Enel

INTERIM FINANCIAL REPORT AT MARCH 31, 2009

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The Enel structure

Corporate
Enel SpA

Sales

Enel Servizio Elettrico
Enel Energia
Vallenergie

Generation and Energy Management

Enel Produzione
Enel Trade
Enel Trade Hungary
Enel Trade Romania
Nuove Energie
Hydro Dolomiti Enel
Enel Stoccaggi

Engineering and Innovation

Enel Produzione

Infrastructure and Networks

Enel Distribuzione
Enel Rete Gas
Enel Sole
Deval
Enel Linee Alta Tensione (1)

Iberia and Latin America

Endesa

International

Slovenské elektrárne
Enel Maritza East 3
Enel Operations Bulgaria
Enel Distributie Muntenia
Enel Distributie Banat
Enel Distributie Dobrogea
Enel Energie Muntenia
Enel Energie
Enel Productie
Enel Romania
Enel Servicii Comune
RusEnergoSbyt
SeverEnergia
OGK-5
Enel France
Enelco
Marcinelle Energie

Renewable Energy

Enel Green Power
Enel.si
Enel Latin America BV (2)
Enel Unión Fenosa Renovables
Blue Line
Enel North America
Enel Green Power Bulgaria
Enel Erelis
International Wind Power
Wind Parks of Thrace
International Wind Parks of Thrace
Hydro Constructional
International Wind Parks of Crete

Services and Other Activities

Enel Servizi
Sfera
Enelpower
Enel.NewHydro
Enel.Factor
Enel.Re

(1) Sold on April 1, 2009.
(2) Includes Enel Latin America LLC, Inelec and Americas Generation Corporation (formerly Enel Panama and Enel Fortuna) as from January 1, 2009.

Foreword

In order to facilitate the assessment of the Group's performance and financial position, this Report uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards. In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are as follows:

> *Gross operating margin*: an indicator of Enel's operating performance, calculated as "Operating income" plus "Depreciation, amortization and impairment losses".

> *Net financial debt*: an indicator of Enel's financial structure, calculated as the sum of "Long-term loans" and "Short-term loans and the current portion of long-term loans", net of "Cash and cash equivalents" and the current and non-current financial assets (financial receivables and securities other than equity investments) included in "Other current assets" and "Other non-current assets".

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

> *Net capital employed*: calculated as the sum of "Current assets", "Non-current assets" and "Net assets held for sale", net of "Current liabilities" and "Non-current liabilities", excluding the items considered in the definition of net financial debt.

Summary of results

Highlights

	1st Quarter		
	2009	2008	
Income data (millions of euro)			
Revenues	14,863	15,082	
Gross operating margin	3,850	3,374	
Operating income	2,740	2,180	
Net income before minority interests	2,124	1,126	
Group net income	1,908	947	
Financial data (millions of euro)			
Net capital employed	78,812	76,262	(1)
Net financial debt	50,831	49,967	(1)
Shareholders' equity (including minority interests)	27,981	26,295	(1)
Cash flows from operating activities	1,115	1,017	
Capital expenditure on tangible and intangible assets	1,109	1,153	
Per share data (euro)			
Group net income per share in circulation at period-end	0.31	0.15	
Group shareholders' equity per share in circulation at period-end	3.54	3.30	(1)
Operating data			
Net electricity generated by Enel (TWh)	63.2	57.9	
Electricity transported on the Enel distribution network (TWh)	91.9	99.5	
Electricity sold by Enel (TWh) (2)	67.7	70.4	
Gas sales to end users (billions of cubic meters)	2.8	2.9	
Gas transported (billions of cubic meters)	1.7	1.6	
Employees at period-end (no.) (3)	76,163	75,981	(1)
Market indicators			
Average Brent oil price ($/bbl)	45.8	97.0	
Average price of low-sulfur fuel oil ($/t) (4)	258.1	501.4	
Average price of coal ($/t CIF ARA) (5)	70.7	138.5	
Average price of gas (Gbpence/therm) (6)	48.0	52.8	
Average dollar/euro exchange rate	1.303	1.498	
Six-month Euribor rate (average for the period)	2.11%	4.48%	

(1) At December 31, 2008.
(2) Excluding sales to resellers.
(3) Of which 1,323 at March 31, 2009 (1,413 at December 31, 2008) in units classified as "Held for sale".
(4) Platt's CIF Med index.
(5) API #2 index.
(6) Belgium Zeebrugge index.

In the 1st Quarter of 2009, *revenues* amounted to €14,863 million, down 1.5% on the €15,082 million posted in the year-earlier period. The decline essentially reflects the reduction in revenues from the sale of electricity due to the fall in demand in the main markets in which Enel operates.

The *gross operating margin* came to €3,850 million, compared with €3,374 million in the 1st Quarter of 2008, an increase of €476 million (up 14.1%), mainly due to the expansion posted by the Generation and Energy Management Division and foreign operations.

Operating income for the 1st Quarter of 2009 totaled €2,740 million, up €560 million or 25.7%. In addition to the rise in the gross operating margin, the change reflects the impact of the recognition in the 1st Quarter of 2008 of impairment losses of €168 million in respect of the Viesgo Group net assets sold to E.On in June 2008.

Group net income amounted to €1,908 million compared with €947 million in the first three months of 2008. The result includes the effects, equal to €970 million, of the change in the fair value of the put option granted by Enel to Acciona. More specifically, the measurement of the option at the date of this Report reflects the expectation of early exercise of the option under the agreement signed on February 20, 2009, for the acquisition of the 25.01% of Endesa held directly and indirectly by Acciona.

Net financial debt at March 31, 2009 totaled €50,831 million, an increase of €864 million compared with December 31, 2008. At March 31, 2009 the debt/equity ratio was 1.82 (1.90 at December 31, 2008).

Enel Group *employees* at March 31, 2009 totaled 76,163, up 182 on the 75,981 employees at the end of 2008. The rise is attributable to the net effect of the change in the scope of consolidation (an increase of 148), new hirings (782) and terminations (748).

Significant events in the 1st Quarter of 2009

Acquisition of 20% of the generation assets of Electricity Supply Board (ESB)

On January 8, 2008, following approval from Irish and Community regulators, Endesa completed the acquisition for €440 million of Endesa Ireland, the Irish company to which 20% of the generation assets of the Electricity Supply Board (ESB) had been transferred. The assets acquired have a total capacity of 1,068 MW at four operational plants and 300 MW at two plants still under construction. They account for about 16% of Ireland's total installed capacity.

Agreement with Acegas-Eps and Tei to build interconnection lines between Italy and Slovenia

On February 5, 2009, Acegas-Eps, Enel and Tei signed the memorandum of association of Adria Link, in which the three partners have equal shares.
The company will build and operate electricity interconnection infrastructure between Italy and Slovenia, in line with the provisions of the "Scajola Decree", which in transposing Regulation (EC) 1228/2003 aims to stimulate trade in energy with the EU countries, thereby enabling the achievement of efficiencies in the use of power stations at the European level and thereby lowering generation costs and sales prices. In this context, Adria Link intends to develop two interconnection projects that involve the construction of two underground power lines, which will connect, respectively, the Zaule electricity station in the province of Trieste with the Dekani station in Slovenia and the Redipuglia station in the province of Gorizia with the Vrtojba station in Slovenia. The new lines will increase net transfer capacity by about 250 MW. The planned investment will come to about €31 million, part of which devoted to reducing the impact of the infrastructure on the environment and the landscape.

Agreement with Acciona for the acquisition of 25.01% of Endesa

On February 20, 2009, Enel signed an agreement for the acquisition of the 25.01% of Endesa owned directly and indirectly by Acciona. With the completion of the additional acquisition Enel's stake in the leading Spanish power company will reach 92.06%. The price was set at €11.1 billion, in line with the provisions of the contract signed between Enel and Acciona on March 26, 2007. The price will be adjusted to take account of the interest that will mature until the closing of the transaction and the dividends that will be paid by Endesa to Acciona. The agreement, which also involved the early exercise of the put option by Acciona (the original exercise date was March 2010), is subject to a number of suspensory conditions and also envisages the transfer to Acciona from Endesa of certain operational wind and hydro assets for €2.9 billion.

On the same date, the Board of Directors of Endesa also approved the distribution of a dividend of €6.2 billion. Enel's share (67.05%) is approximately €4.2 billion, that of Acciona (25.01%) about €1.5 billion and that of minority interests (7.94%) about €0.5 billion. At the same meeting, the Board concurrently approved the sale to Acciona of certain generation assets in Spain and Portugal, totaling 2,105 MW, of which 1,423 MW from alternative renewable resources and 682 MW from conventional hydro assets. A syndicated loan of €8 billion to Enel in April 2009 in the form of an increase in the syndicated credit facility with an original amount of €35 billion will partially cover the purchase. The credit facility included the possibility of increasing (up to a maximum of €8.5 billion) the C tranche (equal to €10 billion falling due in 2012) in the event of the exercise of the put option by Acciona in 2010. Of the total amount of the €8 billion loan, agreed with a pool of 12 banks, slightly less than 70% has a maturity of five years (€5.5 billion due in 2014) and the remaining portion has a maturity of seven years (€2.5 billion due in 2016). The €8 billion credit line comprises two contracts:

- a "facility C increase" raising the C tranche by a total of €8 billion falling due in 2012, and
- a "rollover" agreement, in the amount of €8 billion, intended to replace and renew the "facility C increase" as from 2012 with two new tranches, the first totaling €5.5 billion falling due in 2014 and the second amounting to €2.5 billion falling due in 2016.

Enel-EdF agreement for the development of nuclear power in Italy

On February 24, 2009, within the framework of the Italy-France Protocol of Understanding for energy cooperation, Enel and EdF signed a Memorandum of Understanding (MoU) that establishes the foundations for the joint development of nuclear energy in Italy by the two companies. When the legislative and technical work for the return of nuclear power in Italy is completed, Enel and EdF have undertaken to develop, build and operate at least four generation units based on European Pressurized Reactor (EPR) technology, the first of which is being built at Flamanville in Normandy, a project in which Enel is participating with 12.5% share. The goal is for the first Italian unit to enter commercial service no later than 2020. With the MoU, Enel and EdF have agreed to form a joint venture, each with 50%, that will be responsible for the development of the feasibility studies for the construction of the EPR units. Subsequently, once the studies have been completed and the necessary investment decisions are taken, individual companies will be formed to build, own and operate each of the EPR units. They will feature:

- a majority stake for Enel in ownership of the plants and electricity withdrawal rights;
- Enel leadership in plant operation;
- opening of ownership to third parties, with Enel and EdF retaining majority control.

The Enel-EdF agreement has a term of five years, with the possibility of extension. On the same date, in a second MoU Enel expressed its interest in participating in an extension of the previous nuclear power accord with EdF for the construction of another five EPR units in France, beginning with the facility that the French Government recently approved for Penly.

Disposal of the gas distribution network

As regards the sale of the assets and liabilities pertaining to the gas distribution network in Italy, on March 10, 2009, following completion of due diligence work, the Group received two offers from investors. Following examination of the offers and additional analysis and discussions with the bidders, Enel decided to grant one of them exclusive negotiating rights until May 8, 2009, subsequently extended first to May 12, 2009 and then to May 28, 2009. During the exclusive negotiations, the parties reached agreement on a consensus valuation of the assets and liabilities involved in the sale. As a result of the valuation, at March 31, 2009, the adjustment of the value of the assets was reflected in the results for the period ending as of that date.

Outlook

During the first months of 2009, there was a generalized drop in demand for electricity in the main countries in which the Enel Group operates. This is the result of a challenging macroeconomic climate that is likely to persist throughout the rest of the year. However, Enel is expected to be able to maintain an adequate level of profitability thanks to its well-balanced production mix and its generation margin hedging strategies, particularly through forward energy sales.
The launch of the new phase of the Zenith project, which will be extended to other Group companies abroad, is expected to enable the Group to obtain further efficiency and cost containment benefits, as well as improved management of operating cash flows.
The consolidation and integration of assets purchased abroad will continue in order to extract further value beyond the operating synergies already identified.
The capital increase approved by the Board of Directors on May 6, 2009 (acting on the authorization granted by the Shareholders' Meeting), together with operating cash flow improvement programs and portfolio optimization measures, should contribute to guaranteeing the Group's financial stability.
All the actions undertaken, consistent with the strategies above, should continue to bear positive fruit in 2009, thereby contributing to the improvement in the Group's operating results.

Regulatory and rate issues

Climate and energy package

On April 6, 2009, the Council of Ministers of the European Union adopted the final text of the climate and energy package containing measures concerning European energy policy to counter climate change, which had already been approved on December 17, 2008, by the European Parliament. The package sets binding targets to reduce emissions of greenhouse gases by 20% below 1990 levels by 2020 and to increase the share of renewables in energy use to 20% by 2020.
The main features of the package include:

- the review of the emissions trading scheme with:
  - the establishment of emissions caps at the EU level and the consequent elimination of national allocation plans;
  - the introduction of auctions to allocate allowances (with exceptions for high-efficiency co-generation, sectors particularly exposed to international competition, countries with issues associated with the level of interconnection and dependence on single fossil fuels);
  - restrictions on the use of credits from the clean development mechanism;
- the establishment of targets for the individual member states for the development of renewable energy resources with:
  - the delegation of the task of establishing industry targets to the member states;
  - the introduction of cooperation mechanisms between the member states and trading mechanisms for guarantees of origin in the broadest sense;
  - limited possibility for trading with non-EU countries;
- the introduction of measures for the development of carbon capture and storage (CCS) techniques with:
  - feasibility studies (availability of appropriate sites, technical and financial feasibility of transport infrastructure, technical and financial feasibility of retrofitting CO_2 capture structures) and, if the findings are positive, the creation of spaces for the installation of CCS infrastructure for all plants authorized after the entry into force of the Directive with an installed capacity of up to 300 MW. The proposal also provides for feasibility studies for the application of CCS to be conducted for these plants;
  - the establishment of obligations and liability for the operators of geological storage sites;
  - the creation of mechanisms to finance demonstration projects.

Long-term electricity import contracts

Enel has a contract for the import of electricity with Atel (on the Swiss border, expiring on December 31, 2011). The power imported under the contract with Atel is sold to the Single Buyer at a set price and is used to supply the enhanced protection market.

For 2009, with a decree of December 11, 2008, the Minister for Economic Development confirmed the capacity reserve on the Italian-Swiss border and set a price of €78/MWh for the 1st Quarter of 2009 for sales to the Single Buyer. In addition, the measure modified the procedure for updating the sales price, introducing a calculation method based on quarterly indexing of the Single National Price (SNP). For the 2nd Quarter of 2009, the sales price, calculated using this mechanism, was set at €65.87/MWh.

Sales

"Social rates" decree

Following the interministerial decree of December 28, 2007, defining the standards for applying the new social rates for residential customers experiencing financial hardship and for those who use "life-saving" electronic medical equipment, the Authority for Electricity and Gas, with Resolution ARG/elt no. 117/08, defined the procedures for applying the new rates with the inclusion of an offsetting rate component in electricity bills. The offset granted (from €60 to €135 for 2008 and from €58 to €130 for 2009) is to be funded by the new A_S rate component.
As regards the supply of natural gas, as from January 1, 2009, Article 3 of the "anti-crisis" decree provides for the introduction of an offset for expenditures of households experiencing financial hardship. The offset, which differs by climate zone and number of household members, is gauged so as to reduce expenditure (net of taxes) by about 15%.
With Resolution ARG/gas no. 20/09, the Authority initiated the procedure for the definition of the offsetting procedures, with the establishment of a specific rate component for non-residential customers to finance the reduction.

Electricity

Liberalization of electricity sales

Following the auctions for the 2009-2010 period to assign safeguard services, out of a total of twelve areas up for bid, Enel Energia, in addition to the areas of central and southern Italy already served in 2008 (with the exception of Tuscany, Umbria and Marche), was awarded the concessions for Piedmont, Valle d'Aosta, Liguria and Lombardy. The average premium bid by Enel Energia in the eight areas it won was about €21.5/MWh.
For 2009, the Authority for Electricity and Gas also introduced a number of changes safeguarding the transport contract between distributors and safeguard suppliers. Specifically, it introduced the principle of coverage of distributors receivables against possible breach of transport contracts by the companies providing safeguard services (Resolution ARG/elt no. 143/08) and an obligation for winners of the safeguard service auctions to make payment of at least 90% of the financial guarantees in respect of transport contracts set by distributors (Resolution ARG/elt no. 146/08).

Rates and rate updates

With Resolutions ARG/elt no. 190/08 and no. 191/08 the Authority set rates for the enhanced protection service for the 1st Quarter of 2009, reducing final rates for residential customers (consumption of 2,700 kWh and committed capacity of 3 kW) to about €171.5/MWh, about 5.1% less than the previous quarter. More specifically, the Authority lowered the PED component for sourcing and dispatching costs by about €15/MWh to €97.27. The Authority also introduced the PPE component covering imbalances in the equalization system for 2008, set at €5.25/MWh, while maintaining the UC1 component, which was reduced to €1.5/MWh, covering the residual equalization deficit for 2006 and 2007. In order to accelerate recovery of equalization receivables by the sales companies serving the enhanced protection market, Resolution no. 190/08 established that the PPE component shall be withheld directly from the latter as an advance on the final payments by the Electricity Equalization Fund.

With Resolutions ARG/elt no. 35/09 and no. 36/09, the Authority set the rates for the enhanced protection service for the 2nd Quarter of 2009, producing a final rate for the average residential customer of about €168/MWh, a reduction of 2% compared with the 1st Quarter of 2009. More specifically, the PED was reduced by about €3.8/MWh to €93.45/MWh.

The Authority left the PPE and UC1 components, as well as system charges, unchanged compared with the previous quarter.

The Authority also adjusted the $DISP_{BT}$ component from the previous quarter, raising rate revenues covering selling costs for enhanced safeguard suppliers. This step was taken in response to information acquired from operators showing that writedowns of receivables were greater than those reflected in rates in 2008. Payment of the higher rate revenues to the companies operating the enhanced protection service will take place for 2008 through the compensation mechanism envisaged in ARG/elt no. 25/08 for to correct any imbalances between revenues from the RCV component (coverage of sales costs) and actual costs. For 2009, the revenues will be channeled directly through the RCV component, increased as from April 1, 2009, to take account of greater charges in respect of writedowns of receivables.

With Resolution ARG/elt no. 34/09, the Authority directed Terna to take rapid action to determine load profiling adjustments for 2007, establishing the invoicing procedures. The Authority also postponed the load profiling adjustment for 2008 from May 31 to September 30, 2009.

Rules for the sale of CIP 6 electricity by the Electricity Services Operator (ESO)

The decree of the Minister for Economic Development of November 25, 2008 established the procedures for assigning CIP 6 electricity to the market for 2009, setting a price for the 1st Quarter of €78/MWh and leaving unchanged the formula for updating the price during the year. The total quantity to be assigned declined to 4,300 MW, of which 20% to the Single Buyer for supplying customers in the enhanced protection market. For the 2nd Quarter of 2009, the price, as updated using the above formula, was set at €65.87/MWh.

Inquiries and fact-finding investigations

On October 2, 2008, the Competition Authority began proceedings for abuse of dominant position (A/410) against Enel Distribuzione, Enel Servizio Elettrico and Enel SpA.

The Authority is claiming that the two Group companies involved in safeguard services from July 2007 to April 2008 blocked the entrance of a competitor (Exergia) into this market. According to Exergia, the information provided by the Enel companies was incorrect, incomplete and, in a number of cases, provided late. Exergia is also alleging that Enel Distribuzione demanded payment of amounts that were not actually due and, for this reason, did not pay transport fees for services regularly provided by the distributor in the meantime. Enel

Distribuzione, Enel Servizio Elettrico and Enel SpA submitted undertakings to close the procedure without a finding of any infraction. A decision is expected shortly. The proceedings are scheduled to be completed by October 31, 2009.
On December 23, 2008, the Competition Authority opened proceedings for failure to comply with its ruling of September 4, 2008 (PS/91). The Authority claims that Enel Energia has continued the actions for which it was sanctioned in the PS/91 proceeding. Specifically, in November and December 2008 the Authority received complaints from consumers alleging the activation of connections that they had not requested, some of which by telephone. The proceeding is scheduled to be completed by May 16, 2009, and if a violation is found the Authority could levy a fine of between €10 thousand and €150 thousand.
On January 22, 2009 the Competition Authority closed proceeding PS/491 without imposing any sanctions on Enel Energia, which had been charged with allegedly failing to read and check metering equipment and issuing of estimated invoices for electricity that did not correspond with actual consumption.
On March 26, 2009, the Lazio Regional Administrative Court partially granted the appeal lodged by Enel SpA and Enel Energia against the ruling of the Competition Authority at the conclusion of proceeding PS91, considering that advertising is not in itself a commercial practice but rather is an integral part of the broader practice of selling Enel Energia products. The partial grant of the appeal resulted in the voidance of two fines (each of €100,000) levied by the Authority on Enel SpA and Enel Energia.

Gas

Rates and rate updates

As provided for in Article 3, paragraph 8, of Decree Law 185/08, in order to ensure that rates decline in line with the decrease in the prices of petroleum products, the Authority for Electricity and Gas eliminated the invariance thresholds to which updates in supply prices are linked (Resolution ARG/gas no. 192/08). With the same measure the Authority updated natural gas prices for the 1st Quarter of 2009, setting a price of 79.33 eurocents/m^3.
With Resolution ARG/gas no. 40/09, the Authority updated the supply prices for natural gas for the 2nd Quarter of 2009, setting a price of 73.41 eurocents/m^3, a reduction of 7.5% on the previous quarter. The increase in the component covering transport and storage costs partially offset the impact of the steep drop in the raw materials component.
In the 1st Half of 2009, the decrease in the raw materials component came to 18.8% and is attributable to the fall in the international prices of petroleum products as from the second half of 2008.

Communication standards

With Resolution ARG/gas no. 185/08 the Authority for Electricity and Gas set out operating instructions (type and minimum content) for communications between distributors and sellers. The Resolution also deferred the mandatory adoption of advanced communication tools by large distributors from April 1, 2009 to July 1, 2009.
With decision no. 3/09, the operating instructions were updated to include provisions governing the communication of technical data from distributors to sellers, in line with the new complaints procedure, which established the seller as the sole customer interface.

Generation and Energy Management

"Anti-crisis" decree

Decree Law 185/08 of November 29, 2008 (the "Anti-crisis" decree) introduced new provisions governing the wholesale electricity market and end-user rates. More specifically, Article 3 of the decree establishes that the Authority for Electricity and Gas shall adopt measures to adjust electricity and gas prices to reflect the current decline in oil prices and gives the Authority the power to propose to the Government the adoption of mechanisms to foster competition in areas where market irregularities are detected. In addition, Article 3 also sets out guidelines for the possible introduction of a new system for the formation of exchange prices based on the payment to generators of the price offered by each plant, rather than the price set by the marginal plant as envisaged under the current system. It also provides for the introduction of an intraday electricity market to replace the existing adjustment market and measures to change the Ancillary Services Market (ASM) in order to contain costs for end users.

The "anti-crisis" decree was ratified with Law 2/2009 on January 28, 2009. The reform provided for the Minister for Economic Development to issue guidelines for the definition of the new market rules. On April 29, 2009, the Minister issued an implementing decree containing guidelines and instructions for the reform of the electricity market.

Pursuant to Article 3, paragraph 8, of the ratification act (Law 2/2009), on February 27, 2009, the Authority submitted PAS no. 3/09 to the Government, with which it proposes the provision of virtual capacity (Virtual Power Plant) by a number of operators to promote competition in Sicily and Sardinia. More specifically, as regards Enel Produzione, the measure provides for the sale of 1,840 MW in Sicily and 450 MW in Sardinia.

"Ancillary Services Market" (ASM)

At the end of 2008, the Authority for Electricity and Gas introduced a number of changes to the rules governing ancillary services.

With Resolution ARG/elt no. 203/08, the Authority for Electriciteliminated the possibility for Terna to submit supplementary bids, reduced the imbalancing deductible for consumption units and provided for their participation in the adjustment market.

With Resolution ARG/elt no. 206/08 the Authority established an incentive system for Terna with regard to provisioning on the ASM with a view to limiting costs for end users. The system is based on provisioning volumes, with a minimum efficiency objective for 2009 equal to the volume of electricity sourced in 2008. A reduction of 2009 volumes of up to 5% with respect to the minimum efficiency objective will trigger a bonus of up to €20 million. Greater reductions, up to 13%, will be rewarded with up to €20 million in additional bonuses. Conversely, the system provides for penalties if the target level is exceeded. Penalty is equal zero for overshoots of up to 5%, while overshoots of between 5% and 15% are subject to a maximum penalty of €5 million.

With Resolution ARG/elt no. 52/09, the Authority revised the rules governing essential plants pursuant to Article 3, paragraph 11, of Law 2/09.

Green certificates charges for 2003 and 2004

With Resolution ARG/elt no. 26/09, the Authority for Electricity and Gas recognized the costs incurred by Enel Produzione in respect of the requirement

under Article 11 of Legislative Decree 79/99 for the first three months of 2004, calculated with regard to electricity generated from non-renewable resources and delivered to the regulated market in the first three months of 2003, in the amount of more than €20 million.
The Council of State hearing of the appeal lodged by the Authority concerning the payment of Enel Produzione for green certificate charges for 2003 is pending.

Inquiries and fact-finding investigations

With Resolution VIS no. 3/09 the Authority for Electricity and Gas initiated an inquiry to assess price formation developments in recent months in the electricity market, with specific reference to Sicily. With Resolution VIS no. 15/09, the deadline for completing the inquiry was extended to April 30, 2009 and to date the findings are still pending.

Gas emergency measures

The climate emergency procedure, approved with the decree of the Minister for Economic Development of November 23, 2007, sets out measures to meet shortfalls in natural gas supplies in the event of unfavorable weather conditions and other emergencies.
To ensure the security of the gas system, on September 11, 2007, the Minister also issued a decree that introduced procedures for containing gas consumption in the event of emergencies.
With a decree of January 29, 2009, the Ministry for Economic Development revoked the requirement to maximize gas imports introduced on January 7, 2009.
The measure was adopted in application of the weather emergency procedure following the sharp reduction in the supply of gas to Italy as a result of the resurgence of tensions between Russia and Ukraine and as well as a breakdown on the Transmed gas pipeline.

Emissions trading

In the 1st Quarter of 2009, the emissions produced by Enel Produzione amounted to 9.4 million metric tons. Considering allowances assigned under the national allocation plan, calculated on a pro rata basis for the period in the amount of 9.4 million metric tons, at March 31, 2009 there was no deficit.

Gas exchange and the daily balancing market

The Authority for Electricity and Gas took steps to implement the provisions of Resolution no. 22/04 concerning the development of an organized capacity and gas market in Italy. With its consultation document no. 10/08 of April 2008, the Authority proposed the introduction of a daily balancing market, while on June 19, 2008 it published another consultation document (no. 21/08) concerning the establishment of a gas exchange. The latter market would be implemented in stages as from mid-2009, at least a year ahead of the planned implementation of the balancing market.
At the legislative level, bill no. AS 1195, now being examined by the Senate Industry Committee, introduces the gas exchange, providing for the Electricity Market Operator to manage all market trading on an economic merit basis.
The rules governing the market have to be approved with a decree of the Ministry for Economic Development.

Obligation to offer imported gas at the Virtual Trading Point (VTP)

The decree of the Minister for Economic Development of March 19, 2008 established the sales procedures for importers on the regulated market for gas produced outside of the European Union. With Resolution ARG/gas no. 112/08, the Authority for Electricity and Gas established the bid procedures on the Virtual Trading Point (VTP) for gas subject to supply obligations for months in the period from November 2008 to March 2009 and for annual lots.
Resolution ARG/gas no. 24/09 confirmed the bid procedures for the months from April 2009 to September 2009. Enel's share offered at the VTP for the 2008-2009 gas year is about 6 million cubic meters. The auction procedure for winter lots (equal to 3.5 million cubic meters) was completed on October 13, 2008, with the allocation of all lots offered. None of the summer lots was allocated at the March 24, 2009, auction as the prices bid were below the minimum sales price set by Enel Trade.

Infrastructure and Networks

Energy efficiency

The Authority for Electricity and Gas, with Resolution EEN no. 36/08, updated the rate contribution for EECs for 2009, currently equal to €100/toe, setting a new contribution of €88.92/toe on the basis of a mechanism linked to developments in the average annual level
of residential rates for electricity and gas and the price of diesel fuel for vehicles. The update will reduce or increase the contribution if there was an average increase or decrease in the previous year, respectively.

Functional and accounting unbundling

On September 23, 2008, with Resolution ARG/com no. 132/08, the Authority for Electricity and Gas published the guidelines for the definition of compliance plans, which must be prepared by the independent directors of companies required to adopt such functional separation. In compliance with the unbundling requirements, on April 16, 2009, the functional separation of Enel Distribuzione got under way. Specifically, the new members of the Board of Directors of Enel Distribuzione were selected, satisfaction of the independence requirements for certain directors was verified and the governance rules and organizational and management structure were established. By December 31, 2009, all the steps necessary to achieve the functional separation of Enel Distribuzione should be completed.

Electricity

Distribution rates

With Resolution ARG/elt no. 188/08 of December 19, 2008, the Authority for Electricity and Gas updated transmission, distribution and metering rates for 2009. The average unit distribution and metering rate was raised by 2.6% compared with 2008. The change was made using new criteria established with the start of the 2008-2011 regulatory period, which call for an X-factor of 1.9%, applied only to the rate component covering operating costs and the depreciation and return-on-capital components updated using the deflator for gross fixed investment and new

investment. In the previous regulatory period, the X-factor, equal to 3.5%, had been applied to the operating costs and depreciation components, while the change to take account of new investment was applied only to the return-on-capital component.
With Resolution ARG/elt no. 31/09 of March 18, 2009, the Authority defined the procedures for transferring revenues in respect of the high-voltage power lines sold to Terna as from April 1, 2009, from distribution rates to transmission rates. Specifically, the measure provides for the transfer of revenues covering direct costs, leaving with Enel Distribuzione the revenues from extra efficiency gains achieved in the past and retained through the profit sharing mechanism.

Inquiries and fact-finding investigations

With Resolution no. 237/06 the Authority initiated a formal inquiry (later extended with Resolution no. 314/07) for the possible imposition of fines on Enel Distribuzione for failing to meet the obligation of making at least one attempt per year to read the meters of customers with committed capacities of up to 30 kW, as required by Resolution no. 200/99. With Resolution VIS no. 22/09, following the completion of the inquiry during which Enel demonstrated the fulfillment of all commitments undertaken with end users with a view to eliminating or reducing sanctions for the alleged violations, the Authority levied a fine of €2 million on Enel Distribuzione.

Gas

Distribution rates

With Resolution ARG/gas no. 159/08, the Authority for Electricity and Gas defined the methodology for determining gas rates for the new 2009-2012 regulatory period. The rate component covering operating costs (which is subject to an X-factor of 3.2%) is determined on the basis of unit values in relation to the size of the company and the density of its customer base, while the component covering capital costs is determined on the basis of the balance sheet of the individual companies. In order to determine the regulatory asset base, the revalued historic cost criterion was extended to all rate areas, replacing the parametric approach used in the previous regulatory period. In the absence of detailed cost data for acquisitions before 2004, the asset values recognized in the balance sheet, including revaluations, are used. In consideration of the fact that the new regulatory period will be changed from the gas year to the calendar year, the Authority, with Resolution ARG/gas no. 128/08, extended the validity of the gas distribution rates for the 2007-2008 gas year to the 4th Quarter of 2008. Distribution rates for the new period will be set by June 30, 2009. Resolution ARG/gas no. 197/08 postponed the transfer of responsibility for gathering, validating and registering gas metering from sellers to distributors to July 1, 2009 (Resolution ARG/gas no. 159/08 had initially established the transfer for the start of 2009).

Natural gas distribution concessions

Decree Law 159/07, ratified by Law 222/2007, the accompanying decree for tax aspects of the 2008 Finance Act, established that the Minister for Economic Development and the Minister for Regional Affairs and Local Government, would set the tender and bid evaluation criteria for awarding gas distribution concessions by March 1, 2008. The ministers were also required to determine the minimum geographical areas for the tenders, starting with rates, and to develop measures to encourage aggregation by December 1 of that year. The new tenders would be

called within two years of the identification of the relevant geographical areas. So far, in view of the expiry of the transition period scheduled for the end of 2009, just over 50% of Enel concessions will expire on December 31, 2009.
Subsequently, Article 23-bis of Law 133/2008, within the framework of the new regulations governing local public services, transferred the task of determining the tender areas for all public services of an economic nature to local authorities. To date, neither the areas nor the tender criteria have been specified.

Resolution no. 40/04 – safety of gas installations

Resolution ARG/gas no. 32/09 postponed the entry into force (originally scheduled for April 1, 2009) of Title III of Resolution no. 40/04 concerning inspections of modified or reactivated gas installations pending definition of the new safety rules introduced by the Ministry for Economic Development (Ministerial Decree no. 37/08).

Iberia and Latin America

Spain

Resolutions of the Ministry of Industry of April 19 and May 29, 2007

With regard to the Resolution of the Ministry of Industry of April 19, 2007, as amended, concerning virtual power plant auctions to be held, first, on a quarterly basis and then on a half-yearly basis, on March 24, 2009, the seventh auction was held for a total virtual capacity of 2,230 MWs (six-month equivalent MW) divided into 1,700 MWs of base load power (with a strike price of €22/MWh) and 530 MWs of peak load power (with a strike price of €29/MWh) with delivery as from April 2009. Endesa participated in the auctions with a 50% share of the total power to be awarded. A total of 1,260 MWs were awarded.
With regard to the Ministry of Industry resolution of May 29, 2007, concerning CESUR auctions (*Compra de Electricidad para el Suministro de Ultimo Recurso*), on March 26, 2009, the eighth auction was held. 21 operators were awarded quarterly supplies as from the 2nd Quarter of 2009 for a total of 2,400 MW at a price of €36.58/MWh for base load power and 450 MW at €38.22/MWh for peak load power. As regards the purchase obligations of distributors for the eighth auction, Endesa was assigned 38% of the electricity auctioned.

Ministerial Order 3789/08

On December 29, 2008, the Ministry of Industry published Ministerial Order 3789/08 concerning mandatory forward trading for distributors in the 1st Half of 2009. As from January 1, 2009, a number of distributors, including Endesa, will participate in weekly auctions for the purchase of electricity on the forward market (OMIP).

Ministerial Order 3801/08

On December 31, 2008, the Government published Ministerial Order 3801/08 setting electricity rates for 2009 and amending a number of important aspects of the Spanish electricity market. In January, the average increase in final rates was 3.4% for low-voltage customers and 3.8% for high voltage customers; access rates rose by an average of 38.9%.
The Ministerial Order also made a number of changes, including:

> a change in the structure of the social rate, with the elimination of its progressive nature. The free 12.5 kWh/month of power has been eliminated, as has the surcharge on consumption over 500 kWh/month;
> the abolition of the G4 high-voltage rate for major users, with a transition period in which the price paid at the end of 2008 will be raised by 5% a month beginning in January 2009 until the entry into force of the TUR (*Tarifa de Ultimo Recurso*), scheduled for July 1, 2009;
> the updating of rates, bonuses and upper and lower limits for plants powered by renewables pursuant to Royal Decree 661/2007.

CNE Board meeting of March 17, 2009

During the ordinary session of the CNE (Comisión Nacional de Energía) Board meeting, the Authority amended the resolution of July 3, 2008, concerning the list of main and dominant operators
in the Spanish electricity market, granting the appeal lodged by Acciona and Enel. Following the amendment, Enel (as a foreign operator in Spain) is no longer a main and dominant operator in the free market and, unlike Endesa, is not subject to the three conditions regarding:
> possible requirement to participate in virtual power plant auctions;
> prohibition on the purchase of electricity outside the Iberian market (Mibel);
> limits on the operation under the special regime.

Ruling of the Tribunal Supremo of January 28, 2009

The third section for administrative litigation of the Tribunal Supremo voided the seventh temporary provision of Royal Decree 1634/2006 that provided for the suspension of capacity payments for nuclear power plants. The decision essentially grants the appeal lodged by Endesa in February 2007.

Royal Decree 485/2009

With Royal Decree 485/2009 of April 3, 2009, the Government reformed the Spanish electricity system, with the definitive abolition of the integral rate. As from July 1, 2009, the Ministry will set, on at least a six-monthly basis, the so-called *Tarifa de Ultimo Recurso* (TUR) for low-voltage customers with a contractual power supply of up to 10 kW (about 68% of all low-voltage customers) served by a supplier of last resort. The Royal Decree also designates five companies, including Endesa, with sufficient resources to act as the supplier of last resort (the other four are Iberdrola, Unión Fenosa, Hidrocantabrico and E.On).
The algorithms used to calculate the TUR will be defined in later measures to be published no later than July 1, 2009.
In order to ensure the security and continuity of supply, the suppliers of last resort will also serve customers not eligible for the TUR who are temporarily without a valid supply contract. The price will be set by the Ministry for Industry and will evolve over time in order to give the customer an incentive to find a supplier.

Resolutions of the Comisión Nacional de la Competencia (CNC) of April 6, 2009

The Spanish antitrust authority, CNC, issued four resolutions fining Endesa, Iberdrola, Unión Fenosa and Viesgo for abuse of a dominant position in the electricity distribution market for having denied the British company Centrica information on delivery points it needed to compete in the market.
In determining the size of the fine, the CNC also took into consideration the fact

that the Endesa, Iberdrola and Unión Fenosa distribution companies also engaged in discriminatory conduct, denying Centrica access to information that was transmitted to their own sales organizations. Out of the total fine of €35.8 million, Endesa was fined €15.3 million. Endesa has announced that it will appeal the decision.

Royal Decree Law 6/2009

On May 7, 2009, Royal Decree Law 6/2009 was published, containing a variety of measures concerning the electrical sector, including:

> the definition of a solution to the system deficit issue, with the granting of a State guarantee for the receivables in respect of the coverage of the deficit recognized and not securitized prior to December 31, 2008, and those that will be produced subsequently until December 31, 2012; the measure also establishes that future access rate adjustments will be calibrated to ensure, as from 2013, sufficient system revenues to cover all costs of regulated activities, ending the creation of ex ante deficits;

> the introduction of a social measure – the "*bono social*" – which provides for a discount for certain customer categories, the financing of which in an amount to be defined will be borne entirely by generation companies (Endesa will contribute with a share of 36.77%);

> the elimination of the CO_2 deduction (under Decree Law 11/2007) as from July 1, 2009;

> the allocation to nuclear power operators of charges in respect of the second part of the nuclear fuel cycle (handling of radioactive wastes and spent fuel);

> the gradual transfer of excess costs for extra peninsular generation to the State budget (between 2009 and 2012).

Emissions trading

In the 1st Quarter of 2009, Endesa produced emissions totaling 7.7 million metric tons. Allowances assigned under the national allocation plan, calculated on a pro rata basis for the same period, amounted to 5.6 million metric tons and allowances acquired in the period came to 1.9 million metric tons, leaving a deficit of 0.2 million metric tons as at March 31, 2009. The deficit was measured at market value at the end of the period.

Argentina

Rate updates

Following the rate increases introduced in July and August 2008 and despite the fact that the regulator, ENRE, established a number of exceptions to the increase for certain categories of customer, recent months have seen a number of protests by consumers affected by the hike (especially against the additional rises for consumption of more than 1,000 kWh per two-month period). The Defensor del Pueblo has come to the defense of some consumers in the federal courts: as a precautionary measure in respect of the administrative litigation, on January 28, 2009, a judge ordered the three distribution companies Edenor, Edesur and Edelap to refrain from cutting off non-paying customers.

Integral Rate Revision

Despite the start of the procedure for the integral rate revision of the distribution companies Edenor, Edesur and Edelap (which was initially scheduled to take effect in February 2009), on February 20, 2009 the Government decided to terminate the process, which, according to the agreements reached with Edesur, Edenor and Edelap in 2008, was supposed to have set new distribution rates for a 5-year rate period. Although the distribution companies had only asked for an extension of the deadline for presentation of their investment plans, the Government elected to put the process temporarily on hold.

Brazil

Rate updates

Following the consultation carried out in the early part of the year, on March 15, 2009, the rate revision for the distribution company Ampla came in to force, with an average increase of 0.82% for end users (-1.23% for low-voltage customers, between -1.05% and +5.04% for high-voltage customers).

Cross-border trading

On February 18, 2009, the regulator, ANEEL, authorized the interconnection company CIEN (90% controlled by Endesa) to engage in trading (both imports and exports) of interruptible power for up to 2,000 MW between Argentina and Uruguay. The amount of electricity available for export will be established by the operator of the national electricity system on a weekly basis within the framework of the monthly operating plan.
Under the provisions issued by the regulator, trading operations may not jeopardize the energy security of the interconnected and domestic system.

Chile

Update of nodal prices

On January 21, 2009, the Comisión Nacional de Energía (CNE) updated electricity rates. The update, with retroactive effect as from January 19, 2009, is the result of a new indexation mechanism for the nodal price and the recent approval (Decree 320 of the Ministry for the Economy) of the new sub-transmission rates. End-user rates decreased by an average of 1.6% on the SIC market (the largest of the four markets into which the country is divided) and increased by an average of 13.6% on the SING market (the second largest in terms of installed capacity).
On April 16, 2009 the CNE sent the Ministry for the Economy the *informe tecnico* which sets the nodal price in force as from May 1, 2009, reducing it by 8.4% and 19.8% on the SIC and SING markets respectively, which will translate into reductions in end-user prices of 5% and 13.1%.

Colombia

Regulatory agenda for 2009

On January 29, 2009, the regulator, CREG, published the regulatory agenda for 2009, setting out three main areas of action. The first, and most important, regards energy policy issues, the market architecture and competitive auction mechanisms, interconnection with Panama (the implementation of which was recently the object of an agreement to develop a coordinated regulatory framework) and rural electrification projects. The second area focuses on the Authority's activity in the gas sector, with a number of specific projects concerning distribution and pricing. The third area regards liquefied gas.

Remuneration of transmission services

On March 3, 2009, the CREG published the new method for calculating the remuneration of transmission services. The main change regards the asset base to be remunerated. From now on, it will only comprise assets actually used to build, operate and maintain the infrastructure: this will eliminate remuneration of plant that is no longer available or no longer actually used to provide transmission services.

Peru

Rate updates

As part of the determination of electricity rates for supplies to customers on the regulated market for the period May 2009 - April 2010, on April 15, 2009, the regulator Osinergmin approved increases in final prices of between 4.2% and 6.8% for residential users and between 4.3% and 7.6% for industrial customers. However, in line with an announcement on April 15, Osinergmin subsequently carried out new calculations to incorporate the prices resulting from the auction between generators and distributors for the supply of customers on the regulated market into final end-user prices.
Once in possession of all the necessary price indices, at the end of April 2009 Osinergmin announced the size of the overall rate adjustment in force as from May 1, 2009: for residential customers, the increases vary between 1.7% and 3.5% (2.8% on average); for commercial and industrial customers, the average increase was 1% (with a maximum of 3.1%).

International

France

TARTAM

A law of January 21, 2008 amending Articles 66 et seq. of the program law of July 13, 2005, allows residential users, depending on their situation, to opt for regulated rates for new connections installed prior to July 1, 2010, or to return to regulated sales prices until June 30, 2010.
Following the collapse of negotiations over the future of the rate system in the 1st Half of 2008, in July 2008 the return rate ("TARTAM") for the various customer categories was also renewed until June 30, 2010.
In October 2008 the Commission de Régulation de l'Energie (CRE) announced that revenues to compensate suppliers for the impact of the TARTAM would not be sufficient.
On November 4, 2008, the "Champsaur Committee" was empanelled to develop a proposal for the post-TARTAM period. The Committee's discussions recently concluded, with the publication on April 24, 2009, of its recommendations, which counsel the elimination of regulated rates for industrial customers and a revision of rates for small consumers, for whom full reversibility from the free market was introduced. In the generation sector, the document recommends that EdF provide other suppliers with base load electricity (with explicit exclusion of new generation nuclear plants, in which Enel holds a stake) to be determined on the basis of the expected customer portfolio in France. This power would be sold at a regulated price that would enable coverage of operating and plant maintenance costs. The mechanism for regulated access to nuclear output was preferred over a tax on

nuclear generation as it is more stable, more compatible with the introduction of competition in the energy sector and more acceptable to the operators who testified before the Committee.

Rate updates

In February 2009, after the consultation conducted in the 1st Half of 2008, the CRE set a new network rate that would extend regulation based on the regulatory asset base, with the change to enter force shortly. Over the next four years, the rate would rise by an average of 10% to cover new grid investments. Once the CRE's official proposal is published, the rate will take effect after two months in the absence of objections from the Ministry.

Slovakia

New market rules

On July 4, 2007, the Slovakian Government approved a decision concerning the new market rules as a consequence of the liberalization on July 1, 2007.
In particular, the measure calls for the application, beginning on January 1, 2008, of a surcharge equal to the rate component paid by end users to cover the system services (about €10/MWh in 2008) on the electricity generated in Slovakia and exported (the export fee).
The URSO Regulatory Council Export decided to eliminate the impact of the export fee as from April 1, 2009 (URSO Decision 0304/2009/E of March 23, 2009). Slovenské elektrárne had requested the elimination of this rule from the above market rules and from the provisions of Decree 2/2008, where it is still present.

Economic interest law

With Decision 12/2009/E, URSO defined the prices and volumes of electricity sales to residential customers and small enterprises for Slovenské elektrárne (equal to €60.2802/MWh and €79.1675/MWh for 2009, respectively). Slovenské elektrárne has appealed the decision.

Emissions trading

In the 1st Quarter of 2009, Slovenské elektrárne produced about 0.81 million metric tons of emissions, while the allowances assigned by the allocation plan on a pro rata basis for the same period amounted to about 1.35 million metric tons.

Romania

Rate issues

Distribution rates are established with a system that regulates rates for end users while safeguarding the profits of distributors, covering distribution costs within the limits of a price cap. For the second regulatory period (2008-2012), WACC has been set at 10% and the efficiency factor is calculated on the basis of the arithmetic average achieved in the 2005-2007 period. Capital expenditure will be remunerated in relation to investments entering service on a monthly basis.
On December 22, 2008, the distribution rates for 2009 were published in line with the new methodology. At the end of December 2008, the final regional rates for residential and non-residential customers, transmission and ancillary services were also published.

Sales to end users

Following the full liberalization of the final market, which took effect on July 1, 2007, in line with the European schedule for the process, the calculation method for sales prices for customers on the regulated market (to whom the Enel companies in Romania made 87% of their sales) remained to be updated. As a result, the regulated margin of 2.5% on the purchase cost of electricity supplied to these customers was kept in place for 2009. The prices and volumes of the energy portfolios for customers on the regulated market are determined by ANRE (Autoritatea Nationala de Reglementare in domeniul Energiei) each supplier with a view to obtaining a uniform national end-user rate. At the end of December 2008 ANRE assigned the energy portfolios, with the related purchase prices, for each sales company for 2009.

Russia

Opening of the market

As part of the gradual opening of the market established by the Russian government, in January 2009 a new threshold step was reached, setting the volume of electricity to be sold on the free market at 30% of 2007 volumes. The threshold is consistent with the provisions of the government decree no. 207 of April 7, 2007, which ordered the progressive liberalization of the market for 100% of volumes by 2011, excluding those regarding residential customers.

Capacity market

On October 31, 2008, the Market Council approved the general operational and accreditation rules for the exchanges for trading in forward capacity contracts and electricity on the free market (in implementation of Decree no. 476). To date, one exchange (Arena) has been accredited and began trading for 2009 at the end of December 2008.

At the start of December 2008, the annual auction for the selection of capacity (KOM) for 2009 was held. The seasonally-adjusted preliminary prices for 2009 amount to about 117 thousand rubles/MW/month (annual average value). In addition, each month the Administrator of Trading System (ATS) publishes the reference prices for capacity buyers (resellers and large-scale consumers) that have not entered into bilateral capacity purchase agreements. The reference prices for January and February 2009 came to 153 thousand and 159.5 thousand rubles/MW/month respectively for the European zone (where all of OGK-5's plants are located) net of seasonal coefficients.

Decree no. 476 also calls for the Ministry of Energy to draft rules for the long-term capacity market (starting in 2011). These rules are currently being discussed by the competent bodies and approval, originally scheduled for March 2009, has not yet been issued.

On March 3, 2009, the Federal Tariff Service (FTS) approved resolution 32-e/1 (replacing resolution 219-e/4 of October 17, 2006) on the application of the coefficients for the calculation of capacity penalties in the event of failure to maintain committed generation capacity. The coefficients differ in relation to the size of the capacity shortfall and are applied to both free prices and capacity rates.

Price caps in the electricity market

As from January 9, 2008, unregulated prices on the wholesale spot market are subject to a price cap that excludes the highest bids from the calculation of the marginal price. The measure was renewed at the start of 2009, albeit in a less stringent form (the mechanism is applicable if the average daily price exceeds the maximum level for the same month of 2008, corrected for increases in fuel cost indices: +5% for the European zone for the 1st Quarter), and then extended for March and April 2009 with a decision of the Market Council.

Rate updates

On November 6, the FTS approved the regulated six-monthly rates for the wholesale gas market applied by Gazprom for 2009. The expected average increase was in line with Government forecasts (Decree no. 333 of 2007 provided for the gradual increase in regulated gas prices to the level of the European net-back price. The annual target increase for 2009 was set by the Ministry for the Economy in May 2008 at 19.6% for non-residential gas customers). In the wake of the economic crisis, the Government decided that it would be advisable to implement a more gradual increase in gas prices. On December 24, the FTS approved the rates for 2009, providing for a quarterly (rather six-monthly) adjustment of rates. The increase for the 1st Quarter is 5%, and the average increase for 2009 as a whole compared with 2008 is about 16%.

Antitrust updates

On March 27, 2009, the FAS (the Russian antitrust authority) published its decision on March 12, 2009, on the violation by RusEnergoSbyt, RusEnergoSbyt M, the City of Moscow, and the East and South-East prefectures of Moscow of the competition law with regard to the pilot project for a new system for delivering electricity to residential customers in the eastern and south-eastern zones of Moscow. The investigation was opened following the appeal of RAO Eastern Energy Systems (a shareholder of Mosenergosbyt, which is the Guarantee Supplier for the areas of Moscow in which RusEnergoSbyt M took over supply). The public agencies of the city and the municipalities were accused of taking actions that restrained competition and all the parties targeted by the suit were accused of making preferential agreements between public entities and private companies. The decision requires the defendants to desist from actions restricting competition, while RusEnergoSbyt M is required to make restitution to the federal government of amounts unduly received.

Renewable Energy

Italy

Support for electricity generation from renewables

On February 5, 2009, the Electricity Services Operator (ESO) notified operators of the reference price for green certificates for 2009: €88.66/MWh (net of VAT), equal to the difference between the initial reference price (set at €180/MWh in the 2008 Finance Act) and the annual average sale price of electricity in 2008, defined by the Authority for Electricity and Gas in Resolution ARG/elt no. 10/09.
In addition, the ESO also announced the guaranteed withdrawal price (up to June 2009) for green certificates issued for generation in 2006, 2007 and 2008 (with the exception of those regarding co-generation plants connected with distance heating) at €98/MWh, net of VAT. This corresponds to the weighted average price in green certificate trading on the market run by the Electricity Market Operator in 2006-2008. The deadline for producers to request withdrawal of the green certificates was March 2009.

Finally, the Electricity Market Operator suspended placement of its green certificates on the market until the date set for the annual verification of compliance with the obligation (March 31, 2009) owing to the “current excess supply of certificates on the market (including residual amounts available for 2006 and 2007)”.

Spain

Royal Decree 1578/08

As provided for in Royal Decree 1578/08 and following the first *convocatoria* for the definition of remuneration for photovoltaic plants for the 1st Quarter of 2009, on February 19, 2009, the Ministry for Industry set the feed-in rates for the second *convocatoria*, to be applied as from the 2nd Quarter of 2009. The rates for installations integrated into existing structures remained unchanged (€340/MWh for plants with a capacity of up to 20 kW and €320/MWh for those over 20 kW), while the feed-in price for ground installations was reduced from €320/MWh to €307.2/MWh.

Bulgaria

Renewables incentive law

The law governing renewable and alternative energy resources and biofuels introduced incentives based on specific guaranteed feed-in rates for the various energy sources and power purchasing agreements of 15 years for wind power and up to 25 years for solar power with Natsionalna Elektricheska Kompania (NEK). At the end of March 2009 the rates for wind plants were announced: about €97/MWh the first 2,250 hours of generation (+1.6% on the previous year) and about €88/MWh (+2.4% on the previous year) for subsequent hours.

United States

Renewables support law

The United States does not have a rate incentive mechanism for renewables at the federal level. To date, 30 states have adopted a system mandating shares of energy generated from such sources (Renewable Portfolio Standard, RPS), accompanied by transferable certificates validating compliance with the requirements. In order to ensure compliance, suppliers hold auctions for long-term contracts (10-15 years) for the purchase of certified electricity. Congress is continuing to discuss a bill establishing a mandatory federal-level RPS mechanism to support renewables.

Recovery plan

On February 17, 2009, President Obama signed the $787 billion stimulus bill approved by Congress on February 12, 2009.
Among other measures, the plan appropriates about $60 billion for the energy sector, of which $11 billion for infrastructure development projects for electricity grids, which among other benefits would reduce congestion costs. The plan approved by the House and the Senate also establishes specific incentive mechanisms for renewables, including the extension of the Production Tax Credit to 2012 for wind power and 2013 for geothermal power, incremental hydroelectric and biomass.

Brazil

Renewables incentive measures

On February 10, 2009, the Ministry for Energy and Mineral Resources published for consultation *Portaria* no. 52 concerning the regulation of a wind power auction to be held in the second half of 2009, which will lead to 20-year contracts for generation as from January 2012 (*Contratos de Energia de Reserva* – CER). *Portaria* no. 147 established that the wind power auction would be held by the regulator, ANEEL, on November 25, 2009.

Greece

Renewables support law

Within the Greek incentive system for generation with renewables (based on Law 2368/2006), which envisages a feed-in mechanism with annually-updated guaranteed rates that vary by source, a new regime for photovoltaic generation has been introduced (Law 3734/2009), with the specification of new rates guaranteed for 20 years, assigned on the basis of the date the plant entered service. Photovoltaic projects that signed sales contracts before the entry into force of the new law can elect to shift to the new rates.

Operating review

Electricity generation and demand

DOMESTIC ELECTRICITY FLOWS

Millions of kWh	1st Quarter			
	2009	2008	Change	
Gross electricity generation:				
- thermal	56,512	69,732	(13,220)	-19.0%
- hydroelectric	11,681	8,327	3,354	40.3%
- geothermal and other resources	3,383	3,438	(55)	-1.6%
Total gross electricity generation	**71,576**	**81,497**	**(9,921)**	**-12.2%**
Ancillary services consumption	(2,737)	(3,251)	514	15.8%
Net electricity generation	**68,839**	**78,246**	**(9,407)**	**-12.0%**
Net electricity imports	12,570	10,379	2,191	21.1%
Electricity delivered to the network	**81,409**	**88,625**	**(7,216)**	**-8.1%**
Consumption for pumping	(1,468)	(1,803)	335	18.6%
Electricity demand	**79,941**	**86,822**	**(6,881)**	**-7.9%**

Source: Terna - Rete Elettrica Nazionale (monthly report - March 2009).

> *Domestic electricity demand* in the 1st Quarter of 2009 decreased by 7.9% compared with the year-earlier period, reaching 79.9 TWh at March 31, 2009. Of this total, 84.3% was met by net domestic electricity generation for consumption (88.0% for the 1st Quarter of 2008), with the remaining 15.7% being met by net electricity imports (12.0% in the 1st Quarter of 2008);

> *net imports* for the first three months of 2009 rose by 2.2 TWh (an increase of 1.5 TWh in imports and a decline of 0.7 TWh in exports) essentially owing to price differences between foreign markets and the Italian market;

> *gross electricity generation* decreased by 12.2% in the 1st Quarter of 2009, largely owing to the decline in demand. With regard to the production mix, the 1st Quarter of 2009 was characterized by a substantial decline in thermal generation (down 13.2 TWh), partially offset by greater hydro generation (up 3.4 TWh), while generation from alternative resources was largely unchanged.

DOMESTIC DEMAND FOR NATURAL GAS

Billions of m3	1st Quarter			
	2009	2008	Change	
Residential and commercial	14.8	13.7	1.1	8.0%
Industrial	4.4	5.5	(1.1)	-20.0%
Thermal	7.0	9.0	(2.0)	-22.2%
Other (1)	0.6	0.6	-	-
Total	**26.8**	**28.8**	**(2.0)**	**-6.9%**

(1) Includes other consumption and losses.

Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.

Demand for natural gas in Italy decreased by 6.9%. While consumption for residential and commercial use rose as a result of colder weather in the 1st Quarter of 2009 compared with the corresponding period of 2008, industrial consumption and thermal generation consumption reflected the slowdown in domestic growth as a consequence of the financial crisis.

Enel's electricity and natural gas flows

ENEL'S ELECTRICITY AND NATURAL GAS FLOWS (DOMESTIC)

	1st Quarter			
	2009	2008	Change	
Electricity (millions of kWh)				
Enel's net electricity generation in Italy	20.7	23.0	(2.3)	-10.0%
Electricity transported on Enel's domestic distribution network (1)	60.2	65.2	(5.0)	-7.7%
Enel's domestic electricity sales (1)	33.6	36.3	(2.7)	-7.4%
Natural gas (billions of m3)				
Gas transported	1.6	1.5	0.1	6.7%
Gas sold to end users	2.2	2.2	-	-

(1) Excluding sales to resellers.

> Enel's *net electricity generation* in Italy decreased by 10.0% in the 1st Quarter of 2009, reflecting the general decline in net domestic electricity generation. The reduction is attributable to thermal generation (down 4.3 TWh) and geothermal generation (down 0.1 TWh), partially offset by the rise in hydro generation (up 2.1 TWh);

> *electricity transported* in the first three months of 2009 came to 60.2 TWh, a decrease of 7.7% that reflects the trend in demand on the national grid;

> Enel's domestic *electricity sales* in the 1st Quarter of 2009 totaled 33.6 TWh, down 2.7 TWh, in line with the decline in consumption;

> *gas transported* in the 1st Quarter of 2009 rose by 0.1 billion cubic meters, broadly in line with the figure for the 1st Quarter of 2008;

> *gas sold* was comparable with the level posted in the 1st Quarter of 2008, as the reduction in sales to business customers in the wake of the slowdown in domestic economic activity was offset by the increase in volumes sold to the mass market owing to colder weather compared with the same period of the previous year.

ENEL ELECTRICITY AND NATURAL GAS FLOWS (ABROAD)

	1st Quarter			
	2009	2008	Change	
Electricity (millions of kWh)				
Enel's net electricity generation abroad	42.5	34.9	7.6	21.8%
Electricity transported on Enel's international distribution network (1)	31.7	34.3	(2.6)	-7.6%
Enel's international electricity sales (1)	34.1	34.1	-	-
Natural gas (billions of m³)				
Gas transported	0.1	0.1	-	-
Gas sold to end users	0.6	0.7	(0.1)	-14.3%

(1) Excluding sales to resellers.

> Enel's *net electricity generation* abroad during the first three months of 2009 amounted to 42.5 TWh, an increase of 7.6 TWh, largely attributable to the increase in thermal generation (7.5 TWh), hydro generation (1.1 TWh) and wind generation (0.3 TWh), partially offset by the decline in nuclear generation in the amount of 1.2 TWh. This is ascribable to the difference in the period of consolidation of OGK-5, which began in June 2008 in the amount of 9.7 TWh;

> *electricity transported* in the 1st Quarter of 2009 came to 31.7 TWh, a decrease of 2.6 TWh that reflects the decline in demand in the Iberian and Romanian markets, partially offset by the net change in the scope of consolidation attributable to Enel Distributie Muntenia (up 1.6 TWh) and Viesgo (down 1.4 TWh);

> *electricity sales* abroad during the 1st Quarter of 2009 were broadly in line with those a year earlier. More specifically, the change in the scope of consolidation (up 0.1 TWh as the net balance between the contributions of Enel Energie Muntenia and Viesgo) and increased sales on the French and Russian markets were entirely offset by the decline in the sales of the Iberia and Latin America Division in the Iberian peninsula.

Results by Division

The results presented in this report reflect the organizational structure launched in September 2008, with saw the establishment of the "Renewable Energy" Division, alongside the existing Divisions in the organization implemented in December 2007 and operational since January 1, 2008.
Each of these Divisions, together with the "Parent Company" and the "Services and Other Activities" areas, was considered by management in assessing Group performance.

For the purposes of providing comparable figures, the figures for the 1st Quarter of 2008 have been reallocated to these Divisions on the basis of the new organizational structure adopted in September 2008. Accordingly, compared with March 31, 2008, the figures for the Renewable Energy Division have been taken from:

- the Generation and Energy Management Division for non-schedulable hydroelectric plants, geothermal and solar plants, and wind plants;
- the Iberia and Latin America Division for Enel Latin America (including Inelec and Americas Generation Corporation) and Enel Unión Fenosa Renovables;
- the International Division for International Wind Parks of Thrace, Wind Parks of Thrace, International Wind Power, International Wind Parks of Crete, Hydro Constructional, Enel Green Power Bulgaria, Blue Line, Enel North America, and Enel Erelis;
- the Sales Division for Enel.si.

In the income statement data, the performance figures for the gas distribution network, which are essentially attributable to Enel Rete Gas, are reported as discontinued operations as they represent a major operational segment in Italy. In addition, in the 1st Quarter of 2008, discontinued operations include the results, net of the related tax effect, attributable to the assets and liabilities of Endesa Europa sold to E.On in June 2008, as those net assets were acquired for the sole purpose of their resale as part of the Endesa acquisition.

The scope of consolidation for the 1st Quarter of 2009 changed with respect to the same period of 2008. Further details are provided in note 2 to the interim consolidated financial statements at March 31, 2009.

Segment information for the 1st Quarter of 2009 and 2008

1ST QUARTER OF 2009 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	5,961	3,259	47	270	3,476	1,348	381	103	29	(11)	14,863
Revenues from other segments	37	2,011	228	1,288	-	50	34	80	221	(3,949)	-
Total revenues	5,998	5,270	275	1,558	3,476	1,398	415	183	250	(3,960)	14,863
Net income/(charges) from commodity risk management	(96)	165	-	-	(84)	1	9	-	-	-	(5)
Gross operating margin	116	918	3	895	1,171	381	293	36	35	2	3,850
Depreciation, amortization and impairment losses	61	169	-	210	462	128	55	2	23	-	1,110
Operating income	55	749	3	685	709	253	238	34	12	2	2,740
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	325
Income taxes	-	-	-	-	-	-	-	-	-	-	807
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	2,258
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	(134)
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	2,124
Operating assets	8,856	15,030	277	19,595 (2)	54,657 (3)	12,229	5,938	1,232	1,855	(5,735)	113,934
Operating liabilities	6,015	4,144	395	6,023 (4)	9,555 (5)	4,948	592	1,347	1,652	(5,223)	29,448
Capital expenditure	7	169	-	249	386	177	106	-	15	-	1,109

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,545 million at March 31, 2009, regarding units classified as "Held for sale".
(3) Of which €1,375 million at March 31, 2009, regarding units classified as "Held for sale".
(4) Of which €289 million at March 31, 2009, regarding units classified as "Held for sale".
(5) Of which €25 million at March 31, 2009, regarding units classified as "Held for sale".

1ST QUARTER OF 2008 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	6,322	3,144	4	345	3,914	857	356	92	74	(26)	15,082
Revenues from other segments	51	2,224	305	1,218	3	60	27	72	192	(4,152)	-
Total revenues	**6,373**	**5,368**	**309**	**1,563**	**3,917**	**917**	**383**	**164**	**266**	**(4,178)**	**15,082**
Net income/(charges) from commodity risk management	68	(204)	-	-	-	(15)	(11)	-	-	-	(162)
Gross operating margin	**192**	**548**	**4**	**898**	**1,148**	**272**	**241**	**8**	**56**	**7**	**3,374**
Depreciation, amortization and impairment losses	55	192	-	201	581	98	44	2	21	-	1,194
Operating income	**137**	**356**	**4**	**697**	**567**	**174**	**197**	**6**	**35**	**7**	**2,180**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(717)
Income taxes	-	-	-	-	-	-	-	-	-	-	456
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**1,007**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**119**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**1,126**
Operating assets (6)	**8,105**	**15,357**	**217**	**19,773** (2)	**53,201** (3)	**12,562**	**5,593**	**1,233**	**1,883**	**(5,714)**	**112,210**
Operating liabilities (6)	**6,127**	**4,468**	**474**	**6,023** (4)	**9,255** (5)	**5,098**	**691**	**1,351**	**1,658**	**(5,150)**	**29,995**
Capital expenditure	**4**	**233**	**-**	**278**	**450**	**56**	**121**	**1**	**10**	**-**	**1,153**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,871 million at March 31, 2008, regarding units classified as "Held for sale".
(3) Of which €2,368 million at March 31, 2008, regarding units classified as "Held for sale".
(4) Of which €324 million at March 31, 2008, regarding units classified as "Held for sale".
(5) Of which €36 million at March 31, 2008, regarding units classified as "Held for sale".
(6) At December 31, 2008.

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

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008
Total assets	**134,434**	**133,207**
Financial assets, cash and cash equivalents	12,355	13,251
Tax assets	8,145	7,746
Segment assets	**113,934**	**112,210**
- *of which:*		
Sales	8,856	8,105
Generation and Energy Management	15,030	15,357
Engineering and Innovation	277	217
Infrastructure and Networks (1)	19,595	19,773
Iberia and Latin America (2)	54,657	53,201
International	12,229	12,562
Renewable Energy	5,938	5,593
Parent Company	1,232	1,233
Services and Other Activities	1,855	1,883
Eliminations and adjustments	(5,735)	(5,714)
Total liabilities	**106,453**	**106,912**
Loans and other financial liabilities	65,102	66,079
Tax liabilities	11,903	10,838
Segment liabilities	**29,448**	**29,995**
- *of which:*		
Sales	6,015	6,127
Generation and Energy Management	4,144	4,468
Engineering and Innovation	395	474
Infrastructure and Networks (3)	6,023	6,023
Iberia and Latin America (4)	9,555	9,255
International	4,948	5,098
Renewable Energy	592	691
Parent Company	1,347	1,351
Services and Other Activities	1,652	1,658
Eliminations and adjustments	(5,223)	(5,150)

(1) Of which €2,545 million regarding units classified as "Held for sale" (€2,871 million at December 31, 2008).
(2) Of which €1,375 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(3) Of which €289 million regarding units classified as "Held for sale" (€324 million at December 31, 2008).
(4) Of which €25 million regarding units classified as "Held for sale" (€36 million at December 31, 2008).

Sales

The Sales Division is responsible for commercial activities, with the objective of developing an integrated package of electricity and gas products and services for end users. The activities are carried out by:

> Enel Servizio Elettrico and Vallenergie (the operations of the latter are limited to the Valle d'Aosta region) for the sale of electricity on the enhanced protection market;

> Enel Energia for the sale of electricity on the free and the safeguard markets and the sale of natural gas to end users.

ELECTRICITY SALES

Millions of kWh	1st Quarter			
	2009	2008	Change	
Free market:				
- mass market customers	8,610	6,376	2,234	35.0%
- business customers (1)	5,499	5,886	(387)	-6.6%
Total for free market (2)	**14,109**	**12,262**	**1,847**	**15.1%**
Enhanced protection and safeguard markets (3)	**19,470**	**24,057**	**(4,587)**	**-19.1%**
TOTAL	**33,579**	**36,319**	**(2,740)**	**-7.5%**

(1) Supplies to large and energy-intensive users (annual consumption greater than 1 GWh).
(2) In 2009 includes sales of 1,537 million kWh to the safeguard market.
(3) In 2008 included sales of 3,908 million kWh to the safeguard market.

Electricity sold in the 1st Quarter of 2009 totaled 33.6 TWh, a fall of 2.7 TWh compared with the equivalent period of the previous year, largely as a result of the slowing of the Italian economy which led to lower consumption by industrial users. The fall of 4.6 TWh in sales to the regulated markets was partly made up for by a rise in sales to the free market.

GAS SALES

Millions of m^3	1st Quarter			
	2009	2008	Change	
Mass market customers (1)	1,585	1,450	135	9.3%
Business customers	582	782	(200)	-25.6%
Total sales	**2,167**	**2,232**	**(65)**	**-2.9%**

(1) Includes residential customers and microbusinesses.

Gas sales for the 1st Quarter of 2009 totaled 2,167 million cubic meters, a decline of 65 million cubic meters from the same period of the previous year. This decrease can be ascribed mainly to the net effect of a decline in the volume of sales to business customers and an increase in the volume of sales to mass market customers.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	5,998	6,373	(375)
Net income/(charges) from commodity risk management	(96)	68	(164)
Gross operating margin	*116*	*192*	*(76)*
Operating income	55	137	(82)
Operating assets	8,856	8,105 (1)	751
Operating liabilities	6,015	6,127 (1)	(112)
Employees at period-end (no.)	4,133	4,170 (1)	(37)
Capital expenditure	7	4	3

(1) At December 31, 2008.

Revenues for the 1st Quarter of 2009 came to €5,998 million, a decrease of €375 million compared with the same period of 2008 (-5.9%), due to the following:

> lower revenues of €664 million from electricity sales to the regulated market, largely owing to a fall of 4.6 TWh in the quantity of electricity sold mainly to safeguard customers until April 30, 2008;

> increased revenues of €141 million from the sale of electricity to the free market thanks mainly to an increase in the volumes sold;

> higher revenues of €148 million from the gas sales, thanks mainly to higher average prices, partially offset by the lower volume sold.

The *gross operating margin* for the 1st Quarter of 2009 amounted to €116 million, a fall of €76 million over the same period of 2008. This decrease is due to the following factors:

> a reduction of €50 million in the margin on electricity sales to the regulated markets, attributable to a contraction of €28 million in net sales income as a result of a decline in the quantity sold and to the effect of the recognition of €19 million in the 1st Quarter of 2008 in respect of prior-year items referring to the sale and transport of electricity;

> a reduction of €24 million in the margin on electricity sales to the free market, which relates mainly to a narrowing of the unit sale margin, which was negatively influenced by the results of commodity risk management. The impact of the reduction was lessened by a rise in quantities sold;

> a rise of €6 million in other operating costs, essentially resulting from the increase in the commercial costs of customer management;

> an increase of €4 million in the margin on the sale of natural gas to end users.

Operating income for the 1st Quarter of 2009, after depreciation, amortization and impairment losses of €61 million (€55 million in the corresponding period of the previous year), came to €55 million, a decrease of €82 million from the same period of 2008. The higher depreciation, amortization and impairment losses are mainly attributable to greater writedowns on trade receivables.

Capital expenditure

Capital expenditure totaled €7 million, up €3 million compared with the corresponding period of 2008.

Generation and Energy Management

The Generation and Energy Management Division operates in the field of electricity generation and energy products. Its main activities are as follows:

> the generation and sale of electricity:
  - schedulable thermal and hydroelectric power plants in Italy through Enel Produzione and Hydro Dolomiti Enel (the latter limited to the province of Trento);
  - trading on international and domestic markets mainly through Enel Trade, Enel Trade Hungary and Enel Trade Romania;

> the supply and sale of energy products through Enel Trade:
  - provisioning for all of the Group's needs;
  - the sale of natural gas to distributors;

> the development of natural gas storage projects through Enel Stoccaggi and regasification plants through Nuove Energie.

NET ELECTRICITY GENERATION

Millions of kWh	1st Quarter			
	2009	2008	Change	
Thermal	12,425	16,715	(4,290)	-25.7%
Hydroelectric	5,413	3,882	1,531	39.4%
Total net generation	**17,838**	**20,597**	**(2,759)**	**-13.4%**

In the 1st Quarter of 2009, net electricity generation totaled 17,838 million kWh, a decrease of 13.4% compared with the 1st Quarter of 2008. The change relates mainly to a decrease of 4,290 million kWh in thermal generation, which was partly compensated by an increase of 1,531 million kWh in hydroelectric output.
The elements of the 1st Quarter of 2009 that most distinguished it from the 1st Quarter of 2008 were a sharp fall in electricity demand on the domestic market, a rise in imported electricity, the crisis in the supply of natural gas in January 2009, and a rise in hydroelectric generation (thanks to improved water availability).

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh	1st Quarter					
	2009		2008		Change	
High-sulfur fuel oil (S>0.25%)	705	5.3%	796	4.5%	(91)	-11.4%
Low-sulfur fuel oil (S<0.25%)	931	7.0%	1,172	6.6%	(241)	-20.6%
Total fuel oil	*1,636*	*12.3%*	*1,968*	*11.1%*	*(332)*	*-16.9%*
Natural gas	4,450	33.4%	7,648	42.9%	(3,198)	-41.8%
Coal	7,115	53.4%	8,116	45.6%	(1,001)	-12.3%
Other fuels	128	0.9%	79	0.4%	49	62.0%
Total	**13,329**	**100.0%**	**17,811**	**100.0%**	**(4,482)**	**-25.2%**

Gross thermal generation declined by 25.2% with respect to the same period of 2008. The greatest decrease was in generation powered by natural gas, which fell by 41.8% mostly in connection with a reduction in output from combined-cycle plants caused both by the emergency shortage of gas in January 2009 and by engineering work on two sections of the Priolo Gargallo plant and on Section 2 of the La Spezia plant.
The fall in coal-fired generation (-12.3%) mainly reflects the shut-down until mid-March 2009 of Section 3 of the La Spezia plant for overhaul work.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	5,270	5,368	(98)
Net income/(charges) from commodity risk management	165	(204)	369
Gross operating margin	*918*	*548*	*370*
Operating income	749	356	393
Operating assets	15,030	15,357 (1)	(327)
Operating liabilities	4,144	4,468 (1)	(324)
Employees at period-end (no.)	6,784	6,829 (1)	(45)
Capital expenditure	169	233	(64)

(1) At December 31, 2008.

Revenues for the 1st Quarter of 2009 amounted to €5,270 million, down €98 million (-1.8%) with respect to the corresponding period of the previous year, mainly owing to the following factors:

> lower revenues of €450 million in sales on the Power Exchange, which mainly reflect a decline in sales volumes (down 5.0 TWh) and a fall in the average sales price;
> a decrease of €174 million in electricity sales, mostly as a result of a decline in the volumes sold to the domestic free market covered by the Sales Division (down 2.4 TWh for €285 million), which was partially offset by an increase of €111 million revenues from sales to resellers operating on the domestic market;
> a €42 million increase in revenues from the sale of fuels for trading that reflects a €61 million increase in natural gas sales and a €19 million decrease in the sales of other fuels;
> a €161 million increase in revenues related to trading on international energy markets (up 1.6 TWh);
> an increase of €312 million in revenues from the sale of green certificates to the Electricity Services Operator.

The *gross operating margin* in the 1st Quarter of 2009 totaled €918 million, an increase of €370 million (up 67.5%) with respect to the corresponding period of 2008 (€548 million). Of the increase, €156 million relates to a change in the fair value of commodity risk derivatives and to an increase in the margin on trading and generation.

Operating income came to €749 million, an increase of €393 million (up 110.4%) with respect to the 1st Quarter of 2008, including a reduction of €23 million in depreciation, amortization and impairment losses mainly relating to the completion of the depreciation of several plants and the lengthening of the useful life of the Hydro Dolomiti Enel plants thanks to the extension of the concession.

Capital expenditure

Capital expenditure totaled €169 million, and mainly refers to the continuation of projects at thermal plants (€131 million, which includes €90 million for the coal conversion of the Torrevaldaliga Nord plant), refurbishing and repowering works at various hydroelectric plants (€26 million, including €4 million for the construction of the new Talamona 2 plant) and €8 million for the development of the Archimede Project, which envisages the construction of a solar thermal installation to be integrated into the existing combined-cycle generating facility of Priolo Gargallo.

Engineering and Innovation

The mission of the Engineering and Innovation Division is to serve the Group by managing the engineering processes related to the development and construction of power plants, ensuring achievement of the quality, temporal and financial objectives set for it. The Division also coordinates and supplements the Group's research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	275	309	(34)
Gross operating margin	*3*	*4*	*(1)*
Operating income	3	4	(1)
Operating assets	277	217 (1)	60
Operating liabilities	395	474 (1)	(79)
Employees at period-end (no.)	1,040	1,020 (1)	20

(1) At December 31, 2008.

Revenues in the 1st Quarter of 2009 came to €275 million, a fall of €34 million (down 11.0%) with respect to the same period of 2008. The decrease reflects:

> a reduction of €55 million in activity with E.On España (formerly Enel Viesgo Generación) for the development of the Spanish thermal generation plants of Escatrón, Algeciras and Puente Nuevo;

> an increase of €9 million in business with the Generation and Energy Management Division relating to the reconversion of the Torrevaldaliga Nord plant to coal;

> an increase of €12 million in activity with the companies of the International Division relating mainly to the construction of the combined-cycle plants of Marcinelle (€6 million), Livadia (€2 million) and Nevinnomyskaya (€2 million).

The *gross operating margin* in the 1st Quarter of 2009 came to €3 million, the same amount as *operating income*, representing a decrease of €1 million compared with the same period of 2008 for the reasons outlined above in reference to revenues.

Infrastructure and Networks

The Infrastructure and Networks Division is responsible for operating the electricity and gas distribution networks.

The activities are carried out by:

> Enel Distribuzione, Enel Linee Alta Tensione and Deval (the operations of the latter are limited to the Valle d'Aosta region) for the distribution of electricity;

> Enel Rete Gas and Avisio for the distribution of gas;

> Enel Sole for public and artistic lighting.

Following the disposal of assets relating to the electricity and natural gas distribution networks in Italy, the assets and liabilities referring essentially to Enel Linee Alta Tensione (sold on April 1, 2009) and Enel Rete Gas were recognized at March 31, 2009 as "Net assets held for sale", while the performance of the gas distribution network, an important segment of the Group's activities in Italy, was recognized in the two quarters as discontinued operations.

TRANSPORT OF ELECTRICITY AND GAS

	1st Quarter			
	2009	2008	Change	
Electricity transported on Enel's distribution network (millions of kWh) (1)	60,156	65,227	(5,071)	-7.8%
Gas transported (millions of m^3)				
For Enel Group companies	1,357	1,290	67	5.2%
For non-Enel Group parties	270	206	64	31.1%
Total gas transported (2)	**1,627**	**1,496**	**131**	**8.8%**

(1) The figure for the 1st Quarter of 2008 reflects a more accurate assessment of the quantities transported after new measurements were made in following months on the basis of additional information.
(2) Includes assets classified as "discontinued operations" (1,616 million m^3 in the 1st Quarter of 2009 and 1,488 million m^3 in the 1st Quarter of 2008).

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	1,558	1,563	(5)
Gross operating margin	*895*	*898*	*(3)*
Operating income	685	697	(12)
Operating assets (2)	19,595	19,773 (1)	(178)
Operating liabilities (3)	6,023	6,023 (1)	-
Employees at period-end (no.)	21,842	21,683 (1)	159
Capital expenditure	249	278	(29)

(1) At December 31, 2008.
(2) Of which €2,545 million at March 31, 2009 (€2,871 million at December 31, 2008) regarding units classified as "Held for sale".
(3) Of which €289 million at March 31, 2009 (€324 million at December 31, 2008) regarding units classified as "Held for sale".

Revenues in the 1st Quarter of 2009 came to €1,558 million, which is substantially unchanged from the corresponding period of the previous year (down 0.3%). In particular, the revision of rates for the new regulatory period (including the equalization mechanisms) substantially offset the effects of a decline of 5.1 TWh in the volume of electricity distributed to end users, most of it registered on medium and high-voltage grids in Italy, in line with flows in the country as a whole, and a decrease of €10 million in connection fees as a result of lower demand for capacity, essentially related to low-voltage connections.

The *gross operating margin* totaled €895 million, a decline of €3 million (down 0.3%) attributable to:
> higher operating costs of €27 million and a narrowing of €8 million in gains on energy efficiency certificates;
> lower connection fees in the amount of €10 million, already commented on under revenues;
> an improvement of €20 million in the margin on the transport of electricity;
> the positive effect of an adjustment on purchases by the Single Buyer in the amount of €22 million following the realignment of withdrawal points on the high-voltage network, as prescribed by Resolution no. 177/07 et seq. of the Authority for Electricity and Gas.

Operating income, net of depreciation, amortization and impairment losses totaling €210 million (€201 million in the 1st Quarter of 2008), amounted to €685 million, a fall of €12 million or 1.7% with respect to the same period of 2008.

Capital expenditure

Capital expenditure amounted to €249 million, a decrease of €29 million, due essentially to reduced investment in the electricity distribution network.

Iberia and Latin America

The Iberia and Latin America Division focuses on developing Enel's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America, formulating growth strategies in the related regional markets. Whereas the 2009 results of the Division refer solely to Endesa, in 2008 the Division also included Enel Viesgo Generación, Enel Viesgo Servicios, Electra de Viesgo Distribución along with the equity investments that these companies held, before they were sold in June 2008 to E.On.

NET ELECTRICITY GENERATION

Millions of kWh	1st Quarter			
	2009	2008	Change	
Thermal	12,186	14,247	(2,061)	-14.5%
Nuclear	4,571	5,059	(488)	-9.6%
Hydroelectric	7,494	6,263	1,231	19.7%
Wind	597	503	94	18.7%
Other resources	46	41	5	12.2%
Total net generation	**24,894**	**26,113**	**(1,219)**	**-4.7%**

Net generation by the Iberia and Latin America Division in the 1st Quarter 2009 amounted to 24,894 million kWh, down by 1,219 million kWh compared with the same period of 2008. The decrease reflects the absence of the contribution of Enel Viesgo Generación, which had formed part of the Division in the 1st Quarter of 2008 (675 million kWh), as well as a reduction of 544 million kWh in output from Endesa between the two periods.
Specifically, the decline in output from Endesa reflects the decrease of 1,174 million kWh in generation in the Iberian peninsula (relating to thermal and nuclear generation, partly offset by an increase in hydro generation), an increase of 386 million kWh in output in Latin America (thanks mainly to better water availability in Chile and Colombia), and an increase of 244 million kWh in output in the other European countries, of which 230 million kWh relates to the thermal plants acquired in Ireland in January 2009.

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh	1st Quarter					
	2009		2008		Change	
High-sulfur fuel oil (S>0.25 %)	1,223	7.0%	1,377	6.8%	(154)	-11.2%
Low-sulfur fuel oil (S<0.25 %)	264	1.5%	50	0.2%	214	428.0%
Total fuel oil	*1,487*	*8.5%*	*1,427*	*7.0%*	*60*	*4.2%*
Natural gas	5,301	30.4%	4,393	21.7%	908	20.7%
Coal	4,968	28.4%	7,903	39.1%	(2,935)	-37.1%
Nuclear fuel	4,743	27.2%	5,277	26.1%	(534)	-10.1%
Other fuels	963	5.5%	1,240	6.1%	(277)	-22.3%
Total	**17,462**	**100.0%**	**20,240**	**100.0%**	**(2,778)**	**-13.7%**

Gross thermal generation fell by 2,778 million kWh with respect to the 1st Quarter of 2008, of which 2,255 million kWh relates to the reduction in output by Endesa (mainly relating to the use of coal) and a reduction of 523 kWh relating to the removal of Enel Viesgo Generación from the scope of consolidation.

ELECTRICITY SALES TO END USERS

Millions of kWh	1st Quarter			
	2009	2008	Change	
Free market:				
- Iberian peninsula	8,962	7,087	1,875	26.5%
- Latin America	1,123	1,011	112	11.1%
Total for free market	**10,085**	**8,098**	**1,987**	**24.5%**
Regulated market:				
- Iberian peninsula	8,537	13,099	(4,562)	-34.8%
- Latin America	6,906	6,824	82	1.2%
Total for regulated market	**15,443**	**19,923**	**(4,480)**	**-22.5%**
TOTAL	**25,528**	**28,021**	**(2,493)**	**-8.9%**
- of which Iberian peninsula	*17,499*	*20,186*	*(2,687)*	*-13.3%*
- of which Latin America	*8,029*	*7,835*	*194*	*2.5%*

The sale of electricity to end users by the Iberia and Latin America Division in the 1st Quarter of 2009 came to 25,528 million kWh, a reduction of 2,493 million kWh compared with the same period of 2008, of which 1,267 million kWh relates to the deconsolidation of Electra de Viesgo Distribución and Viesgo Energía.
The fall of 1,226 million kWh in total sales by Endesa was the net result of a 3,417 million kWh fall in sales to the regulated market, offset by a rise of 2,191 million kWh in sales to the free market. The performance reflects the partial liberalization of electricity prices on the Spanish market.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	3,476	3,917	(441)
Net income/(charges) from commodity risk management	(84)	-	(84)
Gross operating margin	*1,171*	*1,148*	*23*
Operating income	709	567	142
Operating assets (2)	54,657	53,201 (1)	1,456
Operating liabilities (3)	9,555	9,255 (1)	300
Employees at period-end (no.)	18,042	17,827 (1)	215
Capital expenditure	386	450	(64)

(1) At December 31, 2008.
(2) Of which €1,375 million at March 31, 2009 (€2,368 million at December 31, 2008) regarding units classified as "Held for sale".
(3) Of which €25 million at March 31, 2009 (€36 million at December 31, 2008) regarding units classified as "Held for sale".

The following table breaks down results by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	1st Quarter			1st Quarter			1st Quarter		
	2009	2008	Change	2009	2008	Change	2009	2008	Change
Europe	2,106	2,566	(460)	676	705	(29)	358	279	79
Latin America	1,370	1,351	19	495	443	52	351	288	63
Total	**3,476**	**3,917**	**(441)**	**1,171**	**1,148**	**23**	**709**	**567**	**142**

Revenues in the 1st Quarter of 2009 declined by €441 million or 11.3% as a result of:

> a fall of €460 million in revenues in Europe, of which €367 million relates to the deconsolidation of the Viesgo Group, which was sold to E.On in June 2008, and €93 million in lower revenues achieved by Endesa. The fall in Endesa's revenues mainly relates to a reduction of €366 million in revenues from generation activities, mainly due to lower volume, which was partly compensated by a rise of €283 million in revenues from the distribution and sale of electricity, mostly as a result of higher sales prices, which more than made up for the reduced volume;

> an increase of €19 million in revenues realized by Endesa in Latin America relating mainly to the distribution and sale of electricity.

The *gross operating margin* totaled €1,171 million, up €23 million (2.0%) compared with the 1st Quarter of 2008. The following developments are particularly relevant to the result:

> a rise of €52 million in the gross operating margin in Latin America, essentially relating to greater electricity generation (€48 million), which benefited from the improved availability of water in several countries;

> a decrease of €29 million in the gross operating margin in Europe as a result of the deconsolidation of Viesgo (€41 million), the effect of which was mitigated by the larger gross operating margin of Endesa (€12 million), essentially associated with generation activities, in particular the addition of Endesa Ireland to the scope of consolidation.

Operating income for the 1st Quarter of 2009 totaled €709 million, up €142 million with respect to the same period of 2008. The performance reflects not only the change in the gross operating margin, but also the reduction of €119 million in depreciation, amortization and impairment losses arising from the deconsolidation of the Viesgo Group (€189 million, of which €168 million refers to the adjustment in the 1st Quarter of 2008 of the value of net assets subsequently sold to E.On), partially offset by higher depreciation, amortization and impairment losses in the amount of €70 million relating to Endesa (consisting essentially of the depreciation and amortization charges in respect of the assets that in 2008 had been recognized as "held for sale" but ceased to be such following an agreement on February 20, 2009 not to sell them to Acciona, as well as the entry into service of a number of plants in the second half of 2008).

Capital expenditure

Capital expenditure totaled €386 million, a decline of €64 million compared with the 1st Quarter of 2008. Capital expenditure in the 1st Quarter of 2009 included investment in generation plants (mainly thermal and nuclear) for a total of €189 million, of which €131 million in Europe. Investment in the electricity distribution network in the 1st Quarter of 2009 amounted to €148 million, of which €96 million in Europe.

International

The mission of the International Division is to support Enel's strategies for international growth, as well as to manage and integrate the foreign businesses not included in the Iberia and Latin America Division, monitoring and developing business opportunities that should present themselves on the electricity and fuel markets.
The chief geographical areas of operation for this Division are:

> central Europe, where the Division is active in energy sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne) and development of thermal plants in Belgium (Marcinelle Energie);
> south-eastern Europe, with power generation and technical support activities in Bulgaria (Enel Maritza East 3 and Enel Operations Bulgaria), the development of generation capacity in Romania (Enel Productie), electricity distribution, sales and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania, and Enel Servicii Comune) and the development of thermal plants in Greece (Enelco);
> Russia, with upstream activities in the gas industry (SeverEnergia), energy trading and sales (RusEnergoSbyt), and power generation and sales (OGK-5) and support activities (Enel Rus) in the Russian Federation;

NET ELECTRICITY GENERATION

Millions of kWh	1st Quarter			
	2009	2008	Change	
Thermal	11,243	1,723	9,520	552.5%
Nuclear	3,581	4,305	(724)	-16.8%
Hydroelectric	1,030	1,126	(96)	-8.5%
Total	**15,854**	**7,154**	**8,700**	**121.6%**

Net generation by the International Division in the 1st Quarter 2009 amounted to 15,854 million kWh, an increase of 8,700 million kWh compared with the same period of 2008. The increase essentially relates to the consolidation of OGK-5, which in the 1st Quarter of 2009 contributed an additional 9,721 million kWh, generated entirely from thermal sources, to the total, partially offset by a fall in output from thermal sources in Slovakia and Bulgaria. The increase in thermal generation was accompanied by a contraction in output from nuclear power stations in Slovakia resulting from the shut-down at the end of 2008 of the EBO V1 nuclear power station (-724 million kWh) and the decrease in production from hydroelectric sources owing to the diminished water availability with respect to the same period of the previous year (-96 million kWh).

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh	1st Quarter					
	2009		2008		Change	
High-sulfur fuel oil (S>0.25%)	41	0.3%	-	-	41	-
Natural gas	4,981	31.2%	-	-	4,981	-
Coal	7,059	44.3%	2,008	30.1%	5,051	251.5%
Nuclear	3,855	24.2%	4,654	69.9%	(799)	-17.2%
Total	**15,936**	**100.0%**	**6,662**	**100.0%**	**9,274**	**139.2%**

The fuel mix used in thermal generation in the 1st Quarter of 2009 was influenced by the consolidation of OGK-5.

ELECTRICITY SALES TO END USERS

Millions of kWh	1st Quarter			
	2009	2008	Change	
Free market:				
- Romania	306	152	154	101.3%
- France	967	311	656	210.9%
- Russia	727	694	33	4.8%
Total free market	2,000	1,157	843	72.9%
Regulated market:				
- Romania	2,367	1,139	1,228	107.8%
- Russia	4,191	3,832	359	9.4%
Total regulated market	6,558	4,971	1,587	31.9%
TOTAL	**8,558**	**6,128**	**2,430**	**39.7%**
- of which Romania	*2,673*	*1,291*	*1,382*	*107.0%*
- of which France	*967*	*311*	*656*	*210.9%*
- of which Russia	*4,918*	*4,526*	*392*	*8.7%*

The sale of electricity to end users by the International Division in the 1st Quarter of 2009 increased by 2,430 million kWh, mainly as a result of the consolidation of Enel Energie Muntenia (up 1,409 million kWh) and the higher electricity sales of Enel France and RusEnergoSbyt to their home markets of France and Russia.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	1,398	917	481
Net income/(charges) from commodity risk management	1	(15)	16
Gross operating margin	*381*	*272*	*109*
Operating income	253	174	79
Operating assets	12,229	12,562 (1)	(333)
Operating liabilities	4,948	5,098 (1)	(150)
Employees at period-end (no.)	16,631	16,865 (1)	(234)
Capital expenditure	177	56	121

(1) At December 31, 2008.

The following table breaks down the results by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	1st Quarter			1st Quarter			1st Quarter		
	2009	2008	Change	2009	2008	Change	2009	2008	Change
Central Europe	680	571	109	278	236	42	195	158	37
South-eastern Europe	309	177	132	52	37	15	25	20	5
Russia	409	169	240	51	(1)	52	33	(4)	37
Total	**1,398**	**917**	**481**	**381**	**272**	**109**	**253**	**174**	**79**

Revenues in the 1st Quarter of 2009 increased by €481 million or 52.5%, rising from €917 million to €1,398 million. The performance was related to the following factors:

> an increase of €240 million in revenues in Russia, mainly as a result of the consolidation of OGK-5 (€233 million);
> an increase of €132 million in revenues in south-eastern Europe thanks both to the consolidation of Enel Distributie Muntenia and Enel Energie Muntenia (€135 million) and to the higher revenues from Enel Maritza East 3 (€9 million) related to higher prices, which more than offset lower volumes. These positive factors were offset in part by a fall of €12 million in revenues from other Romanian companies;
> higher revenues of €109 million from central Europe, comprised mainly of higher revenues of €72 million in Slovakia (for the most part the result of higher prices, the effect of which was diminished by lower sales volumes) and higher sales revenues of €37 million from Enel France (mostly in connection with the electricity sales made in connection with the agreements with EdF).

The *gross operating margin* totaled €381 million, up €109 million (+40.1%) compared with the 1st Quarter of 2008. The increase reflects:

> in Russia, an increase of €52 million essentially due to the acquisition of OGK-5 (€53 million), diminished by a slight decrease in the gross operating margin of the other Russian companies;
> in central Europe, an increase of €42 million, of which €21 million related to Slovenské elektrárne deriving entirely from the exchange rate effect of the introduction of the euro in Slovakia, and €21 million related to Enel France deriving from increased electricity sales to a larger number of customers and the positive result of commodity risk management;
> in south-eastern Europe, an increase of €15 million, of which €8 million relates to the improved margin of Enel Maritza East 3, boosted by an increase in the price of electricity on the Bulgarian market, and €6 million relates to an increase in the margin in Romania. The latter reflects the effects of the consolidation of Enel Distributie Muntenia and Enel Energie Muntenia (€14 million), which more than offset the lower margins achieved by other Romanian companies resulting from a reduction in the volumes of electricity sold and transported.

Operating income for the 1st Quarter of 2009 came to €253 million, an increase of €79 million (up 45.4%) over the same period of 2008, net of an increase in depreciation, amortization and impairment of €30 million, €24 million of which relates to the change in the scope of consolidation.

Capital expenditure

Capital expenditure totaled €177 million, up €121 million compared with the corresponding period of 2008, €100 million of which relates to the change in the scope of consolidation. Capital expenditure also referred to spending on the combined-cycle plant of Marcinelle and the development of gas extraction activities in Russia through SeverEnergia.

Renewable Energy

The new Division has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with Enel's strategies. The geographic areas of operation for this Division are:

> Italy, with power generation using non-schedulable hydroelectric plants, as well as geothermal, wind and solar plants (Enel Green Power) and systems and franchising activities (Enel.si);

> the rest of Europe, with power generation from renewable sources (Enel Unión Fenosa Renovables in Spain; International Wind Parks of Thrace, Wind Parks of Thrace, International Wind Power, International Wind Parks of Crete, and Hydro Constructional in Greece; Enel Green Power Bulgaria in Bulgaria; Blue Line in Romania; and Enel Erelis in France);

> the Americas, with power generation from renewable resources (Enel North America, Enel Latin America BV, which as from January 1, 2009, includes the performance of Enel Latin America LLC, Inelec and Americas Generation Corporation).

NET ELECTRICITY GENERATION

Millions of kWh	1st Quarter			
	2009	2008	Change	
Italy:				
Hydroelectric	1,506	942	564	59.9%
Geothermal	1,227	1,351	(124)	-9.2%
Wind	147	146	1	0.7%
Total net generation in Italy	**2,880**	**2,439**	**441**	**18.1%**
International:				
Hydroelectric	1,149	1,170	(21)	-1.8%
Geothermal	6	15	(9)	-60.0%
Wind	563	393	170	43.3%
Other resources	82	80	2	2.5%
Total net generation abroad	**1,800**	**1,658**	**142**	**8.6%**
TOTAL	**4,680**	**4,097**	**583**	**14.2%**

Net electricity generation in the 1st Quarter of 2009 increased by 583 million kWh (up 14.2%) to reach 4,680 million kWh. The increase comprises 441 million kWh in increased generation in Italy, where hydroelectric output was boosted by improved water availability. The increase was partially offset by a fall in generation from geothermal sources, mainly as a result of the shut-down of a power plant for scheduled maintenance. Generation abroad increased by 142 million kWh, mostly as a result of an increase in wind generation following the entry into service of the Smoky Hills II wind facility (160 million kWh), partly offset by a decline in hydroelectric output in North America owing to reduced water availability.

Performance

Millions of euro	1st Quarter		
	2009	2008	Change
Revenues	415	383	32
Net income/(charges) from commodity risk management	9	(11)	20
Gross operating margin	*293*	*241*	*52*
Operating income	238	197	41
Operating assets	5,938	5,593 (1)	345
Operating liabilities	592	691 (1)	(99)
Employees at period-end (no.)	2,614	2,432 (1)	182
Capital expenditure	106	121	(15)

(1) At December 31, 2008.

The following table breaks down results by geographical area.

	Revenues			Gross operating margin			Operating income		
Millions of euro	1st Quarter			1st Quarter			1st Quarter		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Italy	313	261	52	235	156	79	205	130	75
Europe	31	27	4	21	19	2	12	12	-
Americas	71	95	(24)	37	66	(29)	21	55	(34)
Total	**415**	**383**	**32**	**293**	**241**	**52**	**238**	**197**	**41**

Revenues in the 1st Quarter of 2009 increased by €32 million or 8.4%, from €383 million to €415 million. The increase is due to:

> an increase of €52 million in revenues in Italy, resulting from:
  - a €31 million increase in revenues from the sale of electricity, comprising a rise of €41 million in bilateral contracts and €10 million in higher revenues on the Power Exchange. These factors were partially offset by a €17 million decrease in revenues for subsidized CIP 6 energy, and a €4 million decrease from small plants (pursuant to Legislative Decree 387/03 and Law 293/04);
  - an increase of €28 million in revenues from the sale of green certificates and higher operating grants of €8 million;
  - lower revenues of €15 million from Enel.si, relating essentially to the conclusion of several projects for the acquisition of energy efficiency certificates;

> an increase of €4 million in revenues in Europe, relating to the higher generating output of Enel Unión Fenosa Renovables (€2 million), and the revenues of the Greek wind-power companies (€2 million);

> a decrease of €24 million in revenues in the Americas, attributable entirely to Enel North America, whose revenues fell by €27 million largely as a result of the recognition in the 1st Quarter of 2009 of a number of prior-year items. The effect was mitigated by an increase in revenues arising from higher volumes, in spite of a decline in average prices.

The *gross operating margin* totaled €293 million, up €52 million (21.6%) compared with the 1st Quarter of 2008. The increase is attributable to:

> the Italian market in the amount of €79 million, consisting of the aforementioned

increase in revenues, as well as an increase in net income from commodity risk management (€20 million) and a reduction in operating costs;
> an improvement of €2 million in the margin for the rest of Europe, largely the result of an increase in the margin for Enel Unión Fenosa Renovables in Spain;
> a decrease of €29 million in the margin in the Americas, mostly in connection with the prior-year items as already mentioned in the comment on revenues.

Operating income came to €238 million, an increase of €41 million compared with the 1st Quarter of 2008 net of higher depreciation, amortization and impairment losses in the amount of €11 million.

Capital expenditure

Capital expenditure amounted to €106 million, a €15 million decline compared with the 1st Quarter of 2008, mostly in connection with the work carried out in 2008 for the Smoky Hills and Newind projects.

Parent Company, Services and Other Activities

Millions of euro	1st Quarter		
	2009	2008	Change
Parent Company			
Revenues	183	164	19
Gross operating margin	*36*	*8*	*28*
Operating income	34	6	28
Operating assets	1,232	1,233 (1)	(1)
Operating liabilities	1,347	1,351 (1)	(4)
Employees at period-end (no.)	719	749 (1)	(30)
Capital expenditure	-	1	(1)
Services and Other Activities			
Revenues	250	266	(16)
Gross operating margin	*35*	*56*	*(21)*
Operating income	12	35	(23)
Operating assets	1,855	1,883 (1)	(28)
Operating liabilities	1,652	1,658 (1)	(6)
Employees at period-end (no.)	4,358	4,406 (1)	(48)
Capital expenditure	15	10	5

(1) At December 31, 2008.

Parent Company

In its capacity as an industrial holding company, Enel SpA defines strategic targets for the Group and coordinates activities of subsidiaries.
In addition, Enel SpA manages central treasury operations and insurance risk coverage, providing assistance and guidelines on organization, personnel management and labor relations, accounting, administrative, fiscal, legal, and corporate matters. Enel also currently holds a contract with Atel for the import of electricity on the Swiss border.

Performance

Revenues in the 1st Quarter of 2009 came to €183 million, an increase of €19 million (up 11.6%) with respect to the corresponding period of the previous year. This increase is mainly attributable to:

> higher revenues of €10 million from the sale of electricity to the Single Buyer as a result of an increase in the average sale price, which more than made up for a slight fall in the volumes sold;

> higher revenues of €10 million from the delivery of services to other Group companies, largely consisting of staff services.

The *gross operating margin* for the 1st Quarter of 2009 came to €36 million, an increase of €28 million with respect to the corresponding period of the previous year. The increase was due largely to the larger margin on electricity sales (€20 million).

Operating income in the 1st Quarter of 2009 was €34 million, an increase of €28 million over the same period of 2008, net of depreciation, amortization and impairment losses in line with those of the year-earlier period.

Services and Other Activities

The primary purpose of the Services and Other Activities area is to provide the companies of the Group with competitive services in the fields of real estate and facility management, IT, personnel training and administration, purchasing, general administrative services, and factoring and insurance services.

Performance

Revenues for the Services and Other Activities area in the 1st Quarter of 2009 came to €250 million, compared with €266 million in the corresponding period of 2008. The decrease, €16 million (down 6.0%), is mainly ascribable to lower capital gains from the sale of real estate assets not used in operations (€15 million).

The *gross operating margin* in the 1st Quarter of 2009 totaled €35 million, a decrease of €21 million (down 37.5%) with respect to the corresponding period of the previous year, mainly as a result of the decline in gains on the sale of real estate as well as a €4 million decrease in the gross operating margin of Enel.Re caused by a rise in the number of claims registered in the 1st Quarter of 2009.

Operating income for the 1st Quarter of 2009 amounted to €12 million, a decrease of €23 million compared with the corresponding period of the previous year.

Operating performance and financial position

Net capital employed and related funding

The following schedule shows the composition of and changes in *net capital employed*:

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	72,991	71,726	1,265
- goodwill	16,369	16,039	330
- equity investments accounted for using the equity method	511	397	114
- other net non-current assets/(liabilities)	(2,740)	(2,669)	(71)
Total	**87,131**	**85,493**	**1,638**
Net current assets:			
- trade receivables	13,594	12,378	1,216
- inventories	2,045	2,182	(137)
- net receivables due from Electricity Equalization Fund and similar bodies	(966)	(805)	(161)
- other net current assets/(liabilities)	(5,376)	(5,015)	(361)
- trade payables	(9,480)	(10,600)	1,120
Total	**(183)**	**(1,860)**	**1,677**
Gross capital employed	**86,948**	**83,633**	**3,315**
Provisions:			
- post-employment and other employee benefits	(2,929)	(2,910)	(19)
- provisions for risks and charges and net deferred taxes	(8,097)	(7,921)	(176)
Total	**(11,026)**	**(10,831)**	**(195)**
Net assets held for sale	**2,890**	**3,460**	**(570)**
Net capital employed	**78,812**	**76,262**	**2,550**
Total shareholders' equity	**27,981**	**26,295**	**1,686**
Net financial debt	**50,831**	**49,967**	**864**

Net capital employed went from €76,262 million at December 31, 2008 to €78,812 million at March 31, 2009, and is financed by shareholders' equity (Group and minority interests) in the amount of €27,981 million and net financial debt of €50,831 million. With regard to the latter figure, the debt-to-equity ratio as at March 31, 2009 is 1.82 (compared with 1.90 at December 31, 2008).

Net financial debt

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Long-term debt:			
- bank loans	28,439	29,392	(953)
- bonds	20,374	20,248	126
- preference shares	975	973	2
- other loans	640	432	208
Long-term debt	*50,428*	*51,045*	*(617)*
Long-term financial receivables and securities	(2,918)	(2,891)	(27)
Net long-term debt	**47,510**	**48,154**	**(644)**
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	785	590	195
- drawings on revolving credit facilities	30	14	16
- other short-term bank debt	1,309	1,564	(255)
Short-term bank debt	*2,124*	*2,168*	*(44)*
Bonds (short-term portion)	1,991	2,364	(373)
Other loans (short-term portion)	255	156	99
Commercial paper	4,785	3,792	993
Other short-term financial payables	89	97	(8)
Other short-term debt	*7,120*	*6,409*	*711*
Long-term financial receivables (short-term portion)	(575)	(524)	(51)
Factoring receivables	(369)	(367)	(2)
Other short-term financial receivables	(875)	(694)	(181)
Cash and cash equivalents	(4,104)	(5,179)	1,075
Cash and cash equivalents and short-term financial receivables	*(5,923)*	*(6,764)*	*841*
Net short-term debt	**3,321**	**1,813**	**1,508**
NET FINANCIAL DEBT	**50,831**	**49,967**	**864**
Financial debt of "Assets held for sale"	***499***	***795***	***(296)***

Net financial debt amounted to €50,831 million at March 31, 2009, an increase of €864 million on December 31, 2008.

Net long-term financial debt decreased by €644 million, the effect of a €617 million decline in gross long-term financial debt and a €27 million increase in long-term financial receivables.

In particular, bank debt in the amount of €28,439 million includes drawings of €16,790 million by Enel SpA and Enel Finance International on the 36- and 60-month tranches of the original €35 billion syndicated credit line obtained on April 10, 2007 to finance the purchase of Endesa and the subsequent restructuring of debt. On March 16, 2009, after receipt of the extraordinary dividends of Endesa, the 36-month tranche was reimbursed in the amount of €1,905 million as required by the financing agreement.

At March 31, 2009 drawings of €1,787 million had been made on the 5-year €5 billion revolving credit facility (extendable for another two years) obtained in November

2005 by Enel SpA. This was €1,986 million less than at December 31, 2008.
Net short-term financial debt came to €3,321 million at March 31, 2009, an increase of €1,508 million on the end of 2008. The rise was the net effect of the €44 million decrease in short-term bank debt, the €711 million increase in other loans and the €841 million decrease in cash and cash equivalents and short-term financial receivables. In particular, other short-term loans in the amount of €7,120 million include the issues of commercial paper by Enel Finance International, Endesa Internacional BV and Endesa Capital SA in the amount of €4,785 million, as well as the bonds maturing within one year in the amount of €1,991 million, mainly with regard to bonds issued by Endesa.

Cash flows

This section should be read together with the condensed consolidated statement of cash flows in the interim consolidated financial statements at March 31, 2009.

Cash flows from operating activities in the 1st Quarter of 2009 were positive at €1,115 million, up €98 million compared with the corresponding period of the previous year. The improvement in the gross operating margin, which in the 1st Quarter of 2008 included the effect of the Endesa assets acquired solely for the purpose of resale, was only partially offset by the increased use of cash connected with the change in net current assets between the two periods.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €1,452 million in the 1st Quarter of 2009, a €792 million improvement over the same period of 2008.
In particular, investments in property, plant and equipment and intangible assets amounted to €1,133 million, down €198 million due essentially to lower investment in power plants in Italy and the effects of the change in the scope of consolidation of foreign companies.
Investments in companies and business units, net of cash and cash equivalents acquired, came to €314 million and essentially regarded the acquisition of Endesa Ireland, an Irish company which holds 20% of the generation assets of the Electricity Supply Board (ESB), by Endesa for €295 million. Investments in companies in the 1st Quarter of 2008 amounting to €996 million essentially regarded the acquisition of 22.65% of OGK-5 for €993 million.

In the 1st Quarter of 2009, cash flows from operating activities in the amount of €1,115 million were used to cover the cash requirements of investing activities in the amount of €1,452 million and of financing activities in the amount of €832 million. The deficit is reflected in the decrease in cash and cash equivalents, which reached €4,105 million at March 31, 2009, compared with €5,211 million at the end of 2008. This deficit was affected by exchange rate gains of €63 million.

Interim consolidated financial statements at March 31, 2009

Condensed Consolidated Income Statement

Millions of euro	1st Quarter			
	2009	2008 restated	Change	
Total revenues	14,863	15,082	(219)	-1.5%
Total costs	12,118	12,740	(622)	-4.9%
Net income/(charges) from commodity risk management	(5)	(162)	157	96.9%
Operating income	**2,740**	**2,180**	**560**	**25.7%**
Financial income	1,594	754	840	111.4%
Financial expense	1,278	1,494	(216)	-14.5%
Total financial income/(expense)	316	(740)	1,056	142.7%
Share of income/(expense) from equity investments accounted for using the equity method	9	23	(14)	-60.9%
Income before taxes	**3,065**	**1,463**	**1,602**	**109.5%**
Income taxes	807	456	351	77.0%
Income from continuing operations	2,258	1,007	1,251	124.2%
Income from discontinued operations	(134)	119	(253)	-
Net income for the period (shareholders of the Parent Company and minority interests)	**2,124**	**1,126**	**998**	**88.6%**
Attributable to minority interests	216	179	37	20.7%
Attributable to shareholders of the Parent Company	1,908	947	961	101.5%
Earnings per share attributable to shareholders of the Parent Company (euro) [1]	*0.31*	*0.15*	*0.16*	*106.7%*

(1) Diluted earnings per share attributable to shareholders of the Parent Company are equal to basic earnings per share attributable to shareholders of the Parent Company.

Statement of total recognized income/(expenses) for the Period

Millions of euro	1st Quarter	
	2009	2008 restated
Income/(Loss) for the period (shareholders of the Parent Company and minority interests)	2,124	1,126
Other components of comprehensive income:		
Effective portion of change in the fair value of cash flow hedges	(432)	(19)
Change in the fair value of financial investments available for sale	11	(43)
Exchange rate differences	107	(48)
Net income for the period recognized in equity	(314)	(110)
Total recognized income/(expenses) for the period	**1,810**	**1,016**
Attributable to:		
- shareholders of the Parent Company	1,485	767
- minority interests	325	249

Condensed Consolidated Balance Sheet

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Assets			
Non-current assets			
- Property, plant and equipment and intangible assets	72,991	71,726	1,265
- Goodwill	16,369	16,039	330
- Equity investments accounted for using the equity method	511	397	114
- Other non-current assets (1)	12,752	12,142	610
Total	102,623	100,304	2,319
Current assets			
- Trade receivables	13,594	12,378	1,216
- Inventories	2,045	2,182	(137)
- Cash and cash equivalents	4,051	5,106	(1,055)
- Other current assets (2)	8,128	7,986	142
Total	27,818	27,652	166
Assets held for sale	3,993	5,251	(1,258)
Total assets	**134,434**	**133,207**	**1,227**
Liabilities and shareholders' equity			
- Equity attributable to the shareholders of the Parent Company	21,884	20,398	1,486
- Equity attributable to minority interests	6,097	5,897	200
Total	27,981	26,295	1,686
Non-current liabilities			
- Long-term loans	50,428	51,045	(617)
- Other provisions and deferred tax liabilities	17,583	16,712	871
- Other non-current liabilities	6,017	6,039	(22)
Total	74,028	73,796	232
Current liabilities			
- Short-term loans and current portion of long-term loans	9,244	8,577	667
- Trade payables	9,480	10,600	(1,120)
- Other current liabilities	12,598	12,148	450
Total	31,322	31,325	(3)
Liabilities held for sale	1,103	1,791	(688)
Total liabilities	**106,453**	**106,912**	**(459)**
Total liabilities and shareholders' equity	**134,434**	**133,207**	**1,227**

(1) Of which long-term financial receivables and other securities equal to €2,858 million and €60 million respectively at March 31, 2009 (€2,835 million and €56 million respectively at December 31, 2008).
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities equal to €575 million, €1,244 million and €53 million respectively at March 31, 2009 (€524 million, €1,061 million and €73 million respectively at December 31, 2008).

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company										
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Net income for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to minority interests	Total shareholders' equity
at January 1, 2008 restated	**6,184**	**651**	**1,453**	**2,250**	**5,942**	**(99)**	**493**	**2,679**	**19,553**	**7,080**	**26,633**
Exercise of stock options	1	6	-	-	-	-	-	-	7	-	7
Stock option charges	-	-	-	1	-	-	-	-	1	-	1
Dividends	-	-	-	-	-	-	-	-	-	(82)	(82)
Allocation of net income from the previous year	-	-	-	-	2,679	-	-	(2,679)	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	93	93
Total recognized income and expenses for the period	-	-	-	-	-	(90)	(90)	947	767	249	1,016
of which:											
Net income for the period recognized in equity	-	-	-	-	-	*(90)*	*(90)*	-	*(180)*	*70*	*(110)*
Net income for the period	-	-	-	-	-	-	-	*947*	*947*	*179*	*1,126*
at March 31, 2008 restated	**6,185**	**657**	**1,453**	**2,251**	**8,621**	**(189)**	**403**	**947**	**20,328**	**7,340**	**27,668**
at January 1, 2009	**6,186**	**662**	**1,453**	**2,255**	**6,827**	**(1,247)**	**206**	**4,056**	**20,398**	**5,897**	**26,295**
Stock option charges	-	-	-	1	-	-	-	-	1	-	1
Dividends	-	-	-	-	-	-	-	-	-	(131)	(131)
Allocation of net income from the previous year	-	-	-	-	4,056	-	-	(4,056)	-	-	-
Capital increase and change in scope of consolidation	-	-	-	-	-	-	-	-	-	6	6
Total recognized income and expenses for the period	-	-	-	-		21	(444)	1,908	1,485	325	1,810
of which:											
Net income for the period recognized in equity	-	-	-	-	-	*21*	*(444)*	-	*(423)*	*109*	*(314)*
Net income for the period	-	-	-	-	-	-	-	*1,908*	*1,908*	*216*	*2,124*
at March 31, 2009	**6,186**	**662**	**1,453**	**2,256**	**10,883**	**(1,226)**	**(238)**	**1,908**	**21,884**	**6,097**	**27,981**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter		
	2009	2008 *restated*	Change
Cash flows from operating activities (a)	**1,115**	**1,017**	**98**
- of which discontinued operations	*15*	*18*	*(3)*
Investments in property, plant and equipment and intangible assets	(1,133)	(1,331)	198
Investments in entities (or business units) less cash and cash equivalents acquired	(314)	(996)	682
(Increase)/Decrease in other investing activities	(5)	83	(88)
Cash flows from (investing)/disinvesting activities (b)	**(1,452)**	**(2,244)**	**792**
- of which discontinued operations	*(15)*	*(18)*	*3*
Change in net financial debt	(719)	1,454	(2,173)
Dividends paid	(115)	(82)	(33)
Increase in share capital and reserves due to the exercise of stock options	-	7	(7)
Capital increases paid by minority interests	2	-	2
Cash flows from financing activities (c)	**(832)**	**1,379**	**(2,211)**
- of which discontinued operations	-	-	-
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**63**	**(26)**	**89**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(1,106)**	**126**	**(1,232)**
- of which discontinued operations	-	-	-
Cash and cash equivalents at the start of the period	5,211	1,463	3,748
- of which discontinued operations	*1*	*1*	-
Cash and cash equivalents at the end of the period (1) (2)	4,105	1,589	2,516
- of which discontinued operations	*1*	*1*	-

(1) Of which short-term securities equal to €53 million at March 31 2009 (€77 million at March 31, 2008).
(2) Of which cash and cash equivalents of assets held for sale equal to €1 million (€144 million at March 31, 2008).

Notes to the interim consolidated financial statements at March 31, 2009

1. Accounting policies and measurement criteria

The interim consolidated financial statements at March 31, 2009 have been prepared in condensed form in conformity with the international accounting standard governing the preparation of interim financial reports (IAS 34).

The accounting policies as well as the recognition and measurement criteria adopted in preparing the interim consolidated financial statements at March 31, 2009 are consistent with those used to prepare the consolidated financial statements at December 31, 2008, to which the reader should refer for more information.
The following international accounting standards and interpretations, supplementing those applied at December 31, 2008, were adopted starting January 1, 2009:

> "*Revised IAS 1 - Presentation of Financial Statements*": the standard introduced a new method of presenting financial statements, with a particular impact on the presentation of income statement data for the period through "comprehensive income", which provides for separate reporting of profit and loss for the period and of profit and loss recognized as a change in equity ("other comprehensive income"). The standard gives companies the options of presenting this information in one "statement of comprehensive income", or in two separate statements presented together:
  - one statement ("income statement"), which shows the components of profit and loss for the period; and
  - a second statement ("statement of recognized income and expense for the period") which, starting with the net income (loss) for the period, includes gains and losses recognized directly in equity (OCI - other comprehensive income).

  The Revised IAS 1 also eliminated the option of disclosing changes in shareholders' equity items and transactions with owners in the notes to the financial statements and rather requires this information to be presented in a separate statement.
  The Enel Group has adopted the latter method.

> "*Revised IAS 23 - Borrowing Costs*": the standard removes the option allowing immediate expensing of the borrowing costs that directly relate to the purchase, construction or production of the qualifying asset in the income statement, requiring that they be capitalized as part of the cost of such assets instead. The application of the standard on a prospective basis did not have a material impact for the Group.

- "*Amendment to IFRS 2 - Share-based payment: vesting conditions and cancellations*": the standard sets out the accounting treatment to be used in respect of "non-vesting conditions" that may apply to a share-based payment. Furthermore, the new standard extends 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. The retrospective application of the amendments did not have an impact for the Group.
- "*IFRS 8 - Operating segments*": the standard replaces "IAS 14 - Segment reporting". It essentially requires the adoption of the management approach in determining and reporting segment profit or loss, i.e. using the methodologies adopted by management in internal reporting in order to assess performance and allocate resources among segments. The application of the standard on a prospective basis did not have an impact for the Group.
- "*IFRIC 13 - Customer loyalty programs*": the interpretation governs the accounting treatment of the obligation to provide prizes to customers as part of customer loyalty programs and establishes that the fair value of the obligations to provide the awards must be accounted for separately from revenues from sales and deferred until the obligation to the customer is fulfilled. The retrospective application of the interpretation did not have a material impact for the Group.
- "*IFRIC 14 – IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction*": the interpretation 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 held in relation to a defined benefit plan or other long-term benefits (contractually or legally established minimum amount of assets required to service the plan). The application of the interpretation on a prospective basis did not have a material impact for the Group.

With regard to the interim financial report at March 31, 2008, the income statement and statement of cash flows were restated (for comparative purposes only) to take account of the impact of the completion of the allocation of the purchase price for the acquisition of Endesa at December 31, 2008. The following table shows how the condensed consolidated income statement at March 31, 2008 would have been presented had the determination of the fair value of the assets acquired and liabilities assumed been completed by the date of approval of the interim financial statements at March 31, 2008 with effect as from the date of purchase.

Millions of euro	1st Quarter 2008	Adjustments	Net income with definitive fair values (1) 1st Quarter 2008
Operating income	**2,337**	**(110)**	**2,227**
Income before taxes	**1,612**	**(110)**	**1,502**
Income taxes	504	(33)	471
Income from continuing operations	**1,108**	**(77)**	**1,031**
Income from discontinued operations	**95**	**-**	**95**
Net income for the period (shareholders of the Parent Company and minority interests)	**1,203**	**(77)**	**1,126**
Attributable to minority interests	199	(20)	179
Attributable to shareholders of the Parent Company	1,004	(57)	947

(1) Excludes the effect of the classification as discontinued operations of the performance of the assets associated with the gas distribution network in Italy.

Moreover, the income and cash flow items relating to the gas distribution network, which is essentially attributable to Enel Rete Gas, were reclassified among discontinued operations for comparative purposes.

For the purpose of accounting for the terms of the agreement of March 26, 2007, between Enel and Acciona, and following achievement of joint control of Endesa, the assets and liabilities in respect of renewable energy operations held by Endesa and due to be transferred to Acciona were classified as "Assets held for sale" and "Liabilities held for sale" in the consolidated financial statements at December 31, 2008. The scope of these assets was partly modified under the agreement signed with Acciona on February 20, 2009, which specifically identified the assets to be sold. Therefore, they were reclassified to take into account the new scope in the condensed consolidated balance sheet at March 31, 2009.
In addition, as a result of agreements signed with Terna for the transfer of the business unit comprising high-voltage electricity distribution lines (sold on April 1) and in view of the status of the disposal of gas distribution assets, the assets and liabilities involved in those transactions were also reclassified as "Assets held for sale" and "Liabilities held for sale" at March 31, 2009, pursuant to the provisions of IFRS 5. These transactions were also classified as such at December 31, 2008.

As regards the sale of the assets pertaining to the gas distribution network in Italy, during the exclusive negotiations the parties reached agreement on a consensus valuation of the assets and liabilities involved in the sale. As a result of the valuation, at March 31, 2009, the adjustment of the value of the assets was reflected in the results for the period ending as of that date. Specifically, the impacts on the balance sheet and income statement of the adjustment, equal to €136 million, were recognized under "Assets held for sale" and "Net income from discontinued operations" respectively.

2. Changes in the scope of consolidation

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

> acquisition, on March 5, 2008, of 85% of Enel Productie (formerly Global Power Investment), a Romanian company active in the generation of electricity;
> acquisition, on April 25, 2008, of 50% of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) and the concurrent subscription of a capital increase approved by the company's shareholders. Following the operation, Enel holds 64.4% of the company. As from the conclusion of the changes in the company's governance arrangements needed to define control on June 4, 2008, the company is consolidated on a line-by-line basis, taking account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6% at December 31, 2008;
> acquisition, on May 19, 2008, of 100% of International Wind Parks of Crete and Hydro Constructional, which operate in Greece in the generation of electricity from renewables;
> conclusion, on May 28, 2008, of the changes in the governance arrangements of OGK-5, which gave Enel full control as from that date. Enel, acting through the subsidiary Enel Investment Holding, had acquired 59.80% of the Russian company in a series of purchases, of which 22.65% in the public tender completed on March 6, 2008, before selling a minority stake of 4.1% on June 25, 2008. As from May 28, 2008, the company is consolidated on a line-by-line basis;
> disposal, on June 26, 2008, of the assets specified in the agreements signed between Enel and Acciona on March 26, 2007, and between Enel, Acciona and E.On on April 2, 2007 and March 18, 2008, consisting of:
  – the assets and liabilities held directly or indirectly by Endesa in Italy, France, Poland and Turkey, as well as a number of other assets in Spain (hereinafter "Endesa Europa");
  – the assets and liabilities in respect of Enel's equity investments in Enel Viesgo Generación, Enel Viesgo Servicios and Electra de Viesgo Distribución and the equity investments held by them;
> acquisition, on June 30, 2008, of 80% of Marcinelle Energie, which is building a combined-cycle gas turbine plant in Belgium. The company is consolidated taking account of the put option on 20% granted to Duferco at the time of the sale;
> disposal, on July 25, 2008, of 51% of Hydro Dolomiti Enel (HDE), a company established by Enel Produzione on May 12, 2008, for the development, together with other partners, of hydroelectric power in the Autonomous Province of Trento. Taking account of the governance structure provided for by the agreement, Enel will exercise a dominant influence over HDE until approval of the financial statements for the 2010 financial year and will therefore consolidate the company on a line-by-line basis until that time;
> acquisition, on January 9, 2009, of 100% of Endesa Ireland, which operates in Ireland in the electricity generation sector. As it is controlled by Endesa, the company is consolidated on a proportionate basis.

The following table reports the main aggregates concerning the acquisitions carried out in the 1st Quarter of 2009. They mainly refer to the acquisition of Endesa Ireland.

Millions of euro	
Property, plant and equipment	135
Intangible assets	1
Trade receivables and inventories	15
Cash and cash equivalents	6
Other current and non-current assets	12
Total assets	**169**
Financial debt	-
Trade payables	6
Financial liabilities and other current and non-current liabilities	27
Sundry and minority provisions	21
Total liabilities	**54**
Total net assets acquired	**115**
Goodwill	205
Value of the transactions	**320**
Cash flow impact at March 31, 2009	**320**

The contribution of Endesa Ireland to Group operating income was €18 million.

3. Segment information

1ST QUARTER OF 2009 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	5,961	3,259	47	270	3,476	1,348	381	103	29	(11)	14,863
Revenues from other segments	37	2,011	228	1,288	-	50	34	80	221	(3,949)	-
Total revenues	**5,998**	**5,270**	**275**	**1,558**	**3,476**	**1,398**	**415**	**183**	**250**	**(3,960)**	**14,863**
Net income/(charges) from commodity risk management	(96)	165	-	-	(84)	1	9	-	-	-	(5)
Operating income	**55**	**749**	**3**	**685**	**709**	**253**	**238**	**34**	**12**	**2**	**2,740**
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	325
Income taxes	-	-	-	-	-	-	-	-	-	-	807
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**2,258**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**(134)**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**2,124**
Operating assets	**8,856**	**15,030**	**277**	**19,595** (2)	**54,657** (3)	**12,229**	**5,938**	**1,232**	**1,855**	**(5,735)**	**113,934**
Operating liabilities	**6,015**	**4,144**	**395**	**6,023** (4)	**9,555** (5)	**4,948**	**592**	**1,347**	**1,652**	**(5,223)**	**29,448**
Capital expenditure	**7**	**169**	-	**249**	**386**	**177**	**106**	-	**15**	-	**1,109**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,545 million at March 31, 2009 regarding units classified as "Held for sale".
(3) Of which €1,375 million at March 31, 2009 regarding units classified as "Held for sale".
(4) Of which €289 million at March 31, 2009 regarding units classified as "Held for sale".
(5) Of which €25 million at March 31, 2009 regarding units classified as "Held for sale".

1ST QUARTER OF 2008 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	6,322	3,144	4	345	3,914	857	356	92	74	(26)	15,082
Revenues from other segments	51	2,224	305	1,218	3	60	27	72	192	(4,152)	-
Total revenues	**6,373**	**5,368**	**309**	**1,563**	**3,917**	**917**	**383**	**164**	**266**	**(4,178)**	**15,082**
Net income/(charges) from commodity risk management	68	(204)	-	-	-	(15)	(11)	-	-	-	**(162)**
Operating income	**137**	**356**	**4**	**697**	**567**	**174**	**197**	**6**	**35**	**7**	**2,180**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(717)
Income taxes	-	-	-	-	-	-	-	-	-	-	456
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**1,007**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**119**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**1,126**
Operating assets (6)	8,105	15,357	217	19,773 (2)	53,201 (3)	12,562	5,593	1,233	1,883	(5,714)	**112,210**
Operating liabilities (6)	6,127	4,468	474	6,023 (4)	9,255 (5)	5,098	691	1,351	1,658	(5,150)	**29,995**
Capital expenditure	4	233	-	278	450	56	121	1	10	-	**1,153**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,871 million at December 31, 2008 regarding units classified as "Held for sale".
(3) Of which €2,368 million at December 31, 2008 regarding units classified as "Held for sale".
(4) Of which €324 million at December 31, 2008 regarding units classified as "Held for sale".
(5) Of which €36 million at December 31, 2008 regarding units classified as "Held for sale".
(6) At December 31, 2008.

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

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008
Total assets	**134,434**	**133,207**
Financial assets, cash and cash equivalents	12,355	13,251
Tax assets	8,145	7,746
Segment assets	**113,934**	**112,210**
- *of which:*		
Sales	8,856	8,105
Generation and Energy Management	15,030	15,357
Engineering and Innovation	277	217
Infrastructure and Networks (1)	19,595	19,773
Iberia and Latin America (2)	54,657	53,201
International	12,229	12,562
Renewable Energy	5,938	5,593
Parent Company	1,232	1,233
Services and Other Activities	1,855	1,883
Eliminations and adjustments	(5,735)	(5,714)
Total liabilities	**106,453**	**106,912**
Loans and other financial liabilities	65,102	66,079
Tax liabilities	11,903	10,838
Segment liabilities	**29,448**	**29,995**
- *of which:*		
Sales	6,015	6,127
Generation and Energy Management	4,144	4,468
Engineering and Innovation	395	474
Infrastructure and Networks (3)	6,023	6,023
Iberia and Latin America (4)	9,555	9,255
International	4,948	5,098
Renewable Energy	592	691
Parent Company	1,347	1,351
Services and Other Activities	1,652	1,658
Eliminations and adjustments	(5,223)	(5,150)

(1) Of which €2,545 million regarding units classified as "Held for sale" (€2,871 million at December 31, 2008).
(2) Of which €1,375 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(3) Of which €289 million regarding units classified as "Held for sale" (€324 million at December 31, 2008).
(4) Of which €25 million regarding units classified as "Held for sale" (€36 million at December 31, 2008).

4. Operating performance and financial position

4.a Information on the condensed consolidated income statement

Revenues

Millions of euro	1st Quarter		
	2009	2008	Change
Electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies	12,572	13,266	(694)
Gas sold and transported to end users	1,244	1,070	174
Other services, sales and revenues	1,047	746	301
Total	**14,863**	**15,082**	**(219)**

In the 1st Quarter of 2009 revenues from **electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies** amounted to €12,572 million, down €694 million or 5.2% from the same period of 2008. This decrease is connected primarily with the following factors:

> a €590 million decrease in revenues from the transport and sale of electricity in Italy mainly owing to the decrease in revenues from sales of electricity on regulated markets, due to the decline in volumes sold, which was only partially offset by the increase in revenues on the free market connected largely with higher volumes;

> the €289 million total decline in revenues is connected with lower revenues from the sale of electricity on the Power Exchange, mainly due to the decrease in volumes sold at lower average unit prices. This was partially offset by increased sales to the Single Buyer, essentially associated with bilateral contracts entered into by the Italian power generation companies;

> a €242 million increase in revenues from foreign operations for electricity sales and similar contributions. This increase includes €208 million relating to the consolidation of OGK-5 (consolidated at the end of May 2008), €125 million relating to the consolidation of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) in early June 2008 and €171 million connected with higher revenues for the period from electricity trading. These were partially offset by the recognition in the 1st Quarter of 2008 of €300 million in revenues by the Viesgo Group, which was sold in late June 2008 to E.On, and a €95 million decrease in revenues by Endesa, mainly in Spain and Portugal, due to lower volumes sold despite higher average unit prices.

Revenues from **gas sold and transported to end users** came to €1,244 million in the 1st Quarter of 2009, up €174 million or 16.3% compared with the year-earlier period. This increase is primarily due to higher revenues on the domestic market, mainly attributable to the increase in average prices, which more than offset the lower volumes sold.

Other services, sales and revenues came to €1,047 million in the 1st Quarter of 2009, an increase of €301 million or 40.3% on the corresponding period of 2008 due mainly to the increase in revenues from the sale of assets for €381 million (primarily the sale of green certificates in Italy), partially offset by the €83 million decrease in sales of fuels for trading (of which €61 million relates to the recognition in the 1st Quarter of 2008 of revenues from fuel trading by the Viesgo Group, sold to E.On at the end of the 1st Half of 2008).

Costs

Millions of euro	1st Quarter		
	2009	2008	Change
Electricity purchases	5,579	6,196	(617)
Consumption of fuel for electricity generation	1,445	1,577	(132)
Purchase of fuel for trading and natural gas for resale to end users	771	886	(115)
Materials	234	156	78
Personnel	973	942	31
Services, leases and rentals	1,615	1,667	(52)
Depreciation, amortization and impairment losses	1,110	1,194	(84)
Charges for CO_2 emissions	10	51	(41)
Other operating expenses	636	320	316
Capitalized costs	(255)	(249)	(6)
Total	**12,118**	**12,740**	**(622)**

Costs for **electricity purchases** decreased by €617 million in the 1st Quarter of 2009 (down 10.0%) due to the decline in quantities purchased for sale on domestic markets.

Costs for **consumption of fuel for electricity generation** amounted to €1,445 million in the 1st Quarter of 2009, a drop of €132 million from the corresponding period of the previous year (down 8.4%). This decrease is connected with lower quantities of fuel used by companies operating in the domestic market as a result of lower thermal generation. The impact of this was partially offset by higher unit costs resulting in part from the change in the production mix. To this is added the decline in the Spanish market resulting from the combination of the decrease in thermal generation and lower unit purchase costs. This decrease was partially offset by the positive effects of the change in the scope of consolidation attributable to foreign companies.

Costs for the **purchase of fuel for trading and natural gas for resale to end users** came to €771 million in the 1st Quarter of 2009, down €115 million or 13.0% from the year-earlier period, essentially as a result of decreased purchases of gas for sale to end users and for trading.

Costs for **materials** came to €234 million in the 1st Quarter of 2009, up €78 million or 50.0%, mainly attributable to the activities of the foreign companies.

Personnel costs in the 1st Quarter of 2009 amounted to €973 million, up €31 million or 3.3%. Excluding the effects of the different scope of consolidation of the foreign companies, personnel costs, including the salary adjustments associated with the renewal of the collective bargaining agreement in Italy and higher social security contributions due starting January 1, 2009, increased by €29 million (up 3.1%), while the average number of employees fell by 1.2%.

Costs for **services, leases and rentals** came to €1,615 million in the 1st Quarter of 2009, down €52 million or 3.1% compared with the same period of 2008. This decline is attributable to lower electricity and gas transport costs and was partially offset by the increase in costs connected with maintenance, professional and consulting services and other services.

Depreciation, amortization and impairment losses fell by €84 million, or 7.0%, in the 1st Quarter of 2009. Specifically, in the 1st Quarter of 2008, impairment losses of €168 million were recognized with respect to the value of Enel net assets held for sale to E.On in June. This was partially offset by the higher depreciation and amortization taken by Endesa in the 1st Quarter of 2009 as a result of the redefinition of the scope of renewable energy operations to be sold to Acciona in the agreement dated February 20, 2009.

Charges for CO_2 emissions totaled €10 million in the 1st Quarter of 2009, down €41 million, or 80.4%, from the year-earlier period. The expense for the 1st Quarter of 2009 is essentially attributable to the purchases made during the period to cover allowance requirements since more CO_2 was produced than permitted under the new allocation plans and to the measurement of the allowance deficit at the end of the period at estimated average provisioning prices at the same date.

Other operating expenses came to €636 million in the 1st Quarter of 2009, up €316 million on the 1st Quarter of 2008 due mainly to the increased cost of purchasing green certificates (up €292 million).

In the 1st Quarter of 2009 **capitalized costs** came to €255 million, substantially in line with the same period of 2008 (up 2.4%).

Net income/(charges) from commodity risk management showed a net charge of €5 million in the 1st Quarter of 2009, a €157 million improvement over the corresponding figure for the same period of 2008. The result for the 1st Quarter of 2009 reflects a net charge of €113 million from the fair value measurement of open derivatives contracts at the end of the period (compared with a net charge of €227 million in the year-earlier period), partially offset by net income of €108 million from positions closed during the period (compared with a net realized income of €65 million in the year-earlier period).

Operating income in the 1st Quarter of 2009 totaled €2,740 million, an increase of €560 million, or 25.7%, on the year-earlier period, attributable largely to the growth in the Generation and Energy Management Division and in foreign operations, as well as the effect of the recognition in the 1st Quarter of 2008 of impairment losses of €168 million on Viesgo Group assets sold to E.On in the 2nd Quarter of 2008.

Net financial income amounted to €316 million in the 1st Quarter of 2009, compared with net financial expense of €740 million in the year-earlier period. Specifically, the change in financial income (up €840 million) mainly reflects the positive effect (€970 million) of the fair value measurement of the put option granted to Acciona, taking account of the expectation that the counterparty would exercise the option early on the basis of the agreement of February 20, 2009, for the acquisition by Enel of the 25.01% of Endesa held directly and indirectly by Acciona. In the 1st Quarter of 2008, the change in the fair value of the option had been recognized under financial income in the amount of €110 million. The decrease of €216 million in financial expense reflects the decline in interest rates that occurred in the 1st Quarter of 2009 compared with the same period of 2008 due to the international crisis in the financial markets, and a reduction in Enel's average debt, albeit accompanied by a less favorable credit rating.

The result of **investments accounted for using the equity method** in the 1st Quarter of 2009 was a positive €9 million, a decrease of €14 million, or 60.9%, from the year-earlier period. Specifically, the net gain for the 1st Quarter of 2008 includes the effects of the equity-method measurement of OGK-5.

Income taxes amounted to €807 million in the 1st Quarter of 2009, compared with €456 million in the 1st Quarter of 2008, giving an effective tax rate of 26.3% in the 1st Quarter of 2009, compared with 31.2% in the 1st Quarter of 2008. These developments mainly reflect the recognition in the 1st Quarter of 2009 of a number of tax-exempt income items and the effects of the application of the corporate income tax surcharge to specific Italian companies in the energy sector (Decree-Law 112/08).

4.b Information on the condensed consolidated balance sheet

Non-current assets – *€102,623 million*

Property, plant and equipment and intangible assets, including investment property, amounted to €72,991 million at March 31, 2009, an increase of €1,265 million. The rise is essentially the result of capital expenditure in the period (€1,109 million), the redefinition of the scope of Endesa's renewable energy assets to be sold to Acciona in the agreement dated February 20, 2009 (€827 million), and the exchange rate difference for the period (€274 million), net of depreciation, amortization and impairment losses on such assets in the amount of €1,026 million.

Goodwill, which totaled €16,369 million, showed an increase of €330 million for the period. This increase is mainly attributable to the recognition in the 1st Quarter of 2009 of goodwill connected with the purchase by Endesa of 100% of Endesa Ireland, the Irish company to which 20% of the generation assets of the Electricity Supply Board had previously been transferred (€205 million), as well as the net effects of exchange rate differences during the period (€108 million). The recognition under goodwill of the differences that emerged in the 1st Quarter of 2009 between the cost of equity investments and the value of the assets acquired less liabilities assumed was carried out provisionally, pursuant to IFRS 3, pending completion of initial recognition.

Equity investments accounted for using the equity method came to €511 million, up €114 million over the previous year due primarily to the reclassification from assets held for sale of equity investments removed from the scope of the Endesa renewable energy assets sold.

Other non-current assets came to €12,752 million and include:

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Deferred tax assets	6,557	5,881	676
Non-current financial assets	4,284	4,324	(40)
Receivables due from Electricity Equalization Fund and similar bodies	1,296	1,360	(64)
Other long-term receivables	615	577	38
Total	**12,752**	**12,142**	**610**

The increase for the period of €610 million is mainly attributable to the following factors:
> an increase of €676 million in deferred tax assets, due essentially to the recognition of deferred tax items for the period;
> a decrease of €40 million in non-current financial assets, of which €118 million associated with the decrease in the fair value of derivatives, partially offset by the higher value of equity investments measured at fair value (€27 million) and the increase in receivables and other financial items totaling €51 million.

Current assets – *€27,818 million*

Trade receivables amounted to €13,594 million, up €1,216 million, mainly connected with the increase in receivables for sales of electricity on the domestic free market due to greater volumes sold, with the increase in receivables for the sale of green certificates and for sales to the Single Buyer through bilateral contracts, in line with developments in the respective revenues.

Inventories came to €2,045 million, down €137 million, due mostly to lower fuel inventories.

Other current assets came to €8,128 million and break down as follows:

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Current financial assets	3,509	3,269	240
Tax receivables	1,195	1,239	(44)
Receivables due from Electricity Equalization Fund and similar bodies	1,942	1,850	92
Receivables due from others	1,482	1,628	(146)
Total	**8,128**	**7,986**	**142**

The €142 million increase during the period is largely the result of:
> the €240 million increase in current financial assets due mainly to the increase in financial assets connected with derivatives (€63 million) and the rise in short-term financial receivables (€183 million);
> the €44 million decrease in tax receivables, mainly regarding receivables for excise taxes and surcharges of €26 million and other tax receivables of €18 million.

Assets held for sale – *€3,993 million*

These relate to the renewable energy operations of Endesa to be sold to Acciona (€1,375 million), the gas distribution network, essentially attributable to Enel Rete Gas (€1,736 million), and the high-voltage distribution network to be sold to Terna (€882 million). The €1,258 million decrease from December 31, 2008 is primarily attributable to the redefinition of the scope of renewable energy assets to be sold to Acciona, under the agreement dated February 20, 2009.

Equity attributable to the shareholders of the Parent Company – *€21,884 million*

Share capital at March 31, 2009, consisted of 6,186,419,603 ordinary shares with a par value of €1.00 each.
The main changes for the quarter concerned net income for the period (€1,908 million), the effect of exchange rate differences resulting from the translation of financial statements in the amount of €21 million and the charge for the period related to stock options outstanding at period-end in the amount of €1 million. This was partially offset by the net loss recognized directly in equity from the measurement of financial instruments in the amount of €444 million.

Non-current liabilities – *€74,028 million*

Long-term loans amounted to €50,428 million (€51,045 million at December 31, 2008), consisting of bonds in the amount of €20,374 million (€20,248 million at December 31, 2008), as well as bank loans and other financing in euro and other currencies in the amount of €30,054 million (€30,797 million at December 31, 2008).
Other provisions and deferred tax liabilities came to €17,583 million at March 31, 2009 (€16,712 million at December 31, 2008) and include provisions for post-employment and other employee benefits in the amount of €2,929 million (€2,910 million at December 31, 2008), provisions for risks and charges of €7,013 million (€6,922 million at December 31, 2008) and deferred tax liabilities totaling €7,641 million (€6,880 million at December 31, 2008).
Other non-current liabilities amounted to €6,017 million, a decrease of €22 million.

Current liabilities – *€31,322 million*

Short-term loans and the current portion of long-term loans increased by €667 million, going from €8,577 million at the end of 2008 to €9,244 million at March 31, 2009. This rise is primarily attributable to the €993 million increase in commercial paper issues and the €373 million decrease in the short-term portion of bonds.
Trade payables, in the amount of €9,480 million, fell by €1,120 million, essentially due to a decrease in payables for electricity purchases.

Other current liabilities, equal to €12,598 million, break down as follows:

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Payables due to customers	1,544	1,539	5
Payables due to Electricity Equalization Fund and similar bodies	2,908	2,655	253
Current financial liabilities	2,416	2,959	(543)
Social security contributions payable and payables to employees	524	557	(33)
Tax payables	3,663	2,956	707
Other	1,543	1,482	61
Total	**12,598**	**12,148**	**450**

The change for the period, equal to €450 million, is mainly attributable to the following factors:

> an increase of €253 million in payables due to the Electricity Equalization Fund and similar bodies relating mainly to greater payables for the domestic market associated with the application of the equalization mechanisms for the purchase of electricity and the related payables in respect of other rate components, partially offset by lower payables for Endesa in respect of the Spanish electrical system;

> an increase of €707 million in tax payables, largely attributable to the estimate for taxes on current income for the period;

> a decrease of €543 million in financial liabilities, primarily related to the decline in liabilities in respect of derivatives totaling €525 million.

Liabilities held for sale – *€1,103 million*

These refer to liabilities relating to the renewable energy operations of Endesa to be sold to Acciona (€121 million), the gas distribution network, essentially Enel Rete Gas (€898 million), and the high-voltage distribution network (€84 million). The €688 million decrease from December 31, 2008 is primarily attributable to the redefinition of the scope of renewable energy assets to be sold to Acciona under the agreement dated February 20, 2009.

4.c Net financial position

Pursuant to the Consob instructions of July 28, 2006, the following table reports the net financial position at March 31, 2009 and at December 31, 2008, reconciled with net financial debt.

Millions of euro

	at Mar. 31, 2009	at Dec. 31, 2008	Change
Cash and cash equivalents on hand	16	10	6
Bank and post office deposits	4,034	5,096	(1,062)
Securities	54	73	(19)
Liquidity	**4,104**	**5,179**	**(1,075)**
Short-term financial receivables	875	694	181
Factoring receivables	369	367	2
Short-term portion of long-term financial receivables	575	524	51
Current financial receivables	**1,819**	**1,585**	**234**
Short-term bank debt	(1,309)	(1,564)	255
Commercial paper	(4,785)	(3,792)	(993)
Short-term portion of long-term bank debt	(785)	(590)	(195)
Drawings on revolving credit lines	(30)	(14)	(16)
Bonds (short-term portion)	(1,991)	(2,364)	373
Other loans (short-term portion)	(255)	(156)	(99)
Other short-term financial payables	(89)	(97)	8
Total short-term financial debt	**(9,244)**	**(8,577)**	**(667)**
Net short-term financial position	**(3,321)**	**(1,813)**	**(1,508)**
Debt to banks and financing entities	(28,439)	(29,392)	953
Bonds	(20,374)	(20,248)	(126)
Preference shares	(975)	(973)	(2)
Other loans	(640)	(432)	(208)
Total long-term financial position	**(50,428)**	**(51,045)**	**617**
NET FINANCIAL POSITION as per Consob communication	**(53,749)**	**(52,858)**	**(891)**
Long-term financial receivables and securities	**2,918**	**2,891**	**27**
NET FINANCIAL DEBT	**(50,831)**	**(49,967)**	**(864)**

The *net short-term financial position* showed net debt of €3,321 million at March 31, 2009, an increase of €1,508 million on the end of 2008 as a result of a decrease in liquidity in the amount of €1,075 million, an increase in current financial receivables of €234 million and an increase in current financial debt of €667 million. Specifically, the latter increase is attributable to the increase of €993 million in commercial paper issues by Enel Finance International, Endesa Internacional BV and Endesa Capital SA, partially offset by a decrease of €373 million in the current portion of liabilities in respect of bonds, essentially associated with the bonds issued by Endesa.
Non-current financial debt rose by €617 million on December 31, 2008. More specifically, debt to banks and financing entities, totaling €28,439 million, include the drawings by Enel SpA and Enel Finance International of €16,790 million on the 36- and 60-month tranches of the syndicated credit line in the original amount of €35 billion signed on April 10, 2007 for the sole purchase of financing the acquisition of Endesa and the subsequent restructuring of debt. Following collection on March 16, 2009, of the extraordinary dividends distributed by Endesa, a mandatory repayment in the amount of €1,905 million was made on the 36-month tranche, in accordance with the provisions of the financing agreement.
The 5-year €5 billion revolving credit facility (extendable for another two years) obtained in November 2005 by Enel SpA was drawn in the amount of €1,787 million at March 31, 2009 (€1,986 million less than at December 31, 2008).

5. Related parties

As the main operator in the field of generation, transport and distribution of electricity in Italy, Enel provides services to a number of State-controlled companies. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Electricity Services Operator, and the Market Operator (each of which is controlled either directly or indirectly by the Ministry for the Economy and Finance).
Fees for the transport of electricity payable to Terna and certain charges paid to the Market Operator are determined by the Authority for Electricity and Gas. Transactions relating to purchases and sales of electricity concluded with the Market Operator on the Power Exchange and with the Single Buyer are settled at market prices.
In particular, companies of the Sales Division acquire electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Electricity Services Operator, in addition to paying Terna fees for the use of the national transmission network. Companies that are a part of the Generation and Energy Management Division, in addition to paying fees for the use of the national transmission network to Terna, carry out electricity transactions with the Market Operator on the Power Exchange and sell electricity to the Single Buyer. The Renewable Energy Division company operating in Italy sells electricity to the Market Operator on the Power Exchange.
Enel also acquires fuel for generation and gas for distribution and sale from Eni, a company controlled by the Ministry for the Economy and Finance. All transactions with related parties are concluded on normal market terms and conditions.

The following table summarizes the relationships:

Millions of euro	Balance sheet Receivables	Payables	Income statement Revenues	Costs
	at Mar. 31, 2009		1st Quarter 2009	
In respect of continuing operations				
Single Buyer	357	1,224	286	2,009
Market Operator	912	814	1,482	1,343
Terna	240	489	263	451
Electricity Services Operator	383	589	340	231
Eni	3	141	120	311
Italian Post Office	-	45	1	38
Other	4	9	-	6
In respect of assets held for sale	-	-	-	-
Total	**1,899**	**3,311**	**2,492**	**4,390**

The following table shows transactions with associated companies outstanding at March 31, 2009 and carried out during the first three months of the year.

Millions of euro	Balance sheet Receivables	Payables	Income statement Revenues	Costs
	at Mar. 31, 2009		1st Quarter 2009	
CESI	1	29	1	3
LaGeo	10	-	-	-
Other companies	15	13	1	1
Total	**26**	**42**	**2**	**4**

In compliance with the Enel Group's rules of corporate governance, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety.
With a view to assuring substantive propriety – in order to ensure fairness in transactions with related parties, and to account for the special nature, value or other characteristics of a given transaction – the Board of Directors may ask independent experts to value the assets involved in the transaction and provide financial, legal or technical advice.

6. Contractual commitments and guarantees

The commitments entered into by the Enel Group and the guarantees given to third parties are shown below:

Millions of euro

	at Mar. 31, 2009
Sureties granted to third parties	**1,767**
Commitments to suppliers for:	
- electricity purchases	33,198
- fuel purchases	50,398
- various supplies	4,402
- tenders	1,256
- other	1,698
Total	**90,952**
TOTAL	**92,719**

Guarantees granted to third parties amounted to €1,767 million and include €675 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months from July 2004. The value of such guarantees is reduced annually by a specified amount.
Commitments for electricity amounted to €33,198 million at March 31, 2009, of which €15,067 million refers to the period April 1, 2009-2013, €6,164 million to the period 2014-2018, €5,955 million to the period 2019-2023 and the remaining €6,012 million beyond 2023.
Commitments for the purchase of fuels are determined with reference to the parameters and exchange rates prevailing at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2009, was €50,398 million, of which €22,430 million refers to the period April 1, 2009-2013, €18,840 million to the period 2014-2018, €7,138 million to the period 2019-2023, and the remaining €1,990 million beyond 2023.
Other commitments include €388 million in respect of those under the cooperation agreement with EdF of November 30, 2007, for the construction of the Flamanville nuclear plant. The amount represents Enel's share of 12.5% of the cost of construction of the plant, which is scheduled to begin in 2012.

7. Contingent assets and liabilities

The primary changes in contingent assets and liabilities with respect to those reported in the consolidated financial statements of the Enel Group at December 31, 2008 are as follows.

> With regard to the dispute involving the Porto Tolle thermoelectric plant, following the appeal of the decision of the Court of Adria issued March 31, 2006 convicting former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant, on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed

a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid (about €2.5 million). The employees were given token sentences and the damages awarded to private parties were halved.

> As to the Inepar suit seeking damages that Enelpower was alleged to have caused by breaching an agreement concerning a number of projects to be pursued in Brazil, the Arbitration Chamber denied all the claims brought by Inepar Energia and Inepar Industria e Construçoes and Enelpower's counterclaim. The Chamber also found Inepar Energia and Inepar Industria e Construçoes jointly liable to Enelpower for its legal expenses in the amount of $800 thousand.
> With regard to the €10 million fine imposed by the "Generalitat de Catalunya" for service interruptions in Barcelona on July 23, 2007, on April 8, 2009, the Supreme Court of Catalonia granted Endesa Distribución Eléctrica's request for suspension.
> With regard to the resolution issued by the Ministry of Industry on September 18, 2008, in February 2009 Endesa Distribución Eléctrica was fined about €18.6 million for the violations (four major, two minor) under Law 25/1964. The company has appealed the penalties imposed.
> In March 2009, Josel SL informed Endesa Distribución Eléctrica of its intention to withdraw from the contract for the sale of several buildings due to changes in their zoning status and demanded return of the price paid (about €85.2 million), plus interest. On April 3, 2009, Endesa Distribución Eléctrica gave notice that it opposes this request.

8. Subsequent events

Sale of Enel Linee Alta Tensione (ELAT)

In implementation of the sale agreement of December 19, 2008, between Enel SpA, Enel Distribuzione and Terna, on April 1, 2009, Enel Distribuzione sold Terna the entire share capital of Enel Linee Alta Tensione (ELAT), the company to which Enel Distribuzione transferred a business unit consisting of high voltage lines and the related legal relationships effective as of January 1, 2009.
The contributed business unit consists of a 18,583 km network of high voltage power lines, as well as the related assets and liabilities. The purchase price of €1,152 million was paid in full at the time of closing and will be subject to an adjustment based on changes in the shareholders' equity of ELAT between the reference date of the disposal balance sheet and the date of sale.
The closing of the transaction occurred once all the conditions of the agreement were met, in particular, receipt of clearance from the antitrust authorities, inclusion of the power lines in the National Transmission Network by the competent authorities and adoption of a measure by which the Authority for Electricity and Gas granted rate revenues for the business unit to ELAT.

Financing agreements

On April 16, 2009, in partial coverage of the financial commitments under the agreement with Acciona of February 20, 2009 for the purchase of 25.01% of Endesa, Enel received a loan of €8 billion in the form of an increase in the syndicated credit facility with an original amount of €35 billion. The credit facility included the possibility of increasing (up to a maximum of €8.5 billion) the C tranche (equal to €10 billion falling due in 2012) in the event of the exercise of the put option by Acciona in 2010.

The €8 billion credit line comprises two contracts:

> a "facility C increase" raising the C tranche by a total of €8 billion falling due in 2012, and
> a "rollover" agreement, in the amount of €8 billion, intended to replace and renew the "facility C increase" as from 2012 with two new tranches, the first totaling €5.5 billion falling due in 2014 and the second amounting to €2.5 billion falling due in 2016.

Agreement with Australian Government for the development of carbon capture and storage technology

On April 22, 2009, within the framework of the Italy-Australia cooperation agreement for the development of technologies for carbon dioxide capture and storage, Enel and the Australian Government signed a Memorandum of Understanding that provides for the participation of Enel as a founding partner in the Global Carbon Capture and Storage Institute (GCCSI). The GCCSI is an organization founded at the initiative of the Australian Government, which funds the operation with a budget of around 100 million Australian dollars a year (55 million US dollars).

The goal of the institute is to mobilize public and private resources to promote CCS technology at the commercial and regulatory levels and foster public acceptance. The most immediate commitment is to accelerate the creation of over 20 pilot projects. Membership in the GCCSI will enable Enel to gather information on projects that are being developed outside Europe, to participate in the network of technological and industrial alliances that will be formed within the organization, to be constantly updated on CCS regulatory processes around the world, and to participate in the communication initiatives for the public around the world. In particular, the network of contacts offered by the Australian institute could also foster the development of CCS activities in China, an area of great interest to Enel.

Dividend distribution

On April 29, 2009, the Ordinary Shareholders' Meeting of Enel approved a dividend of €0.49 per share for 2008 as a whole and the distribution of a total of €0.29 per share as the balance (of which €0.24 as the distribution of remaining net income from 2008 and €0.05 as partial distribution of the available reserve denominated "retained earnings"), taking account of the interim dividend of €0.20 already paid in November 2008. The balance of €0.29 per share will be paid, gross of any statutory withholding tax, as from June 25, 2009, with an ex dividend date (coupon no. 13) of June 22, 2009.

Enel SpA capital increase

The Enel Extraordinary Shareholders' Meeting of April 29, 2009, authorized the Board of Directors to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8 billion. Such authorization can be exercised in one or more installments, no later than December 31, 2009, through the issue of ordinary shares with a par value of €1 each bearing dividend rights as from January 1, 2009, to be offered in pre-emption to the Company's shareholders. Under the authorization, the Board of Directors has the power to establish the procedures, terms and conditions of the increase, including, *inter alia*, the determination of: (i) the exact amount of the share capital increase, (ii) the subscription price of the shares (including the premium), taking account of

developments in the Enel share price prior to the rights issue and market practice for similar transactions, and (iii) the number of new shares to be issued and the related pre-emption ratio.
On May 6, 2009, the Board of Directors voted – in execution of the authorization of the Extraordinary Shareholders' Meeting of April 29, 2009 – to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8 billion by way of the issue of ordinary shares with a par value of €1 each bearing dividend rights as from January 1, 2009. The shares will have the same characteristics of the shares already in circulation and will be offered in pre-emption to parties who are shareholders of the Company as of the start date of the rights offer in proportion to the number of shares they hold.
The final terms of the offer, such as the subscription price of the new shares, the number of shares being offered, and hence the exact size of the capital increase, as well as the related pre-emption ratio, will be determined at a future meeting of the Board of Directors that will take place immediately prior to the launch of the offer.
The deadline for subscribing the new shares has been set at December 31, 2009, with the clarification that if at that date the capital increase should not be fully subscribed, capital will be considered to have been increased in the amount equal to subscriptions received.

Agreement with Eurus Energy Europe for the development of wind projects in Calabria

On April 30, 2009, Enel Green Power has signed an agreement with Eurus Energy Europe, a joint venture between Tokyo Electric Power Company and Toyota Tsusho Corporation, to acquire the rights to 50% of wind power projects with an installed capacity of up to 400 MW, of which 100 MW are at an advanced stage of the authorization process. The wind power projects are being developed at sites with high wind power potential in Calabria.

Agreement with SoWiTec for the development of wind projects in Chile

On May 8, 2009, Enel Latin America signed a cooperation agreement with SoWiTec Energías Renovables de Chile, a subsidiary of the German company SoWiTec International, for the development in Chile of a number of wind projects with a total installed capacity of up to 850 MW. With the agreement, Enel will have exclusive access to a range of projects that SoWiTec is developing and will be entitled to acquire the projects once they have received all necessary authorizations. The projects have a preliminary installed capacity of between 60 and 150 MW and are located in the northern electrical system (SING) and the central electrical system (SIC), in areas with good wind power potential.

9. Declaration of the manager responsible for the preparation of the company's financial reports pursuant to the provisions of Article 154-bis, paragraph 2, of Legislative Decree 58/1998

The manager responsible for the preparation of the company's financial reports, Luigi Ferraris, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the interim financial report at March 31, 2009 corresponds with that contained in the accounting documentation, books and records.

Reports

Report of the Independent Auditors

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

Review report

To the Board of Directors of
Enel S.p.A.

1 We have reviewed the interim consolidated financial statements comprising the condensed balance sheet, condensed income statement, statement of recognized income and expenses for the period, statement of changes in shareholders' equity, condensed statements of cash flows, and notes thereto of the Enel Group as at and for the three months ended 31 March 2009. The parent's directors are responsible for the preparation of these interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the interim consolidated financial statements.

Reference should be made to the report dated 10 April 2009 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

We have not examined the corresponding figures of the same period of the previous year presented for comparative purposes. Therefore, our conclusions set out herein do not extend to such data.

3 Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of the Enel Group as at and for the three months ended 31 March 2009 have not been prepared, in all material respects, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Rome, 14 May 2009

KPMG S.p.A.

(Signed on the original)

Stefano Bandini
Director of Audit

Editorial format and cover concept
Inarea Strategic Design - Rome

Publishing consultancy and layout
Sogester - Rome

Copy editing
postScriptum - Rome

on the cover:
Getty Images Photo

Printed by
Varigrafica Alto Lazio - Nepi (Viterbo)

Printed in July 2009
on re-cycled Fedrigoni Symbol Freelife

300 copies printed

Publication not for sale

Edited by the External Relations Department

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

Enel
Società per azioni
Registered office in Rome
137, Viale Regina Margherita
Capital Stock
Euro 6,186,419,603
(at December 31, 2008) fully paid-in
Tax I.D. and Companies' Register
of Rome no. 00811720580
R.E.A. of Rome no. 756032
VAT Code no. 00934061003

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