Enel Green Power

Report and financial statements of Enel Green Power SpA as of December 31, 2009

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Corporate boards

Board of Directors	Board of Statutory Auditors	Auditing firm
Chairman **Francesco Starace**	*Chairman* **Leonardo Perrone**	**KPMG SpA**
Directors **Andrea Brentan** **Massimo Cioffi** **Luigi Ferraris** **Claudio Machetti** **Giovanni Mancini** **Carlo Tamburi**	*Auditors* **Giuseppe Ascoli** **Giuseppe Mariani** *Alternate auditors* **Giulio Monti** **Francesco Rocco**	

Report on operations

INTRODUCTION

Enel Green Power SpA is the company that directly or indirectly owns the majority of the Enel Group's renewable energy power plants (excluding those that are part of the Endesa Group).

The Company was established on December 1, 2008 when it incorporated the renewable energy power plant business unit that was partially spun off by Group company Enel Produzione SpA. This business unit comprised all wind farms, geothermal power and photovoltaic plants and some of the hydroelectric plants in Italy, with a total installed capacity of around 2.6 GW. With regard to the hydroelectric sector, most of the non-programmable plants, consisting essentially of "mini-hydro" and "large-hydro" plants of the "run-of-the-river" kind, were assigned to the beneficiary. The unit that was spun off had 1,484 employees.
The Company also received Enel Produzione SpA's direct shareholdings in La Geo S.A. de C.V. (36.2%) and Geotérmica Nicaragüense S.A. (60%), renewable energy operators in Latin America, and in Portoscuso Energia Srl, which is responsible for the construction of a wind farm in Sardinia. In addition, with effect from January 1, 2009, the Company acquired 100% of the share capital of Enel Green Power International B.V. (which includes the equity investments of companies operating outside Italy) and of Enel.si Srl, as described in the "Significant events in 2009" section.

SUMMARY OF FINANCIAL YEAR 2009

Performance of the Italian energy market

According to the latest definitive data available (from Terna SpA), in 2009 electricity consumption in Italy totaled 316,852 million kWh, down 7% compared with 2008.
Against this backdrop of lower consumption, there was a decline in national net generation (-28,935 million kWh, or 9%) and an increase in net imports (+4,415 million kWh, or 11%).
The following table shows electricity flows in Italy and the contribution of the various sources in the period in question:

Millions of kWh				
	2009	**2008**	**Change**	
Gross electricity generation:				**%**
thermal	225,987	261,328	(35,341)	(14%)
hydroelectric	51,743	47,227	4,516	10%
geothermal	5,347	5,520	(173)	(3%)
wind	6,087	5,055	1,032	20%
Total gross electricity generation	**289,164**	**319,130**	**(29,966)**	**(9%)**
Auxiliary services consumption	(11,034)	(12,065)	1,031	(9%)
Net electricity generation	**278,130**	**307,065**	**(28,935)**	**(9%)**
Net electricity imports	**44,449**	**40,034**	**4,415**	**11%**
Consumption for pumping	**(5,727)**	**(7,618)**	**1,891**	**(25%)**
Electricity demand	**316,852**	**339,481**	**(22,629)**	**(7%)**

Data from Terna Spa (2009 December Monthly Report)

In 2009 national net electricity generation covered 87.8% of demand, against 90.5% in 2008. The remaining 13.2% (10.5% in 2008) of electricity demand was supplied by imports.
Of the total national electricity generation, thermal power represented 81.3% (85.1% in 2008) and hydroelectric power 18.6% (15.4% in 2008), while the remaining 4.1% was supplied by geothermal and wind sources (3.4% in 2008).

The first year-end estimates, which the Department of Energy of the Ministry of Economic Development prepared by using the results of both the dispatching activities carried out by Terna and the process of approving plants to qualify for incentives carried out by Gestore dei Servizi Energetici (the Electricity Services Operator), show that electricity generation from renewable sources increased by 13% compared with 2008, rising from 58.16 TWh at the end of 2008 to an estimated 66 TWh approximately at the end of 2009.
Solar energy generation from photovoltaic plants enjoyed the sharpest increase of the renewable sources, rising from 193 GWh in 2008 to around 1,000 GWh in 2009, an increase of more than 400%. Wind power also saw a notable increase, with production rising from 4,861 GWh in 2008 to around 6,600 GWh in 2009, an increase of 35%.

Results of Enel Green Power SpA

For definitions of the alternative performance indicators and the respective reconciliations with the financial statements, see the "Economic and financial performance" section.

The net margin from energy sales (gross profit) was Euro 1,143 million, owing essentially to revenues from sales relating to the generation of energy (sales of energy and green certificates), in the amount of Euro 1,045 million, to net income from commodity risk management (Euro 118 million) and to costs related to energy sales (Euro 20 million).
The gross operating margin was Euro 878 million. As well as the gross profit of Euro 1,143 million, it included other revenues of Euro 42 million and operating costs of Euro 307 million (net of Euro 22 million of capitalized costs), relating mainly to costs for services and personnel costs.
Operating income amounted to Euro 573 million, taking into account Euro 305 million of depreciation, amortization and impairment losses relating mainly to property, plant and equipment.
The net income of Euro 322 million for 2009 included Euro 15 million of income from equity investments, net of Euro 84 million of net financial expense and Euro 182 million of income taxes for the year.

Net invested capital of Euro 6,840 million was funded by shareholders' equity of Euro 2,291 million and by third-party financing of Euro 4,549 million.
Shareholders' equity consisted of the share capital (Euro 600 million), the legal reserve (Euro 120 million), other reserves (Euro 1,249 million) and income recognized during the year (Euro 322 million).
The net financial position of Euro -4,549 million essentially reflects the position of the intercompany current account with the ultimate parent (Euro -4,244 million), interest expense payables on this account (Euro 79 million) and medium-to-long-term debt to third parties (Euro 235 million, including short-term portions).

Significant events in 2009

January

Acquisition of Enel Green Power International B.V.

Effective January 1, 2009, Enel Green Power SpA acquired the entire share capital of Enel Green Power International BV from Enel Investment Holding B.V.
This transaction took place at the end of the reorganization and development of renewable-energy activities, involving the creation of a Dutch-registered sub-holding company, Enel Green Power International B.V., and the transfer of ownership to said sub-holding company of all equity investments in foreign renewable-energy companies belonging to the Enel Group (except those that are part of the Endesa Group).
The sale price was equal to the book value of the shareholding acquired, i.e. Euro 1,690 million.

Acquisition of Enel.si Srl

With effect from January 1, 2009, Enel Green Power SpA acquired from Enel SpA the entire share capital of Enel.si Srl, a company active in developing the photovoltaic power market and energy efficiency. The sale price was equal to the book value of the shareholding acquired, i.e. Euro 9 million.

February

Payment of share premium contribution in favor of Enel Green Power International BV

On February 18, the Board of Directors of Enel Green Power SpA resolved to recapitalize Enel Green Power International B.V. through the payment of a share premium contribution totaling Euro 225 million.

July

Increasing wind power in Sardinia

On July 23, 23 MW of wind power capacity came into service, of which 11 MW is generated by wind farms at Littigheddu, in the province of Sassari.
Seven 1.5-MW aerogenerators were installed at the Sedini wind farm, supplementing the 36 already in operation at the site. The plant's total capacity therefore rose to 65 MW, meaning it is capable of producing around 90 million kWh per year, enough to supply more than 33,000 local households, saving 70,000 thousand tons of CO_2 emissions each year.

October

Entry into service of the Sasso II geothermal plant

The Sasso II geothermal plant entered into service on October 15.
Located at Val di Cornia (Pisa), it has a capacity of 20 MW and is capable of producing 130 million kWh, enough to supply 50,000 households.
The plant is part of a project to increase the current capacity of 810.5 MW by 112 MW. The project also involves the plants at Radicondoli (where 20 MW will be added to take the total capacity to 60 MW), Bagnore IV (40 MW), Chiusdino I (20 MW) and Lagoni Rossi (12 MW).

Diamante

The original energy structure known as *Diamante* was opened on October 23 in the 16th-century gardens of the Villa Medicea at Pratolino, on the outskirts of Florence.
An integrated solar power production system, The Diamond stands 12 meters tall with 38 monocrystalline solar panels and 42 tempered-glass sections. Inside it, there is a sophisticated system that collects energy and stores it as hydrogen, using a fuel cell and three spherical metal hydride tanks that can store the electricity generated by the solar panels during the day and release it at night.
This means Enel Green Power will in the future be able to offer integrated energy storage photovoltaic systems that are able to supply round-the-clock electricity for practical uses.

November

Palo Viejo project

On November 20, Enel Green Power SpA and Simest (a financial institution for the development and promotion of Italian businesses abroad) signed a financing agreement for the "Palo Viejo" project to build and manage a new hydroelectric plant in San Juan Cotzal (Guatemala), through investment in the share capital of Renovables de Guatemala S.A., a wholly owned subsidiary of the Enel Group via Enel Latin America B.V. (99.999%) and Enel Guatemala S.A. (0.001%).
Specifically, Enel Green Power SpA agreed to take part in the capital increase by acquiring a stake of 51% for Euro 44 million, while Simest (using its own resources and via the venture capital fund) agreed to pay Euro 7.6 million for a stake of 8.8%.
Enel Green Power SpA also undertook to buy Simest's entire stake in Renovables de Guatemala on June 30, 2017 (this free put/call option can be exercised from June 30, 2015).

December

Recapitalization of Portoscuso Energia Srl

On December 4, the Board of Directors of Enel Green Power SpA resolved to recapitalize subsidiary Portoscuso Energia Srl, through a payment of Euro 1 million, to give the company the funds needed to cover project authorization costs incurred in 2009.
Enel Green Power SpA (formerly Enel Produzione SpA) bought the entire share capital of Portoscuso Energia Srl for Euro 1.3 million on October 20, 2008. The acquired company has a project under development for the construction of a wind park in Sardinia, at a site next to the industrial area of Portoscuso (Cagliari), consisting of 40 2.3-MW turbines for a total capacity of 92 MW.

Desertec project

On December 4, the Board of Directors of Enel Green Power SpA agreed to invest in the German-based research company Dii GmbH, which was incorporated on October 31, 2009 to carry out the Desertec project.

This project aims to introduce renewable-energy technologies to deserts. Countries from the EU, the Middle East and North Africa (EU-MENA) are working together primarily to build thermodynamic solar power plants and wind farms in MENA deserts and to transport energy to Europe through appropriate networks. By 2050, the project aims to cover 15% of Europe's electricity demand and a significant portion of the demand from MENA countries. The total investment required for the project has been estimated at around Euro 400 billion, of which Euro 350 billion is for production plants and Euro 50 billion for transmission lines.

This transaction was completed in early 2010, as stated in Note no. 38, "Subsequent events".

Increasing geothermal capacity at Lagoni Rossi

The Nuova Lagoni Rossi station entered into service on December 4, adding 12 MW to Enel Green Power SpA's installed geothermal capacity in the Larderello area.

When fully operational, the plant will be able to generate around 100 million kWh per year, enough to supply 40,000 households, reduce CO_2 emissions by around 75,000 tons and save 23,000 tons of oil equivalent (toe) of fossil fuels.

CIS – Interporto Campano project

On December 10, 2009, Enel Green Power SpA signed an agreement with Centro Ingrosso Sviluppo Campania (the Campania Development Wholesale Center), or CIS, and Interporto Campano (an integrated freight terminal) for the construction of a 25-MW photovoltaic installation in Campania, the largest integrated roof-top project with innovative technology in Italy, and one of the largest in the world.

The installation, owned by Enel Green Power SpA, will be located in the municipality of Nola, in the province of Naples, and will be constructed on the roofs of commercial and logistics buildings, with full architectural integration. The scheme, which involves innovative amorphous-silicon thin-film flexible photovoltaic modules, will enter into service in 2010.

When fully operational, the installation will be able to generate around 33 million kWh per year, enough to supply around 13,000 families - more than a third of the population of Nola - and reduce CO_2 emissions by more than 21,000 tons.

Payment of share premium contribution in favor of Enel Green Power International B.V.

On December 22, the Board of Directors of Enel Green Power SpA resolved to recapitalize Enel Green Power International B.V. through the payment of a share premium contribution totaling Euro 160 million.

Development of photovoltaic projects in Puglia

As part of the development of solar power production projects, on December 22 the Board of Directors of Enel Green Power SpA approved a) the project to build photovoltaic plants in the municipality of Taranto, Puglia, in two industrial establishments owned by Marcegaglia Taranto SpA, for a total capacity of around 4.1 MW, and b) the conclusion of an agreement with Marfin Srl, a Marcegaglia Group company, to buy 51% of the share capital of a newly incorporated company (already in possession of enough United Solar photovoltaic panels to ensure the installation of 2.2 MW of capacity).
Taranto Solar Srl was incorporated in early 2010, as stated in Note 38, “Subsequent events”.

Development of photovoltaic projects in Calabria

As part of the development of solar power production projects, on December 22 the Board of Directors of Enel Green Power SpA approved the acquisition of a photovoltaic project in the municipality of Altomonte (Cosenza), Calabria, with an installable capacity of 20 MW. This was to come about via the acquisition from Resit Srl of special-purpose entity Altomonte FV, which was incorporated on December 29, 2009.
This transaction was completed in early 2010, as stated in Note no. 38, “Subsequent events”.

Development of wind power projects in Puglia

As part of the development of wind power production projects, on December 22 the Board of Directors of Enel Green Power SpA approved the acquisition from Italgest Energia SpA of four projects in Puglia (Torre S.Susanna, Bovino, Nardò and Panni), with a total capacity of 184.1 MW. This was to come about via the acquisition of 100% of the share capital of special-purpose entity Italgest Wind Srl, the owner of said projects.
This transaction was completed in early 2010, as stated in Note no. 38, “Subsequent events”.

Development of photovoltaic projects in Piedmont

As part of the development of solar power production projects, on December 22 the Board of Directors of Enel Green Power SpA approved the construction, in partnership with Finpiemonte Partecipazioni, of a photovoltaic plant in the municipality of Strambino with a capacity of around 3.2 MW. This was to come about through the incorporation of a new company in which Enel Green Power SpA would hold 60% of the share capital and Finpiemonte Partecipazioni the remaining 40%. Enel Green Power SpA also has an option to buy that 40% in the newly created company.
This transaction was completed in early 2010, as stated in Note no. 38, “Subsequent events”.

Partnership with Sharp

As part of its strategy of developing a presence throughout the photovoltaic value chain, on December 22 the Board of Directors of Enel Green Power approved plans to work with Sharp Corporation ("Sharp") and STMicroelectronics N.V. ("STM") to build and manage a photovoltaic-panel production plant in Sicily.

This transaction was completed in early 2010, as stated in Note no. 38, "Subsequent events".

REGULATORY AND RATE ISSUES

For a number of years, public authorities at a European, national and local level have been making an effort to promote the use of renewable sources and energy efficiency. In Italy, this has resulted in a number of incentive measures aimed at operators in the energy sector, as well as at businesses and individuals.

Several public initiatives are in operation nationwide to encourage or facilitate the use of renewable sources, such as: green certificates and white certificates; the energy account for photovoltaic plants; on-the-spot trading; the all-in rate; dedicated withdrawal; and the CIP 6 regime.

Tax breaks are also offered to individuals, businesses and other entities to encourage energy efficiency in existing buildings.

The various incentive schemes for using renewable sources are described below:

Green certificates

Green certificates (GCs) are negotiable certificates that attest to the production of electricity from renewable sources. The GC system, introduced in 2001 pursuant to article 11 of the Bersani Decree (Legislative Decree no. 79/99), obliges importers and producers of electricity from non-renewable sources to feed a certain quota of electricity generated by renewable sources into the national electricity grid in the following year. These operators may fulfill the obligation by purchasing, in full or in part, the equivalent quota or related rights from other producers, provided that these producers feed electricity from renewable sources into the national grid. From 2012 onwards the Green Certificates system will undergo profound changes, because the "obligation" will apply to holders of contracts for dispatching electricity being withdrawn, or to sellers.

Gestore dei Servizi Energetici (GSE) published the guaranteed withdrawal price (before June 2010) of the Green Certificates issued for electricity produced in 2007, 2008 and 2009, with the exception of production from cogeneration plants coupled with district heating. This price, equal to Euro 88.91/MWh, corresponds to the weighted average price of Green Certificate contracts recorded on the market organized by Gestore del Mercato Elettrico, or GME, between 2007 and 2009.

White certificates

The incentive system known as "White Certificates" (the technical name for which is "Energy Efficiency Certificates") has been in operation since 2005. It is a complex mechanism that involves "obligations" for electricity and natural gas distributors, combined with "benefits" offered to operators that reduce and improve their final energy usage.

Specifically, electricity and natural gas distributors are required by law to save a certain quota of energy. The operators may do this by directly implementing energy-efficiency measures with their customers and obtaining the corresponding white certificates, or by purchasing a quantity of white certificates corresponding to the quota not obtained.

One white certificate represents a saving of 1 ton of oil equivalent (toe), the conventional unit of measurement used in energy balances to express sources of energy, taking into account their calorific value.

Enel Green Power SpA does not make use of this incentive system.

Energy Account for photovoltaic plants

The energy account is the incentive designed to promote the generation of electricity from photovoltaic plants. It consists of an incentive rate applied to all electricity produced by the plant and a choice between two production/utilization schemes for the electricity generated, according to suitability and the size of the plant: On-the-Spot Trading and Dedicated Withdrawal.

After December 31, 2010 the energy account rates will be subject to review. Ministers are already studying a new draft decree for the incentive regime for 2011 onwards. The official document is pending publication.

On-the-Spot Trading

The on-the-spot trading service consists of generating a physical amount equal to the difference between the electricity fed into the grid and the electricity withdrawn on an annual basis (net metering). Plants fueled by renewable sources with a capacity of up to 20 kW and those fueled by renewable sources with a capacity of up to 200 kW (if they entered into service after December 31, 2007, pursuant to the Ministerial Decree of December 18, 2008) are eligible for the on-the-spot trading service.

The specific form of consumption by the network itself that is made possible by on-the-spot trading (offsetting of items with electricity of a different value) means that the interested party does not have to bear the supply cost related to the value of the electricity withdrawn up to the value of the electricity fed into the grid, because the electricity traded is equivalent to the electricity produced and consumed by the network itself. On-the-spot trading requires a single connection point at the plant for withdrawal and production (bidirectional meter).

Since January 1, 2009 this service has been provided directly by Gestore dei Servizi Elettrici (GSE), whereas it was previously provided by distribution companies. The service provided by GSE entitles the applicant to receive an annual net metering subsidy expressed in euros, thereby offsetting the value associated with the electricity produced and fed into the grid against the value associated with the electricity withdrawn and consumed in a different period from that in which the production takes place.

Fixed All-in Rate

The all-in rate is a monetary incentive that is different for each source. It is applied as an alternative to green certificates for net electricity fed into the grid. It is designed to promote small plants, simplifying procedures and guaranteeing a fixed, predictable return. The all-in rate is applicable to all renewable sources (with the exception of sunlight) and is granted for a period of 15 years.

Dedicated Withdrawal

The system of the sale of electricity via dedicated withdrawal by GSE is a simplified way for producers to sell electricity fed into the grid to GSE, instead of using bilateral contracts or selling directly on the Power Exchange.
For plants fueled by renewable sources with a nominal active capacity of up to 1 MW, this involves minimum prices which decrease as production increases.
Resolution no. 280/07 of the Authority for Electricity and Gas (AEEG) provided for these prices to be different for each source. The publication of guaranteed minimum prices by source began with the hydroelectric sector (AEEG Resolution no. 109/08), with the guaranteed minimum prices for the other sources to be reviewed subsequently.

CIP 6/92

"CIP 6/92" refers to Interministerial Price Committee measure no. 6 of April 1992, which established the prices at which private operators could sell electricity produced from renewable or similar sources to Enel (now to GSE) for more than the market price. The measure also classified true renewable sources and those that are similar (thermal energy generated using waste) as equal for incentive purposes.
The Ministerial Decree of December 2, 2009, "Mechanisms for the early termination of the CIP 6/92 agreements", governs the withdrawal of any type of plant from the CIP 6/92 regime, now considered "not very efficient in a liberalized market structure". Early termination must be voluntarily requested by the producer.
The price to which the producer is entitled consists of all incentives yet to accrue, revalued according to ISTAT (national statistics institute) data, related to the capacity and the number of equivalent hours/year for the remaining years of the agreement, discounted by 6%.

Ministerial Decree of December 18, 2008

With the 2008 Finance Act (Law no. 244/2007), Parliament amended the mechanisms for incentivizing electricity generated by plants fueled by renewable sources which entered into service after December 31, 2007. The same law implemented the new regulations via a series of ministerial decrees. The first step was completed when the Minister of Economic Development approved the Ministerial Decree of December 18, 2008, "Incentives for the production of electricity from renewable sources, pursuant to article 2, paragraph 150, of Law no. 244 of December 24, 2007".
When defining the incentive system, the 2008 Finance Act distinguishes between small plants, or those with a capacity of less than 1 MW (200 kW for wind farms), and bigger plants. When applying to qualify as a Plant Fueled by Renewable Resources (IAFR), small plants may choose between two incentive mechanisms: an All-in Rate paid for each kWh produced or participation in the Green Certificates market.
Medium-large plants are not eligible for the All-in Rate and must participate in the Green Certificates market.
Both incentive mechanisms are differentiated according to source. The all-in rate differs for the various renewable sources, whereas in the GC mechanism, the differentiation takes place in the determination of the number of certificates allocated to the plant for each MWh of renewable generation, and is implemented in practice through the definition of correction coefficients.

These factors are used to calculate the relevant production for the purposes of issuing the certificates, using actual production.
The Ministerial Decree of December 18, 2008 partially defined the implementation procedures for the new mechanisms, introducing some changes to the rules in force. The changes include:

- the updating of the criteria and procedures for calculating the electricity eligible for Green Certificates or the All-in Rate, providing a new, more transparent definition of the annual energy output eligible for incentives;
- the classification of bioenergy sources and differentiation between incentives;
- the revision of some of the general rules of the system of promoting renewables. The Ministerial Decree of December 18, 2008, implementing the 2008 Finance Act, established the criteria for incompatibility between the various support instruments available in Italy. Electricity generated by plants fueled by renewable sources which has obtained White Certificates or exemption from excise duties or other national, regional, local or EU public incentives in the form of energy account incentives, capital grants or interest subsidies is therefore not eligible for Green Certificates or the All-in Rate. The decree provides a waiver only for plants fueled by biomass from the production process, for which Green Certificates and the All-in Rate can be used in conjunction with other public incentives not exceeding 40% of the cost of investment. In order to implement more than one incentive in conjunction, the use of biomass not from the production process is also permitted, up to a maximum of 20%.

Lastly, other changes concern:

- the exclusion of electricity generation from plants benefiting from the All-in Rate from the quantity of electricity subject to the renewable energy feed-in obligation pursuant to article 11 of Legislative Decree 79/99;
- the provision of an obligation for GCs traded outside of the market organized by GME to be recorded and the price communicated. GME consequently upgraded the system for recording bilateral trading (quantity, price and type of certificate);
- the possibility for plants that entered into service after December 31, 2007 and that have a maximum capacity of 200 kW to opt for the regulated On-the-Spot Trading mechanism as an alternative to the All-in Rate.

Law no. 99/09 (Development Act)

The main changes introduced by Law no. 99 of July 23, 2009, "Provisions for the development and internationalization of companies and the energy sector", include:

- the possibility for municipalities with a population of less than 20,000 to use on-the-spot trading for plants with a maximum capacity of 200 kW, with exemption from the obligation to have a single point for both production and withdrawal;
- the possibility for municipalities to sell areas to private operators for the construction of photovoltaic plants for the allocation of Energy Account incentives and On-the-Spot Trading services;
- the transfer, as of 2011, of the obligation to feed renewable energy into the electricity grid or acquire a corresponding number of Green Certificates from producers to holders of certificates for dispatching electricity being withdrawn;

- the authorization for the Government to adopt measures to determine a new regulatory structure for geothermal energy;
- EIAs on non-thermal plants for the production of energy, steam and hot water with a capacity of more than 1 MW and on wind farms with a capacity of more than 1 MW.

In relation to the transfer of the obligatory quota of Green Certificates from producers to sellers, it should be noted that Decree Law no. 135/2009, converted by Law 166 of November 20, 2009, provides under article 7-bis for this obligation to be postponed until 2012.

In relation to the restructuring of regulations on geothermal energy, the Ministry for Economic Development has prepared a draft decree confirming that, with regard to the expiration of concessions, the agreements already signed with the regions will be exempt. Enel Green Power SpA has an agreement with the region of Tuscany that provides for geothermal concessions to expire in 2024.

Hydroelectric rent

With Resolution ARG/elt 63/09 of May 28, 2009, "*Determination of average fixed unit costs for the purposes of defining hydroelectric rent for AEM Torino SpA (now Iride Energia SpA), ACEA SpA and Erga SpA (now Enel Green Power SpA) pursuant to article 35, paragraph 35.4, of Resolution 228/01*", the Authority for Electricity and Gas determined the level of fixed costs relating to seven plants owned by Enel Green Power SpA following a request presented by Enel in 2001 for hydroelectric rent to be redetermined. In compliance with this resolution, the Electricity Equalization Fund paid Enel Green Power SpA Euro 3.4 million in 2009.

Guidelines for renewable sources

Article 12 of Legislative Decree no. 387/03 provides for the Minister of Economic Development, in collaboration with the Environment Minister and the Culture Minister, to obtain approval from the State-Regions Assembly for the guidelines for authorizing the construction and operation of power plants fueled by renewable sources. The guidelines are also aimed at ensuring that plants are properly integrated into the surrounding area, particularly with regard to wind farms.

The offices of the three Ministries, in collaboration with a representative of the regions, have prepared a draft series of guidelines. The draft, which has already been approved by the Ministry of Economic Development, is currently being examined by the other authorities involved (MIBAC, MATTM and the regions).

Operating performance

Energy generation facilities

Enel Green Power SpA has 339 energy generation facilities, with a total installed capacity of 2,637 MW, broken down as follows:

- 1,509 MW of hydroelectric power
- 695 MW of geothermal power
- 429 MW of wind power
- 4 MW of solar – photovoltaic power

Hydroelectric

Hydroelectric technology is now very mature because hydroelectric potential is almost completely utilized.
In this context, Enel Green Power SpA aims, on the one hand, to increase the efficiency of existing technologies and, on the other, to develop run-of-the-river hydro technology, which, despite having a limited unit capacity, could provide a significant overall contribution towards meeting the demand for electricity.
The growing need to protect the environment means the development of more mini-hydro plants, which are built and run in such a way as to restrict environmental impact.
Enel Green Power SpA currently operates 279 hydroelectric plants in Italy (with a total capacity of 1,509 MW), and has a strong professional commitment to ensuring safety and maintenance at its water works.
As at December 31, 2009, Enel Green Power SpA had 47 functioning hydroelectric plants classified as IAFR plants by GSE due to their construction, reactivation, upgrading and/or redevelopment and therefore admitted to the green certificate incentive scheme pursuant to article 11 of Legislative Decree no. 79/99, as amended.
There is only one plant benefiting from the CIP/6 incentive up to February 13, 2010.

Geothermal

Geothermal energy, now being used for the first time for industrial purposes, has become a feature of the Italian energy industry and, more specifically, of Enel Green Power SpA.
Enel Green Power SpA currently manages 32 geothermal plants in Val di Cecina and Amiata (Tuscany), for an overall capacity of 695 MW, with around 40 district heating systems, geothermal heat for 25 hectares of greenhouses and annual electricity production of over 5 billion kWh, equal to the average consumption of around two million Italian families.
As at December 31, 2009, Enel Green Power SpA had 16 functioning plants classified as IAFR plants by GSE due to their construction, reactivation, upgrading and/or redevelopment and therefore admitted to the green certificate incentive scheme pursuant to article 11 of Legislative Decree no. 79/99, as amended.
There are also four plants benefiting from the CIP/6 incentive, which is due to expire next year.

Wind

Wind power is the energy source that has grown the most in Italy over the last decade, and it is expected to continue to grow by around 25% a year.
Enel Green Power SpA currently manages 24 wind plants, with a total capacity of 429 MW.
Enel Green Power SpA aims to develop new wind technologies while protecting the country’s landscape, guaranteeing the utmost care in both ensuring that its wind farms blend harmoniously into the surrounding environment and exploiting opportunities for development in the communities in which the facilities are located.
All the Group's operational wind farms are classified by GSE as IAFR facilities and are therefore admitted to the green certificate incentive scheme pursuant to article 11 of Legislative Decree no. 79/99, as amended.

Solar - Photovoltaic

The ongoing global warming phenomenon provides a powerful incentive to develop the potential of solar energy, and photovoltaic power in particular, all over the world. Installed capacity is expected to rise to more than 21,600 MW in 2010.
Enel Green Power SpA manages four photovoltaic plants, including the Serre Persano plant in Salerno, which has a capacity of 3.3 MW.
The Company is currently conducting experiments on solar concentration technology at the Enel research center in Catania, Sicily.

Electricity delivered to the network

Energy output in 2009 was 11.7 TWh, and can be broken down by source as follows:

Millions of kWh	**2009**	**2008***
Hydroelectric	6,231	540
Geothermal	5,001	419
Other sources (wind and photovoltaic)	501	56
Total	**11,733**	**1,015**

* the energy fed into the grid in 2008 refers exclusively to December.

The figures at December 31, 2008 refer only to December, so there was not much change between the periods.
Water availability levels were high in 2009.
In relation to geothermal production, the Serrazzano plant and the Piancastagnaio 5 plant (which was shut down after a fire in the cooling tower) were put back into service in 2009. In addition, there were fewer geothermal resources available in 2009, especially in the areas of Radicondoli, Carboli and Selva.

Energy sales

Energy sales can be broken down by category of client as follows:

Millions of kWh	2009	2008*
Sales on the Power Exchange:		
GME SpA (MGP [day-ahead market] and MA [adjustment market])	7,658	911
Terna Spa (MSD [ancillary services market] - Unbalancing)	293	26
Total sales on the Power Exchange	***7,951***	**937**
Bilateral contracts:		
Enel Trade SpA	1,673	0
Acquirente Unico SpA	636	0
Enel Produzione SpA	244	
Total bilateral contracts	***2,553***	**0**
Subsidized energy sales:		
GSE SpA - CIP 6	940	51
GSE SpA – Small plants	289	27
Total subsidized energy sales	***1,229***	**78**
Total	**11,733**	**1,015**

* the energy fed into the grid in 2008 refers exclusively to December.

Enel Green Power SpA has signed an agreement with Group company Enel Produzione SpA for the latter to act on its behalf on the Power Exchange. As such, despite collecting revenues from third parties for energy sales, the Company settles these items with Group company Enel Produzione SpA.

Enel Green Power SpA works independently only for the sale of energy from CIP 6 plants.

In 2009, Enel Green Power SpA sold a total of 11,733 million kWh, mainly on the Power Exchange (68% of the total energy sold).

It also sold energy through bilateral contracts (22% of the total energy sold), mainly to Group company Enel Trade SpA (1,673 GWh), Acquirente Unico SpA (636 GWh) and Enel Produzione SpA (244 GWh).

Finally, incentive-based electricity sales to GSE (10% of the total energy sold) totaled 1,229 GWh.

INVESTMENTS

Operational investments

Investments in energy generation facilities are detailed in the following table:

Millions of euros

	2009	2008*
Production plants:		
Wind	148	49
Geothermal	138	26
Hydroelectric	47	3
Total	**333**	**78**

* investments for 2008 relate exclusively to December.

Wind-farm investments related essentially to the construction of the Cozzo Staccata, Monte Stangone, Monterosso, Acquaspruzza 2 and Serra Tre Confini facilities, and to the expansion of the Sa Turrina Manna and Littigheddu sites, as well as to advance payments for Wind Turbine Generation System (WTGS) supplies for projects in the approval phase.
These investments referred mainly to new facilities (Euro 146 million, of which Euro 68 million were payments on account).

Geothermal investments related mainly to beginning operations at the Lagoni Rossi (upgrading) and Sasso (reactivating) plants, commencing upgrading activities at the Radicondoli (gr.2) plant and starting construction of the new plant at Chiusdino. Mining and engineering activities were pursued as part of the "Steam Recovery" program. These investments related to renovating existing plants (Euro 65 million, of which Euro 4 million were payments on account), maintaining plants (Euro 54 million, of which Euro 1 million were payments on account) and new plants (Euro 19 million, of which Euro 1 million were payments on account).

Work on hydroelectric plants mainly involved commencing operations at the Crevola Toce 3 plant (renovating) and renovating the Bardonecchia and Varzo 1 plants. These investments related to renovating (Euro 26 million) and maintaining (Euro 21 million) existing plants.

In total, production investments in 2009 brought about an increase in generation capacity of 92 MW (67 MW for wind farms, 24 MW for geothermal plants and 1 MW for hydroelectric plants).

Economic and financial performance

Definition of performance indicators

In order to present the results of Enel Green Power SpA and analyze its equity and financial structure, Enel has prepared separate reclassified statements that differ from those envisaged under the IFRS-EU accounting principles adopted by the Company and presented in these financial statements. These reclassified statements contain different performance indicators from those obtained directly from the financial statements, which management feels are useful in monitoring performance and representative of the economic and financial performance of the Company's business.

In accordance with Recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below:

Gross profit: an initial indicator of the operating performance of the core business that indicates the capacity of revenues from ordinary operations to cover costs alone, the variability of which is closely linked to the quantity of electricity produced and sold. It is calculated by algebraically adding together the following:

- "Revenues from sales and services", net of management fee revenues from foreign companies belonging to the Enel Green Power Group;
- "Net income (charges) from commodity risk management", net of any income and expense for forward points, which are recognized under "Financial income (expense)".
- variable costs borne to obtain the quantities sold, i.e.:
    - costs of "raw materials and consumables" relating to costs for electricity purchases for the production of electricity;
    - ancillary costs of energy sales and expenses for access to the transmission grid, recognized under "Costs for services".

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

Net financial expense: the algebraic sum of income from equity investments, financial income and financial expense.

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

- "Deferred tax assets";
- "Loans to employees", included in the item "Financial receivables and medium-/long-term securities";
- "Medium-/long-term loans";
- "Post-employment and other employee benefits";
- "Provisions for future risks and charges";
- "Deferred tax liabilities".

Net current assets: defined as the difference between "Current assets" and "Current liabilities," with the exception of:

- “Financial receivables due from subsidiaries” and “Current portion of loans to employees”, included in the item “Financial receivables and short-term securities”;
- “Cash and cash equivalents”;
- “Short-term loans”;
- “Current portion of medium-/long-term loans”;
- “Current portion of long-term funds and short-term funds”;
- “Interest expense on the intercompany current account,” included in Current financial liabilities.

Net invested capital: calculated as the algebraic sum of “Net non-current assets” and “Net current assets”, post-employment and other employee benefits and Provisions for future risks and charges (including short-term portion), “Deferred tax liabilities” and “Deferred tax assets”.

Net financial debt: a financial structure indicator, determined by “Medium-/long-term loans”, the current portion of such loans, “Short-term loans” and interest expense accrued on the intercompany current account, included in “Current financial liabilities”, net of “Cash and cash equivalents” and “Financial receivables and medium-/long-term securities” and “short-term securities” not previously considered in other balance sheet indicators.

Performance

The economic performance in 2009 is shown in the statements below, which have been compiled by reclassifying, on the basis of operational criteria, figures from the income statement at December 31, 2009, prepared in accordance with legal requirements and compared with the results at December 31, 2008.
The income statement at December 31, 2008 refers only to December, so there was not much change between the periods.

Millions of euros

	2009	2008	Change
Revenues			
Revenues generated by energy sales	1,045	105	940
Income/(expense) from commodity risk management	118	18	100
Costs related to energy sales	(20)	(1)	19
Gross profit	**1,143**	**122**	**1,021**
Other revenues	42	1	41
Raw materials and consumables	(21)	(2)	19
Services	(146)	(14)	132
Personnel	(122)	(4)	118
Other operating expenses	(40)	(4)	36
Capitalized costs	22	2	20
Gross operating margin	**878**	**101**	**777**
Depreciation, amortization and impairment losses	(305)	(25)	280
Operating income	**573**	**76**	**497**
Net financial income / (expense)	(69)	(9)	60
Income before taxes	**504**	**67**	**437**
Income taxes	(182)	(26)	156
Net income for the year	**322**	**41**	**281**

Gross profit can be broken down as follows:

Millions of euros

	2009	2008
Revenues generated by energy sales	**1,027**	**105**
Revenues from energy sales	847	89
Revenues from green certificate sales	171	15
Revenues from energy transportation	9	1
Costs related to energy sales	**(19)**	**(1)**
Income/(expense) from commodity risk management	118	18
Current gross profit	**1,126**	**122**
Revenues from energy sales from previous years*	18	0
Energy purchase costs from previous years	(1)	0
Gross profit (including non-current items)	**1,143**	**122**

* Relating to CIP 6 plants

Revenues from energy sales, totaling Euro 1,045 million, relate to revenues from the sale of energy accrued in the year (Euro 1,027 million) and to revenues from the sale of energy in previous years (Euro 18 million). These revenues, relating to the sale of 11,733 GWh, break down as follows:

- Euro 503 million from the sale of 7,951 GWh to GME and Terna SpA, taking into account net income from unbalancing;
- Euro 184 million from the sale of 2,553 GWh via bilateral contracts to Enel Trade SpA, Acquirente Unico SpA and Enel Produzione SpA;
- Euro 179 million from the incentive-based sale to GSE of 1,229 GWh, including Euro 18 million of revenues from the sale of CIP 6 energy in previous years.

Energy production eligible for the purposes of allocating Green Certificates amounted to 1,910 GWh, worth a total of Euro 171 million, broken down as follows:

- 296 GWh at Euro 89.85/MWh for a total of Euro 27 million of Green Certificate sales to Enel Trade SpA carried out in December;
- 1,614 GWh at Euro 89.17/MWh for a total of Euro 144 million of expected revenues from green certificate sales to GSE, valued at the best estimate of the 2010 withdrawal price calculated on the basis of current legislation (weighted average of trading carried out between 2007 and 2009).

Of these revenues, Euro 84 million is attributable to the 938 GWh produced by IAFR-qualified geothermal plants, Euro 44 million to the 488 GWh from wind plants and Euro 43 million to the 484 GWh generated by IAFR-qualified hydroelectric plants.

Gross operating margin

The gross operating margin was Euro 878 million, from gross profit of Euro 1,143 million, other revenues of Euro 42 million and operating costs of Euro 307 million (net of Euro 22 million of capitalized costs).

Costs for raw materials and consumables related mainly to the acquisition of reagents needed to run the production plants (Euro 7 million) and spare parts for the geothermal plants (Euro 8 million).

Costs for services related in the amount of Euro 112 million to services provided by other Enel Group companies (Euro 68 million) and by third parties (Euro 44 million), and in the amount of Euro 34 million to costs for leases and rentals of third-party assets, essentially comprising fees to third parties (Euro 28 million).

Personnel costs include charges for early-retirement incentives (Euro 10 million). The table below shows the total and average costs by category of workforce (net of early-retirement incentives and other extraordinary items):

	2009	
	Total cost	Average cost
Top management	12	303
Middle management	16	97
Office staff	45	62
Laborers	38	55
Total	**111**	**69**

The other operating costs include Euro 26 million relating to contributions paid to municipal, provincial and regional authorities where the Group's plants are located on the basis of specific agreements between the parties, Euro 8 million relating to net provisions for risks and charges, and Euro 6 million relating to duties and taxes and other costs.

Operating income

Operating income amounted to Euro 573 million due to the recognition of Euro 300 million of depreciation and amortization, relating almost exclusively to production plants and to provisions for loan write-downs in the amount of Euro 5 million.

Net financial income/(expense)

Net financial expense related to income from equity investments (Euro 15 million), financial expense (Euro 87 million) and financial income (Euro 3 million).

More specifically, income from equity investments includes Euro 15 million of dividends from La Geo S.A. de C.V. (in which Enel Green Power SpA holds a 36.2% stake) relating to 2007 and 2008; financial expense refers mainly to interest expense accrued on the intercompany current account with the ultimate parent for performing treasury services (Euro 71 million) and on other medium-/long-term bank loans (Euro 4 million), as well as financial expense realized on existing CFH derivatives with Enel SpA in relation to the debt (Euro 5 million).

Income taxes

Income taxes of Euro 182 million related to current taxes of Euro 205 million (including Euro 34 million of additional IRES and net of Euro 5 million relating to tax adjustments on previous years) and to the combined effect of net deferred taxes in the amount of Euro 23 million.

The effective tax rate for the period is 36%.

Analysis of Enel's financial position

The reclassified balance sheet at December 31, 2009, compared with the reclassified balance sheet at December 31, 2008, is shown below:

Millions of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Net non-current assets			
Property, plant and equipment	4,783	4,746	37
Intangible assets	3	1	2
Equity investments	2,215	79	2,136
Non-current financial assets	0	51	(51)
Other non-current assets	2	1	1
Non-current financial liabilities	(21)	(12)	9
Other non-current liabilities	(38)	(20)	18
Total	**6,944**	**4,846**	**2,098**
Net current assets:			
Trade receivables	312	106	206
Inventories	13	12	1
Net tax receivables /(payables)	(187)	(28)	159
Current financial assets	73	127	(54)
Other current assets	54	59	(5)
Current financial liabilities	(2)	(7)	(5)
Other current liabilities	(72)	(41)	31
Trade payables	(232)	(76)	156
Total	**(41)**	**152**	**(193)**
Gross invested capital	**6,903**	**4,998**	**1,905**
Miscellaneous provisions:			
Post-employment and other employee benefits	43	40	3
Provisions for risks and charges (including current portion)	61	61	0
Net deferred taxes	(41)	23	(64)
Total	**63**	**124**	**(61)**
Net invested capital	**6,840**	**4,874**	**1,966**
Shareholders' equity	**2,291**	**2,009**	**282**
Net financial debt	**(4,549)**	**(2,865)**	**1,684**

Net non-current assets

Net non-current assets rose by Euro 2,098 million compared with December 31, 2008, owing largely to an increase of Euro 2,136 million in equity investments: in 2009, Enel Green Power SpA completed:

- the acquisition from Enel Investment Holding B.V., with effect from January 1, 2009, of stakes in Enel Green Power International B.V. (Euro 1,690 million) and the share premium contributions made in April (Euro 225 million) and December (Euro 160 million);
- the acquisition of Enel.si Srl from Enel SpA (Euro 9 million);
- the acquisition of 51% of Renovables de Guatemala, as indicated in "Significant events

in 2009”, for Euro 44 million, which also included an option to buy the 8.8% stake held by Simest for Euro 7 million.

The change in net non-current assets also reflects:

- the increase of Euro 37 million in property, plant and equipment, owing essentially to the balance between investments (Euro 341 million) and depreciation (Euro 300 million) for the year;
- the reduction in non-current financial assets: at December 31, 2008, this item totaled Euro 51 million and related to the change in fair value of the financial contract for difference stipulated with Enel Trade SpA;
- the increase of Euro 18 million in other non-current liabilities owing to greater contributions paid to municipal, provincial and regional authorities where the Group's plants are located, on the basis of specific agreements between the parties.

<u>Net current assets</u>

Net current assets were Euro -41 million, a reduction of Euro 193 million compared with Euro 152 million at December 31, 2008.

This change essentially reflects the different reference scope insofar as the Company did not receive trade items from the spin-off, so receivables and payables at December 31, 2008 referred to only one month of business. At December 31, 2009, however, they included receivables and payables for December and for the previous months, taking into account predicted invoicing, collection and payment times.

As such, the increase of Euro 206 million in trade receivables reflects higher receivables due from other Group companies (+ Euro 59 million) and from third parties (+ Euro 147 million). More specifically, the change in Group receivables relates to higher outstanding receivables with Enel Produzione SpA (Euro 3 million), Enel Trade SpA (Euro 39 million), Enel Distribuzione SpA (Euro 7 million) and companies in Central and South America (Euro 7 million). The increase in receivables due from third parties essentially reflects higher revenues from the sale of green certificates (Euro 129 million).

The rise of Euro 156 million in trade payables reflects higher payables due to other Group companies (+ Euro 73 million) and to third parties (+ Euro 83 million). More specifically, there was an increase in payables to third parties for invoices received (Euro 54 million) and for invoices to be received (Euro 29 million), and an increase in payables to Enel Factor SpA (Euro 17 million), Enel Produzione SpA (Euro 13 million) and Enel Servizi Srl (Euro 12 million).

The change in net current assets also reflects:

- the increase of Euro 159 million in net tax payables owing essentially to the recognition of estimated income taxes for 2009 (IRES, additional IRES and IRAP);
- the increase of Euro 13 million in other current liabilities owing essentially to higher payables to employees (Euro 6 million) and to urban-planning contributions (Euro 5 million).

Net current assets include Euro 73 million for the recognition of the change in fair value of the financial contract for difference stipulated with Enel Trade SpA, which expires next year (Euro 127 million at December 31, 2008).

Miscellaneous provisions

Miscellaneous provisions can be broken down as follows:

Millions of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Post-employment and other employee benefits	43	40	3
Provisions for risks and charges (including current portion)	61	61	0
Net deferred tax assets / (liabilities)	**(41)**	**23**	**(64)**
Deferred tax assets	(75)	(30)	45
Deferred tax liabilities	34	53	(19)
Total	**63**	**124**	**(61)**

Miscellaneous provisions changed primarily as a result of deferred tax. There was a rise of Euro 45 million in deferred tax assets and a fall of Euro 19 million in deferred tax liabilities.

Net invested capital

Net invested capital stood at Euro 6,840 million (Euro 4,874 million on December 31, 2008). It was financed by shareholders' equity in the amount of Euro 2,291 million (Euro 2,009 million on December 31, 2008) and by net financial debt in the amount of Euro 4,549 million (Euro 2,865 million on December 31, 2008).

As well as the recognition of income for 2009 (Euro 322 million), shareholders' equity rose because of the reduction of Euro 40 million in the financial instrument revaluation reserve (net of Euro 23 million relating to the tax effect recognized in equity).

Analysis of the financial structure

Net financial debt is broken down as follows:

Millions of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Long-term debt:	**(207)**	**(190)**	**17**
Long-term loans to employees	1	1	0
Long-term loans	(208)	(191)	17
Short-term debt:	**(4,342)**	**(2,675)**	**1,667**
Intercompany current account	(4,244)	(2,643)	1,601
Financial receivables due from subsidiaries	8	2	6
Interest expense on intercompany current account	(79)	(7)	72
Short-term portion of long-term debt	(27)	(27)	0
Net financial debt	**(4,549)**	**(2,865)**	**1,684**

Net financial debt rose by Euro 1,684 million owing essentially to the acquisition, with effect from January 1, 2009, of the stakes in Enel Green Power International B.V. (Euro 1,690 million) and Enel.si Srl (Euro 9 million) from Enel Investment Holding B.V. and Enel SpA respectively. In 2009, Enel Green Power SpA also made two share premium contributions, totaling Euro 385 million, to Enel Green Power International B.V.

In addition, in 2009 Enel Green Power paid Euro 44 million for a 51% stake in Renovables de Guatemala.
The short-term portion of the EIB loan extended in relation to a program of renewable-energy investments (Euro 27 million) was also repaid in 2009.
Taking into account the effect of these financial investments, the Company generated cash through continuing operations, as described below.

Cash flows

Millions of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Cash and cash equivalents at December 1, 2008	**(2,644)**	**(2,618)**	**(26)**
Cash flows from operating activities (a)	850	66	784
Cash flows from investing/disinvesting activities (b)	(2,467)	(78)	(2,389)
Cash flows from financing activities (c)	17	(14)	31
Cash and cash equivalents at December 31, 2008	**(4,244)**	**(2,644)**	**(1,600)**

Cash flows from operating activities were Euro 850 million. Self-financing of Euro 899 million was only partly offset by the change of Euro 49 million in net current assets.

Investing/disinvesting activities used Euro 2,467 million of cash, owing essentially to the acquisition of stakes in Enel Green Power International B.V. (Euro 1,690 million), Enel.si Srl (Euro 9 million) and Renovables de Guatemala S.A. (Euro 44 million) and to share premium contributions totaling Euro 385 million paid to Enel Green Power International B.V. Investing activities also used cash for investments during the year in wind farms (Euro 148 million) and geothermal plants (Euro 138 million).
Cash flows from financing activities were Euro 17 million, reflecting the issue of a loan in relation to the "Palo Viejo" project in Guatemala (Euro 44 million) and the repayment of the European Investment Bank loan installment due (Euro 27 million).
The combined effect of the various cash flows caused a reduction of Euro 1,600 million in initial cash. Final cash of Euro -4,244 million consisted essentially of the debit balance on the intercompany current account with the ultimate parent for the provision of treasury services.

PERFORMANCE OF THE MAIN SUBSIDIARIES

Enel Green Power International B.V.

The Dutch-registered company's purpose is to serve as a holding company for equity investments in the renewable-energy sector (except those belonging to the Endesa Group). It houses stakes in companies in North America, Latin America and Europe (Romania, Bulgaria, Greece, France and Spain).

During 2009, the Company was particularly active in buying new companies and consolidating existing subsidiaries and associates:

- in January, it made a share premium contribution to the capital increase of Enel Latin America B.V.;
- in the first half of the year, the Company secured 100% of the share capitals of Greek firms International Wind Rhodes, International Wind Achaia and Glafkos Hydroelectric;
- in October, it bought 100% of Erelis S.A.S. from Enel France for Euro 28 million, and in December it contributed Euro 60 million to the share capital increase;
- in November, it contributed Euro 30 million to the capital increase of Romanian company Enel Green Power Romania;
- in December, it incorporated the Greek holding company Enel Green Power Hellas, which was created at the end of 2009 and into which the companies International Wind Power, Wind Park of Thrace, International Wind Park of Thrace and Hydro Constructional were converged;
- in December, it contributed Euro 18 million to the capital increase of Bulgarian company Enel Green Power Bulgaria.

Operating costs of around Euro 1 million related primarily to legal and operating expenses incurred during the aforementioned transactions.

Net financial expense of Euro 2.4 million related mainly to interest expense accrued on the revolving loan held with Enel Group company Enel Finance International.

The Company ended 2009 with a **net loss** of Euro **82** million.

Enel.si Srl

Enel.si Srl manages activities connected with the development of the photovoltaic power market and energy efficiency. The Company has become the market leader and a point of reference for Enel and its competitors in the photovoltaic power and energy efficiency sectors.
In 2009, the Company continued to:

- offer products, services and integrated solutions for saving energy and using it more efficiently, focusing particularly on the core business of renewable energy, primarily photovoltaic power;
- develop its franchising network, one of Enel.si Srl's main forms of local market presence for promoting the sale of gas and electricity on the free market and performing after-sales services and activities.

The Company also continued to reposition and restructure its retail network, including through concessions within existing businesses, confirming its status as Italy's leading plant engineering franchisor, with 517 affiliated shops.
Enel.si Srl has also confirmed its status as Italy’s leading operator in terms of *development of the photovoltaic power* market. It aims to increase its residential market share even further.
During 2009, Enel.si Srl also continued its role as a channel for after-sales commercial operations and contract acquisition services on behalf of the Enel Group's Market Division companies.

Revenues totaled Euro 178 million, up by Euro 25 million compared with 2008. Of this total, Euro 114 million related to retail sales, primarily of photovoltaic material (Euro 94 million in 2008), Euro 50 million to the sale of energy efficiency certificates (Euro 13 million in 2008) and Euro 14 million to other revenues (Euro 46 million in 2008, taking into account revenues from orders taken on behalf of the Enel Group).
The increase of Euro 57 million in revenues from the sale of photovoltaic material and energy efficiency certificates more than offset the reduction of Euro 32 million in other revenues for fulfilling photovoltaic orders, which are no longer part of the Company's business model.

Operating costs were Euro 171 million, up by Euro 24 million on 2008. Costs for materials (purchases and changes to inventories) increased by Euro 31 million (Euro 133 million in 2009, against Euro 102 million in 2008) as a result of the aforementioned rise in sales of photovoltaic material and energy efficiency certificates, while other operating costs fell by Euro 8 million owing to lower costs for services and miscellaneous costs.

As a result, the **gross operating margin** was Euro 7 million, in line with the previous year (when it was Euro 6 million).

Operating income was Euro 7 million, in line with the previous year.

Net income from financial activities was broadly unchanged, with an improvement of Euro 2 million on 2008 thanks to financial income realized on exchange-rate derivatives.

The Company ended the year with **income** of Euro 4 million, taking into account taxes for the year (Euro 3 million), an increase of around Euro 3 million on the net income for 2008.

Net invested capital totaled Euro 45 million (Euro 49 million at December 31, 2008) and was made up of net non-current assets of Euro 2 million, net current assets of Euro 47 million and miscellaneous provisions of Euro 4 million. This net invested capital was financed in the amount of Euro 15 million by shareholders' equity (Euro 14 million at December 31, 2008) and Euro 30 million by net financial debt (Euro 35 million at December 31, 2008).

Research and development

Enel Green Power SpA has begun several research projects in the field of innovative electricity generation from renewable sources.
In addition to continuing the themes launched in the first half of 2009 to develop and realize innovative technologies, new proposals will therefore soon be added to the business plan for 2010-2014, including the following projects:

- Tidal energy: this project involves a feasibility study (in terms of technology and the presence of energy resources) for the construction of a pilot site to make use of tidal power. A second phase, involving the design, construction and operation of the pilot site, will be carried out subject to the results of the feasibility study;
- Joint research program with Sharp and STM: this project involves studying and experimenting with innovative photovoltaic technologies as part of the joint venture with STM and Sharp;
- Predictive remote diagnostics for wind farms: the project involves checking the predictive fault diagnostic products for operational wind farms;
- Generation systems for isolated users: the project involves designing, producing and demonstrating low-cost prototypes for providing electricity and storage systems in remote areas (approximate size 10 kW);
- Management of distributed-generation systems. The project involves: designing and implementing integrated management strategies for generating energy from renewable sources, storage and loading in an energy park; implementing and validating, through simulation on grid models, the performance of one or more interacting energy parks; validating at the Navicelli test site, integrated with the distribution grid; researching and preparing a technical, economic and financial industrial sustainability plan to improve upon the results;
- Integration of geothermal cycles with CSP plants: the project involves assessing hybrid configurations that require the integrated use of solar, low-enthalpy geothermal and biomass sources, and demonstrating the optimum cycle at pilot-plant scale. It is an extension of work on low-enthalpy and hybrid cycles.

In terms of projects already finalized in 2009 and therefore currently under way, investment of around Euro 30 million is expected for the 2009-2013 period, including around Euro 10.3 million in 2010.
As part of the “Wind Forecast” project, the two short- and medium-term wind productivity forecast models (the physical CFD model and the statistical neural network ANN model) are to be rolled out to another two wind farms this year, further validating and improving the compatibility between plant production and network management.
The project “Wind Power – Characterization of Existing Systems and Development of New Technologies” involves buying and installing small/medium-sized wind turbines available on the market.
In terms of solar power generation systems, the “Diamond” prototype was recently launched. The “Diamond” is an integrated system for generating and storing solar energy, located within the Parco Mediceo di Pratolino, in Tuscany, and opened at the end of October 2009.

As regards the “Innovative Low-Cost Solar Power” and “Innovative Photovoltaic Power – Advanced Solar Laboratory in Catania” projects, studies are continuing to identify innovative, low-cost technological solutions in the concentrating solar thermal power field and to develop new technologies with high conversion yields and relatively low energy production costs. These will be tested at the Solar Laboratory in Catania, which is currently under construction.
Alongside these activities, a test facility at Livorno is being built as part of the “ER Store” and "Energy Farm” projects. This facility will characterize the innovative energy storage systems considered suitable to be coupled with wind or solar power stations capable of guaranteeing operating programmability and will test the wood biomass generators that will be used to superheat the steam in geothermal production plants.
The continuation of geothermal projects during the year involved building the new plant based on supercritical ORC binary cycles to exploit low-enthalpy geothermal resources, as part of the "Innovative Geothermal Power - Low Enthalpy" project, and building pilot plants to improve environmental performance in the geothermal sector (reduce emissions), as part of the “AMIS β” project.

Loans could be extended for some of these projects as part of European research programs, following submissions made in 2009 – in relation to the Innovative Photovoltaic Power (SOPHIA) and ER Storage (SYNAPSE) projects – as well as previous submissions and others yet to be prepared.

HUMAN RESOURCES AND ORGANIZATION

Organization

In 2009, Enel Green Power SpA worked to complete and consolidate its new organizational structure. Specifically:

- the organizational structures of the Areas relating to international operations were defined (North America Area, Central and South America Area and Europe Area), proposing an organizational model that is in line with the flow of value creation of the Renewable Energies Division (Business Development - Engineering, Procurement and Construction – Operations and Maintenance) and consistent for each international entity, while maintaining local characteristics;
- the central department of Strategic Analysis & Competitive Intelligence was created, aimed at supporting the strategic choices of the Division by monitoring the global renewable energies market and the Company's main competitors;
- the central department of Safety and Environment was created to enhance the attention paid by the Company to employee health and safety and environmental issues;
- the central staff departments of Corporate Affairs and Regulatory Affairs were created, aimed at strengthening the Company's organizational structure by giving it the necessary functional autonomy.

The organizational structure of the Renewable Energies Division currently consists of the following Areas and central departments:

- Areas: Europe, North America, Central and South America, Italy (Operations), Italy (Development) and Enel Unión Fenosa Renovables (EUFER);
- Central departments: Strategic Analysis and Competitive Intelligence, Safety and Environment, Business Development, Engineering, Procurement, Legal Affairs, Administration, Finance and Control, Audit, Corporate Affairs, Regulatory Affairs, and Personnel and Organization.

Continuous improvement processes are under way, aimed at bringing the organization in line with market best practices.

Development and training

A number of development and training initiatives were carried out in 2009, with the common aim of promoting international integration, enhancing the knowledge of the division's staff and improving the process of sharing best practices.
The main initiatives involved:

- the launch of the "International Mobility Program" (IMP), offering staff from various parts of the world the opportunity to experience life abroad and identifying a specific career path for each of these individuals;
- top-tier team building, thanks to which the management was able to share the vision and values of the Division, which will be shared and transferred down to the second and third tiers of the organization in 2010;

- the definition of the training model and the training initiatives plan for 2010, conceived in conjunction with Enel University with the common aim of promoting growth in internal resources and the enhancement of skills. At the end of 2009 the Division's first "Welcome to ER" induction program was held and basic managerial courses were offered as part of the Technological Academy's training curriculum;
- the launch of an international on-the-job training program in the wind power sector, involving 15 staff members from various countries. In 2010 this training program will also be offered for the solar sector;
- the mapping of key professions and specific career paths, in line with the value chain;
- the creation of a succession plan for staff members down to the third organizational level, promoting internal growth and international mobility.

Size and movement of the workforce

The creation of the Company was completed in 2009, and staff functions were acquired from the other Divisions of the Enel Group.
The breakdown of staff movements in 2009 is as follows:

	Number at Dec. 31, 2008	New hires	Terminations	Intragroup mobility	Category changes	Number at Dec. 31, 2009
Top management	13	2	0	29	0	44
Middle management	99	6	(2)	86	6	195
Office staff	675	33	(37)	81	7	759
Laborers	697	42	(60)	4	(13)	670
Total	**1,484**	**83**	**(99)**	**200**	**0**	**1,668**

Labor relations

In 2009, following the conclusion of national-level discussions on the new organizational structure, meetings with regional trade union associations were promoted with a view to verifying and implementing demands made at the local level in relation to the local operating facilities and, in general, the consequences for staff of the Division's new organizational model. At the second 2009 plenary meeting between the Enel European Works Council and Group management, the main operations under way and the Renewable Energies Division's 2010 Development Plan were presented to European trade unions from the sector.

General services

The "General Services" department was created in 2009 to oversee the management of the Division's real estate and general services in two Areas:

- *Planning and Personal Services*

  This Area plans, consolidates and monitors the requirements of the Division's real estate and general services, making use of Area representatives outside Italy, and defines contractual standards applicable outside Italy, with appropriate technical support and in coordination with the Area representatives;

- *Asset Management*
  This Area manages the Division's strategic industrial and civil assets for the purposes of their conservation, protection and valorization. It manages real estate administration activities relating to Italian industrial and civil assets (verification of property rights, cadastral activities, valuation of production plants for cadastral purposes, local property tax [ICI], corporate income tax [IRES], transfers of real estate between Group companies, acquisitions, sales, conveyancing, payable and receivable expropriation fees) and coordinates Area representatives for assets outside Italy. It sets up and updates the Asset Database and provides support in the acquisition, conservation and management of technical cadastral and financial documentation relating to assets assigned to the Division.

In addition, and on the basis of guidelines and policies issued by the Company and by the Division, both Areas are responsible for the operational management of the service agreement with Enel Servizi Srl, the definition and oversight of the service level agreements and the provision of technical support to the Area representatives.

Following cost structure analysis, the main activities carried out in 2009 were as follows:

- the definition of the 2010 facilities and real estate budget;
- the verification of assets allocated to Enel Green Power SpA;
- the start of the first phase of streamlining the vehicle fleet and occupied spaces;
- in partnership with Enel Servizi Srl, the definition of the operating procedure for managing the Division's vehicle fleet;
- drawing up key guidelines for stocking and auditing IT resources and work stations and assigning vehicles and mobile phones to all staff;
- outside Italy, acquiring data relating to management, attendance and access control for the offices in Central and South America (pilot area). The unit also supported Enel Erelis S.A.S. (France) in the leasing of its new Lyon office.

In 2010, the unit expects to:

- consolidate all its optimization and streamlining projects (spaces and vehicle fleet);
- complete checks on the assets allocated to the division and define the database for their management;
- monitor costs and checks on the application of SLAs, supporting the Area Managers in the analysis of budget variances, and implement support systems for real estate and facilities management;
- define and introduce the attendance tracking system at offices in Central and South America.

Outlook

The year 2010 is set to be a key period for Enel Green Power SpA to consolidate its position in the global renewable energies sector.

The Company's investment program will focus on the wind and solar power sectors, and will pursue the plans for organic growth already under way in hydroelectric and geothermal technology, taking advantage of the cost savings that can be achieved through economies of scale, particularly with regard to procurement.

In 2010, the Company will strengthen its presence in the solar power sector by implementing specific development activities aimed at acquiring and incorporating special-purpose entities, including by way of joint ventures.

In terms of geographical diversification, the Company will turn its attention to streamlining its current international portfolio, focusing on core markets such as Italy, the USA, Spain, Greece and Romania. Potential new opportunities in countries with favorable regulatory frameworks, as well as the need for disposals in non-strategic countries, will also be assessed and selected accordingly.

The Company's challenging growth targets will be supported by intensive development of pipeline projects in its key markets and technologies, through both greenfield initiatives and strategic agreements with developers.

It will also pursue its research and development activities in innovative technologies, paying close attention to environmental and safety issues.

OTHER INFORMATION

Treasury shares and ultimate parent shares

No direct or indirect transactions involving treasury shares or ultimate parent shares were carried out in 2009.
The Company therefore held no treasury shares or shares in the ultimate parent as at December 31, 2009.

Relations with subsidiaries, associates, the ultimate parent and companies under the control of the ultimate parent

Relations with subsidiaries, associates, the ultimate parent and companies under the control of the ultimate parent are described in the "Information on related parties" section (Note 35).

Subsequent events

Significant events that took place after the end of the reporting period are described in a special section of the Notes to the Financial Statements (Note 38).

Use of financial instruments

Information on the use of financial instruments, Company policies on risk management and exposure to price, credit, liquidity and cash-flow-variation risk can be found in the "Risk Management" section of the Notes to the Financial Statements (Note 4).

Security policy document

Enel Green Power SpA prepared its Security Policy Document pursuant to article 34 of the "Personal Data Protection Code" (Legislative Decree no. 196 of June 30, 2003). The document has been updated in accordance with current legislation.

International branches and offices

In order to support its activities outside Italy, Enel Green Power SpA has a branch in El Salvador, which was transferred as part of the spin-off, for the completion of the geothermal projects of subsidiary La Geo S.A. de C.V.

Management and coordination activities

The Company is subject to the management and coordination activities of Enel SpA.
Data relating to the most recent financial statements approved by the ultimate parent, Enel SpA, can be found in the Notes to the Financial Statements (Note 41).

Proposals to the shareholders' meeting

It is proposed that the income of Euro 321,533,385.77 recorded at the close of 2009 be allocated to retained earnings.

It is also proposed that the Shareholders' Meeting be asked to approve the release of part of the reserve constituted pursuant to Law 488/92 in the amount of Euro 107,263,000, following the conclusion of the projects listed below.

At the request of the Board of Directors, the Shareholders' Meeting approved in the 2008 financial statements the constitution pursuant to Law 488/92 of restrictions on availability corresponding to the amount of accelerated depreciation to be reserved following the acceptance of requests submitted to the Ministry for Productive Activities and the issue of provisional concession decrees, under which contributions were allocated for initiatives aimed at constructing new facilities for the production of electricity from renewable sources (wind, mini-hydro and geothermal) and at modernizing existing facilities.

The reserves made unavailable pursuant to Law 488/92 at the approval of the 2008 financial statements amounted to Euro 177,625,000.

The completed projects for which the release of part of the unavailable reserve is requested are as follows:

1. Project no. 97888/11 (Serra Marrocco wind farm) - provision of Euro 33,748 thousand pursuant to concession decree no. 113032 of December 2, 2002;
2. Project no. 21994/11 (Gangi wind farm) - provision of Euro 22,711 thousand pursuant to concession decree no. 110218 of February 12, 2002;
3. Project no. 97826/11 (Tula wind farm) - provision of Euro 18,689 thousand pursuant to concession decree no. 113014 of February 12, 2002;
4. Project no. 12241/11 (Contrada Colla wind farm) - provision of Euro 15,649 thousand pursuant to concession decree no. 124097 of June 23, 2003;
5. Project no. 97886/11 (Carlentini 2 wind farm) - provision of Euro 9,152 thousand pursuant to concession decree no. 113030 of February 12, 2002;
6. Project no. 97893/11 (Cozzo Vallefondi wind farm) - provision of Euro 7,314 thousand pursuant to concession decree no. 113037 of February 12, 2002.

Financial statements

INCOME STATEMENT

Euro	Notes	2009	2008
Revenues from sales and services	5.a	1,050,722,782	104,837,770
Other revenues	5.b	36,178,112	1,465,086
Total revenues	*(Subtotal)*	**1,086,900,894**	**106,302,856**
Raw materials and consumables	6.a	30,277,655	2,345,996
Services	6.b	156,128,344	14,158,220
Personnel	6.c	122,198,875	3,812,925
Depreciation, amortization and impairment losses	6.d	304,690,838	25,584,549
Other operating expenses	6.e	40,294,498	3,925,705
Capitalized costs	6.f	(21,857,783)	(1,806,413)
Total costs	*(Subtotal)*	**631,732,427**	**48,020,982**
Income/(expense) from commodity risk management	7	117,842,423	18,056,872
Operating income		**573,010,890**	**76,338,746**
Income from equity investments	8	14,595,941	0
Financial income	9	3,082,966	67,260
Financial expense	9	(86,877,705)	(8,816,071)
	(Subtotal)	**(69,198,798)**	**(8,748,811)**
Income before taxes		**503,812,092**	**67,589,935**
Income taxes	10	(182,278,706)	(26,560,899)
Net income for the year		**321,533,386**	**41,029,036**

STATEMENT OF COMPREHENSIVE INCOME

Euro

	Notes	2009	2008
Gains (losses) for the year	**24**	**321,533,386**	**41,029,036**
Effective portion of change in the fair value of cash flow hedges		(40,148,039)	41,143,124
Gains (losses) recognized directly in equity	**24**	**(40,148,039)**	**41,143,124**
Total comprehensive income		**281,385,347**	**82,172,160**

BALANCE SHEET

Euro

ASSETS	Notes	at Dec. 31, 2009	at Dec. 31, 2008
Non-current assets			
Property, plant and equipment	11	4,782,923,413	4,746,209,615
Intangible assets	12	2,801,948	1,104,495
Deferred tax assets	13	75,125,795	30,152,400
Equity investments	14	2,215,339,887	78,958,614
Financial receivables and medium-/long-term securities	15	1,436,512	828,263
Non-current financial assets	16	166,088	50,507,256
Other non-current assets	17	2,188,740	1,082,339
Total non-current assets		**7,079,982,383**	**4,908,842,982**
Current assets			
Inventories	18	12,942,861	11,568,467
Trade receivables	19	312,259,865	106,221,410
Income tax receivables		0	304,712
Financial receivables and short-term securities	20	7,714,198	2,452,582
Current financial assets	21	72,760,926	126,851,332
Cash and cash equivalents	22	43,969	34,326
Other current assets	23	55,511,654	59,016,620
Total current assets		**461,233,473**	**306,449,449**
TOTAL		**7,541,215,856**	**5,215,292,431**

Euro

SHAREHOLDERS' EQUITY AND LIABILITIES		at Dec. 31, 2009	at Dec. 31, 2008
Share capital		600,000,000	600,000,000
Other reserves		1,328,180,713	1,367,816,198
Retained earnings		41,029,036	0
Net income for the year		321,533,386	41,029,036
TOTAL SHAREHOLDERS' EQUITY	24	**2,290,743,135**	**2,008,845,234**
Non-current liabilities			
Medium-/long-term loans	25	207,700,091	190,991,998
Post-employment and other employee benefits	26	43,300,891	40,395,358
Provisions for risks and charges	27	49,334,542	37,985,395
Deferred tax liabilities	13	34,443,887	52,841,158
Non-current financial liabilities	28	20,640,629	11,586,572
Other non-current liabilities	29	37,748,383	20,067,760
Total non-current liabilities		**393,168,423**	**353,868,241**
Current liabilities			
Short-term loans	30	4,243,943,411	2,643,496,005
Current portion of medium-/long-term loans	25	27,291,907	27,290,960
Current portion of long-term funds and short-term funds	27	11,453,729	22,630,875
Trade payables	31	232,072,911	75,656,080
Income tax payables	32	184,790,233	27,178,669
Current financial liabilities	33	81,029,701	14,486,234
Other current liabilities	34	76,722,406	41,840,133
Total current liabilities		**4,857,304,298**	**2,852,578,956**
TOTAL LIABILITIES		**5,250,472,721**	**3,206,447,197**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,541,215,856**	**5,215,292,431**

Statement of Changes in Shareholders' Equity

Euro

	Share capital	Legal reserve	Revaluation reserve	Derivative revaluation reserve	Other miscellaneous reserves	Retained gains (losses carried forward)	Net income for the year	Total shareholders' equity
Jan. 1, 2008	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dec. 1, 2008 (contribution from spin-off)	**600,000,000**	**120,000,000**	**137,963,823**	**34,766,509**	**1,033,942,744**	**0**	**0**	**1,926,673,076**
Change in fair value of cash flow hedging	0	0	0	41,143,122	0	0	0	**41,143,122**
Net income for the year recognized in income statement	0	0	0	0	0	0	41,029,036	**41,029,036**
TOTAL at Dec. 31, 2008	**600,000,000**	**120,000,000**	**137,963,823**	**75,909,631**	**1,033,942,744**	**0**	**41,029,036**	**2,008,845,234**
Change in fair value of cash flow hedging	0	0	0	(40,148,039)	0	0	0	**(40,148,039)**
Allocation of retained earnings	0	0	0	0	0	41,029,036	(41,029,036)	**0**
Stock options and restricted share units	0	0	0	0	512,554	0	0	**512,554**
Net income for the year recognized in income statement	0	0	0	0	0	0	321,533,386	**321,533,386**
TOTAL at Dec. 31, 2009	**600,000,000**	**120,000,000**	**137,963,823**	**35,761,592**	**1,034,455,298**	**41,029,036**	**321,533,386**	**2,290,743,135**

STATEMENT OF CASH FLOWS

Euro	Notes	2009	2008
Income for the year		**321,533,386**	**41,029,036**
Adjusted for:			
Depreciation and impairment losses of property, plant and equipment	6d	299,855,137	25,577,949
Amortization and impairment losses of intangible assets	6d	227,701	6,560
Impairment losses of current assets	6d	4,608,000	0
Impact of adjusting exchange rates for foreign-currency assets and liabilities	9	997,249	259,917
Accretions to provisions	6c-6e	21,396,989	2,601,814
Dividends from subsidiaries, associates and other companies	8	(14,595,941)	0
Net financial (income)/expense	9	82,797,490	8,488,894
Income taxes	10	182,278,706	26,560,899
Cash flows from operating activities before changes in net current assets		**899,098,717**	**104,525,069**
Increase/(decrease) in provisions	26-27	(18,319,455)	(6,255,696)
(Increase)/decrease in inventories	18	(1,374,394)	(32,798)
(Increase)/decrease in trade receivables	19	(206,038,455)	(106,221,410)
(Increase)/decrease in current and non-current (financial and non-financial) assets/liabilities	13-15-16-17-20-21-23-28-29-32-33-34	54,645,243	(1,244,649)
Increase/(decrease) in trade payables	31	156,416,831	75,656,080
Interest income and other financial income collected		277,847	0
Interest expense and other financial expense paid		(4,405,119)	0
Dividends from subsidiaries, associates and other companies		14,595,941	0
Taxes paid		(44,841,122)	0
Cash flows from operating activities (a)		**850,056,034**	**66,426,596**
Investments in property, plant and equipment and other changes	11	(336,573,974)	(78,332,424)
Investments in intangible assets	12	(1,920,115)	0
Equity investments	14	(2,129,221,303)	0
Cash flows from investing/disinvesting activities (b)		**(2,467,715,392)**	**(78,332,424)**
Financial debt (new long-term borrowing)	25	44,000,000	0
Financial debt (repayments and other net changes)	25	(27,290,960)	(13,636,364)
Capital increase and stock option reserves	24	512,554	0
Cash flows from financing activities (c)		**17,221,594**	**(13,636,364)**
Increase/(decrease) in cash and cash equivalents (a+b+c)		**(1,600,437,764)**	**(25,542,192)**
Cash and cash equivalents at the beginning of the year	22-30	**(2,643,461,678)**	**(2,617,919,486)**
Cash and cash equivalents at the end of the year	22-30	**(4,243,899,442)**	**(2,643,461,678)**

Notes to the financial statements

1. Form and content of the financial statements

Enel Green Power SpA, which operates in the sector of electricity generation from renewable sources, is a joint-stock company and has its registered office at Viale Regina Margherita 125, Rome, Italy. The company is wholly owned by Enel SpA.
Enel Green Power SpA has opted not to prepare consolidated financial statements pursuant to paragraph 10 of IAS 27.
The consolidated financial statements for public consumption are prepared by the ultimate parent, Enel SpA The ultimate parent's registered office is in Rome, at Viale Regina Margherita 137.
On March 4, 2010, the Directors approved the financial statements and resolved to make them available to Shareholders pursuant to article 2429 of the Italian Civil Code. These financial statements will be put before the Shareholders' Meeting on March 24, 2010 and filed pursuant to article 2345 of the Italian Civil Code. The Shareholders' Meeting has the power to change these financial statements. For the purposes of the provisions of IAS 10.17, the date taken into consideration by the Directors in the preparation of the financial statements is March 4, 2010, the date when they were approved by the Board of Directors.
These financial statements have been audited by KPMG SpA.

Compliance with IFRS/IAS

The financial statements for the year ended December 31, 2009 have been prepared in accordance with international accounting standards (IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year, and the interpretations of the International Financial Reporting Interpretations committee (IFRIC) and the Standing Interpretations Committee (SIC) in effect as of the same date. All these standards and interpretations together shall be known hereinafter as "IFRS-EU".

Basis of presentation

The financial statements consist of the income statement, the statement of comprehensive income (loss), the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes.
The report on operations is presented alongside the financial statements, in accordance with article 2428 of the Italian Civil Code.
On the balance sheet, assets and liabilities are classified as "current/non-current", while any assets and liabilities held for sale are listed separately. 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 close of the fiscal year; 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 fiscal year.
The income statement is classified on the basis of the nature of costs, while the indirect method is used for the statement of cash flows.
The financial statements are presented in Euros (the functional currency of the Company) and the amounts shown in the notes are in thousands of Euros, unless otherwise stated.

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.

Use of estimates

Preparing the financial statements under IFRS-EU requires the use of estimates and assumptions that impact the carrying amount of assets and liabilities and the related information on the items involved, as well as the disclosure required for contingent assets and liabilities at the end of the reporting period. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities cannot be easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if these changes concern only the year in question. If the revision concerns both current and future years, the change is recognized in the year in which the revision is made and in the relevant future periods.
Some accounting standards are particularly significant for the purposes of understanding the financial statements. As a result, the main items affected by the use of the aforementioned accounting estimates and the main assumptions made by Management when evaluating said items are indicated below, in accordance with the aforementioned international accounting standards. The inherent problem of such estimates arises from the use of assumptions and/or professional opinions on matters that are, by their very nature, uncertain.
Changes in the conditions on which the assumptions and opinions adopted are based could have a significant impact on subsequent results.

Pensions and other post-retirement benefits

Some of the Company's employees have pension plans that offer benefits based on salary history and years of service. Some employees are also covered by other post-retirement benefit plans.
The expenses and liabilities associated with these plans are calculated based on estimates made by our actuarial consultants, who use a combination of statistical and actuarial factors, including statistical data relating to previous years and forecasts of future costs. The mortality and withdrawal rates, the assumptions relating to future changes in discount and salary-growth rates, and the analysis of healthcare cost trends are also considered as estimates.
These estimates may differ substantially from the actual results due to changes in economic and market conditions, increases/reductions in withdrawal rates and the life expectancy of the participants, and changes in actual healthcare costs.
These differences may have a significant impact on how pension expenses and other related costs are quantified.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is checked periodically and whenever circumstances or events require it to be checked more frequently.
If the book value of an asset or cash-generating unit is deemed to have been impaired, it is written down up to the relevant recoverable value, estimated with reference to its use and future sale, in accordance with the most recent business plans.
The estimates of these recoverable amounts are considered reasonable; nevertheless, possible changes in the estimation factors on which the calculation of the aforementioned recoverable

amounts is based may produce different valuations. The analysis of each asset or cash-generating unit is unique and requires Management to use estimates and assumptions deemed prudent and reasonable in relation to the specific circumstances.

Litigations

Enel Green Power SpA is involved in several legal disputes. Given the nature of these disputes, it is not always objectively possible to predict the end result of the cases, some of which may result in an unfavorable outcome.
There are also several pending disputes over urban, countryside and environmental matters relating to the construction and operation of some production plants and transport lines.
Provisions have been created to cover all significant liabilities relating to cases for which legal experts have established the probability of an unfavorable outcome and a reasonable estimate of the amount of the expected loss.

As well as the items listed above, estimates were also used to measure financial instruments and valorize green certificates. For these items, the estimates and assumptions made are included in the relevant notes to the accounting standards used.

2. Accounting standards and measurement criteria

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 currency other than the functional currency are later adjusted using the exchange rate in effect at the end of the reporting period. Any exchange rate differences are recognized in profit or loss.
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 carried at fair value are translated using the exchange rate prevailing on the date the related carrying amount is determined.

Equity investments in subsidiaries and associates

Subsidiaries comprise those entities for which Enel Green Power SpA has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. Associates comprise those entities in which the Company has a significant influence. In assessing the existence of a situation of control or significant influence, potential voting rights that are effectively exercisable or convertible are also considered.
These equity investments are measured at cost. Adjustments are made for impairment losses; these are subsequently reversed when the reasons for their recognition no longer apply. The reversal may not exceed the original cost.
Where the loss pertaining to the Company exceeds the carrying amount of the investment and the company has committed to performing the legal or constructive obligations of the investee or in any event to covering its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.

Property, plant and equipment

Property, plant and equipment is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use. In the presence of legal or implicit obligations, the cost is increased by the current value of the estimated cost for the dismantling and removal of the asset. The corresponding liability is recognized in provisions for future risks and charges. The accounting treatment of revised estimates for these costs, the passing of time and the discount rate is described in the "Provisions for risk and charges" section.
Financial expense on loans relating to the acquisition of fixed assets is recognized in the income statement for the relevant year, except when it is directly attributable to the acquisition or construction of a qualifying asset.
Some assets, subject to revaluation by the spun-off Enel Produzione SpA on the date of transition to IFRS-EU or in previous periods, were recognized at fair value, which is the deemed cost on the date of revaluation.
If significant parts of individual tangible assets have different useful lives, the components identified are recognized and depreciated separately.
Subsequent expenditure is recognized as an increase in the carrying amount of the item when it is probable that future economic benefits deriving from the cost incurred to replace a component of property, plant and equipment will flow to the Company and the cost of the item can be reliably determined. All other expenditure is recognized in the income statement in the year in which it is incurred.
The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss, with the recognition of any capital gain/loss.
Property, plant and equipment is reported net of accumulated depreciation and any impairment losses, determined in accordance with the methods described in the "Impairment losses" paragraph. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis.
Depreciation begins when the asset is ready for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

Property, plant and equipment	Useful life (years)
Hydroelectric production plants:	
Land	unlimited
Civil buildings and works	60
Penstocks	50
Mechanical and electrical equipment	40
Geothermal production plants:	
Land	unlimited
Civil buildings and works	60
Cooling towers	20
Turbines and generators	30
Turbine parts in contact with fluid	10
Other mechanical equipment	20
Wind power generation plants:	
Land	unlimited
Civil buildings and works	60
Equipment – Aerogenerator	20
Equipment - Towers	40

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

Plants include assets that can be given away free of charge. These refer to assets relating to water diversion concessions for hydroelectric plants. The concession for major water diversions for the hydroelectric plants is due to expire in 2029.
On this date, unless the concessions are renewed, all collection and regulation activities, penstocks, drains and plants located on government-owned land must be given back to the State free of charge, in proper working order. The Company believes that its ordinary maintenance plans ensure that the plants are maintained in good working order until the concessions expire.
The depreciation of assets that can be given away free of charge is therefore calculated on the basis of the lesser of the duration of the concession and the residual useful life of the asset.

Intangible assets

Intangible assets are recognized 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.
Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses, determined in accordance with the methods described in the "Impairment losses" paragraph.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reviewed at least once a year; any changes in amortization criteria are reflected on a prospective basis.
Amortization commences when the intangible asset is ready for use.
The estimated useful life of the main intangible assets is as follows:

Intangible assets	Useful life
Protected software	3
Unprotected software	3

Impairment losses

Property, plant and equipment and intangible assets are reviewed at least once a year during the preparation of the financial statements to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount is estimated.
The recoverable amount of goodwill and intangible assets with an indefinite useful life, if present, as well as that of intangible assets not yet available for use, is estimated at least once a year.
The recoverable amount is the higher of an asset's fair value, less selling costs, and its value in use.
Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. For an asset that does not generate broadly independent cash flows, the recoverable value is determined in relation to the cash-generating unit to which said asset belongs.
An impairment loss is recognized in the income statement if an asset's carrying amount, or that of the cash-generating unit to which it is allocated, is higher than its recoverable amount.
The impairment losses of cash-generating units are charged initially to the book value of any attributed goodwill and then to the other assets, in proportion to their recoverable value.
With the exception of goodwill, impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the valuations used to determine the recoverable amount.

Inventories

Inventories are valued at the lesser of cost and presumed net realizable value. The cost used is the weighted average cost, which includes relevant incidental expenses. Presumed net realizable value means the estimated sale price in the normal course of business, net of estimated costs of carrying out the sale or, where applicable, the replacement cost.

Financial instruments

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments, that are not quoted on an active market and that the entity does not originally intend to sell.

Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.

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

Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents include the net financial position of the intercompany current account held with the ultimate parent.

Trade payables

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

Financial liabilities

Financial liabilities other than derivatives are initially recognized at the settlement date at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) is within the limits set in IAS 39.

The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted.

When derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities (fair value hedge), any changes in the fair value of the hedging instrument are taken to profit or loss. Adjustments in the fair value of hedged assets or liabilities are also taken to profit or loss.

When derivatives are used to hedge the risk of changes in the expected cash flows generated by the hedged items or highly probable future transactions (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and subsequently released to profit or loss in line with the gains and losses on the hedged items.

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 the income statement.
These instruments are recognized in the accounts at the trade date.
Financial and non-financial contracts (where they have not already been measured at fair value) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.
The fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined by 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.

Cancellation of financial assets and liabilities

Financial assets are cancelled from the balance sheet upon expiry of the right to receive cash flows from the instrument or when the Company has essentially transferred all risks and benefits relating to said instrument or the control thereof.
Financial liabilities are removed from the balance sheet when they become extinct or when the Company transfers all risks and charges relating to the financial instrument.

Employee benefits

Liabilities related to employee benefits paid upon leaving or after ceasing employment in connection with defined-benefit plans or other long-term benefits accrued during the employment period, which are recognized net of any plan assets, are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the end of the reporting period. Liabilities are recognized on an accruals basis over the vesting period of the related rights. Liabilities are valued by independent actuaries.
Cumulative actuarial gains and losses exceeding 10% of the greater of the present value of the defined-benefit obligation and the fair value of the plan assets 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 shows a demonstrable commitment, with a detailed 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.

Share-based payments

Stock-option plans

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date.
The calculation method to determine the fair value considers all characteristics of the options (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date, consistent with the duration of the plan. The pricing model used is the Cox-Rubinstein.

This cost is recognized in the income statement, with a specific contra-item in shareholders' equity, over the vesting period of the rights, considering the best estimate possible of the number of options that will become exercisable.

Restricted share unit incentive plans

The cost of services rendered by employees and remunerated through restricted share unit (RSU) plans is determined based on the fair value of the RSUs granted and in relation to when the right to receive payment matures.
The calculation method for determining the fair value takes into account all the characteristics of the RSUs (duration of the plan, exercise conditions, etc.), as well as the value and volatility of the Enel stock throughout the vesting period. The pricing model used is the Montecarlo.
This cost is recognized in the income statement, offsetting a specific equity item, over the vesting period, with the fair value adjusted periodically, considering the best estimate possible of the number of RSUs that will become exercisable.

Provisions for risks and charges

Accruals to provisions for risks and charges are recognized where there is a legal or implicit obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the obligation. When the amount is discounted, the periodic adjustment of the current value owing to the time factor is reflected as a financial expense on the income statement.
If the liability is related to the dismantling and/or restoration of property, plant and equipment, the provisions are recognized as a counter-entry to the asset in question and the expense is recognized on the income statement through depreciation of the asset in question.
Changes in estimates are recognized in the income statement in the period in which the changes occur, with the exception of changes relating to forecast dismantling, removal and development costs that may arise from changes in the times and uses of financial resources necessary to discharge an obligation or from changes in the discount rate. These changes result in an increase or reduction in the asset value and are charged to the income statement through depreciation. If they increase the asset value, the Company assesses whether the new book value of the asset is fully recoverable. If it is not, the value of the asset is reduced by estimating the non-recoverable amount and the subsequent loss is recognized in the income statement.
If the changes in estimates result in a reduction of the asset value, this decrease is recognized in the accounts up to the amount of the carrying amount of the asset. The remainder is immediately recognized in the income statement.

Grants

Grants are measured at fair value on the balance sheet if there is reasonable certainty that they will be received or that the conditions for their receipt have been met and their value can be reliably estimated.
Grants received, whether for specific expenditure or specific property, plant and equipment or intangible assets, are recognized in other liabilities and posted to the income statement for as long as the related costs are recognized.
Revenues from the sale of green certificates recognized in the final financial statements relate to the amount of energy produced in the period relevant for the purposes of allocating green

certificates and are measured on the basis of the reference value, which is calculated as the weighted average of trading between 2007 and 2009 (irrespective of the year under review). This value is the GSE withdrawal price for 2009 certificates pursuant to the Decree of December 18, 2008.
CIP 6 revenues refer to the amount of energy produced by incentive-based plants pursuant to Interministerial Price Committee measure CIP 6/92, as subsequently updated and amended.

Revenues

Revenues are recognized using the following criteria depending on the type of transaction:

- revenues from the sale of assets are recognized when the significant risks and benefits of owning said assets are transferred to the buyer and their amount can be reliably determined;
- revenues from the sale and transportation of electricity refer to the amounts sold in the period, even if they have not been invoiced, and are determined on the basis of meter readings at the production plants and data shared by Enel Produzione SpA, the holder of the dispatching contract, with GME and GSE (on the basis of the mandate agreement);
- revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. The item includes 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.
Financial income comprises changes in the fair value of financial assets recognized in the income statement, foreign exchange gains and gains on hedges recognized through profit or loss.
Financial expense comprises interest expense on loans, foreign exchange losses, changes in the fair value of financial instruments recognized at fair value through profit or loss and losses on hedges recognized through profit or loss.

Dividends

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

Income taxes

Current income taxes for the period, recognized under "tax payables" net of any payments on account, or "tax receivables" if there is a net credit balance, are determined using an estimate of taxable income and in compliance with the relevant tax regulations.
Deferred and prepaid income taxes 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.

Taxes in respect of components recognized directly in equity are taken directly to equity.

3. Recently issued accounting standards

First-time adoption and applicable standards

As of January 1, 2009, the Company has adopted the following first-time-adoption international accounting standards and interpretations:

- "*Revision of IAS 1 – Presentation of Financial Statements*": this introduced a new method of presentation of financial statements, with a particular impact on the presentation of income statement data for the period through "comprehensive income", which shows profit and loss from the income statement and profit and loss recognized directly in equity ("other comprehensive income"). The standard allows companies to present this result either in a single statement of comprehensive income or on two separate, consecutive statements as follows:
  - a separate first statement - the income statement - which shows the components of profit (loss) for the year; and
  - a second statement – statement of comprehensive income – which starts with the profit (loss) for the period and also includes the gains and losses recognized directly in equity (OCI, or other comprehensive income).

  The Company chose to present comprehensive income in two separate statements. The revised version of IAS 1 also eliminated the option of presenting in the notes to the financial statements information on changes in equity and transactions with owners; this now requires the preparation of a dedicated financial statement.

- "*Revision of IAS 23 – Borrowing Costs*": this eliminated the option of recognizing immediately on the income statement financial expense directly attributable to the acquisition, construction or production of qualifying assets; capitalization as part of the asset cost is now required. There was no impact for the Company from prospectively applying this standard.

- *"Amendments to IAS 32 and IAS 1 – Puttable Instruments and Obligations Arising on Liquidation"*: the amendments introduced an exception to the definition of equity instruments by extending the definition to encompass puttable financial instruments where said instruments impose obligations on the entity in the event of liquidation, provided they have certain characteristics and meet certain conditions. There was no impact for the Company from retroactively applying these changes.

- *"Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards" and to "IAS 27 – Consolidated and Separate Financial Statements – Cost of Investments in Subsidiaries, Jointly Controlled Entities and Associates"*: the amendments establish that in the separate financial statements, on first-time adoption of IFRS/IAS, the cost of an investment in a subsidiary, associate or jointly-controlled entity can be measured at cost as provided for by IAS 27 or else at its deemed cost, which shall be either the fair value of the investment at the transition date or its carrying amount as determined under the previous accounting standards. Furthermore, the amendments to IAS 27 also establish that dividends received from a subsidiary, associate or jointly-controlled entity shall be recognized as income in the separate financial statements. This eliminates the rule in the previous version of the standard that had restricted dividend recognition in profit or loss to dividends distributed from post-acquisition earnings (cost method). There was no impact for the Company from prospectively applying these changes.

- *"Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets – Effective Date and Transition":* this amended the paragraphs on the effective date of the amendments to IAS 39 and IFRS 7 issued by the IASB and approved by the European Commission as of October 2008 concerning the reclassification of financial assets, improving the content so as to remove some inconsistencies. Specifically, the IASB clarified that reclassifications performed since November 1, 2008 were effective as of the date on which said reclassification was performed. Each reclassification performed may not be applied retroactively prior to July 1, 2008. There was no impact for the Company from applying these amendments.

- *"Amendments to IFRIC 9 – Reassessment of Embedded Derivatives" and "Amendments to IAS 39 - Financial Instruments: Recognition and Measurement":* the amendments require companies that intend to reclassify a financial instrument outside the FVTPL category, availing themselves of the amendments to IAS 39 approved by the European Commission in October 2008, to re-examine the contract to determine whether there is an embedded derivative that should be measured separately. If the company is unable to measure the derivative separately, reclassification outside the FVTPL category is forbidden. There was no impact for the Company from retroactively applying these amendments.

- *"Amendments to IFRS 2 – Share-based Payment"*: these set out the accounting treatment to be used in respect of non-vesting conditions that may apply to a share-based payment. Furthermore, the amendments extend the IFRS 2 rules governing cancellation of stock option plans by an entity to include cases in which the entity did not itself decide the cancellation or settlement during the vesting period. There was no impact for the Company from retroactively applying these changes.

- *"Amendments to IFRS 4 – Insurance Contracts" and "Amendments to IFRS 7 - Financial Instruments: Disclosures"*. The amendments introduce a three-level hierarchy for classifying assets and liabilities measured at fair value and providing the information required. Financial instruments measured at fair value were classified on the basis of this three-level hierarchy, considering the inputs used to determine said value. Level 1 includes financial instruments whose fair value is determined on the basis of active-market quotations of the same assets or liabilities; Level 2 includes financial instruments whose fair value is determined by a measurement technique that uses directly or indirectly observable market inputs related to the assets or liabilities being measured; Level 3 includes financial instruments whose fair value is determined by a measurement technique that uses non-observable market inputs. This hierarchy reflects the availability or otherwise of observable market data for determining the fair value. Companies must provide additional information in tables on the assets and liabilities measured at fair value for each of the three levels, as well as additional information on the financial instruments measured at fair value through non-observable market data. A change to the disclosure on liquidity risks has also been introduced to reflect the methods for managing these risks. There was no impact for the Company from prospectively applying these amendments.

- *"IFRIC 11 IFRS 2 - Group and Treasury Share Transactions":* the new interpretation establishes that for:

- payment agreements through which the parent company allocates options on own equity instruments to employees of subsidiaries, these subsidiaries must measure the services received by the employees as share-based payments;
- payment agreements through which subsidiaries allocate options on the parent company's equity instruments to its employees, the subsidiary must book transactions with its employees as cash-settled transactions, regardless of the manner in which the shares used to settle the payment obligations were acquired.

  There was no impact for the Company from retroactively applying this interpretation.

- *"IFRIC 13 – Customer Loyalty Progammes"*: this regulates the accounting treatment of the obligation related to credits allocated to customers as part of customer loyalty programs, and it establishes that the fair value of the obligations linked to the allocation of said credits shall be separated from sales revenue and deferred until the obligation to the customer is extinguished. There was no impact for the Company from retroactively applying this interpretation.

- *"IFRIC 14 IAS 19 – The Limit on a Defined-Benefit Asset, Minimum Funding Requirements and their Interaction":* this provides guidance for the application of the rules contained in IAS 19 relating to the asset ceiling. It also defines the effects of a minimum funding requirement on liabilities and/or assets servicing a defined-benefit plan or other long-term benefits. There was no impact for the Company from prospectively applying this interpretation.

- *"Improvements to the International Financial Reporting Standards":* these include a series of amendments to individual standards on the presentation, recognition and measurement of items on the financial statements, as well as terminology or publishing changes, that have no accounting impact.

Standards not yet applicable and not adopted

In 2009, the European Commission endorsed the following new accounting standards and interpretations, which were not yet applicable as of December 31, 2009:

- *"Revision of IAS 27 – Consolidated and Separate Financial Statements"*: this establishes that changes in equity interests in a subsidiary that do not result in a loss of control shall be recognized in equity. Where a controlling interest is divested, any residual interest must be re-measured to fair value on that date. The new standard shall be applied retroactively from financial years beginning after June 30, 2009. Enel Green Power SpA does not expect any impact from applying these changes.

- *"Changes to IAS 39 – Financial Instruments: Recognition and Measurement – Items eligible for hedging"*. This addition to IAS 39 has clarified the conditions under which certain financial/non-financial instruments may be designated as hedged items. The amendment specifies that an entity may hedge only one kind of change in the cash flow or in the fair value of a hedged item (i.e. that the price of a hedged commodity increases beyond a predetermined level), constituting a one-sided risk. To this end, it also specifies that a purchased option designated as a hedge in a one-sided risk hedge relationship is fully effective only if the hedged risk refers exclusively to changes in the intrinsic value of the hedging instrument, not to changes in its time value as well. These changes shall be applied retroactively from financial years beginning after June 30, 2009. Enel Green Power SpA does not expect any impact from applying these changes.

- *"Changes to IAS 32 – Financial Instruments: Presentation"*. The modification specifies that rights, options or warrants that authorize the acquisition of a fixed number of equity instruments of the same entity that issues said rights, for a fixed amount in any currency, must be classified as equity instruments if (and only if) the entity offers the rights, options or warrants pro quota to all holders of the same class of its own non-derivative equity instruments. These changes shall be applied retroactively from financial years beginning after January 31, 2010. Enel Green Power SpA does not expect any impact from applying these changes.

- *"Revision of IFRS 3 – Business Combinations"*: this makes significant changes to the accounting methodology for business combination transactions. The most significant provisions are:
  - the obligation to recognize in the income statement any changes in the consideration subsequently paid by the acquiring party, as well as the transaction costs of the business combination;
  - the chance to opt for full or partial goodwill methods with regard to initial recognition;
  - the obligation, in the event of the acquisition of additional shares after control has been obtained, to recognize in equity the positive difference between the acquisition price and the corresponding share of book value.

  The standard shall be applied prospectively from financial years beginning after June 30, 2009. Enel Green Power SpA does not expect any impact from the future application of these new measures.

- *"IFRIC 12 – Service Concession Arrangements"*. This interpretation dictates that, under certain conditions of concession, infrastructures used to provide services under concession must be recorded as intangible assets and/or financial receivables, depending on whether – respectively – the operator is entitled to charge the end customer for the service provided and/or is entitled to receive a predetermined payment from the awarding public authority. The application of this interpretation is not expected to have an impact for Enel Green Power SpA.

- "*IFRIC 15 – Agreements for the Construction of Real Estate*". This interpretation specifies the criteria for recognizing revenues and costs arising from contracts for the construction of real estate and clarifies when a contract falls within the scope of IAS 11 - *Construction Contracts* and IAS 18 - *Revenue*. It also regulates the accounting treatment to be applied to revenues from the provision of additional services relating to real estate under construction. The new interpretation shall be applied retroactively for financial periods beginning after December 31, 2009.
  The application of this interpretation is not expected to have an impact for Enel Green Power SpA.

- "*IFRIC 16 – Hedges of a Net Investment in a Foreign Operation*". This interpretation applies to entities that intend to hedge the foreign-exchange risk arising from a net investment in a foreign operation. The main aspects of the interpretation are:
  - the hedge may cover only the exchange rate difference between the functional currency (not the presentation currency) of the foreign operation and the functional currency of the parent (whether this is the ultimate or intermediate parent);
  - in the consolidated financial statements, the foreign-exchange risk associated with the net investment in a foreign operation may be designated as hedged only once, even if more than one entity in the same group has hedged its own exposure;
  - the hedging instrument may be held by any entity in the group (apart from the one being hedged);
  - in the event of the disposal of the foreign operation, the amount of the conversion reserve reclassified to the income statement in the consolidated financial statements shall be equal to the amount of the equivalent gain/loss on the effective portion of the hedging instrument.

  The new interpretation shall be applied prospectively from financial years beginning after June 30, 2009. Enel Green Power SpA does not expect any impact from the future application of these new measures.

- "*IFRIC 17 – Distribution of Non-cash Assets to Owners*". The interpretation clarifies recognition methods for non-cash dividends distributed to owners. Specifically:
  - dividends shall be recognized as soon as they are authorized;
  - the Company shall measure dividends at the fair value of the net assets to be distributed;
  - the Company shall recognize the difference between the book value of the dividend and its fair value through profit or loss.

  The new interpretation shall be applied prospectively from financial years beginning after October 31, 2009. Enel Green Power SpA does not expect any impact from the future application of these new measures.

- "*IFRIC 18 – Transfers of Assets from Customers*": this clarifies the recognition and measurement methods for property, plant and equipment received from customers, or cash to be used to build/purchase said assets, in order to connect customers to a given network and/or ensure that they have continuous and long-lasting access to the supply of certain goods/services. The new interpretation shall be applied prospectively from financial years beginning after October 31, 2009. Enel Green Power SpA does not expect any impact from applying the new interpretation.

During 2009, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published new standards and interpretations, which, as at December 31, 2009, had not yet been approved by the European Commission. The main standards are set out below:

- *"Amendments to IFRS 2 – Group Cash-Settled Share-Based Payment Transactions"*, issued in June 2009. The amendments, which incorporate the previous guidelines from IFRIC 8 and IFRIC 11, clarify the accounting treatment to be applied to cash-settled, share-based transactions involving different Group companies (e.g. if a parent company is obliged to pay employees of one of its subsidiaries, for services rendered, amounts based on the value of its shares). Once the amendments have been approved, they will take effect retroactively for financial periods beginning on or after January 1, 2010.

- *"IFRS 9 – Financial Instruments"*, published in November 2009: this is the first of three stages for the replacement of IAS 39. The new standard defines new criteria for classifying financial assets, based on a company's business model and on the characteristics of contractual cash flows associated with said assets. With regard to measurement criteria, the new standard dictates that financial assets shall initially be measured at fair value, including any transaction costs where said assets are not measured at fair value through profit or loss. Subsequent measurement takes place at fair value, or at amortized cost. If an equity investment is not held for trading, an entity can choose irrevocably to present changes in fair value through other comprehensive income; the relative dividends shall, in any case, be recognized in the income statement. Once the new standard has been approved, it will take effect retroactively for financial periods beginning on or after January 1, 2013.

- *"Revised IAS 24 – Related Party Disclosures"*, published in November 2009: this gives entities controlled by or subject to significant influence from public bodies the chance to provide summary disclosure of transactions with said bodies and with other entities that are also controlled by or subject to significant influence from the same bodies. The new version of IAS 24 also amended the definition of related parties for reporting purposes in notes to financial statements. Once the new version of IAS 24 has been approved, it will take effect retroactively for financial periods beginning on or after January 1, 2011.

- *"Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement"*, published in November 2009: this clarifies the circumstances in which an entity that makes advance payments to cover a minimum funding requirement can recognize said payments as an asset. Once the amendments have been approved, they will take effect for financial periods beginning on or after January 1, 2011.

- *"IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments"*, published in November 2009: this interpretation clarifies the accounting criterion that the debtor must apply in the event that financial liabilities with the creditor are extinguished with equity instruments. More specifically, the equity instruments issued constitute payment for extinguishing the liabilities and shall be measured at fair value on the date of extinguishment. Any difference between the book value of the extinguished liability and the initial value of the equity instruments issued shall be recognized in the income statement. Once the interpretation has been approved, it will take effect retroactively for financial periods beginning on or after July 1, 2010.

4. Risk management

The Company does not enter into derivative contracts for speculative purposes.

Market risk

In carrying out its activities, Enel Green Power SpA is exposed to different market risks, notably the risk of fluctuations in interest rates, exchange rates and commodity prices.
Interest rate risk is associated with changes in the financial charges of medium- and long-term debt; the Company is exposed simultaneously to commodity risk and foreign-exchange risk when it sells energy futures indexed to the price of energy commodities denominated in US dollars. Exposure to foreign-exchange risk also comes from financial flows associated with intragroup loans denominated in a foreign currency.
In order to keep this exposure within the limits set out at the start of the year in terms of risk management policy, Enel Green Power SpA stipulates intragroup over-the-counter (OTC) derivative contracts; the counterparty for commodity derivative transactions is Enel Trade SpA, while the counterparty for interest and exchange-rate derivative transactions is the ultimate parent Enel SpA.
Derivative transactions can be considered cash flow hedges (CFH) if the opportunity arises and if IAS 39 requirements are met; otherwise, they are classified as trading derivatives.
The fair value of a derivative contract, which is the amount for which the contract could be exchanged as predicted on the date of recognition, is determined using official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using measurement methods appropriate for each type of financial instrument and market data as at the end of the reporting period (such as interest rates, exchange rates and volatility), discounting expected future cash flows on the basis of the market yield curve on the said date and converting amounts in currencies other than the euro, using year-end exchange rates provided by the European Central Bank.
The notional value of a derivative is the contractual amount on the basis of which differentials are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted into euros using the exchange rate at the end of the reporting period.

Interest rate risk

Interest rate swaps are created by the ultimate parent, Enel SpA, to reduce the amount of financial debt exposed to interest rate fluctuations and to reduce borrowing costs, and involve the exchange, at specific intervals, of variable- and fixed-rate interest flows, both calculated using the same notional principal. These derivatives mature no later than their underlying financial liability.

The following table shows the notional amounts and fair values of interest rate derivative contracts at December 31, 2009 and December 31, 2008, as well as the accounting treatment adopted:

	Notional amount		Fair value		Notional amount of asset		Fair value of asset		Notional amount of liability		Fair value of liability	
Thousands of euros	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008
CFH (interest rate) derivatives	190,909	218,182	(13,481)	(11,587)	0	0	0	0	190,909	218,182	(13,481)	(11,587)

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

	Fair value	Stratification of expected cash flows					
Thousands of euros	at Dec. 31, 2009	2010	2011	2012	2013	2014	beyond
CFH (interest rate) derivatives	(13,481)	(6,331)	(3,579)	(2,128)	(1,271)	(676)	(322)

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.
Enel Green Power SpA's medium- and long-term debt consists almost exclusively of floating-rate debt, with 81% hedged by interest rate swaps. Furthermore, this debt is denominated entirely in euros and there is no exposure to changes in market exchange rates.
At December 31, 2009, if market interest rates had been 1 basis point higher, all other variables being equal, shareholders' equity would have been Euro 68 thousand higher as a result of the increase in the fair value of CFH derivatives on interest rates. At December 31, 2009, if market interest rates had been 1 basis point lower, all other variables being equal, shareholders' equity would have been Euro 68 thousand lower as a result of the decrease in the fair value of CFH derivatives on interest rates.
The negative (positive) impact in terms of higher (lower) annual financial expense arising from the unhedged portion of medium-/long-term debt is estimated at around Euro 4 thousand.

Foreign-exchange risk

In order to reduce the foreign-exchange risk on foreign-currency assets, liabilities and expected future cash flows, Enel Green Power SpA enters into forward contracts with Enel SpA with the aim of hedging cash flows in currencies other than the euro (typically US dollars). The maturity of forward contracts does not normally exceed 12 months.
The forward contracts in place at December 31, 2009 had a total notional value of Euro 17,521 thousand. They are used to hedge the foreign-exchange risk on energy sales and cash flows relating to intragroup loans.

The following table shows the notional amounts and fair values of exchange rate derivative contracts at December 31, 2009 and December 31, 2008, broken down by accounting treatment adopted and type of instrument.

	Notional amount		Fair value		Notional amount of asset		Fair value of asset		Notional amount of liability		Fair value of liability	
Thousands of euros	**at Dec. 31,2009**	**at Dec. 31,2008**	**at Dec. 31,2009**	**at Dec. 31, 2008**	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**at Dec. 31, 2009**	**at Dec. 31, 2008**
Trading derivatives:												
Trading derivatives on exchange rates (forwards)	17,521	141,843	(156)	(4,688)	5,262	11,620	144	791	12,259	130,224	(301)	(5,479)
Total trading derivatives	**17,521**	**141,843**	**(156)**	**(4,688)**	**5,262**	**11,620**	**144**	**791**	**12,259**	**130,224**	**(301)**	**(5,479)**

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

Thousands of euros	**Fair value**	**Stratification of expected cash flows**					
	at Dec. 31, 2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Beyond**
Trading derivatives:							
Exchange-rate derivatives (forwards) – negative fair value	144	150	0	0	0	0	0
Exchange-rate derivatives (forwards) – positive fair value	(301)	(301)	0	0	0	0	0
Total trading derivatives	**(157)**	**(151)**	**0**	**0**	**0**	**0**	**0**

Energy price risk

Various types of derivatives are used to reduce the exposure to fluctuations in energy prices, especially CFDs and swaps.

The exposure to risk linked to changes in energy prices arises essentially from sales of energy at variable prices (sales on the Power Exchange).

In relation to energy sold on the Power Exchange, Enel Green Power SpA stipulates "two-way contracts for differences (CFDs)" with Enel Trade SpA The differences are settled in favor of the counterparty if the Single National Price (SNP) is higher than the strike price, and otherwise in favor of Enel Green Power SpA. There is no fixed premium for these contracts.

Enel Green Power SpA currently has "two-way contracts for difference (CFDs)" with Enel Trade SpA. The residual exposure arising from sales on the Power Exchange that are not covered by two-way CFDs is valued and managed using an estimate of electricity generation cost trends in Italy. The residual positions thus determined are aggregated using consistent risk factors that can be managed through other market hedging transactions, particularly swaps. These swaps are drawn up in dollars, thereby giving rise to the need to hedge against foreign-exchange risk. To this end, the Company draws up forward contracts to hedge against foreign-exchange risk. These contracts are normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows of these contracts stemming from a potential appreciation or depreciation of the euro against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position.

The following table provides the notional amounts and fair values of commodity derivative contracts as of December 31, 2009 and December 31, 2008:

	Notional amount		**Fair value**		**Notional amount of asset**		**Fair value of asset**		**Notional amount of liability**		**Fair value of liability**	
Thousands of euros	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2008
Cash flow hedge derivatives:												
Two-way CFDs with Enel Trade SpA	449,964	806,238	72,749	133,194	449,964	806,238	72,749	133,194	0	0	0	0
	14,145		(637)						14,145		(637)	0
Total CFH derivatives	**464,109**	**806,238**	**72,112**	**133,194**	**449,964**	**806,238**	**72,749**	**133,194**	**14,145**	**0**	**(637)**	**0**
Trading derivatives:												
Two-way CFDs with Enel Trade SpA	0	4,134	0	(1,087)	0	0	0	0	0	4,134	0	(1,087)
Commodity-related derivatives with Enel Trade SpA	4,677	118,807	(193)	43,356	0	118,807	0	43,356	4,677	0	(193)	0
Total trading derivatives	**4,677**	**122,941**	**(193)**	**42,269**	**0**	**118,807**	**0**	**43,356**	**4,677**	**4,134**	**(193)**	**(1,087)**
TOTAL COMMODITY-RELATED DERIVATIVES	**468,786**	**929,179**	**71,919**	**175,463**	**449,964**	**925,045**	**72,749**	**176,550**	**18,822**	**4,134**	**(830)**	**(1,087)**

The Company analyzes its electricity sale contracts in order to identify whether they qualify as derivative contracts that should be valued pursuant to IAS 39 or whether, despite not qualifying as derivative contracts, they contain embedded derivatives that must be valued pursuant to IAS 39.

At the moment, there are no embedded derivatives to separate, while contracts that qualify as derivatives are valued consistently.

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

Thousands of euros	**Fair value**	**Stratification of expected cash flows**					
	at Dec. 31, 2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Beyond**
Cash flow hedge derivatives:							
Two-way CFDs with Enel Trade SpA	72,749	72,582	166	0	0	0	0
Commodity-related derivatives with Enel Trade SpA	(637)	(637)	0	0	0	0	0
Total CFH derivatives	**72,112**	**71,945**	**166**	**0**	**0**	**0**	**0**
Trading derivatives:							
Two-way CFDs with Enel Trade SpA	0	0	0	0	0	0	0
Commodity-related derivatives with Enel Trade SpA	(193)	(193)	0	0	0	0	0
Total trading derivatives	**(193)**	**(193)**	**0**	**0**	**0**	**0**	**0**

The following table shows the fair value that these contracts would assume in the event of an increase or decrease of 10% in the energy commodity prices on which the Italian energy market price valuation model is based for CFDs, and in the values of the underlying risk factors for fuel derivatives.

Thousands of euros	Fair value	
	at Dec. 31, 2009	**at Dec. 31, 2008**
Cash flow hedge derivatives:		
10% decrease	110,471	230,479
Two-way CFDs with Enel Trade SpA	*72,749*	*133,194*
10% increase	35,026	74,215
10% decrease	464	0
Commodity-related derivatives with Enel Trade SpA	*(637)*	*0*
10% increase	(1,737)	0
Total CFH derivatives	**72,112**	**133,194**
Trading derivatives:		
10% decrease	0	(86)
Two-way CFDs with Enel Trade SpA	*0*	*(1087)*
10% increase	0	(606)
10% decrease	294	47,616
Commodity-related derivatives with Enel Trade SpA	*(193)*	*43,356*
10% increase	(680)	39,095
Total trading derivatives	**(193)**	**42,269**
TOTAL COMMODITY-RELATED DERIVATIVES	**71,919**	**175,463**

Credit risk

Enel Green Power SpA is characterized by a large concentration of credit risk relating to other Enel Group entities. As part of its ordinary operations, the Company extends only residual commercial credit lines to external counterparties, essentially to Gestore Servizi Energetici (GSE).

A summary quantitative overview of the maximum exposure to credit risk can be drawn from the carrying amount of financial assets gross of their provision for impairment, in addition to derivatives with a positive fair value.

At December 31, 2009, the maximum exposure to credit risk was Euro 394 million (against Euro 286 million at December 31, 2008), broken down as follows:

Millions of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Financial receivables and medium- and long-term securities	1	1	0
Non-current financial assets	0	50	(50)
Trade receivables	312	106	206
Financial receivables and short-term securities	8	2	6
Current financial assets	73	127	(54)
Total	**394**	**286**	**108**

Liquidity risk

Liquidity risk management is centralized at the Group treasury at Enel SpA, which ensures sufficient coverage of any need for liquidity not readily available through the cash flows generated by ordinary activities. Given the nature of its operations, the Group’s strategy favors the use of dedicated credit lines.

Forecasting of liquidity requirements is carried out on the basis of forecast cash flows from ordinary activities.

Equity management

The company aims through its equity management to create value for the sole shareholder, protect the interests of stakeholders and safeguard the company's operations, as well as to maintain a suitable level of equity and financial stability, in line with the strategic objectives defined by the Parent Company, which are intended to support the development of the company's business in a cost-effective way.

Information on the Income Statement

Revenues

5.a Revenues from sales and services – Euro 1,050,723 thousand

Revenues from sales and services break down as follows:

Thousands of euros

	2009	2008
Revenues from sales and services:		
- from third parties	**898,220**	**104,256**
GME SpA (Power Exchange)	474,680	78,015
Terna SpA (MSD [ancillary services market] - Unbalancing)	28,599	1,609
Acquirente Unico SpA (bilateral contracts)	46,000	0
GSE SpA - CIP 6	154,534	7,394
GSE SpA – Small plants	23,892	2,317
Revenues from green certificates	170,515	14,921
- from Group companies	**138,009**	**0**
Enel Produzione SpA (bilateral contracts)	16,688	0
Enel Trade SpA (bilateral contracts)	121,321	0
Revenues from electricity transportation	**8,602**	**582**
Revenues from management fees and other coordination services	**5,892**	**0**
Total	**1,050,723**	**104,838**

As mentioned previously, Enel Green Power SpA stipulated a contract giving Group company Enel Produzione SpA authority to operate on its behalf on the Power Exchange. Therefore, although the Company generates revenues from energy sales to third parties, it settles these items with Enel Produzione SpA.

Enel Green Power SpA operates autonomously exclusively in the sale to GSE of energy produced by plants subsidized under CIP 6 agreements due to expire in June 2010.

In 2009, Enel Green Power SpA sold a total of 11,733 GWh, mainly on the Power Exchange (7,951 GWh, generating revenues of around Euro 503 million).

It also sold energy through bilateral contracts, mainly to Group company Enel Trade SpA (1,673 GWh, generating revenues of around Euro 121 million), Acquirente Unico SpA (636 GWh, generating revenues of approximately Euro 46 million) and Enel Produzione SpA (244 GWh, generating revenues of about Euro 17 million).

Lastly, electricity sales to GSE at an incentive price totaled 1,229 GWh and generated revenues of around Euro 179 million, of which Euro 155 million related to the CIP 6 regime, including Euro 18 million of positive adjustments relating to previous years.

Energy production eligible for the purposes of allocating green certificates amounted to 1,910

GWh, worth a total of Euro 171 million, broken down as follows:

- 296 GWh at Euro 89.85/MWh for a total of Euro 27 million of green certificate sales to Enel Trade SpA carried out in December;
- 1,614 GWh at Euro 89.17/MWh for a total of Euro 144 million of expected revenues from green certificate sales to GSE, valued at the best estimate of the 2010 withdrawal price calculated on the basis of current legislation (weighted average of trading carried out between 2007 and 2009).

Of these revenues, Euro 84 million is attributable to the 938 GWh produced by IAFR-qualified geothermal plants, Euro 44 million to the 488 GWh from wind farms and Euro 43 million to the 484 GWh generated by IAFR-qualified hydroelectric plants.

Revenues from management fees and other coordination services were received from the foreign companies included in the Renewable Energy division, particularly Central and South American companies (Euro 3,430 thousand) and Enel North America Inc. (Euro 2,021 thousand). Following the reorganization of the Group, Enel SpA invoices Enel Green Power SpA for the management and service fees attributed to the entire Renewable Energy division. Enel Green Power SpA therefore invoices the companies of the Division for management and service fees, taking into account both services provided through Enel SpA and those provided by Enel Green Power SpA itself and debited to the various subsidiaries on the basis of specific contracts that stipulate predetermined parameters for calculating the fees.

Revenues from sales and services break down by geographical area as follows:

Thousands of euros

	2009	**2008**
Italy	1,044,831	104,838
EU	441	0
North America	2,021	0
Central and South America	3,430	0
Total	**1,050,723**	**104,838**

5.b Other revenues – Euro 36,178 thousand

Details of other revenues are listed below:

Thousands of euros

	2009	2008
Other revenues from third parties	**26,420**	**695**
Grants for current expenses	12,654	42
Hydro rent	3,400	0
Repayments from third parties	4,117	142
Income from thermal energy sales	3,836	387
Other revenues	2,413	124
Other revenues from Group companies	**9,758**	**770**
Total	**36,178**	**1,465**

Grants for current expenses relate to the grants paid to the Company pursuant to specific agreements.

Hydroelectric rent refers to the integration of the revenues paid to the Company by the Authority for Electricity and Gas pursuant to Resolution ARG/elt/63/09, as described in the "Regulatory and rate issues" section.

Repayments from third parties refer to the fees received from third parties (companies, consortia and aqueducts) for drawing water from Enel Green Power SpA's hydroelectric power stations and basins.

Income from thermal energy sales relates to district-heating contracts with private customers, companies and government entities (the geothermal steam not used to generate electricity is used to heat commercial buildings and residential households).

Other revenues from Group companies include the rebilling of personnel costs in the amount of Euro 4,287 thousand, mainly to companies from Central and South America (Euro 2,516 thousand) and North America (Euro 1,128 thousand). They also include Euro 1,790 thousand in revenues from subsidiary Portoscuso Energia Srl for engineering services, as well as for the development and the final and execution plans of the Portoscuso wind farm.

Costs

This includes the following items:

6.a Raw materials and consumables – Euro 30,278 thousand

Details of purchases are listed in the following table:

Thousands of euros

	2009	2008
Electricity purchases:	**9,034**	**204**
- from third parties	4,099	189
- from Group companies	4,935	15
Purchases of materials and appliances not for stock	11,349	980
Purchases of materials and appliances for stock	9,694	969
Other purchases of raw materials and consumables	201	193
Total	**30,278**	**2,346**
of which capitalized	*(5,720)*	*(619)*

Energy purchases from Group companies refer mainly to the energy purchased from Enel Energia SpA (Euro 3,782 thousand) for additional power station services directly or indirectly associated with the production of electricity, lighting and propulsion services.

Energy purchases from third parties refer essentially to the energy purchased from GME SpA (Euro 1,646 thousand) and Terna SpA (Euro 2,451 thousand).

The purchase of materials not for stock refers to the purchase of reagents needed to run the production plants in the amount of Euro 6,755 thousand (particularly sodium hydroxide for the Amis plants) and the purchase of various materials needed mainly for production plant maintenance in the amount of Euro 4,594 thousand.

The purchase of materials for stock refers to spare parts for geothermal production plants (Euro 3,231 thousand), spare parts for geothermal drilling facilities (Euro 1,392 thousand), other geothermal consumables (Euro 3,855 thousand) and other materials (Euro 1,216 thousand).

6.b Services – Euro 156,128 thousand

This item comprises costs for services, totaling Euro 122,330 thousand, and costs for leases and rentals of third-party assets, totaling Euro 33,798 thousand, as shown in the table below:

Thousands of euros

	2009	2008
Services from Group companies	**67,639**	**8,179**
Enel SpA	25,367	4,887
Enel Servizi Srl	19,506	1,856
Enel Produzione SpA	15,938	1,349
Enel Ingegneria e Innovazione SpA	4,806	0
Other Group companies	2,022	87
Leases and rentals of third-party (Group company) assets	**3,131**	**211**
Services from third parties	**54,691**	**3,249**
Maintenance and repair work	20,138	1,569
Fees paid to the Power Exchange	7,530	59
Technical and specialist consultancy	5,259	411
Professional and technical services	4,464	77
Services and other personnel-related expenses	3,364	140
Grid access fees	2,911	247
Insurance costs	2,795	0
Telephone and postage expenses	2,166	275
Other costs for services	6,064	471
Leases and rentals of third-party assets	**30,667**	**2,519**
Total	**156,128**	**14,158**

Costs for services provided by Enel SpA refer to contracts stipulated with the ultimate parent to cover management fees (Euro 11,226 thousand), communications and public relations (Euro 3,395 thousand), and financial services, the trademark and other services (Euro 10,746 thousand).

Costs for services provided by Enel Servizi Srl relate to contracts stipulated with the Group's services company to cover global services (Euro 3,875 thousand), IT services (Euro 3,839 thousand), administration (Euro 3,245 thousand), procurement (Euro 2,917 thousand), personnel administration (Euro 2,718 thousand), catering (Euro 1,409 thousand) and other services (Euro 1,503 thousand).

Costs for services provided by Enel Produzione SpA refer mainly to energy management services.

Costs for services provided by Enel Ingegneria e Innovazione refer to services performed by the latter on the basis of specific contracts stipulated in 2009.

Costs for services provided by third parties include Euro 20,138 thousand relating to maintenance and repair work and the construction of third-party plants (tenders for hydraulic, mechanical, electrical and electromechanical work), as well as the following costs:

- fees and payments to GME SpA for the right to use transportation capacity (Euro 6,977 thousand);
- fees for professional and technical services and strategic, management and corporate organization consultancy (Euro 9,723 thousand in total);
- personnel-related costs, mainly secondment and travel expenses (Euro 2,778 thousand);
- grid-access fees owed to Terna SpA for energy transmission in proportion to the electricity generated and fed into the grid, pursuant to article 16 of Resolution no. 228/01 (Euro 2,911 thousand);
- insurance premiums for policies covering various risks, relating mainly to fire insurance (Euro 1,504 thousand);
- telephone expenses owed to Wind Telecomunicazioni SpA (Euro 2,161 thousand).

The costs for leases and rentals of third-party assets (Euro 30,667 thousand) are mainly attributable to water fees, government rates and additional fees for mountain (BIM) and river catchment basins owed to local authorities for concessions to utilize public water for hydroelectric purposes (Euro 28,160 thousand).

6.c Personnel costs – Euro 122,199 thousand

The following table shows details of personnel costs:

Thousands of euros

	2009	2008
Salaries and wages	79,786	5,439
Social security contributions	24,407	1,518
Termination benefits	4,840	535
Other costs	13,166	(3,679)
Total	**122,199**	**3,813**
of which capitalized	*(16,138)*	*(1,187)*

Social security contributions break down as follows:

Thousands of euros

	2009	2008
Social security contributions to short-term benefits	**23,197**	**1,412**
INAIL	1,016	85
INPS	22,181	1,327
Social security contributions to defined-contribution plans	**1,210**	**106**
ASDE	12	2
FONDENEL	262	10
FISDE	94	0
FOPEN	842	94
Total	**24,407**	**1,518**

Other personnel costs for 2009 include expenses for early-retirement incentives in the amount of Euro 9,624 thousand. As at December 31, 2008, personnel costs benefited from a contingent asset in the amount of Euro 3,822 thousand in relation to excessive provisions for early retirement incentives transferred as part of the spin-off from Enel Produzione SpA.
The table below shows the average number of employees by category and the actual number of employees at December 31, 2009.

	Size			
	Average	Final	Average	Final
	2009		**2008**	
Top management	40	44	13	13
Middle management	171	195	100	99
Office staff	727	759	677	675
Laborers	688	670	702	697
Total	**1,626**	**1,668**	**1,492**	**1,484**

6.d Depreciation, amortization and impairment losses – Euro 304, 691 thousand

This item breaks down as follows:

Thousands of euros	2009	2008
Depreciation of property, plant and equipment	299,855	25,578
Amortization of intangible assets	228	7
Impairment losses	4,608	0
Total	**304,691**	**25,585**

Depreciation of property, plant and equipment relates to production plants (in the amount of Euro 274,340 thousand), buildings (Euro 22,751 thousand) and other property, plant and equipment (Euro 2,764 thousand).

Impairment losses in 2009 are attributable to the write-down of some receivables recognized under other current assets.

6.e Other operating costs – Euro 40,294 thousand

Other operating costs break down as follows:

Thousands of euros	2009	2008
Net provisions for risks and charges	7,719	1,847
Contributions and association membership fees	25,627	1,253
Duties and taxes	3,614	452
Capital losses	1,339	239
Compensation paid to the Board of Statutory Auditors	103	100
Other operating expenses	1,892	35
Total	**40,294**	**3,926**

Net provisions for risks reflect the provisions set aside mainly for disputes (Euro 9,999 thousand) and any litigations relating to local property tax (ICI) (Euro 3,902 thousand), as well as the release of the provisions created in 2007 to guarantee the correct operation of the Berlin III plant (Euro 7,417 thousand). More specifically, Enel Green Power was responsible for providing any spare parts and/or repair work for the first two years of the plant's service; the provisions were released on December 31, 2009, following the expiration of the terms of these guarantees.
Contributions and association membership fees relate primarily to sums paid to municipal, provincial and regional authorities where the Group's plants are located, on the basis of specific agreements between the parties.
More specifically, they include the contributions paid to the region of Tuscany as part of the voluntary agreement enacting the letter of intent pursuant to which Enel Green Power SpA undertook to pay a contribution to the region, to be calculated based on total production in the previous year.
Duties and taxes are attributable to local property tax (in the amount of Euro 2,584 thousand) and other taxes (Euro 1,030 thousand).

6.f Capitalized costs – Euro (21,858) thousand

Capitalized costs are attributable to personnel costs in the amount of Euro 16,138 thousand (against Euro 1,187 thousand in 2008) and costs for materials in the amount of Euro 5,720 thousand (against Euro 619 thousand in 2008).

7. Net income/(expense) from commodity risk management – Euro 117,842 thousand

This item relates to income in the amount of Euro 125,012 thousand and expense in the amount of Euro 7,170 thousand from commodity risk management, as detailed in the table below:

Thousands of euros	2009	2008
Income from:	**168,769**	**12,942**
trading derivatives – not hedging commodity exchange rates	411	0
trading derivatives – not hedging commodity prices	34,414	12,942
CFH derivatives – hedging commodity prices	133,944	0
Adjustments of income from measurement at equity for entries closed in the period on:	**(44,147)**	**0**
trading derivatives – not hedging commodity exchange rates	(791)	0
trading derivatives – not hedging commodity prices	(43,356)	0
Income from measurement of:	**390**	**12,815**
trading derivatives – not hedging commodity exchange rates	390	12,815
Total income from commodity risk management	**125,012**	**25,757**

Thousands of euros	2009	2008
Expense on trading derivatives not hedging commodity prices	**(13,106)**	**(2,265)**
trading derivatives – not hedging commodity exchange rates	(6,457)	0
trading derivatives – not hedging commodity prices	(433)	(2,265)
CFH derivatives – hedging commodity prices	(6,216)	0
Adjustments of expense from measurement at equity for entries closed in the period on:	**6,129**	**0**
trading derivatives – not hedging commodity exchange rates	5,042	0
trading derivatives – not hedging commodity prices	1,087	0
Expense from measurement of:	**(193)**	**(5,435)**
trading derivatives – not hedging commodity prices	(193)	0
CFH derivatives – hedging commodity prices	0	(5,435)
Total expense on commodity risk management	**(7,170)**	**(7,700)**

Net income from commodity risk management relates to net income from commodity-based derivatives realized at December 31, 2009 (Euro 115,663 thousand); net charges for adjustments of income from valuation relating to previous years (Euro 38,018 thousand); and net income from valuation of commodity-based derivatives in place at December 31, 2009 (Euro 197 thousand).

The commodity contracts have all been stipulated with Group company Enel Trade SpA, while those hedging foreign-exchange risk have been stipulated with Enel SpA because hedging contracts with Enel Trade SpA are stipulated in dollars.

8. Income from equity investments – Euro 14,596 thousand

Income from equity investments refers exclusively to the dividends received by La Geo S.A. de C.V. (in which Enel Green Power SpA holds a 36.2% stake) for 2007 and 2008.

9. Net financial income / (expense) – Euro (83,795) thousand

This item can be broken down as follows:

Thousands of euros

	2009	2008
Financial income:	**3,083**	**67**
Positive differences in exchange rates	1,322	0
Financial income from derivatives	1,132	48
Other interest income and financial income from third parties	629	19
Financial expense:	**(86,878)**	**(8,816)**
Negative differences in exchange rates	(2,319)	(260)
Financial expense on derivatives	(5,470)	(124)
Other interest expense and financial expense	(79,089)	(8,432)
Total financial income / (expense)	**(83,795)**	**(8,749)**

Financial expense includes Euro 71,348 thousand of interest accrued on the intercompany current account held with the ultimate parent, Enel SpA.

Net charges from interest- and exchange-rate derivatives amount to Euro 4,388 thousand.

10. Income taxes – Euro 182,279 thousand

Details of income taxes are listed in the following table:

Thousands of euros

	2009	2008
Current taxes	205,112	22,116
Prepaid taxes	(26,262)	1,125
Deferred taxes	3,429	3,320
Total	**182,279**	**26,561**

Current income taxes, calculated by applying the rates in effect for the 2009 tax year (27.5% for IRES and 4.07% for IRAP), total Euro 205,112 thousand, including the effect of applying the additional IRES of 6.5% (the so-called Robin Tax), amounting to Euro 34,438 thousand, as well as a positive adjustment for taxes relating to the previous year, totaling Euro 5,395 thousand, of which Euro 2,417 thousand relates to the adjustment for lower taxes owed by the El Salvador branch.

Deferred tax assets and liabilities, which are recognized directly in equity and total Euro 22,829 thousand, relate to changes in the fair value of two-way CFD derivatives (Euro 22,069 thousand) and of CFH derivatives on interest rates (Euro 760 thousand).

For details of prepaid and deferred taxes, see the relevant sections of the Balance Sheet.

The following table shows the reconciliation between the effective and theoretical tax liabilities, calculated by applying the tax rate in force for the year to taxable income:

Thousands of euros	**2009**		**2008**	
Income before taxes	503,812		67,590	
Theoretical IRES tax liability	136,858	27.5%	19,207	27.5%
Robin tax effect	34,438	6.5%	3,098	5.5%
Permanent differences and minor items	(13,991)	(2.8%)	727	1.1%
Differences on estimates from previous years	(5,395)	(1.1%)	0	0.0%
Regional production tax (IRAP)	30,368	6.0%	3,529	5.2%
TOTAL INCOME TAXES	**182,278**	**36.2%**	**26,561**	**39.3%**

The effective tax rate for 2009 was 36%.

Assets

Non-current assets

11. Property, plant and equipment – Euro 4,782,923 thousand

Developments in property, plant and equipment for the year are set out in the table below:

Thousands of euros

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and payments on account	Total
Original cost	1,071,786	6,233,492	25,196	46,543	492	373,130	7,750,639
Accumulated depreciation	(245,274)	(2,750,488)	(21,656)	(39,272)	(79)	0	(3,056,769)
Contribution from spin-off at Dec. 1, 2008	**826,512**	**3,483,004**	**3,540**	**7,271**	**413**	**373,130**	**4,693,870**
of which assets that can be given away free of charge		**817,444**					**817,444**
Investments	50	2,303	60	31	0	75,714	78,158
Disposals	(6)	(231)	0	(1)	0	0	(238)
Assets entering service	155	7,253	0	0	0	(7,408)	0
Depreciation	(1,897)	(23,494)	(71)	(116)	0	0	(25,578)
Total changes	**(1,698)**	**(14,169)**	**(11)**	**(86)**	**0**	**68,306**	**52,342**
of which assets that can be given away free of charge							
Balance sheet value	1,071,981	6,239,226	25,244	46,572	492	441,436	7,824,951
Accumulated depreciation	(247,167)	(2,770,391)	(21,716)	(39,388)	(79)	0	(3,078,741)
Balance at Dec. 31, 2008	**824,814**	**3,468,835**	**3,528**	**7,184**	**413**	**441,436**	**4,746,210**
of which assets that can be given away free of charge		**814,660**					**814,660**
Investments	11,589	72,752	432	1,056	0	255,314	341,143
Disposals	(1,032)	(5,809)	(10)	(14)	0	0	(6,865)
Reclassifications	0	0	0	0	0	0	0
Assets entering service	13,800	80,082	0	276	0	(94,158)	0
Depreciation	(22,751)	(274,236)	(816)	(1,452)	(5)	0	(299,260)
Other changes	0	1,695	0	0	0	0	1,695
Total changes	**1,606**	**(125,516)**	**(394)**	**(134)**	**(5)**	**161,156**	**36,713**
of which assets that can be given away free of charge		**(31,764)**					
Balance sheet value	1,095,688	6,371,355	25,613	46,743	492	602,592	8,142,483
Accumulated depreciation	(269,269)	(3,028,037)	(22,478)	(39,692)	(84)		(3,359,560)
Balance at Dec. 31, 2009	**826,419**	**3,343,318**	**3,135**	**7,051**	**408**	**602,592**	**4,782,923**
of which assets that can be given away free of charge		**782,896**					**782,896**

The increase of Euro 36,713 thousand in property, plant and equipment compared with the figure at December 31, 2008 (Euro 4,746,210 thousand) is attributable mainly to the net balance of investments (Euro 341,143 thousand), depreciation (Euro 299,260 thousand) and disposals during the year (Euro 6,865 thousand).

The item "Plant and equipment" refers mainly to hydroelectric, geothermal and wind production facilities.

The following table shows the net values of property, plant and equipment at December 31, 2009 and December 31, 2008, broken down by type:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Land and buildings	826,419	824,814	1,605
Production plants:			
- hydroelectric	1,630,522	1,685,486	(54,964)
- geothermal	1,309,844	1,406,705	(96,861)
- wind	400,891	374,402	26,489
- other	2,061	2,242	(181)
Total production plants	**3,343,318**	**3,468,835**	**(125,517)**
Equipment and other assets	10,186	10,712	(526)
Total assets in service	**4,179,923**	**4,304,361**	**(124,438)**
Leasehold improvements	408	413	(5)
Assets under construction and payments on account	602,592	441,436	161,156
TOTAL	**4,782,923**	**4,746,210**	**36,713**
- of which assets that can be given away free of charge	782,896	814,660	(31,764)

The item "Assets under construction and payments on account" breaks down as follows:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Land and buildings	1,577	553	1,024
Production plants:			0
- hydroelectric	62,493	37,148	25,345
- geothermal	167,231	138,271	28,960
- wind	259,974	232,016	27,958
- other	917	942	(25)
Total production plants	**490,615**	**408,377**	**82,238**
Equipment and other assets	5,500	2,658	2,842
Total assets in service	**497,692**	**411,588**	**86,104**
Leasehold improvements	-	0	0
			0
Payments on account	104,900	29,848	75,052
TOTAL	**602,592**	**441,436**	**161,156**

The following table shows investments made, broken down by type:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Land and buildings			
Production plants:			
- hydroelectric	47,336	2,730	44,606
- geothermal	132,347	26,316	106,031
- wind	80,198	20,441	59,757
- other	292	17	275
Total production plants	**260,173**	**49,504**	**210,669**
Equipment and other assets	5,918	261	5,657
Total assets in service	**266,091**	**49,765**	**216,326**
Payments on account	75,052	28,393	46,659
TOTAL	**341,143**	**78,158**	**262,985**
- of which assets that can be given away free of charge	5,176	419	4,757

12. Intangible assets – Euro 2,802 thousand

Intangible assets, all of which have a finite useful life, break down as follows:

Thousands of euros

	Protected software	Assets under construction and payments on account	Total
Original cost	692	696	1,388
Accumulated amortization	(692)	0	(692)
Contribution from spin-off at Dec. 1, 2008	0	**696**	**696**
Investments	222	192	414
Amortization	(6)	0	(6)
Total changes	**216**	**192**	**408**
of which assets that can be given away free of charge			
Balance sheet value	914	888	1,802
Accumulated amortization	(698)	0	(698)
Balance at Dec. 31, 2008	**216**	**888**	**1,104**
Investments	1,920	0	1,920
Amortization	(223)	0	(223)
Total changes	**1,697**	**0**	**1,697**
Balance sheet value	2,835	888	3,723
Accumulated amortization	(921)	0	(921)
Balance at Dec. 31, 2009	**1,914**	**888**	**2,802**

Protected software consists mainly of software required for operational purposes and for adaptation to corporate standards.
Assets under construction and payments on account refer to capitalized costs for the creation of IT systems required for operational purposes.

13. Deferred tax assets (liabilities) - Euro 75,126 thousand and Euro (34,444) thousand

"Deferred tax assets" are calculated by applying the tax rates in effect on the date the temporary difference that generated them will reverse and total Euro 75,126 thousand (against Euro 30,152 thousand at December 31, 2008).
The increase of Euro 44,973 thousand in deferred tax assets essentially reflects the recognition of statutory depreciation greater than the tax-deductible amount for the plants transferred on December 1, 2008. More specifically, Euro 17,709 thousand was recognized for a payable due to Enel Produzione SpA relating to existing differences on the transfer date, the terms and conditions of payment of which shall be defined in 2010.

The value of prepaid taxes as at December 31, 2009 was determined by applying the rates set out in the 2009 Finance Act and Legislative Decree no. 112/2008: 34% for IRES (taking into account the additional IRES of 6.5%) and 4.07% for IRAP.

"Deferred tax liabilities", totaling Euro 34,444 thousand, decreased by Euro 18,397 thousand, essentially due to the change in the fair value of two-way CFD derivatives charged to equity (Euro 21,827 thousand).

The table below shows changes to prepaid and deferred taxes by timing differences, calculated on the basis of effective tax rates:

Thousands of euros

	at Dec. 31, 2008	Increases attributed to		Decreases attributed to		Effect of change in tax rates/introduction of new taxes attributable to		Other changes	at Dec. 31, 2009
		Income statement	Shareholders' equity	Income statement	Shareholders' equity	Income statement	Shareholders' equity		
Deferred income tax assets:									
Provisions for risks and charges with deferred deductibility	19,568	6,699	0	(9,407)	0	473	0	0	**17,333**
Depreciation and amortization of property, plant and equipment and intangible assets with deferred deductibility	1,447	29,419	0	(2,728)	0	36	0	17,709	**45,883**
Post-employment and other employee benefits	5,314	3,011	0	(1,401)	0	161	0	0	**7,085**
Derivative financial instruments	3,823	0	2,516	0	(1,630)	0	116	0	**4,825**
Total	**30,152**	**39,129**	**2,516**	**(13,536)**	**(1,630)**	**670**	**116**	**17,709**	**75,126**
Deferred income tax liabilities:									
Differences relating to property, plant and equipment and intangible assets	3,319	3,359	0	(30)	0	101	0	0	**6,749**
Derivative financial instruments	49,522	0	8,467	0	(31,479)	0	1,185	0	**27,695**
Total	**52,841**	**3,359**	**8,467**	**(30)**	**(31,479)**	**101**	**1,185**	**0**	**34,444**

14. Equity investments – Euro 2,215,340 thousand

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries and associates:

Thousands of euros	Balance sheet value at Dec. 31, 2008	Percentage stake held	Acquisitions	Recapitalization	Value adjustments	Balance sheet value at Dec. 31, 2009	Percentage stake held
Equity investments in subsidiaries:							
Enel Green Power International B.V.	0	0.0%	1,690,001	385,000	0	2,075,001	100.0%
Enel.Si Srl	0	0.0%	9,220	0	0	9,220	100.0%
Geotérmica Nicaragüense S.A.	2,188	60.0%	0	0	0	2,188	60.0%
Renovables de Guatemala	0	0.0%	44,000	0	7,160	51,160	51.0%
Portoscuso Energia Srl	1,384	100.0%	0	1,000	0	2,384	100.0%
Equity investments in subsidiaries:							
La Geo S.A. de C.V.	75,387	36.2%	0	0	0	75,387	36.2%
TOTAL EQUITY INVESTMENTS	**78,959**		**1,743,221**	**386,000**	**7,160**	**2,215,340**	

As mentioned previously, Enel Green Power SpA acquired the stake in Enel Green Power International B.V. held by Enel Investment Holding B.V. (Euro 1,690 million) and the stake in Enel.si Srl held by Enel SpA (Euro 9 million) with effect from January 1, 2009. Furthermore, with respect to its interest in Enel Green Power International B.V., during the course of 2009 Enel Green Power paid out a total of Euro 385 million in share premium contributions.

As mentioned in the "Significant events" section, in November 2009 the Company acquired a 51% stake in Renovables de Guatemala for Euro 44,000 thousand and an option to purchase the 8.8% stake held by Simest for Euro 7,160 thousand. Enel Green Power SpA also indirectly holds a 40% stake in Renovables de Guatemala via its subsidiary Enel Green Power International B.V.

In 2009, Enel Green Power SpA also recapitalized its subsidiary Portoscuso Energia Srl for Euro 1 million.

The following table lists equity investments in subsidiaries and associates at December 31, 2009:

Thousands of euros	Registered office	Currency	Share capital	Shareholders' equity	Profit/(loss) from previous year	Percentage stake held	Balance sheet value
Equity investments in subsidiaries:							
Enel Green Power International B.V.	Netherlands	Euro	244,532	2,065,813	(3,324)	100%	2,075,001
Enel.Si Srl	Italy	Euro	5,000	15,309	4,310	100%	9,220
Geotérmica Nicaragüense S.A.	Nicaragua	Euro	3,193	(623)	(1,677)	60.00%	2,188
Renovables de Guatemala	Guatemala	Euro	89,447	88,605	(781)	51%	51,160
Portoscuso Energia Srl	Italy	Euro	10	761	(248)	100%	2,384
Equity investments in subsidiaries:							

La Geo S.A. de C.V.	El Salvador	Euro	146,742	196,944	37,384	36.20%	75,387
TOTAL EQUITY INVESTMENTS							**2,215,340**

15. Financial receivables and medium- and long-term securities – Euro 1,437 thousand

Financial receivables and medium- and long-term securities consist exclusively of medium- and long-term loans to employees at market rates granted for the purchase of a first house or for serious family reasons. These loans are repaid by employees in accordance with predefined repayment plans.

In the 2008 financial statements, these employee loans were included under "Non-current financial assets".

16. Non-current financial assets – Euro 166 thousand

Non-current financial assets, totaling Euro 166 thousand, refer to commodity-based cash flow hedge derivatives in relation to financial contracts for difference with Enel Trade SpA that mature later than 2010 (Euro 50,507 thousand as at December 31, 2008).

The following table reports the notional values and the fair value of derivative contracts, grouped by hedge type and designation:

Thousands of euros	Notional amount		Fair value		
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Change
Cash flow hedge derivatives:					
Two-way CFDs	2,869	244,245	166	50,507	(50,341)
Total CFH derivatives	**2,869**	**244,245**	**166**	**50,507**	**(50,341)**

The following table shows the fair value balances of non-current derivatives, broken down according to measurement criteria.

Thousands of euros	at Dec. 31, 2009	Level (listed prices not adjusted)	Level 2 (estimate with observable data)	Level 3 (estimate with unobservable data)
Cash flow hedge derivatives	166	0	166	0
Total	166	0	166	0

17. Other non-current assets – Euro 2,189 thousand

This item breaks down as follows:

Thousands of euros	at Dec. 31, 2009	at Dec. 31, 2008	Change
Cash deposits with third parties	1,115	58	1,057
Payments on account for equity investments	1,000	1,000	0
Other miscellaneous receivables	56	0	56
Security deposits receivable	18	24	(6)
Total	**2,189**	**1,082**	**1,107**

Cash deposits with third parties are related to administrative procedures currently in progress or multi-year contracts intended for long-term use (deposits paid to municipalities, postal service operator Poste Italiane and registry offices).
Payments on account for equity investments refer to the activities begun in order to acquire the entire share capital of De.di Srl. This acquisition is part of the development of projects to generate electricity from renewable sources. De.di Srl, which is headquartered in Capua (Caserta), owns two wind power projects under development in the province of Caserta: the Pontelatone wind farm, which is located in the municipalities of Pontelatone and Camigliano and has a capacity of 40 MW, and the Monte Verna wind farm, which is located in the municipalities of Giano Vetusto, Monte Verna and Castel di Sasso and has a capacity of 18 MW.

Current assets

18. Inventories – Euro 12,943 thousand

This item breaks down as follows:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Materials and appliances	12,819	11,479	1,340
Other supplies	96	89	7
Advance payments for stock	28	0	28
Total	**12,943**	**11,568**	**1,375**

Inventories refer to geothermal storage (in the amount of Euro 11,416 thousand), wind storage (Euro 1,509 thousand) and hydroelectric storage (Euro 18 thousand).

19. Trade receivables – Euro 312,260 thousand

This item breaks down as follows:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Third-party clients:			
- GSE (CIP 6 and small plants)	165,738	25,210	140,528
- other receivables	6,776	602	6,174
Total	**172,514**	**25,812**	**146,702**
Group companies:			
Trade receivables due from other Group companies			
Enel Produzione SpA	82,436	79,919	2,517
Enel Trade SpA	38,610	0	38,610
Enel Latin America	6,989	60	6,929
Enel Distribuzione SpA	6,771	4	6,767
Enel North America Inc.	3,593	360	3,233
Other Enel Group companies	1,347	66	1,281
Total	**139,746**	**80,409**	**59,337**
Total	**312,260**	**106,221**	**206,039**

Receivables due from third parties, totaling Euro 172,514 thousand (against Euro 25,812 thousand at December 31, 2008), refer to sales of energy eligible for green certificates in the amount of Euro 143,917 thousand (against Euro 15,140 thousand at December 31, 2008); energy sales to Acquirente Unico in the amount of Euro 3,968 thousand; sales of energy from small plants in the amount of Euro 13,234 thousand (against Euro 2,317 thousand at December 31, 2008); sales of energy produced by CIP 6 plants in the amount of Euro 4,498 thousand (against Euro 7,394 thousand at December 31, 2008); and energy sales and other receivables in the amount of Euro 6,897 thousand (against Euro 691 thousand at December 31, 2008).

The change in receivables due from other Group companies refers to the increase in receivables due from Enel Trade SpA (Euro 38,610 thousand for energy revenues and green certificates), Enel Distribuzione SpA (Euro 6,767 thousand), Central and South American companies (Euro 6,929 thousand for management fees and seconded personnel) and Enel Produzione SpA (Euro 2,517 thousand, mainly for sales to GME settled with Enel Produzione) and to receivables for invoices yet to be issued to foreign companies for management fees.

Trade receivables by geographical area are shown below:

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Clients:			
Italy	300,593	105,801	194,792
EU	1,084	0	1,084
Outside the EU	10,583	420	10,163
Total	**312,260**	**106,221**	**206,039**

20. Financial receivables and short-term securities – Euro 7,714 thousand

This item breaks down as follows:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Financial receivables and short-term securities from subsidiaries:	**7,539**	**2,328**	**5,211**
Geotérmica Nicaragüense S.A.	7,539	2,328	5,211
Financial receivables and short-term securities from third parties:	**175**	**125**	**50**
Current portion of housing-purchase loans to employees	129	104	25
Current portion of family loans to employees	46	21	25
Total	**7,714**	**2,453**	**5,261**

Financial receivables due from Geotérmica Nicaragüense refer to the loans extended to the latter to provide it with the financial resources required to develop its El Hoyo–Monte Galan and Managua-Chillipete wind power projects, where the Company owns geothermal concessions. Financial receivables due from third parties refer to the short-term portion of loans to employees included under "Financial receivables and medium-/long-term securities".

21. Current financial assets – Euro 72,761 thousand

This item breaks down as follows:

Thousands of euros	at Dec. 31, 2009	at Dec. 31, 2008	Change
Financial receivables due from ultimate parent:	**144**	**791**	**(647)**
Exchange-rate derivatives	144	0	144
Exchange-rate derivatives related to energy commodities	0	791	(791)
Financial receivables due from other Group companies:	**72,617**	**126,060**	**(53,443)**
Enel Trade for CFD derivatives	72,583	82,687	(10,104)
Enel Trade for commodity-related derivatives	0	43,356	(43,356)
Geotérmica Nicaragüense S.A.	34	17	17
Total	**72,761**	**126,851**	**(54,090)**

The decrease in current financial assets mainly reflects lower receivables due from Enel Trade SpA due to the sale of CFH and commodity-based derivatives, resulting in a reduction of Euro 53,460 thousand.

The following table reports the notional values and the fair value of derivative contracts at December 31, 2009, grouped by hedge type and designation.

Thousands of euros	Notional amount		Fair value		
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Change
Cash flow hedge derivatives:					
Enel Trade for commodity-related derivatives (CFDs)	447,095	561,992	72,583	82,687	(10,104)
Total CFH derivatives	**447,095**	**561,992**	**72,583**	**82,687**	**10,104**
Non-cash flow hedge derivatives:					
Enel SpA exchange-rate derivatives related to energy commodities	0	11,620	0	791	(791)
Enel SpA exchange-rate derivatives	5,262	0	144	0	144
Enel Trade commodity-related derivatives	0	118,807	0	43,356	(43,356)
Total non-CFH derivatives	**5,262**	**130,427**	**144**	**44,147**	**(44,003)**
Total	**452,357**	**692,419**	**72,727**	**126,834**	**(54,107)**

The following table shows the fair value balances of non-current derivatives, broken down according to measurement criteria.

Thousands of euros	Dec. 31, 2009	Level 1 (listed prices not adjusted)	Level 2 (estimate with observable data)	Level 3 (estimate with unobservable data)
Enel Trade for commodity-related derivatives (CFDs)	72,583	0	72,583	0
Enel SpA exchange-rate derivatives	144	0	144	0
Total	**72,727**	**0**	**72,727**	**0**

22. Cash and cash equivalents – Euro 44 thousand

Cash and cash equivalents are detailed in the following table:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Bank deposits	15	14	1
Cash	29	20	9
Total	**44**	**34**	**10**

Bank deposits represent liquidity connected with operations.

Cash and cash equivalents are not restricted by any encumbrances.

The following table shows the reconciliation of the cash and cash equivalents set out in the statement of cash flows:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Short-term loans	**(4,243,943)**	**(2,643,496)**	**1,600,447**
Intercompany current account	(4,243,928)	(2,643,496)	1,600,432
Short-term bank loans	(15)	0	15
Cash and cash equivalents	44	34	10
Total cash and cash equivalents from statement of cash flows	**(4,243,899)**	**(2,643,462)**	**(1,600,437)**

23. Other current assets – Euro 55,512 thousand

This item is composed of the following elements:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Other receivables due from other Group companies:			
Enel Trade SpA	15,330	12,941	2,389
La Geo S.A. de C.V.	6,638	12,847	(6,209)
Portoscuso Energia Srl	1,791	728	1,063
Other Group companies	629	27	602
Total other receivables due from other Group companies	**24,388**	**26,543**	**(2,155)**
Other receivables due from third parties:			
Receivables relating to plant subsidies	12,856	24,257	(11,401)
Receivables for positive results of energy-commodity-related derivatives	4,229	0	4,229
Advances to suppliers	3,601	0	3,601
Other receivables due from third parties	3,835	1,562	2,273
Total other receivables due from third parties	**24,521**	**25,819**	**(1,298)**
Portion of costs to be deferred	**6,603**	**6,655**	**(52)**
Total	**55,512**	**59,017**	**(3,505)**

Receivables due from La Geo S.A. de C.V. decreased due to the collection of certain items. More specifically, at December 31, 2008, receivables due from La Geo S.A. de C.V. included the value of the debt not assigned together with the Berlin III geothermal plant, which was provided in 2007 and involved the payment by Enel Green Power SpA of Euro 6,699 thousand for an additional equity investment, as well as receivables for invoices issued in relation to the VAT that will be paid to Enel Green Power SpA when the El Salvador tax authorities give La Geo S.A. de C.V. a VAT rebate of Euro 6,148 thousand.

Receivables due from Enel Trade SpA, which increased by Euro 2,389 thousand, refer to receivables relating to results of commodity-based derivatives.

Receivables relating to plant subsidies represent the portion of the subsidies paid by the Ministry for Productive Activities pursuant to Law 488/92 which has not yet been collected, and decreased by Euro 11,401 thousand due to collections.

Of the portion of costs to be deferred, Euro 4,302 thousand refers to the portion of government rates for hydroelectric plants and other additional fees paid in advance and to be deferred to future years.

Liabilities

Shareholders' equity

24. Shareholders' equity – Euro 2,290,743 thousand

In 2009, shareholders' equity increased due to the recognition of income for 2009 (Euro 321,533 thousand) and the change in the financial instruments revaluation reserve. More specifically, the fair value of derivatives decreased by Euro 40,148 thousand (net of the change of Euro 22,828 million due to the tax effect recognized in equity).

Share capital – *Euro 600,000 thousand*

The share capital comprises 1,200,000,000 ordinary shares with no nominal value, fully paid in and held by Enel SpA.

Other reserves – *Euro 1,328,181 thousand*

Legal reserve – *Euro 120,000 thousand*

The legal reserve represents 20% of the share capital. This reserve was assigned to the Company during the spin-off from Enel Produzione SpA.

Revaluation reserve – *Euro 137,964 thousand*

This item represents the revaluation carried out in 2003 pursuant to Law 350/2003. This reserve is eligible for deferred tax (on distribution, the gross amount of the reserve is subject to ordinary tax with recognition of a 19% tax credit). The distribution of this reserve is currently deferred indefinitely.

Financial instruments revaluation reserve – *Euro 35,762 thousand*

This item consists of the reserve from the measurement of derivatives, changes in which are shown in the following table:

Thousands of euros	Gross gains/(losses) recognized in equity for the year	Income taxes	Net gains (losses) recognized in equity for the year	Gross gains/(losses) recognized in equity for the year	Income taxes	Gross amounts released to profit or loss	Income taxes	Net gains (losses) recognized in equity for the year	Gross gains/(losses) recognized in equity for the year	Income taxes	Gross amounts released to profit or loss	Income taxes	Net gains (losses) recognized in equity for the year
			at Dec. 1, 2008					**at Dec. 31, 2008**					**at Dec. 31, 2009**
Gains/(losses) from changes in the fair value of the effective portion of CFH derivatives	56,020	(21,253)	**34,767**	65,511	(24,445)	124	(47)	**75,910**	(67,694)	22,828	6,492	(1,774)	35,762
Total	**56,020**	**(21,253)**	**34,767**	**65,511**	**(24,445)**	**124**	**(47)**	**75,910**	**(67,694)**	**22,828**	**6,492**	**(1,774)**	**35,762**

Other – *Euro 1,034,455 thousand*

The item "Other reserves" refers to the reserves assigned to the Company during the spin-off from Enel Produzione SpA.
These reserves include the unavailable reserve pursuant to Law 488/92, in the amount of Euro 177,625 thousand. As mentioned in the "Proposals to the Shareholders' Meeting" section, approval is being sought for the release of part of the reserve created in 2008 in the amount of Euro 107,263 thousand following the conclusion of certain projects.

Retained earnings – *Euro 41,029 thousand*

Retained earnings include income carried forward for 2008.

Net income for the year – *Euro 321,533 thousand*

The table below shows the availability of shareholders' equity:

Thousands of euros	Amount	Possibility for use	Portion available pre-Shareholders' Meeting	Portion available post-Shareholders' Meeting (approval of restriction on availability)	For other reasons
Share capital	600,000				
Capital reserves					
Other	1,172,419	A,B,C	994,794	1,102,057	
Retained earnings					
Legal reserve	120,000	B			
Derivative revaluation reserve	35,762	A,B			
Retained earnings	41,029				
Total	**1,969,210**				
of which distributable portion			***994,794***	***1,102,057***	

A: for capital increases
B: to cover losses
C: for distribution to shareholders

Non-current liabilities

25. Medium-/long-term loans (including the portion falling due within 12 months) – Euro 234,992 thousand

This item includes loans from the European Investment Bank (EIB loan) and Sanpaolo IMI, as well as loans taken out in 2009 with Banca Intesa San Paolo IMI.

Thousands of euros

	Maturity	Book value	Nominal value	Book value	Nominal value
		at Dec. 31, 2009		at Dec. 31, 2008	
Bank loans:					
Fixed rate – San Paolo IMI SpA	2013	83	83	101	101
Variable rate – Banca Intesa loan	2017	44,000	44,000	0	0
Variable rate – EIB loan	2016	190,909	190,909	218,182	218,182
Total		**234,992**	**234,992**	**218,283**	**218,283**

More specifically, the financing provided by the EIB was issued as part of an investment program in the sector of energy generation from renewable sources. The loan is scheduled to be repaid in 22 fixed half-yearly installments as of June 2006.

The bank loan granted by Banca Intesa San Paolo IMI is a facilitated loan pursuant to Law 365/2000 paid by Finpiemonte for the reconstruction of hydroelectric plants damaged by the fall 2000 floods.

The bank loan extended by Banca Intesa San Paolo IMI in November 2009 to finance the Palo Viejo project in Guatemala provides for an interest subsidy paid by Simest (a company that provides financing for the development and promotion of Italian businesses abroad).

The table below summarizes changes during the year in the notional value of long-term debt:

Thousands of euros	Nominal value	Repayments	New issues	Own bonds repurchased	Exchange rate differences	Nominal value
	at Dec. 31, 2008					at Dec. 31, 2009
Bank loans:						
Fixed rate – San Paolo IMI SpA	101	(18)	0	0	0	**83**
Variable rate – Banca Intesa loan	0	0	44,000	0	0	**44,000**
Variable rate – EIB loan	218,182	(27,273)				190,909
Total	**218,283**	**(27,291)**	**44,000**	**0**	**0**	**234,992**

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within 12 months, broken down by category:

Thousands of euros	Carrying amount	*Fair value*	Carrying amount	*Fair value*
	at Dec. 31, 2009		**at Dec. 31, 2008**	
Bank loans:				
Fixed rate – San Paolo IMI SpA	83	81	101	101
Variable rate – Banca Intesa loan	44,000	46,240	0	0
Variable rate – EIB loan	190,909	189,343	218,182	204,393
Total	**234,992**	**235,664**	**218,283**	**204,494**

The following table shows the breakdown of long-term debt, subdivided into portions with a maturity of over 12 months and current portions:

Thousands of euros	Maturity	Book value	Current portion	Portion with maturity	Portion maturing in				
		at Dec. 31, 2009	**<12 months**	**>12 months**	**2011**	**2012**	**2013**	**2014**	**Beyond**
Bank loans:									
Fixed rate – San Paolo IMI SpA	2013	83	19	64	20	21	23	0	0
Variable rate – Banca Intesa loan	2017	44,000	0	44,000	0	0	8,800	8,800	26,400
Variable rate – EIB loan	2016	190,909	27,273	163,636	27,273	27,273	27,273	27,273	54,544
Total		**234,992**	**27,292**	**207,700**	**27,293**	**27,294**	**36,096**	**36,073**	**80,944**

Financial debt is not covered by real guarantees.
The currency and interest rate of long-term debt are shown below:

	Book value		Nominal value	Current interest rate	Effective interest rate
Thousands of euros	at Dec. 31, 2008	at Dec. 31, 2009	at Dec. 31, 2009		
Euro	218,283	234,992	234,992	**1.27%**	**1.27%**
TOTAL	**218,283**	**234,992**	**234,992**		

Long-term debt (excluding current portions)

Thousands of euros	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**Change**
Bank loans:			
Fixed rate – San Paolo IMI SpA	64	83	(19)
Variable rate – Banca Intesa loan	44,000		44,000
Variable rate – EIB loan	163,636	190,909	(27,273)
Total	**207,700**	**190,992**	**16,708**

Current portion of long-term loans

Thousands of euros	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**Change**
Bank loans:			
Fixed rate – San Paolo IMI SpA	19	18	1
Variable rate – EIB loan	27,273	27,273	0
Total	**27,292**	**27,291**	**1**

26. Post-employment and other employee benefits – Euro 43,301 thousand

Details of this item are listed in the following table:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	change
Post-employment and other employee benefits	26,661	26,390	271
Electricity discounts	7,196	6,434	762
Additional months' pay and indemnities in lieu of notice	5,475	4,553	922
Loyalty bonuses	2,495	2,399	96
ASEM healthcare plans	1,420	619	801
Other employee benefits	54	0	54
Total	**43,301**	**40,395**	**2,906**

The Company provides its employees with a variety of post-employment and other benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses, healthcare plans and electricity discounts.

The item includes accruals made to cover post-employment benefits under defined-benefit plans and other long-term benefits to which employees have a statutory or contractual right.

The obligations, which can be considered "*defined-benefit plans*" in accordance with IAS 19, were determined using the projected unit credit method, under which liabilities are calculated in proportion to the service already accrued with respect to the total service expected in the future.

The following table reports the change during the year in actuarial liabilities, as well as a reconciliation of actuarial liabilities with liabilities recognized in the balance sheet at December 31, 2009 and December 31, 2008:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	change
Benefits due upon termination of employment and other long-term benefits			
Actuarial liabilities at the beginning of the year	33,376	0	33,376
Service cost	292	21	271
Financial expense	1,736	130	1,606
Benefits paid	(4,425)	(908)	(3,517)
Actuarial gain/loss	(57)	44	(101)
Unrecognized actuarial (gains)/losses in the period	0	403	(403)
Transfers between companies/other changes	2,896	34,089	(31,193)
Adjustment to actuarial values	920	0	920
Actuarial liabilities at the end of the period	**34,738**	**33,779**	**959**
Post-employment benefits for defined-benefit plans	**34,738**	**33,376**	**1,362**
Actuarial liabilities at the beginning of the year	7,019	0	7,019
Service cost	338	21	317
Financial expense	363	27	336
Benefits paid	(86)	0	(86)
Actuarial gain/loss	(37)	0	(37)
Actuarial realignments	966	0	966
Transfers between companies/other changes	0	6,971	(6,971)
Unrecognized actuarial (gains)/losses in the period	0	(323)	323
Actuarial liabilities at the end of the period	**8,563**	**6,696**	**1,867**
Liability recognized at the end of the year	**8,563**	**7,019**	**1,544**
Total	**43,301**	**40,395**	**2,906**

The service cost of employee benefits in 2009 came to Euro 5,504 thousand, while the accretion cost recognized under financial expense amounted to Euro 2,099 thousand.
The main actuarial assumptions used to calculate the liabilities arising from employee benefits are set out below:

	at Dec. 31, 2009	at Dec. 31, 2008
Discount rate	4.3%	4.8%
Rate of increase in labor costs	3.0%	3.5%
Rate of increase in healthcare expenses	3.0%	3.5%

27. Provisions for risks and charges (including the portion falling due within 12 months) – Euro 60,788 thousand

The provisions for risks and charges cover probable liabilities that could arise from legal proceedings and other disputes, without considering the effects of judgments that are expected to be in the company's favor and those for which any charge cannot be quantified with reasonable certainty.
The following table shows changes in provisions for risks and charges:

Millions of euros	Dec. 31, 2008	Provisions	Draws	Other changes	Dec. 31, 2009	Of which current portion
Provisions for litigation, risks and miscellaneous charges:						
- litigation	15,069	9,999	(1,601)	(848)	**22,619**	**0**
- related to charges for production plants	43,180	6,111	(12,077)	(7,544)	**29,670**	**7,882**
- other	105	0	0	(105)	0	0
Total	**58,354**	**16,110**	**(13,678)**	**(8,497)**	**52,289**	**7,882**
early-retirement incentives	2,262	9,624	(2,514)	(873)	8,499	3,572
Total	**60,616**	**25,734**	**(16,192)**	**(9,370)**	**60,788**	**11,454**

The increase in the provisions for litigation is attributable essentially to the provisions set aside for charges that may arise from ongoing disputes, the most important of which is the dispute with partner INE, which holds a 63.8% stake in La Geo S.A. de C.V. Following Enel Green Power SpA's petition to obtain correct execution of shareholders' agreements, INE filed a counterclaim alleging breach of contract by Enel Green Power SpA in relation to the construction of geothermal power stations in El Salvador.

Provisions for litigation - *Euro 22,619 thousand*

Litigation provisions aim to cover potential liabilities from court cases and other disputes. They include estimated charges for disputes arising during the year and updated estimates on positions that arose in previous years, based on the opinion of internal and external legal experts.

Provisions for risks related to charges for production plants – *Euro 29,670 thousand*

This item refers mainly to the following provisions:

Provisions for local property tax (ICI) *– Euro 10,930 thousand*

This provision was created to hedge against the risk of losing the disputes still pending with the Territorial Offices and municipal authorities relating to local property tax in connection with electricity generation plants.

Provisions for dismantling and restoration *– Euro 10,544 thousand*

This item includes estimated future charges for dismantling plants pursuant to legal, contractual or implicit obligations.

Provisions for environmental charges *– Euro 5,831 thousand*

This provision includes estimated charges that may be incurred for cleaning up or restoring the original environmental conditions in the event that the company's activities have harmed the environment.

Provisions for early-retirement incentives – *Euro 8,499 thousand*

This item includes provisions for estimated charges relating to binding offers already in place and those which are expected to be taken up by employees for the consensual early termination of their employment due to organizational requirements.

28. Non-current financial liabilities – Euro 20,641 thousand

These consist of the fair value measurement of cash flow hedge derivatives. The following table shows the related notional amount and fair value:

Thousands of euros	Notional amount		Fair value		
	at Dec. 31, 2009	**at Dec. 31, 2008**	**at Dec. 31, 2009**	**at Dec. 31, 2008**	**Change in fair value**
Cash flow hedge derivatives:					
- interest rates	190,909	218,182	(13,481)	(11,587)	229,769
- valuation of purchase option	7,602	0	(7,160)	0	0
Total	**198,511**	**218,182**	**(20,641)**	**(11,587)**	**229,769**

The interest rate derivatives in place at December 31, 2009 relate to the EIB loan, as mentioned in the relevant item under "Liabilities and shareholders' equity". With regard to the contractual maturity of cash flows, see the comments made previously in Note 4, "Risk management".
Non-current financial liabilities include the fair value of the option to buy back the 8.8% stake in Renovables de Guatemala S.A. held by Simest, in the amount of Euro 7,160 thousand.

The following table shows the fair value balances of non-current derivatives, broken down according to measurement criteria:

Thousands of euros

	at Dec. 31, 2009	Level 1 (listed prices not adjusted)	Level 2 (estimate with observable data)	Level 3 (estimate with unobservable data)
Cash flow hedge derivatives	(13,481)	0	(13,481)	0
Valuation of purchase option	(7,160)	0	(7,160)	0
Total	**(20,641)**	**0**	**(20,641)**	**0**

29. Other non-current liabilities – Euro 37,748 thousand

This item refers essentially to payables relating to contributions to be paid to municipal authorities in the region of Tuscany where the Company's geothermal plants are located, pursuant to article 4 of the voluntary agreement enacting the letter of intent of December 20, 2007. More specifically, this agreement, which was signed in April 2009, provides for Enel Green Power SpA to pay a set amount (Euro 30,326 thousand) to local authorities for each megawatt authorized by way of environmental and land-related compensation.
It also includes the plant subsidies granted by the Ministry for Productive Activities pursuant to Law 488/92 which have already been collected, in the amount of Euro 7,422 thousand.

Current liabilities

30. Short-term loans – Euro 4,243,943 thousand

Short-term debt relates essentially to payables due to the ultimate parent in relation to the intercompany current account (Euro 2,643,496 thousand at December 31, 2008).
Short-term debt due to the ultimate parent accrues interest at a rate equal to Euribor monthly average based on 360 days plus a spread of 0.75% (1.229% in December 2008).

31. Trade payables – Euro 232,073 thousand

The details of trade payables are shown in the following table:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Payables to third parties:			
- for invoices yet to be received	94,003	64,569	29,434
- for invoices received	55,244	1,784	53,460
Total	**149,247**	**66,353**	**82,894**
Trade payables to ultimate parent	**29,642**	**4,874**	**24,768**
Payables to other Group companies:			
Enel Servizi Srl	14,319	2,491	11,828
Enel Factor SpA	16,570	0	16,570
Enel Produzione SpA	15,234	1,828	13,406
Enel Energia SpA	4,159	15	4,144
Other Group companies	2,902	95	2,807
Total	**53,184**	**4,429**	**48,755**
Total	**232,073**	**75,656**	**156,417**

Payables due to third parties refer mainly to payables due to suppliers for purchases of materials and appliances and for tenders and various services.

Debts owed to Enel Servizi Srl relate to existing service contracts, particularly the global service contract covering administration, personnel administration and other services.
Payables due to Enel Factor SpA relate to transfers of receivables carried out by suppliers of Enel Green Power SpA in favor of Enel Factor SpA.
Payables due to Enel Produzione SpA refer mainly to energy management and other services carried out on the basis of specific contracts.
Trade payables by geographical area are shown below:

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Clients:			
Italy	224,095	75,656	148,439
EU	7,835	0	7,835
Outside the EU	143	0	143
Total	**232,073**	**75,656**	**156,417**

32. Income tax payables – Euro 184,790 thousand

This item refers to the current income taxes estimated to be owed for 2009. More specifically, it includes Euro 126,958 thousand in IRES payables due to the ultimate parent, Enel SpA (tax rate of 34%), which were transferred to the latter as a result of participation in the national consolidated tax scheme.
Payables relating to the additional IRES of 6.5%, which must be settled independently, total Euro 30,690 thousand.
The item also includes Euro 27,142 thousand relating to estimated IRAP payables.

33. Current financial liabilities – Euro 81,030 thousand

Current financial liabilities refer mainly to interest expense accrued on existing debt at the end of the year and to the measurement at fair value of derivative contracts.

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Financial payables to ultimate parent:			
Exchange-rate derivatives related to energy commodities	48	5,479	(5,431)
Exchange-rate derivatives	253	0	253
Other financial payables	79,727	7,580	72,147
Financial payables to other Group companies:			
Enel Trade energy-commodity-related derivatives	193	1,087	(894)
Enel Trade for energy-commodity-related CFH derivatives	637	0	637
Financial payables to third parties:			
Other current financial liabilities due to third parties	172	340	(168)
Total	**81,030**	**14,486**	**66,544**

The following table reports the notional and fair values of the derivative contracts:

Thousands of euros	Notional amount		Fair value		
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Change in fair value
Cash flow hedge derivatives:					
Enel Trade energy-commodity-related CFH derivatives	14,145	0	637	0	637
Total	**14,145**	**0**	**637**	**0**	**637**
Non-cash flow hedge derivatives:					
Enel SpA exchange-rate derivatives related to energy commodities	4,845	130,234	48	5,479	(5,431)
Enel SpA exchange-rate derivatives	7,414	0	253	0	253
Enel Trade energy-commodity-related derivatives	4,677	4,134	193	1,087	(894)
Total	**16,936**	**134,368**	**494**	**6,566**	**(6,072)**
Total	**31,081**	**134,368**	**1,131**	**6,566**	**(5,435)**

The following table shows the fair value balances of non-current derivatives, broken down according to measurement criteria.

Thousands of euros	Dec. 31, 2009	Level 1 (listed prices not adjusted)	Level 2 (estimate with observable data)	Level 3 (estimate with unobservable data)
Enel Trade for energy-commodity-related CFH derivatives	637	0	637	0
Enel Trade energy-commodity-related derivatives	193	0	193	0
Enel SpA exchange-rate derivatives	301	0	301	0
Total	**1,131**	**0**	**1,131**	**0**

34. Other current liabilities – Euro 76,722 thousand

Other current liabilities break down as follows:

Thousands of euros	at Dec. 31, 2009	at Dec. 31, 2008	Change
Other current liabilities due to ultimate parent:			
Interest-rate derivatives	329	2,265	(1,936)
Other miscellaneous payables to ultimate parent	1,677	354	1,323
Total other current liabilities due to ultimate parent	**2,006**	**2,619**	**(613)**
Other current liabilities due to Group companies	**18,827**	**6**	**18,821**
Other current liabilities due to third parties:			
Payables for urban-planning contributions	19,068	14,002	5,066
Payables for government rates, water derivation and additional fees	10,375	9,954	421
Payables to employees	12,519	7,000	5,519
Payables to pension entities	6,797	4,829	1,968
Other current liabilities	7,130	3,430	3,700
Total other current liabilities due to third parties	**55,889**	**39,215**	**16,674**
Total	**76,722**	**41,840**	**34,882**

Payables relating to urban-planning contributions include contributions to local authorities where the Company's power stations are located for urban-planning projects and various work in the areas affected by plant construction. More specifically, this item includes contributions to be paid to municipal authorities in the region of Tuscany where the Company's geothermal plants are located, pursuant to article 3 of the voluntary agreement enacting the letter of intent of December 20, 2007, which provides for Enel Green Power SpA to pay a contribution, to be calculated based on total production in the previous year.

Payables relating to government rates include government rates, additional fees for mountain and river catchment basins and other fees due in relation to concessions to utilize public water for hydroelectric purposes.

Payables due to pension entities include payables owed to pension and social security institutions for contributions owed by the Company and its personnel falling due within 12 months.

Debts owed to pension entities include contributions owed by the Company in relation to remuneration for December to be paid in January 2009, as well as the relevant portions of the employee severance fund allocated to the Enel Group managers' pension fund (FONDENEL) and the Enel Group employee pension fund (FOPEN), and expenses relating to other charges accrued by personnel, particularly annual leave accrued and not used and extraordinary charges.

35. Information on related parties

Related parties have been identified as provided for by international accounting standards. The company's related parties are Enel SpA, the parent companies of Enel SpA, companies that have the same controlling entity as Enel SpA, and companies which, directly or indirectly, via one or more intermediaries, are controlled or are subject to joint control by Enel SpA and in which the latter holds a sufficiently large stake to be able to exercise significant influence. Related parties also include the pension funds FOPEN and FONDENEL, managers with strategic responsibilities (and their close relatives) at the Company, at Enel SpA and at the companies over which they exercise direct, indirect or joint control and over which they exercise a significant influence. Managers with strategic responsibilities are those persons who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include company directors.

The following table shows transactions carried out with the ultimate parent and the other Group companies:

Counterparty	Type of relationship
Enel SpA	Provision of centralized services (administrative, financial and legal assistance, etc.)
	Provision of institutional assistance and consultancy (management fee)
	Trademark licensing
	Treasury services
	Service with mandate – communication plan
Enel Produzione SpA	Provision of asset management service
	Hydroelectric maintenance services (SMI)
	Provision of specialist assistance (ASP)
	Provision of energy management services (OPR)
	Remote control services for hydroelectric and wind plants (PT)
	Provision of security services for dikes and water works (ICI)
	Management services – operation and maintenance activities, on-call availability and rapid intervention for EP plants (Operation)
Enel Servizi Srl	Outsourcing of IT services
	Catering services
	Administration services
	Personnel administration services
	Vehicle management
	Business travel management
	General services and direct management
	Provision of global area service
	Insurance management
	Provision of agency service
	Procurement service
Enel Trade SpA	Framework agreement on intragroup hedging transactions
	Framework agreement for the stipulation of two-way CFDs

Enel Green Power SpA has stipulated contracts relating to management and service fees with the foreign companies included in the scope of the Renewable Energy division.
All transactions are part of routine operations and are settled on an arm's-length basis, i.e. on the same market terms as agreements entered into between two independent parties.

The following tables summarize commercial, financial and other relationships between the company and related parties.

Commercial and other relationships in 2009

COMMERCIAL AND OTHER RELATIONSHIPS

			Costs		Revenues	
Thousands of euros	Receivables	Payables	Assets	Services	Assets	Services
	at Dec. 31, 2009		**2009**		**2009**	
Ultimate parent:						
Enel SpA	424	158,606	0	25,367	0	14
Total	**424**	**158,606**	**0**	**25,367**	**0**	**14**
Subsidiaries:						
Enel Latin America	6,990	0	0	0	0	6,733
Enel North America Inc.	3,594	0	0	0	0	3,233
Portoscuso Energia Srl	1,791	1,000	0	0	0	1,791
Blue Line Impex Srl	503	0	0	0	0	503
Perimetro Elica	399	0	0	0	0	399
Enel Erelis S.A.S.	138	0	0	0	0	138
Enel Maritza East 4	30	0	0	0	0	30
Enel.si Srl	21	0	0	0	0	
Total	**13,466**	**1,000**	**0**	**0**	**0**	**12,827**
Other Group companies:						
Enel Produzione SpA	82,436	32,943	521	15,938	16,688	2,738
Enel Trade SpA	53,940	118	0	0	147,916	0
Enel Distribuzione SpA	6,788	53	979	89	5,699	0
Enel Servizi Srl	221	14,319	0	22,632	0	50
Hydro Dolomiti Enel Srl	187	266	0	828	0	0
Enel Romania Srl	14	0	0	0	0	14
Enel Ingegneria e Innovazione SpA	10	1,159	0	4,806	0	0
Sfera Srl	7	436	0	965	0	7
Concert Srl	2	81	0	14	0	0
Enel Energia SpA	0	4,159	3,782	27	0	0
Enel Servizio Elettrico SpA	0	804	0	0	0	0
Enel Sole Srl	0	103	0	103	0	0
Enel Factor SpA	0	16,570	0	0	0	0
Total	**143,605**	**71,011**	**5,282**	**45,402**	**170,303**	**2,809**
Other related parties:						
Acquirente Unico	8,197	0	0	0	0	46,000
GSE SpA	17,868	34	3	212	0	178,426
GME SpA	0	0	1,646	7,247	0	477,024
ENI	0	245	1,189	0	0	0
Terna SpA	16	359	2,451	3,020	0	27,718
Other related parties	0	1,055	3,758	0	0	0
Total	**26,081**	**1,693**	**9,047**	**10,479**	**0**	**729,168**
TOTAL	**183,576**	**232,310**	**14,329**	**81,248**	**170,303**	**744,818**

Commercial and other relationships in 2008

Thousands of euros	Receivables	Payables	Assets	Services	Assets	Services
	at Dec. 31, 2008		2008		2008	
Ultimate parent:						
Enel SpA	0	22,982	0	4,887	0	0
Total	**0**	**22,982**	**0**	**4,887**	**0**	**0**
Subsidiaries:						
Portoscuso Energia Srl	728	0	0	0	0	0
Total	**728**	**0**	**0**	**0**	**0**	**0**
Other Group companies:						
Enel Produzione SpA	79,925	1,834	0	1,349	0	295
Enel Trade SpA	12,942	0				
Enel North America Inc.	360	0	0	0	0	360
Enel Servizi Srl	66	2,491	0	2,067	0	55
Enel Latin America LLC	60	0	0	0	0	60
Enel Distribuzione SpA	25	0	0	0	4	0
Enel Energia SpA	0	15	15	0	0	0
Hydro Dolomiti Enel Srl	0	69	0	69	0	0
Sfera Srl	0	18	0	18	0	0
Concert	0	6	0	0	0	0
Total	**93,378**	**4,433**	**15**	**3,503**	**4**	**770**
Other related parties:						
GSE SpA	9,801	2	0	20	0	9,801
GME SpA	0	0	189	37	78,015	0
Terna SpA	0	0	0	251	1,609	0
Total	**9,801**	**2**	**189**	**308**	**79,624**	**9,801**
TOTAL	**103,907**	**27,417**	**204**	**8,698**	**79,628**	**10,571**

Financial relationships in 2009

Thousands of euros	Receivables	Payables	Expenses	Income
	at Dec. 31, 2009		2009	2009
Ultimate parent:				
Enel SpA	144	4,337,436	78,693	1,142
Total	**144**	**4,337,436**	**78,693**	**1,142**
Subsidiary:				
Geotérmica Nicaragüense S.A.	7,573	0	220	1,135
Total	7,573	0	220	1,135
Other Group companies:				
Enel Trade SpA	72,749	830	5,755	125,002
Total	**72,749**	**830**	**5,755**	**125,002**
TOTAL	**80,466**	**4,338,266**	**84,668**	**127,279**

Financial relationships in 2008

Thousands of euros	Receivables	Payables	Expenses	Income
	at Dec. 31, 2008		2008	2008
Ultimate parent:				
Enel SpA	791	2,668,143	9,832	12,862
Total	**791**	**2,668,143**	**9,832**	**12,862**
Subsidiary:				
Geotérmica Nicaragüense S.A.	2,345	0	259	17
Total	**2,345**	**0**	**259**	**17**
Other Group companies:				
Enel Trade SpA	176,550	1,087	5,435	12,941
Total	**176,550**	**1,087**	**5,435**	**12,941**
TOTAL	**179,686**	**2,669,230**	**15,526**	**25,820**

36. Contractual commitments and guarantees

Thousands of euros

	at Dec. 31, 2009	at Dec. 31, 2008	Change
Sureties and guarantees given to:	**25,986**	**4,311**	**21,675**
associates and others	4,164	0	4,164
third parties	21,822	4,311	17,511
Commitments:	**613,272**	**725,621**	**(112,349)**
supplies and services	613,272	725,621	(112,349)
Other commitments:	**0**	**1,074,666**	**(1,074,666)**
commodity risk	0	1,074,645	(1,074,645)
other	0	21	(21)
Total	**639,258**	**1,804,598**	**(1,165,340)**

In 2009, Enel Green Power stipulated preliminary contracts for certain equity investments. These contracts were concluded in the first few months of 2010. See Note 38, "Subsequent events", for further information.

The Company also has commitments to the region of Tuscany in relation to the letter of intent signed in 2007, in which Enel committed to carry out technological innovation and research activities in the field of renewable energies. The commitments specific to Enel Green Power cannot be defined until a detailed list of activities that are considered suitable for the above purposes is agreed with the region.

37. Contingent liabilities and assets

Tax-related disputes

In addition to those outstanding, new disputes relating to local property tax could emerge. With Article 1-*quinquies* of Legislative Decree no. 44 of March 31, 2005 — "Containing emergency provisions regarding local authorities" — added during conversion by Law no. 88 of May 31, 2005, it was provided that Article 4 of the Land Law, approved with Royal Legislative

Decree no. 652 of April 13, 1939, will be interpreted, as regards electric power plants, "in the sense that fixed buildings and structures consist of the ground and the parts structurally connected to it, albeit provisionally, by means of any joining means, which may include movable parts for the purpose of making a single whole unit".
The Regional Tax Commission of Emilia-Romagna, with Order no. 16/13/06 filed on July 13, 2006, submitted to the Constitutional Court the issue of the constitutional legitimacy of the above-mentioned Article 1-*quinquies*, which it deemed to be significant and not manifestly unfounded.
On May 20, 2008, with ruling no. 162/2008, the Constitutional Court ruled that the issues raised by the Regional Tax Commission of Emilia Romagna were unfounded. It therefore confirmed the legitimacy of the new interpretation, of which the major effects on the Group are as follows:
significance of the value of the "turbines" in the real estate assessment of the plants;
the possibility on the part of the Local Territorial Offices to adjust – without a deadline – the income suggested by Enel.
In the judgment, it was furthermore stated that "... the principle whereby the constituent elements of the works … even if physically not built into the ground contribute to the determination of the land registry revenues is valid for all of the buildings referred to in Article 10 of Royal Legislative Decree no. 652 of 1939" and not only for electric power plants.

No assessment criterion has been introduced hitherto for the movable property deemed to be significant from the land registry viewpoint either in relation to the assessment method or in relation to the actual identification of the object to be assessed, and the aforementioned judgment does not seem to provide any relevant orientation.

Enel Green Power SpA, therefore, in relation to existing litigation, will continue to sue in court for a substantial resizing of the values originally assigned by the Territorial Offices to these plant parts, but has, at any rate, made an appropriate adjustment to provisions for risks and charges in order to cope with any risk of losing the suit altogether, in relation to the new assessments received to date as well.
It has not, however, decided that it should make additional allocations to take into account any retroactive effects of the standard on suggested income yet to be raised by the Territorial Offices and municipal authorities.

38. Subsequent events

Equity acquisitions

Partnership with Sharp

As part of its strategy of developing a presence throughout the photovoltaic value chain, on January 4, 2010, Enel Green Power entered into an agreement with Sharp Corporation ("Sharp") and STMicroelectronics N.V. ("STM") to build the largest solar-panel factory in Italy. The plant will be located in Catania and will produce triple-junction thin-film panels. Initially, the factory will have an annual solar panel production capacity of 160 MW, which may be increased in subsequent years to a maximum of 480 MW. It will be the largest photovoltaic panel factory in Italy. The production of the panels is scheduled to start at the beginning of 2011. Enel Green Power and Sharp are also conducting experiments on concentrating solar technology at the research center site in Catania.
On the same date, Enel Green Power and Sharp also signed an agreement for the creation of a 50-50 joint venture with the objective of developing by 2016 new photovoltaic fields with a total installed capacity of around 500 MW in the Mediterranean region, using the panels produced at the Catania plant. These agreements are subject to approval by the relevant regulatory authorities.

Altomonte FV Srl

On January 7, Enel Green Power SpA acquired a 51% stake in Altomonte FV Srl from Resit Srl. Altomonte FV Srl was created on December 28, 2009 and is responsible for the construction of a photovoltaic plant with a capacity of 20 MW in the municipality of Altomonte (Cosenza).
The acquisition and the construction of the plant are expected to represent a total investment of around Euro 60 million. To date, 5 MW has been authorized.

Maicor Wind and Enerlive

On January 13, Enel Green Power SpA acquired a majority stake in Maicor Wind Srl and Enerlive Srl from McKelcey Funds. These two companies have a pipeline of three wind power projects in the province of Catanzaro, with a total capacity of 64 MW.
The acquisition and the completion of the projects are expected to represent a total investment of around Euro 70 million.

Italgest Wind Srl

On February 17, as part of the development of wind energy projects in Puglia, Enel Green Power SpA acquired from Italgest Energia SpA 100% of the share capital of Italgest Wind Srl, a company with four wind energy projects in Puglia with a total capacity of 184.1 MW, of which 22 MW was already authorized.
The acquisition cost to Enel of 100% of the share capital was set at Euro 6 million plus possible bonuses linked to progress with the development/authorization of the projects with the remaining 162 MW.

Taranto Solar Srl

As part of the development of photovoltaic projects in Puglia, January 29 saw the creation of Taranto Solar Srl, which plans to carry out the multi-phase construction of a photovoltaic plant at the Marcegaglia Group's two industrial sites in Taranto, with a total capacity of 4 MW.

The total investment for the construction of the plant amounts to around Euro 12.9 million.

Enel Green Power Strambino Solar Srl

On March 18, as part of the development of solar power projects in Puglia, Enel Green Power SpA and Finpiemonte Partecipazioni incorporated Enel Green Power Strambino Solar Srl and took respective stakes of 60% and 40%. The newly created company is responsible for constructing a greenfield photovoltaic power plant with a capacity of around 3 MW within an industrial area in the municipality of Strambino (Turin) owned by SIT, a subsidiary of Finpiemonte Partecipazioni.

CIS INTERPORTO

Within the context of photovoltaic plant construction in Italy, Enel Green Power signed an agreement with Centro Ingrosso Sviluppo Campania (the Campania Development Wholesale Center, or CIS) and Interporto Campano (integrated freight terminal) for the construction of a 25-MW photovoltaic plant in Campania, the largest integrated roof-top project with innovative technology in Italy, and one of the largest in the world.

The plant, owned by Enel Green Power, will be located in the municipality of Nola, in the province of Naples, and will be installed on the roofs of commercial and logistics buildings. The plant will cost a total of around Euro 75 million.

Creation of Enel Green Power Calabria

On February 9, Enel Green Power Calabria Srl was created.

The creation of the company was approved by the Board of Directors of Enel Green Power SpA on February 1, 2010 so that requests could be filed for a single authorization for projects relating to the construction of a wind farm in the municipality of Bagaladi (Reggio Calabria) and in the municipality of Motta San Giovanni-Montebello Ionico (Reggio Calabria).

Desertec project

On March 10, as part of the acquisition by Enel Green Power SpA of shares in the German project company, Dii GmbH, which was approved by the Board of Directors, the Company acquired one share for Euro 10,000, corresponding to 6.2% of the share capital.

39. Compensation of directors and statutory auditors

Compensation of directors and statutory auditors, totaling Euro 103 thousand, refers exclusively to the compensation paid to statutory auditors; directors, as managers of the Enel Group, do not receive any compensation.

40. Fees of the auditing firm pursuant to Article 149-duodecies of the Consob "Issuer Regulations"

The fees for 2009 paid to the auditing firm and the entities belonging to its network for services provided, amounting to Euro 234 thousand, refer to the audit of the financial statements for the year, the inspection of the 2008 separate annual accounts and the audit of the consolidated financial statements.

41. Management and coordination activities

The essential figures from the most recent financial statements of Enel SpA, which performs management and coordination in relation to Enel Green Power SpA, are shown below:

Millions of euros	2008
Revenues	734
Costs	813
Income from equity investments	3,187
Net financial income/(expense)	(468)
Income taxes	(101)
Income for the year	**2,741**

Millions of euros	at Dec. 31, 2008
ASSETS	
Non-current assets	
Property, plant and equipment and intangible assets	24
Equity investments	23,701
Non-current financial assets	534
Other non-current assets	551
Total	**24,810**
Current assets	
Trade receivables	484
Current financial assets	37,343
Cash and cash equivalents	614
Other current assets	504
Total	**38,945**
TOTAL ASSETS	**63,755**
SHAREHOLDERS' EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	**15,121**
Non-current liabilities	
Long-term loans	39,045
Deferred tax liabilities and provisions for risks and charges	593
Non-current financial liabilities	1,157
Other non-current liabilities	1
Total	**40,796**
Current liabilities	
Short-term loans and current portion of long-term loans	4,980
Trade payables	324
Current financial liabilities	1,611
Other current liabilities	923
Total	**7,838**
TOTAL LIABILITIES	**48,634**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**63,755**

Corporate governance

Compliance program

Legislative Decree no. 231 of June 8, 2001, "Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality", as subsequently amended, introduced administrative liability for companies for certain specific offences (such as extortion, corruption of a public official through an official act or an act contrary to official duties and corporate offences) committed, either in Italy or abroad, by physical persons who are responsible for representation, administration, management, direction or control of the Company or by physical persons under their management or supervision.
On December 1, 2008, the Board of Directors of Enel Green Power SpA decided to adopt the "Compliance Program pursuant to Legislative Decree no. 231/2001", approved and implemented by the Board of Directors of Enel SpA on July 23, 2002 (and subsequently extended, updated and amended), enacting the provisions of article 6 of Legislative Decree no. 231/2001 of June 8, 2001, and appointed the Compliance Officer, a body responsible for overseeing the functioning of and compliance with the program, which has independent powers of initiative and control.

The program aims to create a structured, organic system of procedures and monitoring activities to be carried out preventively (ex ante monitoring), aimed at preventing the perpetration of the various types of crime described in the Decree, particularly by identifying "Areas of activity at risk" and consequently proceduralizing them.
The program in question comprises a "General Part" and individual "Special Parts" prepared for the various types of offence referred to in Legislative Decree no. 231/2001, which the program is intended to prevent.

The program aims to identify and proceduralize activities "at risk" of crime pursuant to Legislative Decree no. 231/2001, with the implementation of monitoring activities enabling prompt intervention to prevent or hinder the perpetration of crime.

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Enel Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group, inspired the drawing up of the Enel Group's Code of Ethics, which was approved by the Enel SpA Board of Directors in March 2002 and updated in March 2004 and September 2009. The code is binding for Enel Green Power SpA, since it expresses the commitments and ethical responsibilities involved in the conduct of business and corporate activities assumed by all employees of Enel Group companies.

Zero tolerance of corruption plan

On December 1, 2008, the Board of Directors of Enel Green Power SpA decided to adopt the "Zero tolerance of corruption plan" (the so-called TZC plan, approved by the Board of Directors of Enel SpA in June 2006), confirming the Group's commitment, as described in the Code of Ethics and the Compliance Program pursuant to Legislative Decree no. 231/2001, to ensure correctness and transparency in the conduct of business and corporate activities, as well as the protection of its position and image, the expectations of its shareholders and all other Group stakeholders, and the work of its employees.

This plan does not replace or supersede the Code of Ethics or the Compliance Program pursuant to Legislative Decree no. 231/2001, but provides further details on the matter of "corruption" (not only with regard to public sector) and is applicable immediately in Italy and abroad.

Disclaimer

This Report issued in Italian has been translated into English solely for the convenience of international readers.

Reports

Report of the Board of Auditors to the Shareholders' Meeting of Enel Green Power SpA called to approve the financial statements for the year ended December 31, 2009.

Shareholders,

During the year ended December 31, 2009, the Board of Auditors performed the oversight activities provided for by Legislative Decree 58/1998 in compliance with the provisions of applicable Consob instructions and in accordance with the principles of conduct recommended by the National Council of the Italian accounting profession.

In compliance with Article 149 of Legislative Decree 58/1998, the Board of Auditors monitored compliance with the law and the articles of incorporation, as well as compliance with the principles of sound administration. We also assessed, within the scope of our responsibilities, the adequacy of the organizational structure, the internal control system and the administrative and accounting systems, as well as the reliability of the latter in representing operational events, obtaining information from the department heads and examining company documentation.

In particular, we verified the monitoring of transactions with the most significant impact on performance and the financial position. In this regard, the Chairman of the Board of Directors, in conformity with Article 2381, fifth paragraph, of the Italian Civil Code, reported to the Board of Directors and the Board of Auditors on general developments in operations and the outlook, as well as on the most significant transactions carried out by the Company and its subsidiaries.

The auditing of the financial statements and checks of the regular keeping of the accounts were performed by the external audit firm. In this regard, KPMG SpA issued an unqualified audit report on the financial statements at

December 31, 2009, finding no material issues, including with regard to their consistency with the report on operations.

We monitored the overall approach adopted in preparing the financial statements and their general compliance with the law as regards their formation and structure.

Through our participation in the meetings of the Board of Directors and Shareholders' Meetings during the year, we verified the compliance of the resolutions adopted with the provisions of law and the articles of association.

During our meetings in 2009 and the 1st Quarter of 2010, the Board of Auditors monitored the organizational structure of Enel Green Power SpA and its internal control system, holding periodic meetings with representatives of the Internal Control function and the representatives of the Supervisory Body established pursuant to Legislative Decree 231/2001.

We can report that the Company has implemented the procedures necessary to define an organizational structure appropriate to its size and operational characteristics, in compliance with the provisions of the Code of Ethics and the "Compliance Model" established pursuant to Legislative Decree 231/2001, as updated to incorporate new offences covered under the administrative liability system and any modifications imposed by organizational or legislative changes.

Within the scope of our examinations, the Company's processes and systems for representing operational events are also substantively appropriate.

On the basis of direct examinations and periodic meetings with management and the audit firm – within the framework of the collaboration and exchange of information between the control bodies – we verified the efficiency of the information and accounting system and its ability to represent the performance and financial position of the Company as reported in the financial statements for the year ended December 31, 2009, which we, within the scope of our responsibilities, recommend that you approve.

In conclusion, no material issues emerged during our activities that would require special mention here.

Rome, March 23, 2010

The Board of Auditors

Leonardo Perrone - Chairman

[signed]

Giuseppe Ascoli - Standing Auditor

[signed]

Giuseppe Mariani - Standing Auditor

[signed]

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 156 and 165 of Legislative decree no. 58 of 24 February 1998

To the sole shareholder of
Enel Green Power S.p.A.

1 We have audited the financial statements of Enel Green Power S.p.A. as at and for the year ended 31 December 2009, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in shareholders'equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 18 March 2009 for our opinion on the prior year financial statements, which included the corresponding figures presented for comparative purposes that have been restated to reflect the changes in the presentation of financial statements introduced by IAS 1.

3 In our opinion, the financial statements of Enel Green Power S.p.A. as at and for the year ended 31 December 2009 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of Enel Green Power S.p.A. as at 31 December 2009, the results of its operations and its cash flows for the year then ended.

4 Despite significant controlling interests, the company has availed itself of the legal exemption from preparation of consolidated financial statements as it is, in turn, controlled by Enel S.p.A., for which consolidated financial statements are prepared. Such consolidated financial statements will be made public within the timescale and the mode defined by current legislation.

5 As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of Enel Green Power S.p.A. does not extend to such data.

6 The directors of Enel Green Power S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the financial statements of Enel Green Power S.p.A. as at and for the year ended 31 December 2009.

Rome, 23 March 2010

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Enel Green Power SpA – sole-shareholder company
Registered office in Rome
Viale Regina Margherita 125, 00198
Rome Register of Companies
Tax code and VAT number 10236451000
Share capital Euro 600,000,000, fully paid in
Managed and coordinated by Enel SpA