders, over the medium-long term, being fully aware of the social importance of the Company's operations and the consequent need to consider all the interests involved in the conduct of such operations.

Ownership structure

Share capital structure

The Company's share capital consists exclusively of registered ordinary shares fully paid-up, with full voting rights in both Ordinary and Extraordinary Shareholders' Meetings. As of December 31, 2012 (and still as of the date of this report), Enel Green Power's subscribed and paid-up share capital amounted to €1,000,000,000, consisting of 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 Mercato Telematico Azionario organized and managed by Borsa Italiana SpA, on the Spanish regulated markets (Madrid, Barcelona, Bilbao, Valencia) and on the SIBE system.

Major Shareholdings and Shareholders' agreements

Based upon the entries in Enel Green Power's shareholders' ledger, the reports made to the CONSOB and the information available to the Company, as of the date of this 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 Legislative Decree 58 of February 24, 1998 (hereinafter also referred to as "Consolidated Financial Act") regarding Enel Green Power's shares exist. The Company is therefore subject to the *de jure* control of Enel SpA, which directs and coordinates the Company pursuant to Articles 2497 et seq. of the Civil Code.

(1) Available in its various editions on Borsa Italiana's website (at the website: http://www.borsaitaliana.it).

Limits on the transfer of the shares

The Company's bylaws (the "bylaws") do not provide for any limitation on the transfer of the shares of the Company.

Securities which confer special rights of control

The Company has not issued any securities which confer special control rights.

Employee shareholdings: voting mechanisms

The Consolidated Financial Act, provides for specific rules regarding voting proxies, which differ partially for listed companies with respect to the provisions of the Civil Code and which have been significantly amended following the implementation in Italy of Directive 2007/36/EC – relating to the exercise of certain rights of the shareholders of listed companies by Legislative Decree 27 of January 27, 2010 ("Legislative Decree 27/2010"). In such respect, a specific legal framework is provided for the solicitation of voting proxies, which term refers to the request for voting proxies (i) addressed to more than two-hundred shareholders, on specific voting proposal, or (ii) accompanied by recommendations, declarations and other indication suitable for the purpose of influencing the vote.
Under the Consolidated Financial Act, requests for proxies accompanied by recommendations, declarations and other indications capable of influencing the vote, submitted by associations of shareholders to its affiliates – including those associations which group together employee shareholders – does not constitute a solicitation where (i) they are formalized in the form of an authenticated private deed, (ii) they do not conduct business operations, with the exception of those operations that are directly aimed at pursuing the association's purpose, and (iii) they are formed by at least 50 individuals, each of whom has shares not exceeding 0.1% of the Company's voting share capital.
At the same time, the Consolidated Financial Act continues to recommend that bylaws of listed companies contain provisions aimed at facilitating the exercise of voting rights through proxy by the employee shareholders, thus fostering their participation in decision-making processes at Shareholders' Meetings.
In such respect, a specific provision (Article 10.1) was introduced to the bylaws of the Company, providing that, for purposes of simplifying the collection of proxies from the employee-shareholders of the Company and its subsidiaries, who are members of shareholders' associations which comply with the requirements prescribed by applicable laws, areas be made available to such associations to be used for communications and the collection of proxies, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.
As of the date of this report, no establishment of any employee-shareholders' association has been notified to the Company.

Restrictions on voting rights

The bylaws of Enel Green Power do not provide for any restrictions on voting rights.

Mandates to increase the share capital and authorizations to issue equity financial instruments or the purchase of the Company's treasury shares

As of the date of this report, no mandates to increase the share capital pursuant to Article 2443 of the Civil Code or authorizations to issue equity financial instruments or to purchase the Company's treasury shares pursuant to Articles 2357 et seq. of the Civil Code have been 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 wind and photovoltaic technologies, the Company entered into a loan agreement with the European Investment Bank (hereinafter, "EIB") in the total amount of €440 million with the possibility of entering into a subsequent loan agreement for an additional €160 million for the development of the same projects.

In November 2012, the second loan agreement in the amount of €160 million was entered into.

As of December 31, 2012, the total amount of the EIB loans in the amount of €600 million has been disbursed in full.

Both agreements provide that Enel Green Power shall notify EIB of any change regarding its control 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 deemed appropriate.

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 party to 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 as the result of the de-merger of Enel Produzione SpA 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 deemed appropriate.

If the solutions proposed by EIB are not accepted by Enel Green Power, EIB may unilaterally terminate the loan agreement.

C) Agreement with EKF for the financing of wind projects in Romania

On October 19, 2011, Enel Green Power, through its subsidiary Enel Green Power International BV (hereinafter, "EGPI BV"), entered into a financing agreement having a term of 12 years for an amount of €112 million, guaranteed by Enel Green Power itself, with the Export Credit Agency of the Danish government (hereinafter, "EKF") and Citigroup, the latter in the capacity 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 termination of the consultations with EKF that, in any case, shall not last longer than 45 days).

D) Agreement with EKF for the financing of wind projects in Brazil, North America and Romania

At the end of April 2012, Enel Green Power, through its subsidiary EGPI BV, entered into with EKF and Citigroup, the latter in the capacity of "agent" and "arranger", a loan agreement for a term of 12 years in the amount of €180 million, guaranteed by Enel Green Power.

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, the lender, upon the conclusion of the consultations with EGPI BV, which may last for up to 45 days, may request in writing, within five days, the immediate reimbursement of the principal, interest and all other costs accrued.

E) Agreement with EKF for the financing of wind projects Chile

In November 2012, Enel Green Power, through its subsidiary EGPI BV, entered into with EKF and Citigroup, the latter in the capacity of "agent" and "arranger", a loan agreement for a term of 12 years in the amount of €110 million, guaranteed by Enel Green Power.

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, the lender, upon the conclusion of the consultations with EGPI BV, which may last for up to 45 days, may request in writing, within five days, the immediate reimbursement of the principal, interest and all other costs accrued.

F) Revolving credit facility agreement with Enel SpA

The Company entered into an agreement with Enel SpA, with effect as of January 1, 2009, for a line of credit of an overall amount – as of December 31, 2012 – of €2 billion.

The agreement has a one-year term and is subject to automatic renewal if not terminated upon three months advance notice prior to its expiry. Enel SpA may terminate the agreement and request the anticipated reimbursement of the line of credit in case of loss of control over the Company.

G) Loan Facility Agreement of EGPI BV

On July 13, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a long-term multicurrency and multirate line of credit for a value of €2.5 billion, expiring on March 31, 2018.
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.

H) Revolving facility agreement of EGPI BV

On July 1, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a short-term multicurrency and multirate line of credit for a value of €1.2 billion, with an annual term, renewable upon EGPI BV's request.
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.

With regard to the statutory regulations concerning takeover bids, it should be noted that the bylaws of Enel Green Power do not contain any exemptions from the passivity rule set forth under Article 104, paragraph 1 and 1-*bis*, 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.

Direction and coordination activities

Enel Green Power is subject to direction and coordination of Enel SpA pursuant to Articles 2497 et seq. of the Civil Code.

Appointment and replacement of Directors and amendments to the bylaws

The rules governing the appointment and replacement of Directors are examined in Section II below (under "Board of Directors - Appointment, replacement, composition and term").
As regards the rules applicable to amendments of the bylaws, Extraordinary Shareholders' Meetings resolve on such matters with the voting majorities provided by law.
As allowed by law, however, the bylaws reserve to the Board of Directors all resolutions concerning:

> mergers and de-mergers in the circumstances provided for by law;
> the establishment or closing of secondary branches;
> the designation of Directors who are granted powers to represent the Company;
> the reduction of the share capital in the event of withdrawal on the part of one or more shareholders;
> the harmonization of the bylaws to comply with applicable provisions of law;
> the transfer of the registered office within Italy.

Compensation of the Directors in the event of early termination of the relationship, including as the result of a takeover bid

The pay package granted to the Chief Executive Officer (and the General Manager) of Enel Green Power provides for compensation in the event of early termination of the management relationship due to resignation for just cause or early termination or revocation of the Chief Executive Officer mandate without just cause.
For a precise description of the terms governing such indemnity, see Section I of the Remuneration Report approved by the Company's Board of Directors on April 2, 2013, available at the Company's headquarters and on the Company's website (www.enelgreenpower.com).
It should be noted that there are no agreements in place with the Company which provide for:

> the award or maintenance of non-monetary benefits in favour of former Directors, or
> the execution of consultancy agreements for the period following the termination of the relationship.

No specific compensation is envisaged in the event that the relationship of any member of the Board of Directors is terminated, including as the result of a takeover bid.
A description of the overall pay package granted to 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 set forth in the first section of the above-mentioned Company Report on Remuneration.

The Company's Organization

In compliance with the Italian legal framework applicable to listed companies, the Company's organization is comprised of the following elements:

> a Board of Directors appointed to manage the Company;
> a Board of Statutory Auditors in charge of overseeing (i) compliance with the law and the bylaws, and also the compliance with the standards of proper management in the conduct of Company's business operations, (ii) the adequacy of the Company's organizational structure, internal auditing system and administrative-accounting system, as well as its reliability in correctly representing the Company's operations and performance; (iii) the financial disclosure process, the effectiveness of the internal control, internal auditing and, if applicable, risk management systems, the legal auditing of annual accounts and consolidated accounts and the independence of the auditing firm; (iv) the effective implementation methods followed to implement the corporate governance rules set forth in the Corporate Governance Code; (v) the adequacy of the instructions given by the Company to its subsidiaries in accordance with the legal framework on communications to the public;
> a Shareholders' Meeting, which is competent to resolve – in ordinary or extraordinary sessions – *inter alia*, upon: (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors and their remuneration and responsibilities; (ii) the approval of the financial statements and the distribution of dividends; (iii) the purchase and alienation of treasury shares; (iv) the shareholders' plans; (v) the amendments to the bylaws; (vi) the issuance of convertible bonds.

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

Section II: implementation of the recommendations set forth in the Corporate Governance Code and further information

Board of Directors

Role and functions

The Board of Directors plays a central role in the Company's governance structure, being granted to the Board the powers concerning the strategic, organizational and controlling guidilines of the Company and of the Group. In consideration of its role, the Board of Directors meets regularly and endeavours to ensure the effective performance of its duties.
In particular and in accordance with the provisions of the law and its own specific resolutions (and in particular the latest one, adopted on December 19, 2012) the Board of Directors:

> defines the corporate governance system of the Company and the Group and establishes and identifies the functions of the Internal Board Committees, the appointment of their members and the approval of the related rules;
> delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and proce-

dures, if any, for their exercise. Under mandates currently 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 otherwise assigned by law or by the Company's bylaws or which are reserved to the Board of Directors under its own resolutions, as better described below;

> receives, as does the Board of Statutory Auditors, continuous, exhaustive updates from the Chief Executive Officer on the activities carried out in the exercise of his delegated powers, in a specific quarterly report and with regard to the main transactions concluded by the Company and by the companies of the Enel Green Power Group, including transactions which are atypical, unusual or with related parties;

> upon the opinion issued by the specific Committee,
- defines the guidelines for the internal auditing system and the risk management system of the Company and the Enel Green Power Group, determining the level of compatibility of such risks with management of the business that is consistent with the strategic objectives identified, and also making sure that the main company risks are identified, measured and managed in an adequate manner and that the necessary controls exist to monitor the Company and the Enel Green Power Group progress;
- periodically assesses the adequacy of the above-mentioned internal control and risk management system taking into account the characteristics of the business and the risks assumed, as well as its effectiveness;
- approves on at least an annual basis the work plan prepared by the Head of the Audit Function, after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
- after consulting with the Board of Statutory Auditors, assesses the risks presented by the legal auditor in its letter of suggestions and in the report on fundamental issues that emerge over the course of the legal audit;

> identifies within the Board one or more directors in charge of the internal control and risk management system, in accordance with the Corporate Governance Code for listed companies;

> at the proposal of the Director in charge of the internal control and risk management system, in agreement with the Chairman of the Board of Directors, upon a favourable opinion of the specific Committee, after consulting with the Board of Statutory Auditors, appoints and revokes the Head of the Audit Function, and establishes his compensation in accordance with the Company's policies;

> at the proposal of the Director in charge of the internal control and risk management system, upon receiving the Committee's favourable opinion, and after consulting with the Board of Statutory Auditors, ensures that the Head of the Audit Function is endowed with adequate resources for the performance of its duties;

> defines, at the specific Committee's proposal, a policy for the compensation of the directors, the General Manager and executives with strategic responsibilities. In accordance with such policy:

i) determines, based on the proposals made by the Committee and having consulted the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and of the other directors having particular roles;

ii) approves the long-term incentive plans for management in general;

> assesses the suitability of the Company's and Group's administrative, organizational and accounting structure and, upon the Chief Executive Officer's proposal, approves and changes the Company's basic organizational structure, and issues resolutions on changes to be made to the general organizational structure of the Enel Green Power Group;

> based on information received from the Chief Executive Officer, it assesses the general management trends of the Company and of the Enel Green Power 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;

> defines the Group's corporate structure, checking its suitability;

> at the Chief Executive Officer's proposal:
- defines the strategic objectives of the Company and the Enel Green Power Group;
- examines and approves the Business Plan, accompanied by the Investment Plan and the Annual Budget of the Company and the Enel Green Power Group, periodically monitoring the implementation of the same; and defines the risks compatible with the strategic objectives set forth in the Business Plan;

> examines and approves beforehand the Company's and Enel Green Power Group's transactions of significant strategic, economic, and financial importance,

especially if concluded with related parties. Particularly, the Board of Directors resolves upon:

- the issuance of bonds;
- the execution of medium/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 public or government entities (with Ministries, local authorities, public entities etc.) which entail undertakings exceeding €10 million;
- transactions relating to the establishment of companies, the acquisition or sale (also by way of contribution) of interests in companies or going concerns, if the value of the transaction exceeds €10 million;

> formulates proposals to be submitted to the Shareholders' Meetings and reports to the meetings on planned and completed activities, endeavouring to ensure that the shareholders have sufficient information on necessary elements enabling them to take part in the Shareholders Meetings' decision-making process in an informed manner;

> provides guidance and assesses the adequacy of the internal control and risk management system, fulfilling the prerogatives set forth in the Corporate Governance Code (as described in greater detail below in the paragraph entitled "Internal control and risk management system");

> approves proposals on exercising voting rights during the Shareholders' Meetings of the main subsidiaries and the appointment of members of their administrative and control bodies.

It should be noted, lastly, that the Shareholders' Meeting has not authorized, on a general and *ex ante* basis, any exemptions from the competition restriction provided under Article 2390 of the Civil Code.

Appointment, replacement, composition and duration of appointment

According to the provisions of the bylaws the Board of Directors is comprised of 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 higher unit.

Each slate must include at least two candidates with the requisites of independence as established by law, 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 resolved by the Extraordinary Shareholders' Meeting held on April 27, 2012 – 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 Shareholders' Meeting. With regard to the modalities of appointment of the Board of Directors, the above-mentioned bylaws amendments provide for 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 1% of the Company's share capital).

The slates must be deposited at the corporate registered office at least 25 days before the date set for the shareholders' meeting convened to resolve upon the appointment of the members of the Board of Directors; such slates are available at the registered office of the Company, published by the Company on its website 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 Corporate Governance Code – is to be deposited at the Company's registered office, and is timely published on the website of the Company.

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 this 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; 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 state that:

> if one or more of the Directors who have ceased to hold office 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;
> 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.

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 whether or not to adopt such plan on account of the imminent expiry of the Board's mandate, including that of the Chief Executive Officer.

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 10 members.

In particular, on October 5, 2010, before the admission of the Company's shares to the listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana 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. In such regard, it should be noted that Luigi Ferraris, Francesco Starace, Andrea Brentan and Carlo Tamburi have been members of the Company's Board of Directors since the Company's establishment by partial demerger from Enel Produzione SpA, with effect as of 1 December 2008.

Subsequently, in compliance with the obligations undertaken during the listing, the Company and the controlling company Enel SpA, each one within its specific compe-

tence, 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 can be found below. Such candidatures have been presented by a group of 5 institutional investors and by the ENPAM foundation.

Luigi Ferraris, Chairman – A graduate 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 department. Currently, he is the Head of Administration, Finance and Control department of the Enel Group. Luigi Ferraris started his professional career at Price Waterhouse in 1988. He subsequently held several management roles 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 Chairman of Enel Servizi and Enel.Factor SpA, director of Endesa SA, Enel Distribuzione SpA, Enel Produzione SpA, Enel Investment Holding BV and Fondazione Enel SpA. Previously, he was Director of Wind, Weather Investments, Avisio Energia SpA, Enel Viesgo Generación SL, Electra di 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 Slovenké elektrárne AS. Among other activities, he is professor at the Department of Economics at the LUISS University, tenured professor of the "Corporate Strategies" course.

Francesco Starace, Chief Executive Officer and General Manager – He graduated in Nuclear Engineering at the Milan Polytechnic Institute. 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 SpA. He was the Market Division Director from 2005 to 2008.

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

Carlo Angelici, Director – He graduated in law at "La Sapienza" University of Rome in the academic year 1966/67. Since 1974, he has held several teaching roles (banking law, bankruptcy law, industrial law, commercial law and insurance law) at 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 period 1999-2000. 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 – He graduated in Mechanical Engineering at the Milan Polytechnic Institute and earned a Master Degree in Applied Science at 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. Currently he is Chief Executive Officer of Endesa SA, Vice President of Enersis SA, Chief Executive Officer of Enel Energy Europe Srl and head of the Iberia & Latin America Division and Director of Enel Investment Holding BV.

Giovanni Battista Lombardo, Director – 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 privatize 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. In 1997, he was named by the Minister of Finance at such time member of the Ministerial Commission in charge of formulating implementing provisions for Law 662 of December 23, 1996 on organic income taxation reforms.
He has held various academic positions at the Central Tax School "E. Vanoni". He has also been a member of the tax committees of Confindustria and Assonime.

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 Chairman (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 has been a 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. From 2000 until 2012, he has been Vice President of the National Authority of Welfare and Assistance for doctors and dentists and since 2012 he has been alternate Vice President of the same Foundation. Since 2010, he has been alternate Vice President 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 has been 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, organized 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". From 1999 to 2002, he was 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 practices law with a focus on commercial and corporate, bankruptcy, contracts and arbitration.

Carlo Tamburi, Director – 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 to 1996; Head of the Budget Service at the Economic-Finance Planning sector from 1990 to 1994; Executive Manager at the Central Administration Department from 1988 to 1990. 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 the duties and responsibilities inherent in the positions held by them, and are kept constantly informed by the relevant corporate departments on 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. In particular, in 2012 and over the first few months of 2013, the non-executive directors and auditors took part in a training program organized by Assogestioni and Assonime on the duties and responsibilities inherent in the office of member of management and control bodies of listed companies, in light of the new provisions introduced to the 2011 edition of the Corporate Governance Code. In December 2012, the Company organized a strategic summit dedicated to the analysis and in-depth review by the members of the Board of Directors of the strategies followed within the Group's various business segments.

The Directors perform their duties autonomously and in full knowledge of facts, pursuing the main objective of creating value for the shareholders over the medium/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 determined by the Board of Directors, upon proposal by the Appointments and 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 2012, reference is made to the second section of the Remuneration Report approved by the Board of Directors on April 2, 2013, upon the Appointments and Compensation Committee's proposal, which is available at the Company's registered office and also on the Company's website.

Limits on 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 work and professional activities and other positions held.

On this matter, we would like to point out that in June 2010, the Board of Directors approved (and formalized it within a specific document that was amended and updated in December 2012) 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, which takes into account the related participation in Committees established within the Board.

Following the indications by the Corporate Governance 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 foreign companies;
b) Italian or foreign 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 foreign 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 Corporate Governance 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 (including any participation in Committees established within such Board) 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 controlling company as Enel Green Power.

On the occasion of the amendments made to the policy in question in December 2012, it was been expressly provided – in line with the recommendations introduced to the

2011 edition of the Corporate Governance Code – that, unless the Board of Directors expresses a different, justified opinion in such regard, the Chief Executive Officer of Enel Green Power may not hold the role of director in another large company that does not belong to the Enel Green Power Group and the Chief Executive Officer of which is one of Enel Green Power's Directors.
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 2013, 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 2012, the Board of Directors held 16 meetings, lasting on average about 2 hours and 15 minutes each, with the regular participation of the various Directors and the presence of the Board of Statutory Auditors. As far as 2013 is concerned, 13 Board meetings have been scheduled, 4 of which have already been held.
The heads of the corporate functions in charge of the various matters on agenda are regularly invited to take part in the Board of Directors' meetings, and provide all appropriate in-depth information on the matters under discussion.
The activities of the Board of Directors are coordinated by the Chairman, who has a proactive role in the functioning of the Board. In particular, the chairman calls the Board meetings, sets the agenda and leads the meeting itself, making every endeavour to ensure that the Directors promptly receive the necessary documents and information – except for cases of need and urgency – for being able to express themselves with full knowledge of 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), and the legal representation and corporate signatory powers of the Company. In addition, based upon the board resolution passed on October 5, 2010 (as amended on December 19, 2012), the Chairman verifies the implementation of the Board of Directors' resolutions.

Evaluation of the functioning of the Board of Directors and its Committees

During January and February 2013 the Board of Directors, in accordance with the most advanced corporate governance practices followed in Italy and abroad, implemented by the Corporate Governance Code, 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 assessment on the functioning of the Board and its Committees, and on their size and composition, also taking into account elements such as the professional qualifications, experience (including managerial experience) and gender of its members, as well as their seniority in their roles (known as the "board review").
Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis focused on the most significant issues regarding the board of directors, such as: (i) the composition, role, and responsibilities of such body; (ii) the organization and conduct of Board meetings, the related flows of information and the decision-making processes adopted; (iii) the composition and functioning of the Committees instituted within the Board; (iv) the adequacy of the organizational structures that support the works of the board of directors and of its Committees; (v) the induction meetings on the key strategic and operating matters.
Among the strengths that emerged from the 2012 board review are pointed out, first and foremost, 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 in-depth discussion sessions on matters such as risks, strategies, financial requirements and corporate sustainability were met with particular favour, as well as the transparency and modalities through which the preparation and analysis of strategies are conducted in the interest of all of the shareholders. 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 described above shows the satisfaction with and appreciation of the Board of Directors and points out that, the Board's functioning modalities have improved. A greater awareness and knowledge of the business has encouraged greater participation on the part of the Directors and improved the quality of discussions.

The Chairman performs his role effectively and is viewed favourably by the directors.

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; the need to analyse and further review on an in-depth basis the developments in the legal and regulatory framework applicable to the sector, as well as analyse risk management and the need to improve its understanding of the key business factors.

Moreover, taking into account the results of the board review, the Board of Directors, in light of the imminent expiry of its mandate and in view of the Shareholders' Meeting called to approve the 2012 financial statement and the renewal of the Board, has expressed, based upon recommendations formulated by the Appointments and Compensation Committee its views on the professional figures deemed advisable within the Board. These views have been stated in the Board of Directors' report dedicated to the point on the agenda on the Shareholders' Meeting for the renewal of the Board of Directors.

Executive and non-executive Directors

The Board of Directors comprises executive and non-executive Directors.

In accordance with the contents of the Corporate Governance 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 controlling 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 February 2013, 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.

As regards the Chief Executive Officer, the latter has been granted all powers related to the management of the Company, with the exception of those otherwise assigned by laws or regulations, by the bylaws or by the structure of powers last amended in December 2012, in order to implement the new recommendations of the Corporate Governance Code, 2011 edition (as regards the matters which under such structure would be reserved to the Board of Directors, reference is made to the paragraph of this section entitled "Board of Directors - Role and functions").

The number, expertise, professionalism, authority and availability of time of the non-executive Directors therefore capable of ensuring that their opinion can have a significant influence in the Board's decision-making process.

Non-executive Directors bring their specific skills to the Board's discussions, in order to facilitate an examination of the matters being discussed from different perspectives and a consequent adoption of well-considered and well-informed decisions, that are in line with the Company's interests.

Independent Directors

Based on the information provided by the individual parties or in any case available to the Company, immediately after the appointment of each Director (October 2010, May 2011 and January 2012), and most recently in February 2013, the Board of Directors attested the existence of the requisites of independence considered in the Corporate Governance 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 Corporate Governance 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, January 2012 and most recently February 2013, 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 Unified Finance Act and the related implementing regulations) for the statutory auditors of listed companies (such requisites are indicated in Table 1, attached hereto).

During the months of December 2010, May 2011, February 2012 and, most recently, February 2013, 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 Corporate Governance 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 October 2012; on that occasion they evaluated, *inter alia*, the Company's organizational structure and certain aspects of the implementation of the Corporate Governance Code, including the timeframe for disclosure prior to meetings and the role of the Board of Directors in the adoption of a plan for the succession of the executive Director.

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 own a controlling participation in the Company, there are not the conditions set forth by the Corporate Governance Code for the appointment of the lead independent director. It should also be noted that as of the date of this report, the independent directors have not availed themselves of the right to request the appointment of a lead independent director as envisaged under the Corporate Governance Code for issuers included on the FTSE-MIB.

It should be noted 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.

Without prejudice to the foregoing, independence in judgment characterizes the activities of all of the Directors, including those who are not qualified as Independent Directors.

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 acts also as Committee for the transactions with related parties. In line with the recommendations introduced in the 2011 edition of the Corporate Governance Code, in December 2012, the Board of Directors amended the responsibilities of both Committees, as well as their names to, respectively, the Appointments and Compensation Committee and the Control and Risks Committee. In this context, moreover, it maintained under the latter committee its functions as the related parties Committee. According to the applicable laws, such Committees are exclusively comprised 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 organizational 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 (now called the Appointments and Compensation Committee), in order to conform it to the amendments to Article 7 of the Corporate Governance Code introduced in March 2010. Lastly, in December 2012, the Board of Directors made new amendments to the rules governing both Committees aimed at, *inter alia*, implementing the recommendations introduced in the 2011 edition of the Corporate Governance Code.

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 Appointments and Compensation Committee decides to avail itself of 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 effectively jeopardize his independence in judgment.

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 (in this regard, it should be noted that starting in December 2012 and in line with the recommendations introduced in the December 2011 edition of the Corporate Governance Code, the other acting auditors are also entitled to attend), 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 Appointments and Compensation Committee are normally attended also by the Head of the "Human Resources and Organization" function, and the meetings of the Control and Risks Committee are also attended by the Head of the Audit Function.

Nomination and Compensation Committee

The Nomination and Compensation Committee (which, until December 2012 acted with the name and the functions of Remuneration Committee) has the task of assisting the Board of Directors with review functions, of a propositive and advisory nature, in assessments and decisions concerning the size and composition of the Board as well as the compensation of the Directors and Executives with strategic responsibilities.

The compensation paid to Directors and Executives with strategic responsibilities is established in an amount that is sufficient to attract, maintain and motivate persons endowed with the professional qualities required for the successful management of the Company.

In this regard, the Committee is in charge of making every endeavour to ensure that the compensation of executive directors and executives with strategic responsibilities is established so as to align their interests with the pursuit of the priority objective of creating value for shareholders over the medium/long-term. In particular, a significant portion of the compensation granted to the executive Director and the Executives with strategic responsibilities is linked to the achievement of specific performance objectives, which are not necessarily economic in nature, that are indicated in advance and determined in accordance with the guidelines set forth in the remuneration policy.

The compensation of non-executive Directors is commensurate with the commitment requested of each of them, taking into account their participation in Committees. It should be noted, in this regard, that in line with the recommendations set forth in the Corporate Governance Code, such compensation is not in any respect linked with the economic results attained by the Company or by the Group and the non-executive Directors are not the recipients of stock-based incentive plans.

No Director may attend the Committee meetings during which proposals are formulated for the Board of Directors in connection with their own emoluments, except if such proposals concern all of the members of the Committees established within the Board of Directors.

Following the amendments of the organizational Rules valid through December 19, 2012, such Committee is granted 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 or express opinions 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 statements.

As part of the implementation of the new recommendations of the 2011 edition of the Corporate Governance Code, as already illustrated, the Board of Directors has assigned to the Committee new functions and has changed its name of Remuneration Committee into Nomination and Compensation Committee. Specifically, the Committee, in addition to having essentially maintained its previous substantive responsibilities:

> formulates opinions to the Board of Directors on the size and composition of the Board and expresses recommendations on the professional figures whose presence on the Board is considered advisable;

> expresses recommendations to the Board of Directors on the maximum number of positions on management or control bodies of other companies listed on regulated markets, financial firms, banks, insurance companies or large companies that may be considered compatible with effectively performing the role of Director of the Company;

> expresses recommendations to the Board of Directors on any problematic issues related to the application of the restriction on competition imposed upon Directors under Article 2390 of the Civil Code, if the Shareholders' Meeting, for organizational reasons, has authorized in advance exemptions from such restriction on a general basis;

> proposes to the Board of Directors candidates for the role of Director, taking into account any referrals received from shareholders:
  - in the event of co-optation, if it is necessary to replace independent Directors;
  - if, in the event of renewal of the Board of Directors, it is envisaged that it will not be possible to attain, using the lists submitted by the shareholders, the number of Directors required, such that the exiting Board may express candidatures to be submitted to the Shareholders' Meeting;
  - if, in the event of renewal of the Board of Directors, the exiting Board were to decide to avail itself of the right, provided under Article 13.3 of the bylaws, to submit its own list.

As part of its duties, the Nomination and Compensation Committee also plays a primary role in the drawing up and verification of developments in long-term incentive 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 Nomination and 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 2012, the Committee held 5 meetings, that were duly documented in minutes, characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors) and lasted on average 2 hours and 30 minutes each; the Committee also availed itself of an external consultant, at the Company's expense.

During 2012, the Committee – in addition to 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 2012, moreover, the Compensation Committee defined during the first few months the contents of the remuneration policy for the directors and the executives with strategic responsibilities for 2012. Such policy was approved by the Board of Directors on April 2, 2012 and was then submitted to the ordinary Shareholders' Meeting held on April 27, 2012 for a consultative vote, which voted in favour of the same. The Committee, in addition to elaborating the contents of the long-term incentive plan for year 2012 and conducting a general review of the progress of the incentive plans in place, has handled the operating aspects of the variable component of the compensation paid to the Chief Executive Officer/General Manager, identifying in particular the annual economic-performance objectives assigned to the same and verifying the achievement of the objectives for the previous year. Lastly, the Committee analyzed the progress in the compensation policy concerning management and commenced toward the end of the year the preparation of the policy for the remuneration of Directors and Executives with strategic responsibilities for 2013, which following its preparation by the Committee was approved by the Board of Directors on April 2, 2013.

Control and Risks Committee

The Control and Risks Committee (which, until December 2012 acted under the name of Internal Control Committee and according to the activity due, in line with the recommendations introduced to the edition of the Corporate Governance Code published in March 2006) has the task of supporting, with adequate review activities, the assessments and decisions of the Board of Directors, related to the internal control and risk management system, as well as those related to the approval of periodic financial reports. In particular, the Control and Risks Committee has the following consultative and proposing tasks (as recently defined by the Board of Directors in December 2012) that enlarged the tasks already due as Internal Control Committee:

> supporting the Board of Directors, by formulating specific opinions, in the performance of its tasks concerning internal control and risk management imposed under the Corporate Governance Code (it should be noted that such tasks are analysed below in this section, in the paragraph entitled "Internal control and risk management system");
> evaluating, together with the Executive in charge of drawing up corporate accounting documents and after consulting with the external auditors and the Board of Statutory Auditors, the correct use of accounting principles and the homogeneity of the latter for purposes of preparing the periodic financial reports;
> expressing opinions on specific aspects concerning the identification of the Company's main risks;
> examining the periodic reports concerning the assessment of the internal control and risk management system and the particularly important reports prepared by the "Audit" function;
> monitoring the independence, adequacy, effectiveness and efficiency of the "Audit" function;
> carrying out further tasks assigned to it by the Board of Directors, with particular reference to reviewing the Company's main rules and procedures related to the internal control and risk management system and those which are relevant to stakeholders, with particular reference to the Organizational and Operating Model prepared pursuant to Legislative Decree 231/2001, the Code of Ethics, the "Zero tolerance of corruption" plan, submitting such documents to the Board of Directors for approval and assessing possible amendments and supplements to the same;
> 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, on the activities carried out and the suitability of the internal control and risk management system.

The Committee in question may also ask the "Audit" function to perform verifications on specific operating areas, by providing simultaneous notice to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors, and the Director in charge of the internal control and risk management system, except in situations in which the subject matter of the request for verification pertains specifically to such persons' activities.

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 (hereinafter, the "Procedure"), such Committee has been vested with the functions of the related parties Committee 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 indentified by the Procedure) according to the terms and conditions provided under the Procedure.
The Procedure was adopted in December 2010, came into force as of 1 January, 2011 and was amended in December 2012.
The Committee is currently comprised 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 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 2012, the Committee held 13 meetings which were duly documented through minutes, with an average duration of 2 hours and 30 minutes, and were characterized by the regular attendance of its members and the Chairman of the Board of Statutory Auditors. Three of the meetings of the Committee were held in its function as Related parties Committee pursuant to the Procedure for the governance of related party transactions.
During 2012, the activities of such Committee mainly focused on the evaluation of (i) the working plan drafted by the head of the Audit Function and the results of the audit carried out in the previous year; (ii) conducted an assessment on the organization, accounting and administrative structures, and the internal control structures of a number of companies of the Enel Green Power Group considered particularly important; and (iii) monitored the compliance with the organizational and operating model adopted pursuant to Legislative Decree 231 of June 8, 2001, providing also for the update of such model; (iv) conducted a review process on the modalities for the implementation of the new recommendations of the Corporate Governance Code published in December 2011, finding then ways of implementation by the Company of the recommendations therein contained, that had been previously approved by the Board of Directors on December 2012 as well as the related proposals for the amendments of the powers' structure and of some of the procedures and internal regulations concerning corporate governance.
During the period in question, 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 accordance with the specific procedure, adopted in June 2010, concerning the assignment of mandates to the external auditors that are working for the Group; in such regard, it should be noted that such procedure was replaced by a new procedure adopted by the Board of Directors at the meeting held on December 19, 2012 which no longer assigns specific responsibilities to the Committee.
The Committee has evaluated the reports received over the course of 2012 in compliance with the provisions of the Code of Ethics, has examined a number of transactions with related parties and expressed, within the scope of its responsibilities, a positive evaluation with regard to the adequacy, effectiveness and the effective functioning of the internal control system during the previous financial year.
In 2012, the Committee, during the execution of its duties, held some meetings with the heads of some corporate functions.
The Committee has also 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.
Lastly, during the meetings in its role as Related Parties Committee, the Committee (i) agreed upon a number of proposals for the amendment of the corporate procedure for the governance of related parties transactions and the organizational rules of the Committee, essentially in order to update the contents while implementing the same, of the recommendations set forth in the edition of the Corporate Governance Code published in December 2011, and (ii) expressed a reasoned opinion on such related party transactions, assessing, for each of them, Enel Green Power's interest in concluding the transaction, as well as the advantageousness and substantive properness of the related terms.

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.

Besides holding the duties assigned by law (and listed in the first section of this document under "The Company's Organization"), in compliance with corporate governance provisions, Statutory Auditors provides that:

> Statutory Auditors, even individually from the other, may ask Company's "Audit" Function verifications on specific areas or company's operations;
> Statutory Auditors may transmit and/or requests timely relevant information with Control and Risks Committee for the performance of its duties.

Under the legal framework currently in force, the members of the Board of Statutory Auditors must meet the integrity, independence, professionalism requisites required of statutory auditors of listed companies, as supplemented by the specific provisions of the bylaws.

According to the content the Unified Finance Act, the limits to the number of administrative and control offices that the members of the Board of Statutory Auditors can hold in Italian companies have been identified by CONSOB, with specific regulation.

Similar to the provisions applicable to the Board of Directors – and in accordance with the provisions of the Consolidated Financial Act – the bylaws provide 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 resolved upon by the Extraordinary Shareholders' Meeting held on April 27, 2012 – 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 on its internet website and made available to the public at its registered office, 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.

In any case, the Statutory Auditors act autonomously and independently, also with regards 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 comprised of the acting Statutory Auditors Franco Fontana (Chairman), Giuseppe Ascoli and Leonardo Perrone. The Alternate Auditors appointed by the Ordinary Shareholders' Meeting held on April 27, 2011 are Giulio Monti and Pierpaolo Singer.

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 slate 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 INARCAS-

SA (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 2010 he was Chairman of the Faculty of Economics of the LUISS Guido Carli University. From 1994 until 1997, he was Chairman 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. 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, 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 in 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) – He earned a degree in law at the "La Sapienza" University of Rome in 1965. He is a Supreme Court lawyer specialized in tax and corporate law and is enrolled with the register of Certified Auditors of Accounts. Since 1970, he has been a professor of "Tax Law" at the University of Macerata. He is full professor of "Tax Law" since January1, 1976, at the University of Catania, then in Perugia and, finally, since November 1, 1982 on the Faculty of Economics of "La Sapienza" University in Rome. He has been a member of the Boards of Statutory Auditors and the Boards of Directors of various companies and entities, at the national level, with financial and business responsibilities. He is a member of the "Technical Committee for the implementation of the tax reform" and the "Superior Council of Finance". He has been a presenter at numerous national and international conferences in Italy and abroad. 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 and corporate law matters, representing several important national and international clients in court proceedings and out-of-court proceedings.

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 2012, the Board of Statutory Auditors held 15 meetings. The meetings had an average duration of 2 hours and 30 minutes each and were regularly attended by the acting Statutory Auditors.
In February 2013, the Board of Statutory Auditors established for each of the Statutory Auditors the existence of the requisites of independence provided under the Corporate Governance Code for the Directors and Article 148, paragraph 3, of the Consolidated Financial Act.
The Board of Statutory Auditors, moreover, 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 Inter-

nal Control Committee (now called the Control and Risks 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 Audit function the updates concerning the inspections over specific operative areas.

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.

Starting in June 2010, in order to preserve the independence of the auditing firms that operate within the Group, a specific procedure was completed that governs the granting of mandates to auditing firms or to the entities belonging to their related networks by companies belonging to the Group. In accordance with the amendments to this procedure, in December 2012, the Board of Statutory Auditors expresses a prior binding opinion (or, in cases in which they do not compromise in any manner whatsoever the independence of the auditor, receives periodic disclosure/reporting) on the grant of additional mandates by companies belonging to the Group, therefore other than the main auditing mandate for which no condition of legal incompatibility applies – 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 only 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

During 2012, the executive manager in charge of drawing up Enel Green Power corporate accounts documents had been carried out by the Head of the Company's Administration, Finance and Control Department, Mr Alberto de Paoli, appointed by the Board of Directors, subject to the opinion provided by the Board of Statutory Auditors.

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 Mercato Telematico Azionario organized and managed by Borsa Italiana SpA and on the Spanish regulated markets (Madrid, Barcelona, Bilbao, Valencia) and on the SIBE system, on November 4, 2010.

Starting on May 1, 2012, such office was taken over by Giulio Antonio Carone, who also held the role of Head of the Administration, Finance and Control Department of Enel Green Power. As verified by the Board of Directors, Alberto de Paoli, over the period in which he held such role, met the professionalism requisites provided under the Company's bylaws. Similarly, the Board of Directors was able to verify that Giulio Antonio Carone also met such requisites.

The executive in charge of the preparation of the Company's accounting/financial documents 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 and risk management system

On the matter of internal control and risk management, the Group has in place a specific system consisting in a set of rules, procedures and organizational structures aimed at allowing for the identification, measurement, management and monitoring of the Company's main risks. Such system's mission is that of (i) verifying the suitability of the various Company's processes as to their efficacy, efficiency and economic nature and (ii) guaranteeing reliability and fairness/accuracy 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 and risk management system is structured through three separate categories of activities 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 Company's Risk Management function with regard to elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk);
> internal audit, meaning the activities of general verification on the structure and functioning of internal controls, is assigned to the Company's specialized "Audit" function; such activities are 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 of the Company and the other companies of 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 and risk management system, consistent with existing national and international reference models and best practices lies with the Board of Directors.
Based upon the arrangements made in December 2012 during the implementation within the Company of the important new elements concerning the internal control and risk management system set forth in the Corporate Governance Code published in December 2011, the Board of Directors, first of all, identifies from among its members one or more directors to be place in charge of the establishment and maintenance of an effective internal control and risk management system. In particular, in December 2012, the Board of Directors confirmed that such role would be assigned to the Chief Executive Officer (who already acted in the role of sole executive director in charge of overseeing the functioning of the internal control system).
In addition, the Board of Directors, upon receiving an opinion from the Control and Risks Committee:

> defines the guidelines for the internal control and risk management system of the Company and the Enel Green Power Group, determining the level of compatibility of such risks with a management of the business that is consistent with the strategic objectives identified, and also ensuring that the main corporate risks are identified, measured and managed in an adequate manner and that the necessary controls are in place in order to monitor the performance of the Company and the

Enel Green Power Group; it should be noted in this regard that in February 2013, the Board of Directors, after examining the contents of an analysis document prepared by the "Administration, Finance and Control" Department of the Company with support from the "Risk Management" function and having acknowledged the opinion expressed in such regard by the Control and Risks Committee, defined the level of compatibility of the main risks pertaining to the Company and its subsidiaries related to the strategic objectives identified in the guidelines of the 2013-2022 business plan with management of the business in line with the same objectives;

> evaluates, at least once a year, the suitability of the internal control and risk management system with respect to the characteristics of the business and the risk assumed, as well as its effectiveness. It should be noted that, in February 2012, and more recently in February 2013, the Board of Directors has expressed its positive evaluation;

> approves, on at least an annual basis, the work place prepared by the head of "Audit", after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system. It should be noted, in such regard, that in February 2013, the Board of Directors approved the audit plan for the same year; as regards 2012, the audit plan was reviewed by the Internal Control Committee, in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006;

> assesses, after consulting with the Board of Statutory Auditors, the results expressed by the auditing firm in its management letter and in the report on fundamental issues that emerged over the course of the legal audit. In such regard, it should be noted that, in 2012, the management letter issued by the auditing firm referring to the financial statements of the Company and the Group for the year 2011 was assessed by the Internal Control Committee, in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006; starting in 2013, both the management letter and the report on fundamental issues that emerged over the course of the legal audit will be assessed by the Board of Directors, after hearing the opinion of the Control and Risks Committee and after consulting with the Board of Statutory Auditors.

The Board of Directors, lastly, upon a proposal by the Director in charge of the internal control and risk management system, in agreement with the Chairman of the Board of Directors and upon a favourable opinion from the Control and Risks Committee, and after consulting with the Board of Statutory Auditors, appoints and revokes the Head of the "Audit" function. In addition, at the proposal of the Director in charge of the internal control and risk management system, upon receiving the favourable opinion of the Control and Risks Committee, and after consulting with the Board of Statutory Auditors, the Board ensures that the person in charge of the "Audit" function is endowed with adequate resources for purposes of performing his responsibilities.

The executive Director in charge of the internal control and risk management system, in turn:

> identifies the Company's main 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, managing the planning, implementation and management of the internal control and risk management system, and constantly checks its overall suitability, efficacy and efficiency;

> handles the adaptation of the internal control and risk management system to the dynamics of the operating conditions and the legislative and regulatory framework;

> may ask the Head of the "Audit" function to perform verifications on specific operating areas and on the compliance with internal rules and procedures in the performance of company transactions, providing simultaneous reporting on the same to the Chairman of the Board of Directors and the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors;

> reports in a timely manner to the Board of Directors on problematic issues and criticalities that may emerge over the course of his activities which may come to his attention, such that the Board may take the appropriate initiatives.

The person in charge of the "Audit" function (which function was held by Silvia Fiori during 2012), on his part:

> has the task of checking, on an on-going basis both with regard to specific requirements and in compliance with international standards, the functioning and suitability of the internal control and risk management

system, through an audit plan approved by the Board of Directors and based upon a structured process of analyses and identification of the priorities of the main risks;
> is not responsible for any operating area and reports hierarchically to the Board of Directors. Without prejudice to such hierarchical reporting, the Board of Directors has assigned to the Director in charge of the internal control and risk management system the task of managing the functioning relationship with the Head of the "Audit" function;
> has direct access to all the information useful for the purpose of carrying out his role;
> prepares periodic reports containing adequate information on his activities, on the modalities used to manage risks and on the compliance with plans defined for their containment. The periodic reports contain an opinion on the suitability of the internal control and risk management system;
> prepares in a timely manner reports on events of particular importance;
> sends the reports referred to in the previous two points to the Chairmen of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors, and to the Director in charge of the internal control and risk management system;
> verifies, as part of the audit plan, the reliability of the IT systems, including the accounting systems.

In compliance with the most advanced international governance practices since December 2011 Enel Green Power has a specific "Risk Management" function 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.
The most significant tasks assigned to the function include, *inter alia*, the following:
> identifying, monitoring and assessment the exposure to risks and possible mitigation actions for the entire Enel Green Power Group;
> managing the insurance processes and claims for all of the Group's Areas/Divisions.

In 2012, the function implemented the structure for the control of exposure to risk by creating a unit dedicated to the analyses and monitoring of business risks, and reinforcing the infrastructure for monitoring financial risks.
Within the management of the risks, the Control and Risks Committee, through periodic meetings, provides to top management an all-encompassing vision of the Group's exposure to risks and guarantees the definition and optimal management of the main risks, taking into account both the current situation and expected future developments.

The financial disclosure risk management and internal control system

The Enel Green Power Group has had for several years a special system of internal control regarding the process of financial disclosure which oversees the preparation of the financial statement and has the objective of ensuring the reliability of financial disclosure and the capacity of the process of drafting the financial statement to produce disclosure in accordance with commonly accepted accounting standards (referred to collectively in this paragraph, in short, as the "System").
Overall, this System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system (hereinafter, the "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 [2], accuracy, reliability, and timeliness of financial disclosure (hereinafter, the "Internal Control System").
The executive in charge of preparing the corporate accounting documents 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 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

(2) Reliability (of the disclosure) refers to disclosure that possesses the characteristics of fairness/accuracy and conformity with the generally accepted accounting principles and the requirements by the applicable laws and regulations.

defines roles and responsibilities within the Company's organization, also providing for a specific flow of internal certifications.

The controls instituted have been monitored to check both their "design" (i.e. that the control is potentially structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management in charge of the processes and controls is also in charge of periodically verifying the System.

The System's structure is defined in line with the model "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Tradeway Commission (the so-called "COSO Report"), which provides for five components (control environment, risk assessment, control activities, IT systems and communication flows; monitoring activities) which, depending upon their characteristics, operate at the level of the organizational entity and at the operating process level. The COSO Report is supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT").

The financial disclosure internal control process, which is progressively extended to newly acquired subsidiaries of a material significance, is divided into the following 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 disclosure). 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 disclosure, 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.

The structure of the entity-level controls provides for "Entity/Company Level Controls" meaning control instruments defined on a central basis that is commonly applied within the Group or within a specific area and which allow the controlling company to direct, define and monitor, albeit at a high level, the design and operations of the subsidiaries' System, or control instruments that operate transversally throughout a single company or Area or country. This category includes, *inter alia*, the Code of Ethics, the corporate governance and the Group's guidelines.

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.

The structure of the process level controls provides for specific controls or monitoring controls, meaning the set of activities, which may be either manual or automated, aimed at preventing, identifying and correcting errors or irregularities that may occur over the course of operating activities.

In order to improve the efficiency of the system and its sustainability over time, the controls are sub-divided into standard controls and key controls, the latter referring to controls that are decisive for purposes of preventing false information from being included in the financial statements.

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 iden-

tified and assessed the risks having the greatest impact and the related controls, both general and specific, aimed at reducing the likelihood of occurrence of the aforesaid risks to an acceptable level.
Within the System, pervasive controls are also identified. Such term refers to structure elements of the control system aimed at defining a general context that promotes the proper execution and control of operating activities. In particular, pervasive controls are those related to the segregation of incompatible activities (Segregation of Duties) that aims to ensure that a single person is not assigned a concentration of tasks and duties that could facilitate the realization and/or concealment of frauds/errors. Where the activities are performed with the support of IT systems, the proper segregation is verified also with regard to the professional figures and the usernames assigned.
In order to assess the adequacy of the System, provision has been made for a specific monitoring to be carried out every six months by the process managers (that is, the individuals in charge of the processes 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 independent monitoring activity, for 2012, was assigned pursuant to a service agreement to the Audit Internal Control over Financial Reporting of Enel SpA and, with specific regard to Enel Green Power España SL, to an external consultancy company, since the processes related to Enel Green Power España SL were subjected to a new mapping following the implementation and start-up of the new SAP system.
The results of the line monitoring and the independent monitoring are communicated to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so-called "reporting"), which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial disclosure – into simple deficiencies, significant weaknesses, or material deficiencies.
In the event that the assessments conducted lead to the detection of deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to achieve the objectives of credibility, accuracy, reliability, and timeliness of financial disclosure.
These flows are also used for the periodic information on the adequacy of the System, provided by the manager in charge of preparing the Company's financial documents 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, the Executive in charge of preparing the Company's financial documents, 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 2012 financial year, during the month of February 2013, the Control and Risks 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 referred to as "non-European Union foreign subsidiaries").
In particular, the following should be noted in this regard: according to the data contained in the financial report as of December 31, 2011 and in application of the parameters concerning material significance for consolidation purposes provided by Article 36, paragraph 2, of the CONSOB Market Regulation, 37 non-EU foreign subsidiaries were identified within the Enel Green Power Group to which the regulations apply for the 2012 financial year. Specifically, these companies are:
a) 1) Enel Fortuna SA; 2) Enel Green Power North America Inc.; 3) Essex Company; 4) Enel Geothermal LLC; 5) Enel Brasil Participações Ltda; 6) Renovables de Guatemala SA; 7) Smoky Hills Wind Project II LLC; 8) Texkan Wind LLC; 9) Enel Green Power Canada Inc.; 10) Nevkan Renewables LLC; 11) Enel Panama SA; 12) Enel Latin

America (Chile) Ltda; 13) Enel Stillwater LLC; 14) Smoky Hills Wind Farm LLC; 15) Empresa Eléctrica Panguipulli SA; 16) Hydro Development Group Inc.; 17) Empresa Eléctrica Puyehue SA; 18) Geotérmica del Norte SA; 19) Snyder Wind Farm LLC; 20) Enel Kansas LLC; 21) Enel Nevkan Inc.; 22) Enel Texkan Inc.; 23) Chi Hydroelectric Company Inc.; 24) Enel Salt Wells LLC; 25) Primavera Energia SA; 26) Padoma Wind Power LLC; 27) Isamu Ikeda Energia SA; 28) Generadora de Occidente Ltda; 29) Impulsora Nacional de Electricidad Srl de Cv; 30) Boott Hydropower Inc.; 31) Mexicana de Hidroelectricidad Mexihidro Srl de Cv; 32) Enel de Costa Rica SA; 33) Energía Alerce Ltda; 34) Enel Cove Fort LLC; 35) Canastota Wind Powers LLC; 36) Apiacás Energia SA; 37) Proveedora de Electricidad de Occidente Srl de Cv;

b) the balance sheet and income statement for 2012 of all the above companies, as included in the reporting package used for the preparation of the Enel Green Power Group's consolidated financial statements, will be made available to the public by Enel Green Power at the Company's registered office and on its website at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2012 civil law financial statement off the Company, at the same time as the summary reports regarding the main data of the last financial statements 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 statements 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

The Board of Directors certifies 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, as a subsidiary subject to direction and coordination on the part of another company:

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 a Control and Risks Committee (formerly the Internal Control) that also carries out, within Enel Green Power, the functions of the Related Parties Committee and an Appointments and Compensation Committee (formerly the Remuneration Committee) comprised exclusively of independent Directors (as defined by paragraph 1-*bis* of Article 37 of Consob's Market Regulation). Enel Green Power, as a subsidiary subject to direction and coordination by another Italian company with shares listed on a regulated market, has also a Board of Directors comprised mainly of independent directors.

Transactions with related parties

Over the course of 2012, a procedure aimed at governing the approval and execution of transactions with related parties realized by Enel Green Power, directly or through subsidiaries, applied at the Group level, in order to ensure the transparency and fairness, both substantive and procedural, of the transactions. Such procedure was adopted by the Board of Directors in December 2010, in compliance with the requisites indicated by CONSOB with a specific regulation approved in March 2010.

According to such procedure, the transactions with related parties concluded directly by Enel Green Power can be divided in the following three categories:

> transactions of "major importance", which are those exceeding a specific quantitative threshold (equal, respectively 2.5% and to 5% depending on the related party which is party to 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 shareholder's competence according to the bylaws or applicable laws, they are necessarily subject to the Boards of Directors' 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 structure of decision-making powers in force from time to time within the Company;

> 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 advantageousness and substantial fairness of the relevant conditions, the procedure determines specific information flow. In particular:

> for transactions of "minor importance" the Company's Chief Executive Officer or the proposing function, through the Corporate and Legal 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 on each transaction of minor importance, providing any appropriate updates thereof;

> for transactions of "major importance" the Company's Chief Executive Officer, through the Corporate and Legal 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 prior to the subsequent final review of the same by the Board of Directors.

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 committee issues a negative opinion, the Board of Directors of the Company, if set forth in the bylaws of the Company (introduced during the extraordinary Shareholders' Meeting of April 27, 2011), may submit the transaction of major importance to the Ordinary Shareholders' Meeting for its authorization. The Shareholders' Meeting, without prejudice to the majo-

rities 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 applicable laws, 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 other Directors and Statutory Auditors of the nature, the terms, the origin and the scope of his interest.

If the relation exists with the Company's Chief Executive Officer or with a related through 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 Company's acting Statutory Auditors or with a related party through them, the interested Auditor promptly gives notice of such relation.

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 set forth adequate underlying the advantageousness for Enel Green Power deriving from the completion of the transactions and the advantageousness and substantial fairness of their underlying terms.

Furthermore, the procedure sets that the Company's Chief Executive Officer, 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 from time to time 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 in force from time to time 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 their 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

Over the course of 2012, specific rules for the management and handling of reserved information applied at the Group-wide level, which rules also contained the procedures for external communications of documents and information concerning the Company and the Enel Green Power Group, with particular reference to confidential information. In accordance with such regulations, approved by the Board of Directors since June 2010 (at last amended in December 2012), 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 the responsibility for management of reserved information with the Chief Executive Officer and relevant heads of the companies belonging to the Enel Green Power Group, ordering that the diffusion of information concerning each subsidiary must take place on agreement with the Chief Executive Officer of the company concerned.

The regulations also set out specifications for procedures to be observed concerning the external diffusion of Company's documents and information – in particular concerning the disclosure of inside information – and carefully govern the modes used by Company representatives for contacting the press and other mass communication media (i.e. with financial analysts and institutional investors).

Over the course of 2012, to implement the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the Company regularly kept updated the Register of the Enel Green Power Group, in which are listed the individual and legal entities that have access to inside information because of their working or professional activity or because of the functions carried out on behalf of the company or other companies of the 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.

In 2012, implementing the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the provisions on internal dealing, or in other words concerning the transparency of transactions involving the Company's shares and financial instrument related to them concluded by major shareholders, company exponents and persons strictly related to them was applied within the Company. In particular, in 2012, the internal dealing provisions applied to transactions involving 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 and the Group. Obligations of transparency are, moreover, 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 persons/parties"; following each notification, any transactions having a total amount falling under €5,000 on an annual basis are not reported.

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 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 the corporate governance, M&A and Finance Unit 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 disclosure (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the shares 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 Corporate Governance Code about considering the Shareholders' Meeting to be an important opportunity for 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 optimize 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: voting mechanisms").

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 the subsequent corrections approved under Legislative Decree 91 of June 18, 2012. Such measures amended, among other things, 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 Legislative Decrees 27/2010 and 91/2012 are briefly 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 treasury 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.

In relation to such provision, it should be noted that Legislative Decree 91 of June 18, 2012 – which introduced a number of amendments and supplements to the abovementioned Legislative Decree 27 of January 27, 2010 – amended, *inter alia*, the second sentence of the first paragraph of Article 2369 of the Civil Code concerning the modalities to be followed for purposes of calling the Shareholders' Meeting. Under the new provision, it is now provided that, unless the bylaws otherwise provides, Shareholders' Meetings of companies that avail themselves of risk capital markets must be hold upon a single call.

In consideration of this amendment, the Company's Board of Directors intends to submit to the extraordinary Shareholders' Meeting called for April 24, 2013, on first call, and if need be for April 25, 2013 on second call, an amendment to the current bylaws provision (namely, Article 12.2) in order to provide that the Company's Shareholders' Meeting be held, as a rule, following a single call, unless with regard to specific Shareholders' Meetings the Board of Directors should deem it advisable to envisage more than one call, in such case giving express notice in such regard in the notice of call.

Since the Company is required to draw up the consolidated financial statement, the ordinary Shareholders' Meeting must be called 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").

Those who have voting rights may ask questions on the items on the agenda before the Shareholders' Meeting by the deadline indicated in the notice of call; 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 the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the 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 and in the secondary regulations adopted by CONSOB, 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, the possibility to participate to the meeting by electronic means, identifying the specific modalities in the notice of the meeting.

The Shareholders' Meetings are governed by the law, the bylaws and by specific rules the contents of which 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/en-GB/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 conduct of discussions and verifies the voting results.

Shareholders' resolutions are included in the minutes signed by the Chairman of the Shareholders' Meeting and the secretary. The minutes of Extraordinary Shareholders' Meetings must be drawn up by a notary public.

With regards to each shareholder's right to speak about the items on the agenda, the Shareholders' Meeting regulations provide that the Chairman of the Shareholders' Meeting, 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 of the Shareholders' Meeting declares that the discussion on the items on the agenda is closed. The Chairman of the Shareholders' Meeting 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, the implementation of which was approved by the Company's Board of Directors since December 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 fairness 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, optimization 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.

The Code of Ethics, updated over time, takes into account the amendments in the legal framework and the organizational changes that take place from time to time, as well as the intention to further align its contents to best practice at the international level. The most important changes made at such time include (i) updating of the Company's mission, (ii) incorporation of the prohibition on intimidation, mobbing and stalking in the workplace, (iii) the express obligation for suppliers to comply with the legal framework on health and safety in the workplace, and (iv) the exclusion, in principle, of any possibility for companies belonging to the Enel Group to agree to requests for contributions in areas in which Enel Cuore Onlus operates.

Organizational and Operating Model

On December 1, 2008, the Company, through the transposition by the Board of Directors of the Enel SpA Organizational and Operating 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 Organizational and Operating Model 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 and environmental crimes.

Over the years, the Organizational and Operating Model 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 developments in the Company's organizational structure, (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 Organizational and Operating Model is adopted also by the Company's subsidiaries subject to Italian law, which shall be directly responsible for the transposition of the Organizational and Operating Model 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 Organizational and Operating Model applicable also within the most significant international subsidiaries of the Group (identified also in consideration of the kind of activity carried out) in order to (i) to make such companies understand and be aware of the importance of granting correct and transparent in carrying out their business, and (ii) to prevent the risk of administrative liability of Enel Green Power pursuant to the Legislative Decree 231/2001 because of illegal conducts within their business activities carried out by the same companies.

The body in charge of overseeing the functioning of and compliance with the model and to managing the updating of the same (hereinafter, the "Supervisory Body") is comprised of between three and five members 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 2012, the Supervisory Body was comprised of the heads of the following functions: Audit, Legal and Corporate Affairs, and the corporate governance, M&A and Finance Unit, since they have specific professional expertise regarding the application of the compliance model and are not directly involved in operating activities. The term of office of the members of the Supervisory Body is in line with that of the office of the Board of Directors of the Company and therefore the expiration date will occur at the date of approval of the 2012 financial statements. During 2012 the Supervisory Body oversaw, as usual, the functioning and the observance of the Organizational and Operating Model and specifically:

> held 17 meetings, during which the following matters were addressed (i) approval of the monitoring and

supervision activity plan for the year 2012 and of the activities effectively carried out and, over the year, the results of the main verification activities conducted in accordance with the approved annual works plan, (ii) on proposals for updates and amendments to be made to the organizational model, (iii) analysis of the principal business areas of the Company considered significant for the Organizational Model and the control procedures for the oversight of such areas;

> promoted the update of the Organizational Model, with particular regard to the "general part" and to the special parts dedicated to preventing organized crimes and environmental crimes;
> promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the Organizational Model;
> constantly reported its activities to the Chief Executive Officer and, on a regular basis, to the Internal Control Committee and to the Board of Statutory Auditors.

The Organizational and Operating Model pursuant to Legislative Decree 231 of June 8, 2001 of Enel Green Power SpA is available on the Company's website at the following address: http://www.enelgreenpower.com/en-GB/company/governance/model/.

"Zero tolerance of corruption" plan

On December 1, 2008, the Board of Directors approved the "Zero tolerance of corruption - ZTC" 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 Organizational and Operating Model 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.

Two tables summarizing some of the most important information contained in the second section of this document concerning the structure and functioning of the Board of Directors and Committees and the structure of the Board of Statutory Auditors during the year 2012 are attached below.

Table 1: Structure of Enel Green Power's Board of Directors and Committees

Board of Directors										Internal Control Committee [1]		Compensation Committee [2]		Possible Nomination Committee		Possible Executive Committee	
Office	Members	Executive	Non executive	In office since	In office until	Independent TUF (****)	Independent C.A. (*****)	(***)	Other offices (*)	(**)	(***)	(**)	(***)	(**)	(***)	(**)	(***)
Chairman	Luigi Ferraris		X	01/2012	12/2012			100%	-								
CEO/General Manager	Francesco Starace	X		01/2012	12/2012			100%	-								
Director	Luca Anderlini		X	01/2012	12/2012	X	X	100%	-			X	100%				
Director	Carlo Angelici		X	01/2012	12/2012	X	X	93%	-			X	100%				
Director	Andrea Brentan		X	01/2012	12/2012			50%	-								
Director	Giovanni Battista Lombardo		X	01/2012	12/2012	X	X	100%	-	X	100%			(3)		Non existing	
Director	Giovanni Pietro Malagnino		X	01/2012	12/2012	X	X	80%	-	X	85%						
Director	Carlo Tamburi		X	01/2012	12/2012			44%	-								
Director	Daniele Umberto Santosuosso		X	01/2012	12/2012	X	X	100%	-			X	100%				
Director	Luciana Tarozzi		X	01/2012	12/2012	X	X	100%	-	X	100%						

Quorum required for the submission of lists for the appointment of the Board of Directors: 1% of the share capital.

Number of meetings held in 2012 Board of Directors: 16 Internal Control Committee: 13 [1] Compensation Committee: 5 Appointments Committee [3]: n.a. Executive Committee: n.a.

NOTES

(1) It should be noted that starting on December 19, 2012, the Internal Control Committee has taken on the name and functions of the Control and Risks Committee; such Committee has not held any meetings as of the end of the year 2012. It should be noted that the Internal Control Committee also acts as the Related Parties Committee and, over the course of 2012, it held three meetings in that capacity.

(2) It should be noted that starting on December 19, 2012, the Compensation Committee took on the name and functions of the Nomination and Compensation Committee; this Committee has not held any meetings as of the end of 2012.

(3) Enel Green Power did not have an Appointments Committee until December 19, 2012; on such date, the Company's Board of Directors passed a resolution assigning the functions of the Appointments Committee to the Compensation Committee which took on the name Nomination and Compensation Committee. Such Committee has not held any meetings as of the end of 2012.

(*) 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.

(****) 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 Corporate Governance Code. Specifically, according to applicative criterion 3.C.1 of the Corporate Governance Code, a Director should normally be considered lacking the requisites of independence in the following cases:

a) if, directly or indirectly, including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;

b) if he or she is, or during the three preceding accounting periods has been, an important representative 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; in this regard, it should be noted that pursuant to the provisions of the application criterion 3.C.2 of the Corporate Governance Code, "important exponents" of a company or entity (also for purposes of the indications set forth in the additional letters of the application criterion 3.C.1): the chairman of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the company or entity in question;

c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:

- with the issuer, a subsidiary of it, or any of the related important representatives;

- with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;
- or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities;

d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation (with respect to his or her "fixed" pay as a non-executive director of the issuer, and the compensation for participation in committees recommended under this Code) also in the form of participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he 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 of a person who is in one of the conditions referred to in the preceding items. In this regard, the comment to Article 3 of the Corporate Governance Code states that "in principle, the parents, children, spouse who is not legally separated, cohabitee and cohabiting relatives of a person who may not be considered an independent director should be considered as non-independent".

Table 2: Enel Green Power's Board of Statutory Auditors

Board of Statutory Auditors in office during 2012

Office	Members	In office since	In office until	List (M/m) (*)	(**)	Number of offices (***)
Chairman	Franco Fontana	01/2012	12/2012	m	100%	-
Regular Auditor	Giuseppe Ascoli	01/2012	12/2012	M	93%	-
Regular Auditor	Leonardo Perrone	01/2012	12/2012	M	100%	-
Alternate Auditor	Giulio Monti	01/2012	12/2012	M	n.a.	-
Alternate Auditor	Pierpaolo Singer	01/2012	12/2012	m	n.a.	-
Number of meetings held in 2012 over the period of reference: 15						
Quorum required for the submission of lists for the appointment of the Board of Statutory Auditors: 1% of the share capital.						

NOTES

(*) This column indicates M/m to indicate whether the auditor has been designated from a majority voting list (M) or from a minority voting list (m).

(**) This column indicates the participation percentage of each acting auditor at the meetings of the Board of Statutory Auditors. All absences were adequately justified.

(***) This column indicates the number of offices as director or auditor held by the person in question that are considered material/relevant pursuant to Articles 144-*duodecies* et seq. of the Issuers Regulation (limit on the accumulation of offices). Under the above-mentioned provisions, the members of control bodies are not subject to a limit on the accumulation of offices when they hold the office of member of the control body of a single issuer. As indicated in the table, in February 2013, the acting auditors of Enel Green Power did not hold any office as member of any control body of any other issuers.

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

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of the Enel Green Power Group at December 31, 2012, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Giulio Antonio Carone, 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, 2012 and December 31, 2012.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel 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, 2012:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the report on operations accompanying the financial statements of the Enel Green Power Group at December 31, 2012 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 11, 2013

Francesco Starace
Chief Executive Officer of Enel Green Power SpA

Giulio Antonio Carone
Officer responsible for the preparation of the financial reports of Enel Green Power SpA


Environment

Annexes

Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2012

In compliance with CONSOB Notice no. DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution no. 11971 of May 14, 1999, a list of subsidiaries and associates of Enel Green Power SpA at December 31, 2012, 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 as well as the method of consolidation.

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Parent Company:								
Enel Green Power SpA	Rome	Italy	1,000,000,000	EUR	Enel SpA	100.00%	68.29%	Holding
Subsidiaries:								
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Hydro Development Group Inc.	100.00%	50.00%	Line-by-line
					Chi Black River Inc.		50.00%	
3SUN Srl	Catania	Italy	180,030,000	EUR	Enel Green Power SpA	33.33%	33.33%	Proportionate
Aes Distribuidores Salvadoreños Ltda de Cv	San Salvador	El Salvador	200,000	SVC	Grupo Egi SA de Cv	20.00%	20.00%	Equity
Aes Distribuidores Salvadoreños y Compañia S En C de Cv	San Salvador	El Salvador	200,000	SVC	Grupo Egi SA de Cv	20.00%	20.00%	Equity
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Agatos Green Power Trino	Rome	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	40.00%	80.00%	Proportionate
Aguilón 20 SA	Zaragoza	Spain	2,682,000	EUR	Enel Green Power España SL	30.60%	51.00%	Line-by-line
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Altomonte Fv Srl	Cosenza	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,416	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Apiacás Energia SA	Rio de Janeiro	Brazil	21,216,846	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%	Line-by-line
Aridos Energías Especiales SL in liquidation	Villalbilla	Spain	600,000	EUR	Enel Green Power España SL	24.63%	41.05%	Proportionate
Asoleo SL in liquidation	Madrid	Spain	320,000	EUR	Enel Green Power España SL	30.01%	50.01%	-
Atelgen - Produção de Energia ACE	Barcelos	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	30.60%	51.00%	Line-by-line
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Azucarera Energías SA	Madrid	Spain	570,600	EUR	Enel Green Power España SL	24.00%	40.00%	Proportionate
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc.	100.00%	90.00%	Line-by-line
					Enel Green Power North America Inc.		10.00%	
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Beaver Valley Holdings Ltd	67.50%	67.50%	Line-by-line
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Black River Hydro Assoc	New York (New York)	USA	-	USD	(Cataldo) Hydro Power Associates	75.00%	75.00%	Line-by-line
Blue Line Valea Nucarilor SRL	Bucharest	Romania	600	RON	Enel Green Power Romania Srl	100.00%	100.00%	Line-by-line
Boiro Energía SA	Boiro	Spain	601,010	EUR	Enel Green Power España SL	24.00%	40.00%	Proportionate
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Boott Hydropower Inc.	100.00%	100.00%	Line-by-line
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%	Line-by-line
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Hydro Finance Holding Company Inc.	100.00%	100.00%	Line-by-line
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Enel Green Power North America Inc.	100.00%	32.00%	Line-by-line
					Chi Idaho Inc.		68.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Fulcrum Inc.	100.00%	24.08%	Line-by-line
					Bp Hydro Associates		75.92%	

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Buffalo Dunes Wind Project, LLC	Topeka (Kansas)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Bypass Limited	Boise (Idaho)	USA	-	USD	El Dorado Hydro Chi West Inc. Northwest Hydro Inc.	100.00%	1.00% 29.65% 69.35%	Line-by-line
Bypass Power Company	Los Angeles (California)	USA	1	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Calizas Elycar SL	Huesca	Spain	1,803,000	EUR	Enel Green Power España SL	15.00%	25.00%	Equity
Campos - Recursos Energéticos ACE	Barroselas	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	57.00%	95.00%	Line-by-line
Camposgen - Energia Lda	Oeiras	Portugal	5,000	EUR	TP - Sociedade Térmica Portuguesa SA Pp - Co-Geração SA	60.00%	80.00% 20.00%	Line-by-line
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Rocky Caney Wind LLC	100.00%	100.00%	Line-by-line
Carvemagere - Manutenção e Energias Renováveis Lda	Barcelos	Portugal	84,700	EUR	Finerge-Gestão de Projectos Energéticos SA	39.00%	65.00%	Line-by-line
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Chi Hydroelectric Company Inc. Enel Alberta Wind Inc.	100.00%	99.90% 0.10%	Line-by-line
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210	EUR	Enel Green Power España SL	19.98%	33.30%	Equity
Chi Acquisitions Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Black River Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	223,727,429	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Chi Idaho Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%	Line-by-line
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Operations Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi S F LP	Montreal (Quebec)	Canada	-	CAD	Enel Green Power Canada Inc. Enel Alberta Wind Inc.	100.00%	99.00% 1.00%	Line-by-line
Chi West Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Enel Kansas LLC	49.00%	49.00%	Equity
Cogeneración El Salto SL in liquidation	Zaragoza	Spain	36,000	EUR	Enel Green Power España SL	12.00%	20.00%	-
Cogeneración Lipsa SL	Barcelona	Spain	720,000	EUR	Enel Green Power España SL	12.00%	20.00%	Equity
Colbuccaro Fotovoltaica Srl	Rome	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Companhia Térmica do Serrado ACE	Paços de Brandão	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	36.00%	60.00%	Equity
Companhia Térmica Hectare ACE	Alcochete	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	36.00%	60.00%	Line-by-line
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	57.00%	95.00%	Line-by-line
Companhia Térmica Mundo Têxtil ACE	Caldas de Vizela	Portugal	1,003,476	EUR	TP - Sociedade Térmica Portuguesa SA	6.00%	10.00%	Equity
Companhia Térmica Oliveira Ferreira ACE in liquidation	Riba de Ave	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	57.00%	95.00%	-
Companhia Térmica Ribeira Velha ACE	São Paio de Oleiros	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA Pp - Co-Geração SA	60.00%	51.00% 49.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Companhia Térmica Tagol Lda	Algés	Portugal	5,000	EUR	TP - Sociedade Térmica Portuguesa SA	57.00%	95.00%	Line-by-line
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000	EUR	Enel Green Power España SL	21.38%	35.63%	Equity
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000	USD	Aquenergy Systems Inc.	100.00%	100.00%	Line-by-line
Conexión Energética Centroamericana El Salvador SA de Cv	San Salvador	El Salvador	7,950,600	SVC	Enel Green Power International BV Grupo Egi SA de Cv	100.00%	59.14% 40.86%	Line-by-line
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100	USD	Gauley River Power Partners LP Enel Green Power North America Inc.	100.00%	5.00% 95.00%	Line-by-line
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000	USD	Enel Green Power North America Inc.	81.82%	81.82%	Line-by-line
Consorcio Eólico Marino Cabo de Trafalgar SL	Cadiz	Spain	200,000	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Copenhagen Associates	New York (New York)	USA	-	USD	Enel Green Power North America Inc. Hydro Development Group Inc.	100.00%	50.00% 50.00%	Line-by-line
Corinth Solar Park SA	Halandri	Greece	60,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	2,524,200	EUR	Enel Green Power España SL	15.00%	25.00%	Equity
Cte - Central Termica do Estuário Lda	Porto	Portugal	563,910	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000	EUR	Enel Green Power España SL	24.00%	40.00%	Proportionate
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	3,000	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%	Line-by-line
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Eevm - Empreendimentos Eólicos Vale do Minho SA	Porto	Portugal	200,000	EUR	Eol Verde Energia Eólica SA	22.50%	50.00%	Equity
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Northwest Hydro Inc. Chi West Inc.	100.00%	17.50% 82.50%	Line-by-line
Elcomex Eol SA	Cernavoda	Romania	1,000,000	RON	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	99.90% 0.10%	Line-by-line
Empreendimento Eólico de Rego Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Empreendimentos Eólicos da Serra do Sicó SA	Porto	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	31.43%	52.38%	Line-by-line
Empreendimentos Eólicos de Alvadia Lda	Porto	Portugal	1,150,000	EUR	Finerge-Gestão de Projectos Energéticos SA	28.80%	48.00%	Equity

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Empreendimentos Eólicos de Viade Lda	Porto	Portugal	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	48.00%	80.00%	Line-by-line
Empresa Eléctrica Panguipulli SA	Santiago	Chile	14,053,147	CLP	Energía Alerce Ltda Enel Latin America (Chile) Ltda	100.00%	0.01% 99.99%	Line-by-line
Empresa Eléctrica Puyehue SA	Santiago	Chile	11,169,752,000	CLP	Enel Latin America (Chile) Ltda Energía Alerce Ltda	100.00%	99.90% 0.10%	Line-by-line
Empresa Nacional de Geotermia SA	Santiago	Chile	54,430,867	CLP	Enel Latin America (Chile) Ltda	51.00%	51.00%	Line-by-line
Enel Alberta Wind Inc.	Calgary	Canada	16,251,021	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Enel Atlantic Canada LP	St. John (Newfoundland)	Canada	-	CAD	Chi Hydroelectric Company Inc. Newind Group Inc. Enel Green Power Canada Inc.	100.00%	82.05% 0.10% 17.85%	Line-by-line
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	419,400,000	BRL	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel de Costa Rica SA	San José	Costa Rica	27,500,000	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Fortuna SA	Panama City	Panama	100,000,000	USD	Enel Panama SA	50.06%	50.06%	Line-by-line
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	50.00%	50.00%	Proportionate
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000	BGN	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Enel Green Power Calabria Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857	CAD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Green Power Canaro Srl	Rome	Italy	10,400	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Colombia	Bogotá	Colombia	10,000,000	COP	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	-	BRL	Enel Brasil Participações Ltda Parque Eólico Cristal Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	13,509,360	BRL	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power España SL	Madrid	Spain	11,153	EUR	Enel Green Power International BV Endesa Generación SA	60.00%	60.00% 40.00%	Line-by-line
Enel Green Power France Sas	Lyon	France	98,200,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Granadilla S.L.	Tenerife	Spain	3,012	EUR	Enel Green Power España SL	39.00%	65.00%	Line-by-line
Enel Green Power Hellas SA	Maroussi	Greece	3,603,240	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power International BV	Amsterdam	Netherlands	244,532,298	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Jeotermal Enerji Yatirimlari AŞ	Istanbul	Turkey	50,000	EUR	Enel Green Power International BV	98.99%	98.99%	Line-by-line
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	13,067,280	BRL	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	125,000	BRL	Enel Brasil Participações Ltda Endesa Brasil SA	60.00%	60.00% 40.00%	Line-by-line
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	125,000	BRL	Enel Brasil Participações Ltda Endesa Brasil SA	60.00%	60.00% 40.00%	Line-by-line

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Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	14,520,000	BRL	Enel Brasil Participações Ltda Parque Eólico Curva dos Ventos Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	13,998,000	BRL	Parque Eólico Curva dos Ventos Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Perú SA	Lima	Peru	1,000	PEN	Enel Green Power International BV Energía Alerce Ltda	100.00%	99.90% 0.10%	Line-by-line
Enel Green Power Portoscuso Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Primavera SA	Rio de Janeiro	Brazil	16,506,000	BRL	Parque Eólico Cristal Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Puglia Srl	Rome	Italy	1,000,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Romania Srl	Sat Rusu de Sus Nuşeni	Romania	890,000,500	RON	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power San Gillio Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	80.00%	80.00%	Line-by-line
Enel Green Power São Judas Eólicas SA	Rio de Janeiro	Brazil	17,256,000	BRL	Enel Brasil Participações Ltda Parque Eólico Cristal Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power South Africa	Amsterdam	Netherland	18,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000	EUR	Enel Green Power SpA	60.00%	60.00%	Line-by-line
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	8,972,400	BRL	Enel Brasil Participações Ltda Parque Eólico Curva dos Ventos Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power TSS Srl	Rome	Italy	1,000,000	EUR	Enel Green Power Puglia Srl	100.00%	100.00%	Line-by-line
Enel Guatemala SA	Guatemala City	Guatemala	5,000	GTQ	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Latin America (Chile) Ltda	Santiago	Chile	15,649,360,000	CLP	Energía Alerce Ltda Hydromac Energy BV	100.00%	99.99% 0.01%	Line-by-line
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Panama SA	Panama City	Panama	3,000	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Chi Power Inc.	100.00%	100.00%	Line-by-line
Enel.si Srl	Rome	Italy	5,000,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000	BRL	Enel Green Power International BV Enel Brasil Participações Ltda	100.00%	0.01% 99.99%	Line-by-line
Eneop-Eólicas de Portugal SA	Lisbon	Portugal	5,000,000	EUR	TP - Sociedade Térmica Portuguesa SA Finerge-Gestão de Projectos Energéticos SA	21.58%	17.98% 17.98%	Equity
Enercampo - Produção de Energia Lda	Porto	Portugal	249,400	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	42.00%	70.00%	Line-by-line
Energética de Rosselló AIE	Barcelona	Spain	3,606,060	EUR	Enel Green Power España SL	16.20%	27.00%	Equity
Energía Alerce Ltda	Santiago	Chile	1,000,000	CLP	Hydromac Energy BV Enel Green Power International BV	100.00%	99.90% 0.10%	Line-by-line
Energía de La Loma SA	Jaén	Spain	4,450,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Energia Eolica Srl	Rome	Italy	4,840,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Energía Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000	MXN	Enel Green Power International BV	99.00%	99.00%	Line-by-line
Energia Global Operaciones SA	San José	Costa Rica	10,000	CRC	Enel de Costa Rica SA	100.00%	100.00%	Line-by-line
Energía Nueva de Iggu Srl de Cv	Mexico City	Mexico	3,000	MXN	Energía Nueva Energía Limpia México Srl de Cv Impulsora Nacional de Electricidad Srl de Cv	100.00%	0.10% 99.90%	Line-by-line
Energía Nueva Energía Limpia México Srl de Cv	Mexico City	Mexico	5,339,650	MXN	Enel Green Power International BV Enel Guatemala SA	100.00%	99.99% 0.01%	Line-by-line
Energiaki Polymyloy SA	Athens	Greece	45,553,352	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	601,000	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
Energías de Aragón II SL	Zaragoza	Spain	18,500,000	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Energías de Graus SL	Barcelona	Spain	1,298,160	EUR	Enel Green Power España SL	40.00%	66.67%	Line-by-line
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500	EUR	Enel Green Power España SL	41.05%	68.42%	Line-by-line
Energías Especiales de Careón SA	La Coruña	Spain	270,450	EUR	Enel Green Power España SL	46.20%	77.00%	Line-by-line
Energías Especiales de Peña Armada SA	Madrid	Spain	963,300	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	100	MXN	Energía Nueva de Iggu Srl de Cv Impulsora Nacional de Electricidad Srl de Cv	100.00%	0.01% 99.99%	Line-by-line
Enerlasa SA in liquidation	Madrid	Spain	1,021,700	EUR	Enel Green Power España SL	27.00%	45.00%	-
Enerlive Srl	Rome	Italy	6,520,000	EUR	Maicor Wind Srl	60.00%	100.00%	Line-by-line
Enerlousado Lda	Porto	Portugal	5,000	EUR	TP - Sociedade Térmica Portuguesa SA Finerge-Gestão de Projectos Energéticos SA	60.00%	50.00% 50.00%	Line-by-line
Enerviz - Produção de Energia de Vizela Lda	Porto	Portugal	673,380	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Enexon Hellas SA	Maroussi	Greece	18,771,500	EUR	Enel Green Power Hellas SA	88.00%	88.00%	Line-by-line
Eol Verde Energia Eólica SA	Porto	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	45.00%	75.00%	Line-by-line
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Eolflor - Produção de Energia Eólica Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Eólica del Principado SAU	Oviedo	Spain	90,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Eólica del Noroeste SL	La Coruña	Spain	36,100	EUR	Enel Green Power España SL	30.60%	51.00%	Line-by-line
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340	EUR	Enel Green Power España SL	30.30%	50.50%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Eólica Zopiloapan SAPI de CV	Mexico City	Mexico	1,877,201,536	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.90%	60.50%	Line-by-line
					Enel Green Power Partecipazioni Speciali Srl		39.40%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360	EUR	Enel Green Power España SL	33.00%	55.00%	Line-by-line
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930	ARS	Enel Green Power España SL	30.00%	50.00%	Proportionate
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Enel Green Power España SL	36.00%	60.00%	Line-by-line
Ercasa Cogeneración SA	Zaragoza	Spain	601,000	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
Erecosalz SL in liquidation	Zaragoza	Spain	18,000	EUR	Enel Green Power España SL	19.80%	33.00%	-
Erfei AIE	Tarragona	Spain	720,000	EUR	Enel Green Power España SL	25.20%	42.00%	Equity
Essex Company	Boston (Massachusetts)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Eurohueco Cogeneración AIE	Barcelona	Spain	2,606,000	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000	EUR	Enel Green Power España SL	42.00%	70.00%	Line-by-line
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000	EUR	Enel Green Power España SL	44.16%	73.60%	Line-by-line
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500	EUR	Enel Green Power España SL	39.00%	65.00%	Line-by-line
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	500,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.00%	50.00%	Proportionate
Feneralt - Produção de Energia ACE	Barcelos	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	15.00%	25.00%	Equity
Finerge-Gestão de Projectos Energéticos SA	Porto	Portugal	750,000	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Fulcrum Inc.	Boise (Idaho)	USA	1,003	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Garofeica SA	Barcelona	Spain	721,200	EUR	Enel Green Power España SL	16.20%	27.00%	Equity
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Gauley River Management Corporation	Willison (Vermont)	USA	1	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Gauley River Management Corporation	100.00%	100.00%	Line-by-line
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697	GTQ	Enel Green Power International BV	100.00%	99.00%	Line-by-line
					Enel Guatemala SA		1.00%	
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000	GTQ	Enel Green Power International BV	100.00%	99.99%	Line-by-line
					Enel Guatemala SA		0.01%	
Geotérmica del Norte SA	Santiago	Chile	53,644,788,997	CLP	Enel Latin America (Chile) Ltda	51.00%	51.00%	Line-by-line
Geotérmica Nicaragüense SA	Managua	Nicaragua	92,050,000	NIO	Enel Green Power SpA	60.00%	60.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	EGP Geronimo Holding Company Inc.	49.20%	49.20%	Equity
Green Fuel Corporación SA	Santander	Spain	121,000	EUR	Enel Green Power España SL Endesa Generación SA	14.54%	24.24% 12.97%	Equity
Grupo Egi SA de Cv	San Salvador	El Salvador	3,448,800	SVC	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Hidroelectricidad del Pacífico Srl de Cv	Mexico City	Mexico	30,891,536	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%	Line-by-line
Hidroribeira - Emp Hidricos e Eólicos Lda	Paço de Arcos	Portugal	7,482	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	100.00%	Line-by-line
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hipotecaria de Santa Ana Ltda de Cv	San Salvador	El Salvador	100,000	SVC	Grupo Egi SA de Cv	20.00%	20.00%	Equity
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hydro Development Group Inc.	Albany (New York)	USA	12	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydro Energies Corporation	Willison (Vermont)	USA	5,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydromac Energy BV	Amsterdam	Netherlands	18,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
IMA Engineering Solutions SA	Prahova	Romania	90,000	EUR	Enel Green Power International BV Enel Green Power Romania Srl	100.00%	1.10% 98.90%	Line-by-line
Impulsora Nacional de Electricidad Srl de Cv	Mexico City	Mexico	308,628,665	MXN	Enel Green Power International BV	100.00%	100.00%	Line-by-line
International Eolian of Grammatiko SA	Maroussi	Greece	233,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Korinthia SA	Maroussi	Greece	6,471,798	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	148,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	174,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	153,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	165,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	174,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	152,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	148,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	148,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Skopelos SA	Maroussi	Greece	159,000	EUR	Enel Green Power International BV	30.00%	30.00%	Equity
International Wind Parks of Achaia SA	Maroussi	Greece	10,126,310	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Iris 2006 Srl	Cutro (Crotone)	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	82,974,476	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Kalenta Ltd	Maroussi	Greece	2,367,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
LaGeo SA de Cv	Ahuachapan	El Salvador	2,562,826,700	SVC	Enel Green Power SpA	36.20%	36.20%	Equity
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Essex Company Enel Green Power North America Inc.	100.00%	92.50% 7.50%	Line-by-line
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Lower Saranac Corporation	New York (New York)	USA	1	USD	Twin Saranac Holdings LLC	100.00%	100.00%	Line-by-line
Lower Saranac Hydro Partners LP	Wilmington (Delaware)	USA	-	USD	Lower Saranac Corporation Twin Saranac Holdings LLC	100.00%	1.00% 99.00%	Line-by-line
Maicor Wind Srl	Rome	Italy	20,850,000	EUR	Enel Green Power SpA	60.00%	60.00%	Line-by-line
Marko PV Energy SA	Maroussi	Greece	420,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Mexicana de Hidroelectricidad Mexhidro Srl de Cv	Mexico City	Mexico	181,728,201	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%	Line-by-line
Midway Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Trade Wind Energy LLC	100.00%	100.00%	Line-by-line
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000	EUR	Enel Green Power España SL	21.90%	36.50%	Equity
Missisquoi Associates GP	Los Angeles (California)	USA	-	USD	Sheldon Springs Hydro Associates LP Sheldon Vermont Hydro Company Inc.	100.00%	99.00% 1.00%	Line-by-line
Molinos de Viento del Arenal SA	San José	Costa Rica	9,709,200	USD	Enel de Costa Rica SA	49.00%	49.00%	Line-by-line
Montegranaro Fotovoltaica Srl	Rome	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Myrini Energiaki SA	Maroussi	Greece	420,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Enel Nevkan Inc.	100.00%	100.00%	Line-by-line
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc. Enel Green Power North America Inc.	100.00%	1.00% 99.00%	Line-by-line
Newind Group Inc.	St. John (Newfoundland)	Canada	578,192	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
O&M Cogeneration Inc.	Montreal (Quebec)	Canada	15	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Operacion y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000	CRC	Enel de Costa Rica SA	85.00%	85.00%	Line-by-line
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Oxagesa AIE	Teruel	Spain	6,010	EUR	Enel Green Power España SL	20.00%	33.33%	Equity

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Paglialonga Due Srl	Castrovillari (Cosenza)	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Palo Alto Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Trade Wind Energy LLC	100.00%	100.00%	Line-by-line
Paravento SL	Lugo	Spain	3,006	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Parc Eolic La Tossa-La Mola d'en Pascual SL	Barcelona	Spain	1,183,100	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Parc Eolien de Beauséjour Sasu	Lyon	France	37,000	EUR	Enel Green Power France Sas	100.00%	100.00%	Line-by-line
Parc Eolien de Bouville Sasu	Lyon	France	37,000	EUR	Enel Green Power France Sas	100.00%	100.00%	Line-by-line
Parc Eolien de La Grande Epine Sasu	Lyon	France	37,000	EUR	Enel Green Power France Sas	100.00%	100.00%	Line-by-line
Parc Eolien de La Vallière Sasu	Saint Priest	France	59,240	EUR	Enel Green Power France Sas	49.00%	49.00%	Equity
Parc Eolien des Ramiers Sasu	Lyon	France	37,000	EUR	Enel Green Power France Sas	100.00%	100.00%	Line-by-line
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,007,000	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Parque Eólico Cristal Ltda	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power International BV	100.00%	0.01%	Line-by-line
					Enel Brasil Participações Ltda		99.99%	
Parque Eólico Curva dos Ventos Ltda	Bahia	Brazil	220,000	BRL	Parque Eólico Cristal Ltda	100.00%	1.00%	Line-by-line
					Enel Brasil Participações Ltda		99.00%	
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Parque Eólico de Belmonte SA	Madrid	Spain	120,400	EUR	Enel Green Power España SL	30.10%	50.16%	Line-by-line
Parque Eólico de Gevancas SA	Porto	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920	EUR	Enel Green Power España SL	49.20%	82.00%	Line-by-line
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500	EUR	Enel Green Power España SL	39.40%	65.67%	Line-by-line
Parque Eólico do Alto da Vaca Lda	Porto	Portugal	125,000	EUR	Finerge-Gestão de Projectos Energéticos SA	45.00%	75.00%	Line-by-line
Parque Eólico do Vale de Abade Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Parque Eólico Engenho Geradora de Energia Ltda	Fortaleza	Brazil	685,423	BRL	Enel Brasil Participações Ltda	100.00%	99.00%	Line-by-line
					Parque Eólico Cristal Ltda		1.00%	
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Parque Eólico Fontes dos Ventos Ltda	Recife	Brazil	545,334	BRL	Enel Brasil Participações Ltda	100.00%	99.00%	Line-by-line
					Parque Eólico Cristal Ltda		1.00%	
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000	EUR	Enel Green Power España SL	45.30%	75.50%	Line-by-line
Parque Eólico Ouroventos Ltda	Bahia	Brazil	566,347	BRL	Parque Eólico Cristal Ltda	100.00%	1.00%	Line-by-line
					Enel Brasil Participações Ltda		99.00%	
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880	EUR	Enel Green Power España SL	31.20%	52.00%	Line-by-line
Parque Eólico Serra Azul Ltda	Bahia	Brazil	440,267	BRL	Parque Eólico Cristal Ltda	100.00%	1.00%	Line-by-line
					Enel Brasil Participações Ltda		99.00%	
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	50.00%	Line-by-line
					TP - Sociedade Térmica Portuguesa SA		50.00%	

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970	EUR	Enel Green Power España SL	34.80%	58.00%	Line-by-line
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000	CLP	Enel Latin America (Chile) Ltda Energía Alerce Ltda	100.00%	99.99% 0.01%	Line-by-line
Parque Eólico Valle de Los Vientos SA	Santiago	Chile	566,096,564	CLP	Energía Alerce Ltda Enel Latin America (Chile) Ltda	100.00%	0.01% 99.99%	Line-by-line
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267	BRL	Enel Brasil Participações Ltda Parque Eólico Cristal Ltda	100.00%	99.00% 1.00%	Line-by-line
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%	Line-by-line
PH Chucas SA	San José	Costa Rica	100,000	CRC	Enel de Costa Rica SA Enel Green Power SpA	62.48%	40.31% 22.17%	Line-by-line
PH Don Pedro SA	San José	Costa Rica	100,001	CRC	Enel de Costa Rica SA	33.44%	33.44%	Line-by-line
PH Guacimo SA	San José	Costa Rica	50,000	CRC	Enel de Costa Rica SA	40.00%	40.00%	Line-by-line
PH Rio Volcan SA	San José	Costa Rica	100,001	CRC	Enel de Costa Rica SA	34.32%	34.32%	Line-by-line
Photovoltaic Station Kourtesi I Production of Energy SA	Maroussi	Greece	4,497,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Planta Eólica Europea SA	Seville	Spain	1,198,530	EUR	Enel Green Power España SL	33.67%	56.12%	Line-by-line
Pontinia FV Srl	Rome	Italy	60,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Powercer - Sociedade de Cogeração de Vialonga SA	Loures	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	18.00%	30.00%	Equity
Pp - Co-Geração SA	São Paio de Oleiros	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	100.00%	Line-by-line
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	49.00%	49.00%	Equity
Primavera Energia SA	Rio de Janeiro	Brazil	41,965,445	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398	EUR	Enel Green Power España SL	49.73%	82.89%	Line-by-line
Productor Regional de Energia Renovable SA	Valladolid	Spain	710,500	EUR	Enel Green Power España SL	51.00%	85.00%	Line-by-line
Productora de Energías SA	Barcelona	Spain	30,050	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Proveedora de Electricidad de Occidente Srl de Cv	Mexico City	Mexico	89,707,935	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	99.99%	Line-by-line
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000	EUR	Enel Green Power España SL	20.00%	33.33%	Proportionate
Puignerel AIE	Barcelona	Spain	11,299,000	EUR	Enel Green Power España SL	15.00%	25.00%	Equity
Pyrites Associates GP	New York (New York)	USA	-	USD	Hydro Development Group Inc. Enel Green Power North America Inc.	100.00%	50.00% 50.00%	Line-by-line
Quatiara Energia SA	Rio de Janeiro	Brazil	12,148,512	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Renovables de Guatemala SA	Guatemala City	Guatemala	1,924,465,600	GTQ	Enel Green Power SpA Enel Green Power International BV Enel Guatemala SA	93.84%	51.00% 42.83% 0.01%	Line-by-line
Rock Creek Limited Partnership	Los Angeles (California)	USA	-	USD	Chi West Inc. Northwest Hydro Inc.	100.00%	82.50% 17.50%	Line-by-line
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Rocky Caney Wind LLC	100.00%	100.00%	Line-by-line
Rofeica d'energía SA	Barcelona	Spain	1,983,300	EUR	Enel Green Power España SL	16.20%	27.00%	Equity
Ronfegen- Recursos Energeticos, Lda	Oeiras	Portugal	5,000	EUR	Pp - Co-Geração SA TP - Sociedade Térmica Portuguesa SA	60.00%	10.00% 90.00%	Line-by-line
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Salto de San Rafael SL	Seville	Spain	461,410	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Santo Rostro Cogeneración SA in liquidation	Seville	Spain	207,000	EUR	Enel Green Power España SL	27.00%	45.00%	-
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Bypass Power Company Chi West Inc.	100.00%	1.00% 99.00%	Line-by-line
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	50,000	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000	MXN	Impulsora Nacional de Electricidad Srl de Cv Energía Nueva Energía Limpia México Srl de Cv	100.00%	99.99% 0.01%	Line-by-line
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Sheldon Vermont Hydro Company Inc.	100.00%	100.00%	Line-by-line
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%	Line-by-line
Sisconer - Exploração de Sistemas de Conversão de Energia Lda	Porto	Portugal	5,000	EUR	Finerge-Gestão de Projectos Energéticos SA	33.00%	55.00%	Line-by-line
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900	EUR	Enel Green Power España SL	10.02%	16.70%	Equity
Sistema Eléctrico de Conexión Valcaire SL	Granada	Spain	175,200	EUR	Enel Green Power España SL	16.88%	28.13%	Equity
Sistemas Energeticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750	EUR	Enel Green Power España SL	57.60%	96.00%	Line-by-line
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Slate Creek Hydro Company Inc.	100.00%	100.00%	Line-by-line
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Texkan Wind LLC	100.00%	100.00%	Line-by-line
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Nevkan Renewables LLC	100.00%	100.00%	Line-by-line
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Texkan Wind LLC	100.00%	100.00%	Line-by-line
Socibe Energia SA	Rio de Janeiro	Brazil	33,969,032	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,591	EUR	Enel Green Power España SL	38.84%	64.74%	Line-by-line
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000	EUR	Enel Green Power España SL	30.00%	50.00%	Proportionate
Sociedad Eólica Los Lances SA	Cadiz	Spain	2,404,040	EUR	Enel Green Power España SL	36.00%	60.00%	Line-by-line
Società Agricola Trino Srl	Trento	Italy	50,000	EUR	Agatos Green Power Trino	40.00%	100.00%	Proportionate
Società Energetica Vibonese Srl	Castrovillari (Cosenza)	Italy	107,615	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Solar Morea Energiaki SA	Maroussi	Greece	4,000,890	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Solar Thessalia Société Anonyme of Energy	Maroussi	Greece	60,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Sorgente Solare Calabria Srl	Castrovillari (Cosenza)	Italy	10,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000	EUR	Enel Green Power España SL	21.60%	36.00%	Equity
Soternix - Produção de Energia ACE	Barcelos	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	30.60%	51.00%	Line-by-line
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
St-Felicien Cogeneration LP	Montreal (Quebec)	Canada	-	CAD	Enel Green Power Canada Inc. Chi S F LP	100.00%	8.00% 92.00%	Line-by-line
Stipa Nayaa SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348	MXN	Impulsora Nacional de Electricidad Srl de Cv Enel Green Power Partecipazioni Speciali Srl	95.85%	55.21% 40.64%	Line-by-line
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000	USD	Enel Green Power North America Inc.	75.00%	75.00%	Line-by-line
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	250	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Taranto Solar Srl	Rome	Italy	100,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Targusor Wind Farm SA	Cernavoda	Romania	90,000	RON	Enel Green Power International BV Enel Green Power Romania Srl	100.00%	0.10% 99.90%	Line-by-line
Tecnoguat SA	Guatemala City	Guatemala	30,948,000	GTQ	Enel Green Power International BV	75.00%	75.00%	Line-by-line
Termotec Energía AIE in liquidation	Valencia	Spain	481,000	EUR	Enel Green Power España SL	27.00%	45.00%	-
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811	EUR	Enel Green Power SpA	15.00%	15.00%	Equity
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Texkan Inc.	100.00%	100.00%	Line-by-line
Thracian Eolian 1 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 2 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 3 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 4 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 5 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 6 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 7 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 8 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Thracian Eolian 9 SA	Maroussi	Greece	124,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Tirmadrid SA	Valdemingómez	Spain	16,828,000	EUR	Enel Green Power España SL	20.40%	34.00%	Equity
Tirme SA	Palma de Mallorca	Spain	7,662,750	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Tko Power Inc.	Los Angeles (California)	USA	1	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Toledo Pv AEIE	Madrid	Spain	26,890	EUR	Enel Green Power España SL	20.00%	33.33%	Equity
Total Electric SA	Buzau	Romania	3,190,600	EUR	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	99.99% 0.01%	Line-by-line
TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000	EUR	Finerge-Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Trade Wind Energy LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000	USD	Enel Kansas LLC	19.90%	19.90%	Equity
Transmisora de Energía Renovable SA	Guatemala City	Guatemala	5,000	GTQ	Enel Guatemala SA Enel Green Power International BV	100.00%	0.01% 99.99%	Line-by-line
Triton Power Company	New York (New York)	USA	-	USD	Highfalls Hydro Company Inc. Enel Green Power North America Inc.	100.00%	98.00% 2.00%	Line-by-line
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Twin Falls Hydro Company Inc.	51.00%	51.00%	Line-by-line
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10	USD	Twin Saranac Holdings LLC	100.00%	100.00%	Line-by-line
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Ufefys SL	Aranjuez	Spain	2,373,950	EUR	Enel Green Power España SL	24.00%	40.00%	Proportionate
Urgell Energía SA	Lleida	Spain	601,000	EUR	Enel Green Power España SL	16.20%	27.00%	Equity
Varokub Green Energy SA	Prahova	Romania	90,000	EUR	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	99.90% 0.10%	Line-by-line
Western New York Wind Corporation	Albany (New York)	USA	300	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Wind Park Kouloukonas SA	Maroussi	Greece	2,700,018	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Park of Koryfao SA	Maroussi	Greece	60,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Park of West Ktenias SA	Maroussi	Greece	70,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	1,110,400	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Bolibas SA	Maroussi	Greece	171,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Distomos SA	Maroussi	Greece	176,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Drimonakia SA	Maroussi	Greece	329,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Folia SA	Maroussi	Greece	144,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Gagari SA	Maroussi	Greece	134,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Goraki SA	Maroussi	Greece	171,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Gourles SA	Maroussi	Greece	175,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Grammatikaki SA	Maroussi	Greece	165,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Kafoutsi SA	Maroussi	Greece	171,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Kathara SA	Maroussi	Greece	296,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Kerasia SA	Maroussi	Greece	252,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Korfovouni SA	Maroussi	Greece	201,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Korinthia SA	Maroussi	Greece	3,279,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Makrilakkoma SA	Maroussi	Greece	254,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Megavouni SA	Maroussi	Greece	208,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Milia SA	Maroussi	Greece	399,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line

Company name	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Wind Parks of Mirovigli SA	Maroussi	Greece	95,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Mitika SA	Maroussi	Greece	255,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Organi SA	Maroussi	Greece	287,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Pelagia SA	Maroussi	Greece	193,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Petalo SA	Maroussi	Greece	175,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Platanos SA	Maroussi	Greece	179,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Politis SA	Maroussi	Greece	136,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Sagias SA	Maroussi	Greece	271,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Skoubi SA	Maroussi	Greece	152,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Spilia SA	Maroussi	Greece	291,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Stroboulas SA	Maroussi	Greece	176,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Trikorfo SA	Maroussi	Greece	152,500	EUR	Enel Green Power Hellas SA	29.25%	29.25%	Equity
Wind Parks of Vitalio SA	Maroussi	Greece	161,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Vourlas SA	Maroussi	Greece	174,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP France 3 SAS	Lyon	France	1,000	EUR	Enel Green Power France Sas	100.00%	100.00%	Line-by-line
Yedesa-Cogeneración SA in liquidation	Almería	Spain	234,000	EUR	Enel Green Power España SL	24.00%	40.00%	-
Zitsa Solar SA	Maroussi	Greece	252,000	EUR	Enel Green Power & Sharp Solar Energy Srl	50.00%	100.00%	Proportionate


Excellence

Reports

Report of the Independent Auditors on the consolidated financial statements of the Enel Green Power Group for 2012

Ernst & Young

Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel. (+39) 06 324751
Fax (+39) 06 32475504
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel 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 December 31, 2012 and for the year then ended comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Enel Green Power S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 5, 2012.

3. In our opinion, the consolidated financial statements of the Enel Green Power Group as of December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Green Power Group for the year then ended.

4. The directors of Enel Green Power S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001

issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB.
In our opinion, the report on operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Green Power Group as of December 31, 2012.

Rome, April 2, 2013

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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