Enel

INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2009

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(1) As from January 1, 2009, includes the results of Enel Latin America LLC, Inelec and Americas Generation Corporation (since October 30, 2008, Enel Panama and Enel Panama Holding have been merged into the latter).

Foreword

The Interim Financial Report at September 30, 2009 has been prepared in compliance with Article 154-ter, paragraph 5, of Legislative Decree 58 of February 24, 1998, and in conformity with the international accounting standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) in effect at the same date.

The accounting standards adopted and measurement criteria used for the Interim Financial Report at September 30, 2009, which has not been audited, are consistent with those used to prepare the consolidated financial statements at December 31, 2008, supplemented by the standards adopted for the first time with the preparation of the Half-Year Financial Report at June 30, 2009 (please see the related reports for more information).

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

3rd Quarter 2009	3rd Quarter 2008		First nine months 2009	First nine months 2008	
		Income data (millions of euro)			
17,230	15,990	Revenues	45,687	45,314	
4,547	3,906	Gross operating margin	12,486	11,228	
3,244	2,811	Operating income	8,823	7,838	
1,547	2,249	Net income before minority interests	5,521	5,368	
1,187	2,074	Group net income	4,711	4,813	
		Financial data (millions of euro)			
		Net capital employed	96,241	76,262	(1)
		Net financial debt	54,071	49,967	(1)
		Shareholders' equity (including minority interests)	42,170	26,295	(1)
		Cash flows from operating activities	3,837	5,841	
		Capital expenditure on tangible and intangible assets	4,109	4,056	
		Per share data (euro)			
		Group net income per share in circulation at period-end	0.50	0.78	
		Group shareholders' equity per share in circulation at period-end	3.27	3.30	(1)
		Operating data			
73.4	70.5	Net electricity generated by Enel (TWh)	195.8	187.0	
109.2	100.6	Electricity transported on the Enel distribution network (TWh)	289.1	296.6	
81.2	68.7	Electricity sold by Enel (TWh) (2)	210.8	204.5	
1.7	1.3	Gas sales to end users (billions of cubic meters)	5.8	5.8	
0.3	0.4	Gas transported (billions of cubic meters)	2.6	2.7	
		Employees at period-end (no.) (3)	82,020	75,981	(1)
		Market indicators			
		Average IPE Brent oil price ($/bbl)	58.2	111.0	
		Average price of low-sulfur fuel oil ($/t) (4)	340.9	597.1	
		Average price of coal ($/t CIF ARA) (5)	68.4	163.9	
		Average price of gas (Gbpence/therm) (6)	32.9	58.1	
		Average dollar/euro exchange rate	1.366	1.522	
		Six-month Euribor rate (average for the period)	1.57%	4.87%	

(1) At December 31, 2008.
(2) Excluding sales to resellers.
(3) Of which 53 at September 30, 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.

Revenues in the first nine months of 2009 totaled €45,687 million, an increase of €373 million (0.8%) on the year-earlier period. The rise is essentially attributable to greater revenues from the sale of electricity abroad, which mainly reflect the change in the method used in consolidating Endesa (from proportionate to full) as from the end of June 2009 following the acquisition of an additional 25.01%, as well as the effect of the different period of consolidation of Enel OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia, net of the deconsolidation of the Viesgo Group, which was sold in June 2008. The increase in revenues abroad was partially offset by the decline in revenues from the sale of electricity in Italy, largely due to lower demand.

The *gross operating margin* in the first nine months of 2009 amounted to €12,486 million, up €1,258 million or 11.2%. In addition to the change in the method of consolidating Endesa, the rise reflects the improvement in the margins of the generation companies in Italy and abroad, including both traditional generators and those using renewables.

Operating income in the first nine months of 2009 totaled €8,823 million, a rise of 12.6% on the €7,838 million in the first nine months of 2008, in line with the developments discussed in relation to the gross operating margin.

Group net income for the first nine months of 2009 amounted to €4,711 million, broadly in line with the year-earlier period (down 2.1%). The strength of operating performance, the positive effects of the change in the method of consolidating Endesa and the decrease in net finance charges thanks to the financial income generated by the early exercise of the put option granted by Enel to Acciona on 25.01% of Endesa essentially offset the beneficial effects in the first nine months of 2008 of the adjustment of deferred taxation as a result of the realignment (with payment of a specific one-off tax) of the difference between the value of the property, plant and equipment of certain Italian companies as calculated for statutory reporting purposes and their value for tax purposes (Law 244/07) and the effect of the introduction of the corporate income tax rate (IRES) surtax for companies operating in the production and sale of electricity and gas introduced with Decree Law 112/08 (ratified with Law 133/08).

Net financial debt, excluding debt in respect of assets held for sale totaling €58 million at September 30, 2009 (€795 million at December 31, 2008), amounted to €54,071 million, up €4,104 million compared with the €49,967 million posted at the end of 2008. The change reflects the acquisition of 25.01% of Endesa (and the effects of the consequent full consolidation of Endesa's debt), the effects of which were partially offset by the completion of the capital increase by Enel SpA and the benefits of the disposals carried out during the period.

Capital expenditure in the first nine months of 2009 amounted to €4,109 million, up €53 million on the year-earlier period

Enel Group *employees* at September 30, 2009 numbered 82,020 (75,981 at December 31, 2008). The net change of 6,039 reflects the change in the method used to consolidate Endesa from proportionate to full line-by-line (+8,814), the change in the scope of consolidation (-1,187) and the net balance of new hires and terminations (-1,588). At September 30, 2009, the personnel of Group companies headquartered abroad numbered 43,678.

Significant events in the 3rd Quarter of 2009

Enel – Ministry for the Environment Agreement

On July 7, 2009, within the framework of the "Pact for the Environment" promoted by the Italian Government and 11 Italian companies, Enel and the Ministry for the Environment signed a voluntary agreement with which Enel undertakes to implement effective, measurable programs with a view to achieving national and Community targets for reducing greenhouse gas emissions, energy efficiency and the development of renewable energy resources. More specifically, Enel has agreed to increase the installed capacity of renewables plants from its level of 2,597 MW (excluding major hydroelectric plants) in 2008 by an additional 4,100 MW by 2020. In the thermal power sector, Enel has undertaken to replace its old low-efficiency fuel oil plants (which have an efficiency of 38%) with new clean-coal plants (with an efficiency of 45%). Enel has also agreed to increase the use of biomass and fuels from waste to generate electricity in its power station from 137.5 thousand metric tons in 2008 to 300 thousand metric tons a year in 2013. Enel intends to strengthen its commitment to promoting energy efficiency among end users: in public lighting (including the use of LED technology); in the distribution network with the development of "smart grids"; in cooperative initiatives with industrial customers to conduct energy audits to optimize their consumption. By 2013, such actions are expected to create savings of some 100 thousand tons of oil equivalent, with savings rising to 300 thousand tons in 2020.

The Ministry for the Environment and the Government have agreed:

- to identify, in compliance with applicable regulations, possible measures to accelerate the authorization procedures for which they are responsible in order to enable rapid implementation of the Enel initiatives envisaged in the agreement;
- to support the projects in which Enel is participating as part of activities to promote the participation of Italian companies in European environmental research and innovation programs;
- to promote the reuse of existing industrial sites, fostering investments with a substantial positive environmental impact.

Acquisition of wind facility in Greece

On July 13, 2009, Enel Green Power acquired a new wind facility with a capacity of about 18.9 MW from a local developer at Lithos-Achaia, in Greece.
The new plant raises the installed capacity in the country to more than 127 MW.

Project to leverage non-core real estate assets

On July 16, 2009, Enel's Board of Directors approved a plan to create a fund to be endowed with the Group's non-core real estate assets, engaging Fimit SGR to organize and manage the fund. The value of the property to be transferred to the fund is about €190 million. The fund will be set up by the end of the year with the transfer of an initial tranche of properties (amounting to about 70% of the total portfolio value) and the entire transaction is expected to be concluded by March 2011. Enel will participate in both the Advisory Committee and the General Meeting of unit holders, thereby maintaining a major governance role. Fimit SGR will immediately begin to divest the real estate assets, generating revenues for Enel in proportion to its holding in the fund and thereby leveraging the value of the assets more effectively.

Establishment of an Enel/EDF joint venture for the development of nuclear power in Italy

On July 31, 2009, Enel and EDF established the joint venture "Sviluppo Nucleare Italia Srl" to undertake feasibility studies for the construction of at least four advanced third-generation EPR plants as envisaged in the agreement between Enel and EDF signed on February 24 during the Franco-Italian summit in Rome. Enel and EDF each hold a 50% stake in the joint venture and the company, which is a private limited company, will be headquartered in Rome.

Once the studies have been completed and the necessary investment decision taken, other individual companies will be formed to build, own and operate each of the EPR power plants.

The creation of Sviluppo Nucleare Italia marks a first, substantial step towards the implementation of plans to develop nuclear power in Italy following the approval of enabling legislation on July 9, 2009, thus paving the way for the return of nuclear power to the country.

Protocol of understanding between Enel and the Region of Sicily for energy development

On August 6, 2009, Enel and the Region of Sicily signed a protocol of understanding for energy development on the island. The goal is to general more electricity at lower cost and low environment impact. The accord devotes particular attention to diversifying sources of energy (with an increase in the use of renewables), to ensuring the security of supply with infrastructure projects and to investing in new technologies, research and innovation. The protocol provides for a Framework Agreement and three specific agreements regarding: the Porto Empedocle regasification project, improving the environmental performance of Enel's thermal plants in Sicily, and the promotion and implementation of innovative projects to develop renewable power generation on the island. Enel

and the regional government will form a joint working group to coordinate and monitor the agreed initiatives.
More specifically, with regard to the Porto Empedocle terminal, further to the agreement, the Region of Sicily issued the authorization decree for the construction and operation of the terminal based on the favorable opinion expressed by the Services Conference. The agreement calls for about €50 million in infrastructure works and a grant linked to the operation of the plant worth around €6 million a year.
The Enel Group is committed to investing some €70 million between 2009 and 2013 to ensure the continuing full efficiency of the power plants, enhancing their quality and minimizing their environmental impact.
Finally, Enel and the Region of Sicily will also collaborate to develop electricity generation from renewables and undertake innovative projects, working to ensure that the authorization process proceeds as swiftly as possible. The plans call for new facilities with a total capacity of 400 MW of green energy over the next four years, with a total investment of about €1 billion.

Bond issues

On September 10, 2009, Enel, acting through its subsidiary Enel Finance International, launched– in implementation of the Enel SpA Board resolution of July 30, 2009 – a multi-tranche bond targeted at institutional investors on the international market. The bond is denominated in euros and pounds sterling with an aggregate value of over €6.5 billion. The bond was issued under the recently renewed Global Medium Term Notes program.
The transaction, run by a syndicate of banks consisting of BNP Paribas and Deutsche Bank (as global coordinators and joint bookrunners) and Barclays Capital, BBVA, Calyon, Royal Bank of Scotland, Banco Santander and Société Générale (as joint bookrunners), received over €28 billion euros in orders. The transaction consists of the following four tranches (all guaranteed by Enel SpA):
> €1,500 million fixed-rate 4.00% bond due 2016;
> €2,500 million fixed-rate 5.00% bond due 2022;
> £850 million fixed-rate 5.625% bond due 2024;
> £1,400 million fixed-rate 5.75% bond due 2040.

All the above tranches are listed on the Irish Stock Exchange.
On September 30, 2009, Enel Finance International launched – again in implementation of the July 30 Board resolution – a multi-tranche bond on the US and international markets targeted at institutional investors for a total of $4,500 million, equal to an aggregate of about €3,073 million. The bonds were issued under the recently renewed Global Medium Term Notes program.
The transaction, run by a syndicate of banks consisting of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. (as global coordinators and joint bookrunners) and of Bank of America Securities, Barclays Capital, Credit Suisse Securities (USA), Deutsche Bank Securities and Morgan Stanley & Co. (as joint bookrunners), was more than twice oversubscribed. The transaction consists of the following three tranches (all guaranteed by Enel SpA):
> $1,250 million fixed-rate 3.875% bond due 2014;
> $1,750 million fixed-rate 5.125% bond due 2019;
> $1,500 million fixed-rate 6.0% bond due 2039.

Agreement for the use of CO_2 capture and sequestration technology in China

On September 14, 2009, following the Memorandum of Understanding signed in Beijing in May 2008, Enel, the Minster for Science and Technology of the People's Republic of China and the Italian Minister for the Environment signed an agreement for a joint feasibility study into the construction of a system for capturing carbon dioxide produced at a Chinese coal-fired plant and injecting it into an oilfield, thereby increasing crude oil production.

Sale of 51% of SeverEnergia

On September 23, 2009, Eni and Enel sold Gazprom 51% of SeverEnergia, the sole owner of Arcticgaz, Urengoil and Neftegaztechnologia, which hold licenses for the exploration and production of hydrocarbons in four fields located in Siberia. Following the sale, Enel's stake in SeverEnergia decreased from 40% to 19.6% and that held by Eni from 60% to 29.4%. The price for the 51% interest in SeverEnergia came to about $1.6 billion, of which $626.5 million go to Enel. Gazprom paid the first installment of $384 million (of which Enel received $153.5 million) at the closing and will pay the second and final installment (which will earn interest in the meantime) by March 2010.

Sale of 80% of Enel Rete Gas

On September 30, 2009, the agreement of May 29, 2009 between Enel Distribuzione, F2i SGR and AXA Private Equity was executed with the disposal of 80% of the share capital of Enel Rete Gas, a 99.88%-owned subsidiary of Enel Distribuzione, to F2i Reti Italia, a special-purpose vehicle 75%-owned by F2i SGR and 25%-owned by Axa Private Equity.
Prior to closing, Enel Rete Gas distributed an extraordinary dividend totaling around €225 million to Enel Distribuzione and minority shareholders and signed a financing agreement for €1,025 million with a pool of banks. The disposal was executed following clearance from the Competition Authority.
The price was set at €515.7 million, €35.7 million more than the originally announced figure of €480 million. The increase was agreed partly on the basis of the new Regulatory Asset Base ("RAB") of Enel Rete Gas announced in July by the Authority for Electricity and Gas. Under the accord, the price, which was subject to adjustment based on Enel Rete Gas' actual net financial position at closing, was to be paid in two installments.
Enel Distribuzione received an initial payment of €240 million from F2i Reti Italia at the time of the closing. Of this amount, €167.5 million were financed from the purchasers' own resources, while €72.5 million were financed with a vendor loan from Enel to F2i Reti Italia bearing an annual interest rate of 8.25% and falling due in 2017. The second installment of €275.7 million will be paid by December 28, 2009. Of this amount €203.2 million will be financed from purchasers' own resources and €72.5 million with a second tranche of the vendor loan mentioned above.
Enel Distribuzione holds a call option on the 80% of Enel Rete Gas, which can be exercised, subject to certain conditions, as from 2014 (year of expiry

of the five-year lock up period that applies to both Enel Distribuzione and F2i Reti Italia) and until 2018. The strike price of the call option will take account the fair market value of the stake. At the end of the lock-up period, the parties will assess whether or not to seek a listing for Enel Rete Gas.
Overall, the transaction will reduce Enel's consolidated net financial debt by over €1.2 billion, taking into account the price received for the equity stake and the deconsolidation of the debt of Enel Rete Gas as of the disposal date.

Subsequent events and outlook

Subsequent events

Interim dividend for 2009

On October 1, 2009, the Board of Directors of Enel approved an interim dividend for 2009 of €0.10 per share. The interim dividend, gross of any withholding tax, will be paid as from November 26, 2009, with the ex-dividend date for coupon no. 15 falling on November 23, 2009.

Sale of Empresa de Energía de Bogotá

On October 5, 2009, Endesa sold its 7.2% stake in the Colombian company Empresa de Energía de Bogotá, which operates in the Bogotá-area energy transport market, for $247 million.

Final agreement for the development of the hydroelectric sector in the Province of Bolzano

On October 20, 2009, further to the preliminary agreement signed on October 23, 2008, Enel Produzione and Società Elettrica Altoatesina SpA (SEL) signed the Final Agreement to jointly develop the hydroelectric sector in the Province of Bolzano. The Province owns approximately 94% of SEL, with the remainder held by the municipalities and the district communities of the Alto Adige Region through Selfin Srl. Considering that both parties will continue to participate in a fully autonomous manner in the administrative procedures currently in progress for the thirty-year issue or renewal of the concessions for major hydroelectric diversions expiring on December 31, 2010, Enel Produzione and SEL have agreed to form a company (owned 40% by Enel Produzione and 60% by SEL) for the joint operation as from 2011 and until at least 2040 of any concessions granted or renewed, with a view to developing industrial synergies by optimizing their respective skills. The agreement confirms all the main elements of the preliminary accord, specifying that SEL will designate or establish the newco as a private limited company, headquartered in Bolzano. Enel Produzione will contribute the business unit associated with the major hydro diversions in the Province of Bolzano, the value of which is estimated at €340 million, while on January 1, 2011, both the parties will contribute the concessions obtained independently. The parties also defined the shareholders' agreement that will regulate the governance of the newco, under which Enel Produzione will exercise a dominant influence over the new company until December 31, 2013 and will therefore consolidate its results on a full line-by-line basis until that date. The parties are also required to maintain, throughout the duration of the joint venture, stakes in the newco of at least 51% for SEL and 31% for Enel Produzione. In addition, the text of the bylaws of the newco gives the two shareholders, *inter alia*, a reciprocal right of first refusal.

Outlook

The first nine months of 2009 were marked by particularly severe global macroeconomic conditions, with demand for electricity dropping across all the countries in which the Group operates. However, Enel expects to maintain an adequate level of profitability, thanks to a generation mix that is well balanced both by type of generation technology and by geographical areas, to the strategy for hedging generation margins and to the efficiency and cost reduction programs under way.

In this regard, the synergy-development program with Endesa is generating better-than-expected results: at the end of September 2009, synergies amounted to €326 million, making it possible to raise the target for 2009 as a whole from €397 million to €436 million. Thanks in part to the development of additional efficiency projects with Endesa, the target for synergies to be achieved by 2012 has been raised from €813 million to more than €1 billion, without ruling out the possibility of further improvements in the future.

Moreover, the capital increase completed in June 2009 by the Parent Company, together with measures to improve operating cash flow and portfolio optimization initiatives, will help ensure the Group's financial stability.

All of the measures taken will enable the Group to improve its performance compared with the previous year again in 2009.

Regulatory and rate issues

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 for performing the contract. For the 3rd Quarter of 2009, the sales price, calculated based on quarterly indexing of the Single National Price (SNP), was set at €48.45/MWh (€74.53/MWh for the 3rd Quarter of 2008), while the 4th Quarter price will be €56.86/MWh (€79.20/MWh for the 4th Quarter of 2008).

Sales

Electricity

Liberalization of electricity sales

With Resolution ARG/elt no. 112/09, the Authority for Electricity and Gas Authority established the disclosure requirements for sellers to enhanced protection customers (and the relative timing) pertaining to the mandatory imposition of peak/off-peak pricing for domestic customers with meters reprogrammed by hourly band starting from April 1, 2010. Specifically, the Authority requires that invoices carry information on how the new peak/off-peak pricing operates starting in December 2009 and it postponed application of these prices from January 1, 2010 (provided under a previous resolution) to April 1, 2010.

Rates and rate updates

With Resolutions ARG/elt no. 78/09 and no. 80/09, the Authority set the enhanced protection service rates for the 3rd Quarter of 2009, reducing final rates for residential customers to €166.3/MWh, about 1% less than the previous quarter. More specifically, the Authority lowered the PED component for sourcing and dispatching costs by about €3/MWh to €90.5/MWh, while the A3 component intended to encourage generation using renewable and similar resources was increased by €1/MWh to about €8 MWh.

With Resolutions no. 132/09 and no. 133/09, the Authority set the enhanced protection service rates for the 4th Quarter of 2009, confirming a final rate for the average residential customer of about €166.3/MWh.

With Resolution ARG/elt no. 133/09, the Authority also directed that load profiling adjustments between sellers to the enhanced protection market and the

Single Buyer, for the years 2007 and 2008, must be made by October 31, 2009.
The same resolution also set the deadline for settling equalization items for 2007. Specifically, the balance on equalization receivables must be paid by the Electricity Equalization Fund by December 31, 2009.
Resolution 156/07 (TIV) requires that equalization receivables for 2008 be paid by the end of the year.

"Development Act"

Article 27(18) and (19) of Law 99/2009 (the "Development Act") transfers the obligation of delivering a share of renewable energy to the national electricity system (Art. 11(1) and (2) of Legislative Decree 79/99) from the producers or importers of electricity from non-renewable resources to those who enter into one or more ancillary services contracts relating to withdrawal with Terna starting from 2011. The Minister for Economic Development will establish, within six months of the date of entry into force of the law, the implementation procedures and set the increases in the mandatory shares based on the effects of the transfer consistent with national and community-level renewable resource development commitments.

Rules for the sale of CIP 6 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, 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 3rd Quarter of 2009, the price, as updated using the above formula, was set at €48.45/MWh, while the 4th Quarter price will be €56.86/MWh.

Inquiries and fact-finding investigations

With Resolution VIS no. 93/09, the Authority initiated formal proceedings against Enel Energia and four other electricity sellers to determine whether a part of the binding obligations concerning the transparency of invoices for free-market customers has been violated. The investigation is expected to be concluded in early 2010.
The Lazio Regional Administrative Court ordered the Competition Authority to recalculate the fines of €225,000 and €210,000 it levied on Enel Energia SpA and Enel Servizio Elettrico SpA, respectively, at the conclusion of proceeding PS/1554 on October 16, 2008 on finding that they had engaged in unfair business practices. The disputed practice involved imposing default interest on late payments by customers who received their bills only after the payment due date had passed.

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 (Authority) eliminated the invariance thresholds to which updates in supply prices are linked (Resolution ARG/gas no. 192/08). Under the threshold rules, the raw materials component would not be updated if the variances were less than 2.5%. The elimination of the threshold starting January 1, 2009 caused the raw materials component to drop 1.9% in the 1st Quarter of 2009.

With Resolution ARG/gas no. 106/09, the Authority adopted a system of compensation for costs not otherwise recoverable incurred by sellers as a result of the elimination of the threshold. However, vertically-integrated sellers or wholesalers that make intra-group procurements are excluded from the system.
With Resolution ARG/gas no. 82/09 the Authority updated the supply prices for natural gas for the 3rd Quarter of 2009, setting a price of 68.32 eurocents/m^3, a reduction of 7.7% from the previous quarter. In particular, the component covering raw material costs was reduced by about 24%.
With Resolution ARG/gas no. 136/09, the Authority updated the supply prices for natural gas for the 4th Quarter of 2009, setting a price of 67.48 eurocents/m^3, a reduction of 1.2% on the previous quarter. Specifically, the component covering the cost of the raw materials was reduced by around 6.6%. Since the start of the year, supply prices have fallen 15%.

Suppliers of last resort

Law 99/2009 and the Ministry for Economic Development decree of September 3, 2009 transfer responsibility for selecting suppliers of last resort to the Single Buyer. With Resolution ARG/gas no. 119/09, the Authority established the procedure for selecting suppliers of last resort for natural gas. On September 17, 2009, the Single Buyer published the list, selecting Enel Energia as supplier of last resort for the 2009-2010 gas year for north-western (Piedmont and Liguria) and southern Italy (Lazio, Marche, Abruzzo, Basilicata, Puglia, Campania, Calabria and Sicily).

Inquiries and fact-finding investigations

On September 8, 2009, the Lazio Regional Administrative Court denied Enel Energia's appeal of Competition Authority measure PS/1874 of December 3, 2008. The Competition Authority alleged that the company failed to read and verify metering equipment and issued estimated invoices that were based on gas consumption that did not reflect actual consumption using imprecise estimation criteria.

Generation and Energy Management

Decree Law 78/09 ("Anti-Crisis Decree")

Article 3 of Decree 78 of July 1, 2009 addresses energy issues. Among other things, it requires those who, in the 2007-2008 gas year, delivered a share greater than 40% of the total natural gas intended for the domestic market on the domestic transport network, to offer, at a price set by the Ministry for Economic Development acting on a recommendation of the Authority for Electricity and Gas (Authority), 5 billion cubic meters of gas for the 2009-2010 gas year. This price will be set with reference to the average prices in major European markets and to the structure of provisioning costs of gas incurred by the seller. In addition, the decree requires the Authority to introduce degressive elements in gas transport rates and the use of storage services even for industrial end users and thermoelectric plants.
Pursuant to Article 3 of Law 102/2009, the Ministry for Economic Development initiated the "gas release" procedure (Min. Decree of August 7, 2009). With Resolution ARG/gas no. 114/09, the Authority set out the terms and conditions for the auction by Eni of 5 billion cubic meters of gas for the 2009-2010 gas year, divided into annual and semi-annual lots. The procedure, in which Enel did not

take part, was concluded on September 9, 2009 with the sale of about 1.1 billion cubic meters of gas. The winning prices were €0.209/m^3 for the annual lots and €0.202/m^3 for the semi-annual lots, in line with the raw material component for the same period and about 10% higher than the main European reference prices. As to storage, in the consultation document published last August (DCO 28/09), the Authority proposed a series of initiatives including the establishment of a weekly modulation service.

"Development Act"

Article 30(9) of Law 99/2009 (the "Development Act") requires the Authority to adopt – based on the guidelines of the Ministry for Economic Development – temporary measures aimed at expanding the supply of electricity in Sardinia. Specifically, the Authority has 30 days from the date of entry into force of the law to establish a market mechanism for buying and selling virtual generation capacity in order to integrate Sardinian electricity network infrastructures into the national grid. With Resolution ARG/elt no. 115/09, the Authority introduced measures for the assignment of a total of 225 MW for Enel and 150 MW for E.ON of virtual capacity for the 2010-2014 period, through contracts for differences (one-way/two-way contracts at the discretion of the producer) based on the Single National Price (SNP). The entire capacity was assigned through the auction for assigning Virtual Power Plants (VPP) held on October 15, 2009.
Article 30(6) gives the Government one year to review the ceilings on the import and sale of natural gas in the end-user market established by the Competition Authority and currently set to expire in 2010.
Article 30(15) charges the Minister for Economic Development with establishing the cost of fuel avoided (CFA), at the suggestion of the Authority, on a quarterly basis starting from 2009.
On September 24, 2009, the Authority submitted PAS no. 16/09 to the Minister for Economic Development containing its proposed CFA advance amounts for the 4th Quarter of 2009. On September 30, 2009, the Minister issued the decree establishing the amounts.

Decree Law 185/08 ("Anti-Crisis Decree")

In accordance with Article 3, paragraph 10-ter, of Decree Law 185 of November 29, 2008 (ratified with Law 2 of January 28, 2009), on September 30, 2009, the Authority sent PAS no. 18/09 to the Ministry for Economic Development containing numerous proposals for improving the energy market, including: the issue of a decree for perfect plant efficiency; the adoption of the Virtual Power Plant for Sicily; and the introduction of measures aimed at promoting the construction of small hydroelectric pumping plants, particularly in the South. The Authority also expressed its opposition to shifting green certificate obligations from producers to sellers, and proposed reducing the reference price for the certificates, set in the 2008 Finance Act (Law 244 of December 27, 2007).
With reference to the natural gas market, the Authority proposed the following short-term measures: establishing new gas release procedures; adopting new balancing services; and reducing the number of tenders for new gas distribution concessions.
In the long-term, the Authority has offered a series of more structural measures that seek to extend the Competition Authority's importation ceilings for an indefinite period by gradually reducing them to 50% of annual domestic gas consumption. With Resolutions ARG/elt nos. 138/09 and 142/09, the Authority amended Resolution no. 111/06 for the introduction of a mechanism to mutualize residual risk

borne by the Electricity Market Operator, in order to develop the Forward Energy Market with physical delivery (MTE). The mechanism provides that, in the case of costs connected with credits that are unrecoverable due to the insolvency of the MTE operators, the Electricity Market Operator must immediately notify the Authority. The Authority will then take steps to make a special payment to recover the cost.
With Resolution ARG/elt no. 140/09, the Authority postponed a number of the deadlines contained in Resolution ARG/elt no. 52/09 relating to the regulation of essential plants.

Green certificate charges for 2003 and 2004

With Resolution ARG/elt no. 26/09, the Authority 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.
With Resolution ARG/com no. 80/09, the Authority ordered the disbursement of payments from the Electricity Equalization Fund from funding available at September 10, 2009 in proportion to total payments owed to each company. Enel Produzione received about €17.8 million on October 1, 2009.
The Council of State hearing of the appeal lodged by the Authority concerning Enel Produzione's payment of the green certificate charges for 2003 is pending. In addition, a Council of State hearing date concerning Enel Produzione's appeal of Resolution 101/05 relating to 2001 and 2002 green certificate charges for pumping stations has yet to be scheduled.

Inquiries and fact-finding investigations

With Resolution VIS no. 3/09, the Authority initiated an inquiry to assess price formation developments in the final months of 2008 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. Subsequently, with Resolution VIS no. 82/09, the Authority announced the closing of the investigation and sent its technical report on the results to the Competition Authority. The publication of the report has been suspended pending the Competition Authority's analysis of the results.

Emissions trading

At September 30, 2009, the emissions produced by Enel Produzione amounted to 26.9 million metric tons. Considering allowances assigned under the national allocation plan, calculated on a pro rata basis for the period in the amount of 27.5 million metric tons, at September 30, 2009 there was no deficit.

Gas Exchange and daily balancing market

Law 99/09 charges the Electricity Market Operator (EMO) with the financial management of the natural gas market, in accordance with rules prepared by the EMO and approved by the Ministry for Economic Development. In 2008, the Authority published two consultation documents on the creation of a Gas Exchange (consultation document no. 21/08) and a balancing market (consultation document no. 10/08).

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. 108/09, the Authority established the bid procedures on the Virtual Trading Point (VTP) for gas subject to supply obligations for the months in the period from October 2009 to March 2010 and for annual lots. Enel's share offered at the VTP for the 2008-2009 gas year is about 50 million cubic meters. The auction procedure for winter lots was completed on September 24, 2009, with none of the lots being allocated.

Allocation criteria

With Resolution ARG/gas no. 62/09, the Authority initiated a proceeding to introduce measures involving gas quantity allocation mechanisms. The duty of transport companies relating to daily withdrawals was also extended to September 30, 2010.

Infrastructure and Networks

Electricity

Service continuity

With Resolution ARG/elt no. 76/09, the Authority modified the rules governing the statistical method used to separate interruptions due to "force majeur" from the service continuity indicators. Under the new mechanism, all interruptions that occur during "periods of turbulence" are not used in calculating such indicators. The resulting improvement in the service quality indicators should benefit Enel Distribuzione by around €95 million for the 2008-2009 two-year period.

Iberia and Latin America

Spain

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

With regard to the Ministry of Industry resolution of May 29, 2007, concerning CESUR auctions (*Compra de Electricidad para el Suministro de Ultimo Recurso*), the ninth auction was held on June 25, 2009. Twenty-nine operators were awarded quarterly supplies as from the 3rd Quarter of 2009 for a total of 4,800 MW at a price of €42/MWh for base load power and 670 MW at €47.60/MWh for peak load power. Thirty operators were awarded quarterly supplies as from the 4th Quarter of 2009 for a total of 5,000 MW at a price of €45.67/MWh for base load power and 670 MW at €51.31/MWh for peak load power. As to the purchase obligations of suppliers of last resorts (*Comercializadores de Ultimo Recurso-CUR*) for the ninth auction, Endesa Energia XXI must purchase, 41%, 46%, 41% and 33%, respectively, of the energy auctioned for each product.

Ministerial Order 1659/09

Ministerial Order 1659/09 was published on June 23, 2009 and establishes the mechanism for switching rate-based customers to the supplier of last resort regime and defines the process for calculating and the structure of the *Tarifa de Ultimo Recurso* (TUR).
Starting July 1, 2009, rate-based service has no longer been provided by distributors, but by the CURs (*Comercializadores de Ultimo Recurso*) envisaged by Royal Decree 485/2009.

The TUR includes electricity generation, transport and selling costs. The estimated electricity generation cost is calculated every six months, based on the forward prices of the CESUR and *Operador do Mercado Ibérico de Energia* (OMIP) auctions. The formula takes into account a risk premium, capacity payments and grid losses. The Ministry, with its Resolution of June 29, 2009, set the TUR for the 2nd Half of 2009 at a rate 2% higher than the comparable integral rate in effect through June 2009. The TUR – without hourly discrimination – is equal to about €135/MWh.

Ministerial Order 1723/09

On June 29, 2009 Ministerial Order 1723/09 was published, setting the transport rates to be applied starting July 1, 2009. The average increase came to 15.2% for low-voltage rates and 28.3% for medium/high-voltage rates.

Ministerial Order 1785/09

On July 4, 2009, Ministerial Order 1785/09 was published. The Ministry set the date for the termination of operation at the Garoña nuclear power plant as July 6, 2013, authorizing its operation until that time. The Ministry therefore renewed the license to operate the plant for four years, that is, two years beyond the plant's useful life (40 years), despite the fact that the Spanish nuclear safety board (*Consejo de Seguridad Nuclear* - CSN) published a report on June 5, 2009 that came out in favor of renewing the license for 10 years, as requested by NUCLENOR (the company that owns the plant, controlled 50% by Endesa) on July 3, 2006.

Ministerial Order 2524/09

On September 8, 2009, Ministerial Order 2524/09 establishing the new mechanism for quantifying the grid loss reduction incentive was published. A loss reduction target will be set based on the new mechanism, to be applied starting from January 2011. The amount of the incentive (or penalty in the event the target is not reached) may vary by +/-2% of the distributor's revenues for the previous year.

Royal Decree 1301/09 and Resolutions of the Interministerial Commission of September 8, 2009

On September 8, 2009, the Interministerial Commission on the rate deficit (introduced by Royal Decree 1301/09) approved two technical documents on the procedures for selecting the company to manage the securitization fund guaranteed by the State to which rights to deficit coverage credits may be transferred. The documents set out the requirements for participating in the selection of the fund management company as well as the criteria to be used by the Interministerial Commission – assisted by a group of experts from the National Energy Commission (CNE), the Spanish Stock Exchange Regulatory Authority (CNMV) and the State Financial Agency (ICO) – in examining bids received. The Commission also formed a special committee to monitor the activities of the fund management company.

Comisión Nacional de la Competencia (CNC) Proceeding S/0104/08, "Electricas"

On October 1, 2009, the CNC initiated a proceeding against Iberdrola, Endesa, Gas Natural, Hidrocantabrico, E.ON, Electrabel, Aceca, Elcogas and Nueva Generadora del Sur for allegedly engaging in anti-competitive practices in the daily market (essentially equivalent to Italy's day-ahead market) and in the technical restrictions market (where OMEL - *Mercado de Electricidad* resolves congestion problems caused by incompatibility between supply and network needs). The generation companies allegedly deliberately shifted part of their offer from the daily market to the technical restrictions market. These practices could constitute an individual

or collective abuse of dominant position or illegal coordination between the operators.
The CNC has up to 18 months from the initiation of the proceeding to adopt a resolution.

Emissions trading

In the first nine months of 2009, Endesa produced emissions totaling around 23 million metric tons. Allowances assigned under the national allocation plan, calculated on a pro rata basis for the same period, amounted to 19.1 million metric tons. The deficit of 3.9 million metric tons as at September 30, 2009 is covered by CER and EUA credits as provided for under Community and national regulations (the maximum deficit coverage with CERs is equal to 42%).

Argentina

Rate updates

On August 12, 2009, the government reintroduced subsidies for end electricity users lasting four months. The subsidies are intended to temporarily alleviate the impact of the rate increase introduced in November 2008 (between 30% and 300%) for customers that consume more than 1,000 kWh per bimonthly billing period. During the June-July 2009 billing period, the subsidy was reintroduced at a 100% level, while for August and September 2009, a partial subsidy of 70% was recognized. The measure is no longer in effect from October 1, 2009.

Distribution

On June 2, 2009, ENRE temporarily suspended its approval of the distribution of dividends by Edesur in the amount of 65.5 million pesos (about €12.5 million) based on the concession agreement under which the approval of the regulator is required for the redistribution of profits and for company investment plans.
On August 27, 2009, with Resolution no. 445/2009, ENRE approved the redistribution of 73% of the dividends of Edesur, for an amount of 48 million pesos (€9.1 million).

Chile

Sanctions

On June 26, 2009, the Superintendencia de Electricidad y Combustibles (SEC) fined the distribution company controlled by Endesa, Chilectra, and CGE Distribucion, 800 UTA [1] (more than €450 thousand) for metering and invoicing errors made in the Santiago region. On August 19, 2009, the SEC imposed a second fine of 1,200 UTA (almost €700 thousand) on Chilectra for invoicing errors committed in the second half of 2008 and early 2009. Endesa plans to appeal this decision.

(1) Unidad Tributaria Mensual (UTM) is the accounting unit used in Chile for tax purposes and for the imposition of financial sanctions, discounted monthly in relation to inflation, and that can be purchased or sold for Chilean pesos. The UTA (Unidad Tributaria Anual) is derived from the UTM in effect and corresponds to the UTM in effect during the last month of the business year of reference, multiplied by 12.

Colombia

Wholesale market

On May 26, 2009, the CREG adopted Resolution 069 of 2009, containing the proposed regulation of the Mercado Organizado (MOR). The market envisages auctions for electricity to be sold to end users. In the meantime, in the second half of 2009, Derivex S.A., the energy derivatives platform created by the Colombian electricity market operator (XM) in June 2009, initiated commercial operations.

International

France

TARTAM

On September 15, 2009, the European Commission (DG Comp) and the French government reached an agreement under which France would adopt concrete measures aimed at opening the market in exchange for the Commission closing its proceeding against France on the matter of regulated rates and TARTAM. These measures include terminating the TARTAM "return rate" system as from July 1, 2010 and implementing a sales mechanism for EDF's regulated base for 15 years (for annual maximum volumes of 100 TWh). Regulated rates will be eliminated for large and medium-sized companies starting from 2015, although they will be maintained for residential customers and small companies. The Exeltium Consortium is expected to be in operation at the start of 2010.
In accordance with applicable law, Enel France submitted its request to the Commission de Régulation de l'Energie (CRE) for compensation for costs associated with supplying energy to TARTAM customers in 2008. CRE will announce its decision concerning the amount of compensation owed by October 15, 2009.

Rate updates

On August 1, 2009, the new TURPE 3 network rate came into effect. It was approved on June 5, 2009 by the Ministries for Energy and for the Economy acting on a proposal from the CRE. The new method for determining network rates involves the application of the rules on the basis of the Regulatory Asset Base (RAB) for a period of four years.
The implementing decree of the Ministries for Energy and for the Economy for TARTAM was published on August 12, 2009. It repeals the previous decree of January 5, 2007 and eliminates the formulas for correlating TARTAM and the full regulated rate. The decree leaves TARTAM unchanged from the previous year.
The two ministries published a decree that same day on sales rates, adding the generation rate component and the network rate, passing the TURPE network rate increases on through the final rates.
On August 14, 2009, the decrees containing the new regulated electricity rates for August 2009 through August 2010 where published, with average increases of between 1.9% and 5% compared with the August 2008-August 2009 period. The average increase in the generation portion is between €0.4/MWh and €2.2/MWh taking into account the increase in the network rate starting from August 1, 2009.

Slovakia

Must-run plants

Under the system for compensation of the costs of operating two thermal plants that, in compliance with the "general economic interest" clause, are required by law to guarantee availability of capacity and electricity, in August 2009, URSO (the Slovakian regulator) set the adjustment factor for the Elektrárne Nováky plant (ENO) compensation rate (y=32.6%). This means that the final rate for ENO's system cost is €40.25/MWh for 2010. The y factor is crucial for hedging changes in the market price for electricity, the cost of coal, compensation for ancillary services and for making corrections for previous periods.

New market rules

The market coupling between Slovakia and the Czech Republic took effect starting September 1, 2009. The market is managed by OTE (the Czech electricity market operator) and by the transmission companies of both countries (CEPS, SEPS). The volumes traded are currently not significant.

Emissions trading

In the first nine months of 2009, Slovenské elektrárne produced about 2.7 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 4 million metric tons.

Romania

Rate issues

At the end of December 2008, the final regional rates for residential and non-residential customers, transmission and ancillary services were also published. The rates remain unchanged at June 2009.

Sale to end users

Following the assignment, at the end of the December 2008, of the electricity portfolios, with the relative prices, for each seller for the year 2009, at the start of September 2009, ANRE allowed Enel Energie, Enel Energie Muntenia and Enel Distributie Banat and Dobrogea to reallocate the portfolio of electricity purchased for sale to end users and to cover network losses in order to optimize regulated revenues.

Russia

Opening of the market

As part of the gradual opening of the market established by the Russian government, in July 2009 the share of electricity to be sold on the free market was increased further to 50% of non-residential volumes at free-market prices (30% in January 2009). These thresholds are consistent with the provisions of Decree 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 July 31, 2009, the Market Council partially eliminated the exemption on capacity penalties (transitional market) in the event of unavailability, making it inapplicable during the winter months.

Decree 476 of 2008, establishing the rules for the transitional capacity market, requires that the Ministry for Energy draw up the long-term capacity market rules (scheduled to start in 2011). A draft of the decree for the long-term market was published in August on the Energy Ministry's website. Main features include:

> the auction to select capacity is conducted by the System Operator four years prior to the delivery period (for example, the auction for delivery in 2015 is held at the end of 2010) to allow new investments to be made;

> capacity is chosen based on the bids (rubles/MW/month), to cover expected peak demand, plus a reserve coefficient (set by the System Operator);

> the capacity selected receives the marginal price of the auction; however, existing and new plants are subject to different bid caps for a transitional period (until 2018). As a result, the auction could result in a "double" marginal price (one for

new plants, one for existing plants), if bids for new projects are accepted;
> the delivery period for the selected capacity is one year for existing plants and seven years for new plants (indexed annually to the inflation of the capacity price);
> mandatory investments (capacity contract), such as priority nuclear and hydroelectric projects, will receive priority selection (regardless of actual demand for capacity) and a guaranteed capacity payment for the length of the contract.

The draft states that the transitional auction for 2011 will be held by the end of 2009, and the other transitional auctions (through 2014) will be held by mid-2010. Therefore, the decree is expected to be adopted soon.

Rate updates

On July 16, 2009, the Ministry for Economic Development published the socio-economic outlook for the 2010-2012 three-year period that also includes rate trends (the indicators set by the Ministry are used by the Federal Tariff Service (FTS) in setting the rates for the next year). The document provides for:

> as to gas, a 15% increase in regulated prices for industrial customers starting from January 1, 2010 (26.5% average annual growth). Growth of 15% per year is projected for years 2011 and 2012. This conflicts with the government's plan to align gas prices with the netback value (i.e. European market prices, net of transportation costs and export duties) by 2011;
> as to electricity, there is a contained increase in rates charged to end users in 2010 (5% for industrial customer). This translates into a reduction in capacity rates for generators, and in resources for financing nuclear and hydroelectric investment programs. On October 2, 2009, FTS approved the minimum and maximum end-user rate increase thresholds for 2010. The expected average increase for industrial customers is 7.6%, rather than the 5% announced in July. This difference is mainly due to the larger resources allocated to RusHydro (to resume generation at the Sayano-Sushenskaya hydroelectric power plant) and to FSK (the transmission network operator, which is scheduled to switch to RAB-based rate calculation).

Management of receivables

Due to the economic crisis, the Russian electricity sector has experienced a significantly higher rate of late or defaulted payments in both the retail and wholesale markets. As a result, the Russian government and the Market Council are preparing a series of measures aimed at improving the rules governing payments. Specifically, Decree 785 was adopted on October 2, 2009, setting out the standard timetable for settling payments by retail customers, making disconnection procedures clearer or limiting end user consumption in the event of failure to make payments and making the customer liable should he hinder disconnection.

Renewable Energy

Panama

On August 23, 2009, *Resolución de Gabinete 101* was approved under which ANAM (*Autoritad Nacional del Ambiente*) will have the power to update the rates for the use of hydroelectric resources, setting a level of at least $20/MWh. The amount collected will contribute to financing a discount (between 16% and 25%) for customers that consume less than 500 kWh/month, a discount that Electra Noreste,

Edemet and Edechi will have to agree upon for consumption between September and December 2009. Negotiations are continuing between ANEM and the hydroelectric generation companies over the amount of the rate.
Resolution no. 101 may also open the door to revising the regulation of the electricity sector by permitting the Energy Secretary and the regulator, ASEP, to completely review Law 6 of 1997 (currently in effect) and by requiring the antitrust authority to monitor competition in the electricity generation market and to adopt measures to counter monopolistic behavior.

Brazil

In June 2009, a Special Parliamentary Commission on Renewable Energy Resources was created to examine 16 bills on this issue and to consolidate them into one piece of legislation.
The bills were tabled starting in 2003 and include proposals such as creating a special fund to encourage research and generation using renewable resources, making changes to the Proinfa program (*Programa de Incentivo às Fontes Alternativas de Energia*) and introducing tax incentives to purchase plants.
One of the bills analyzed is no. 630/2003, which provides for the creation of a fund to finance research and to encourage the generation of electricity using renewable resources. The new law would require distributors to acquire at least 600 MW per year from renewable resources (divided equally between wind, biomass and mini-hydroelectric power) for a period of ten years starting from 2011, with 20-year supply contracts chosen based on the lowest-rate.
In the meantime, the Ministry for Energy and Mineral Resources and the regulator, Aneel, are completing work on the rules for the wind power auction to be held on November 25, 2009 for 20-year contacts for generation as from 2012.

Peru

As announced in June, on September 15, 2009, the Ministry for Energy and Mineral Resources published its proposed rules for the auction to award renewable energy resources contracts (*"Proyecto de Bases para la Subasta de Suministro de Electricidad con Recursos Energéticos Renovables"*). Based on this document – which implements the law promoting renewable energy resources (Legislative Decree 1002 of May 2008) – to take part in the next auction for renewable energy resources supply contracts, generation projects must be in operation no later than December 31, 2009. Four types of renewable technologies are eligible for the generation contracts being auctioned (1.31 GWh/year, at 500 MW).
The auction is to assign contracts to supply electricity to the SEIN (*Sistema Eléctrico Interconectado Nacional*) at a rate guaranteed for 20 years.
The first renewable energy resources supply contract auction in Peru is scheduled for October 2009. However, owing to delays in carrying out the economic study and the dispatching simulation, it could be postponed to January 2010. The regulator, Osinergmin (*Organismo Supervisor de la Inversión en Energía y Minería*), will be responsible for managing the auction.

Mexico

In October 2008, a new framework law for promoting renewable energy resources was approved. It calls for the creation of a special fund and the introduction of a new feed-in system. At this time, secondary legislation for implementing the framework law is in the process of being approved and SENER (*Secretaría de Energía*) and CRE (*Comisión Reguladora de Energía*) are preparing the technical regulations.

On June 22, 2009, CRE circulated the draft regulation of the law for promoting renewable energy, published in its final version in the September 2, 2009 *Diario Official de la Federación*. On July 7, 2009, SENER formally presented the national strategy for energy transition and the sustainable use of energy.

France

In July 2009, the French National Assembly approved the *Grenelle de l'Environnement* law which sets a target of meeting 23% of total energy requirements using renewable resources by 2020. The goal is to expand wind power capacity to 25,000 MW by that date. On-shore wind power generation currently benefits from a sales rate of €86/MWh. The *Grenelle 2* law, implementing the measures contained in *Grenelle 1*, is currently being debated in the Senate.

Slovakia

On June 19, 2009, Parliament approved the renewable energy and cogeneration support law, which envisages feed-in rates guaranteed for 15 years. The rate amounts will be set by decree of the Slovakian regulator, URSO. Eligible energy generated by co-firing biomass plants is limited to the first 10 MW.

Romania

In August 2009, the regulator and the Ministry for the Economy and Trade began the process of amending Law 220/2008 promoting renewable energy, in order, among other things, to implement the new Directive (2009/28/EC) on the promotion of renewable energy. Enel is involved in the consultation stage of the process through ACUE (the national utilities association). Final approval of the new law is expected in spring of 2010.

Operating review

Domestic electricity and gas production and demand

DOMESTIC ELECTRICITY GENERATION AND DEMAND

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
				Gross electricity generation:				
59,880	66,132	(6,252)	-9.5%	- thermal	164,494	197,593	(33,099)	-16.8%
13,324	14,087	(763)	-5.4%	- hydroelectric	42,409	36,208	6,201	17.1%
2,826	2,303	523	22.7%	- geothermal and other resources	8,717	7,931	786	9.9%
76,030	**82,522**	**(6,492)**	**-7.9%**	**Total gross electricity generation**	**215,620**	**241,732**	**(26,112)**	**-10.8%**
(2,770)	(3,080)	310	10.1%	Auxiliary services consumption	(8,179)	(9,060)	881	9.7%
73,260	**79,442**	**(6,182)**	**-7.8%**	**Net electricity generation**	**207,441**	**232,672**	**(25,231)**	**-10.8%**
10,574	9,069	1,505	16.6%	Net electricity imports	34,479	29,842	4,637	15.5%
83,834	**88,511**	**(4,677)**	**-5.3%**	**Electricity delivered to the network**	**241,920**	**262,514**	**(20,594)**	**-7.8%**
(1,224)	(1,875)	651	34.7%	Consumption for pumping	(4,171)	(5,627)	1,456	25.9%
82,610	**86,636**	**(4,026)**	**-4.6%**	**Electricity demand**	**237,749**	**256,887**	**(19,138)**	**-7.4%**

Source: Terna - Rete Elettrica Nazionale (monthly report – September 2009). The volumes for 2008 have been adjusted to the final figures for domestic electricity demand published by Terna on July 16, 2009.

> Domestic *electricity demand* declined by 7.4% in first nine months of 2009 compared with the same period of 2008, reaching 237.7 TWh. Of the total, 85.5% was met by net domestic generation for consumption (88.5% in the first nine months of 2008) and 14.5% by net imports (11.5% in the first nine months of 2008).

> *Net electricity imports* in the first nine months of 2009 rose by 4.6 TWh (up 1.5 TWh in the 3rd Quarter), as a result of differences between the two periods in developments in electricity prices in the other European countries compared with those in the domestic market.

> *Gross electricity generation* fell by 10.8% or 26.1 TWh in the first nine months of 2009, largely attributable to a sharp decline in thermal generation (down 33.1 TWh), partially offset by an increase in hydro generation (up 6.2 TWh) thanks to favorable water conditions in the 1st Half of 2009, which more than offset the reduction in the 3rd Quarter of the year.

DOMESTIC GAS DEMAND

3rd Quarter				Billions of m3	First nine months			
2009	2008	Change			**2009**	2008	Change	
1.7	1.9	(0.2)	-10.5%	Residential and commercial	19.5	19.2	0.3	1.6%
4.0	4.2	(0.2)	-4.8%	Industrial	12.4	14.5	(2.1)	-14.5%
7.8	8.9	(1.1)	-12.4%	Thermal generation	20.7	25.9	(5.2)	-20.1%
0.6	0.5	0.1	20.0%	Other (1)	1.6	1.7	(0.1)	-5.9%
14.1	**15.5**	**(1.4)**	**-9.0%**	**Total**	**54.2**	**61.3**	**(7.1)**	**-11.6%**

(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 sharply in the first nine months of 2009 (down 7.1 billion cubic meters), mainly due to the slowdown in the domestic economy on the heels of the financial crisis, with a consequent reduction in consumption for thermal generation and industrial production. These effects were only partially offset by increased consumption for residential and commercial use, which was largely attributable to cooler weather in the 1st Quarter of 2009.

Enel's electricity and natural gas flows

ENEL'S ELECTRICITY AND NATURAL GAS FLOWS (DOMESTIC)

3rd Quarter					First nine months			
2009	2008	Change			**2009**	2008	Change	
				Electricity (TWh)				
21.4	26.7	(5.3)	-19.9%	Enel's net electricity generation in Italy	63.7	73.1	(9.4)	-12.9%
62.8	66.3	(3.5)	-5.3%	Electricity transported on Enel's domestic distribution network (1)	180.9	195.0	(14.1)	-7.2%
33.5	35.1	(1.6)	-4.6%	Enel's domestic electricity sales (1)	97.8	104.0	(6.2)	-6.0%
				Natural gas (billions of m3)				
0.6	0.7	(0.1)	-14.3%	Gas sold to end users	3.5	4.0	(0.5)	-12.5%
0.3	0.3	-	-	Gas transported	2.4	2.4	-	-

(1) Excluding sales to resellers.

> Enel's *net electricity generation* in Italy decreased by 12.9% in the first nine months of 2009, reflecting the general decline in net generation in Italy. The reduction is attributable to thermal generation (down 12.9 TWh) and geothermal generation (down 0.2 TWh), partially offset by the rise in hydro generation (up 3.8 TWh); the decline in the 3rd Quarter of 2009 totaled 19.9% and is essentially attributable to the decrease in thermal generation (down 4.9 TWh) and hydro generation (down 0.4 TWh);

> *electricity transported* in the first nine months of 2009 came to 180.9 TWh, a decrease of 7.2% that reflects the trend in demand on the national grid; developments in the 3rd Quarter of 2009 were similar, with a reduction of 3.5 TWh in volumes transported (down 5.3%);

> Enel's domestic *electricity sales* in the period ended September 30, 2009 totaled 97.8 TWh, down 6.2 TWh on the year-earlier period, in line with the decline in domestic consumption; in the 3rd Quarter of 2009, volumes sold by Enel in Italy were down 4.6% or 1.6 TWh;

> *gas sold* in the first nine months of 2009 fell by 0.5 billion cubic meters, while volumes sold in the 3rd Quarter of 2009 declined by 0.1 billion cubic meters.

The decrease reflected in decline in gas demand in the periods under review;

> *gas transported* in the first nine months and the 3rd Quarter of 2009 was in line with the volumes registered in the corresponding periods of 2008.

ENEL ELECTRICITY AND NATURAL GAS FLOWS (ABROAD)

3rd Quarter					First nine months			
2009	2008	Change			**2009**	2008	Change	
				Electricity (TWh)				
52.0	43.8	8.2	18.7%	Enel's net electricity generation abroad	132.1	113.9	18.2	16.0%
46.4	34.3	12.1	35.3%	Electricity transported on Enel's international distribution network (1)	108.2	101.6	6.6	6.5%
47.7	33.6	14.1	42.0%	Enel's international electricity sales (1)	113.0	100.5	12.5	12.4%
				Natural gas (billions of m^3)				
1.1	0.6	0.5	83.3%	Gas sold to end users	2.3	1.8	0.5	27.8%
-	0.1	(0.1)	-100.0%	Gas transported	0.2	0.3	(0.1)	-33.3%

(1) Excluding sales to resellers.

> Enel's *net electricity generation* abroad during the first nine months of 2009 amounted to 132.1 TWh, an increase of 18.2 TWh, largely attributable to the increase in thermal generation (13.5 TWh), hydro generation (5.6 TWh) and wind generation (0.5 TWh), partially offset by the decline in nuclear generation in the amount of 1.5 TWh. This is essentially ascribable to the difference in the period of consolidation of Enel OGK-5 in the amount of 14.3 TWh, as well as the change in the method of consolidating Endesa in the amount of 12.8 TWh. These factors were partially offset by effects of the deconsolidation of Enel Viesgo Generación (a decrease of 1.3 TWh) and a decline in output in general;

> *electricity transported* in the first nine months of 2009 came to 108.2 TWh, an increase of 6.6 TWh that reflects the change in the method of consolidating Endesa, partially offset by the decline in demand in the Iberian and Romanian markets;

> *electricity sales* abroad during the first nine months of 2009 rose by 12.5 TWh due to the change in the method of consolidating Endesa (an increase of 13.1 TWh) and increased sales by the International Division (up 4.9 TWh). These effects were partially offset by the decline in the sales of the Iberia and Latin America Division in the Iberian peninsula as a result of lower electricity demand in those markets and the change in the scope of consolidation with the disposal at the end of June 2008 of Electra de Viesgo Distribución and Viesgo Energía (a reduction of 2.4 TWh).

Main changes in the scope of consolidation

In the first nine months of 2009, the scope of consolidation changed with respect to the year-earlier period 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%;

> 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 Enel 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% of share capital 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 KJWB (now Endesa Ireland), which operates in Ireland in the electricity generation sector. As it is controlled by Endesa, the company was consolidated on a proportionate basis until June 25, 2009, and on a full line-by-line basis thereafter;
> disposal, on April 1, 2009, of the entire share capital of Enel Linee Alta Tensione (ELAT), the company to which Enel Distribuzione transferred, with effect from January 1, 2009, a business unit consisting of high-voltage power lines and the related legal relationships;
> acquisition, between April 22 and June 23, 2009 of 100% of International Wind Parks of Rhodes, Glafkos Hydroelectric Station and International Wind Parks of Achaia, which operate in Greece in the generation of electricity from renewables;
> acquisition, on June 25, 2009, by Enel, acting through its subsidiary Enel Energy Europe, of the 25.01% of Endesa held, directly and indirectly, by Acciona. Following the acquisition, Enel holds 92.06% of Endesa and exercises full control over the company. As a result, as from that date, Endesa is consolidated in the Enel Group on a full, line-by-line basis rather than proportionately, with separate reporting of the minority interest of 7.94%;

- disposal, on September 23, 2009, of 51% of SeverEnergia, a Russian company 100% owned until that date by Artic Russia, in which Enel and Eni have stakes of 40% and 60%, respectively. Following the sale, Enel indirectly holds 19.6% of SeverEnergia and no longer exercises joint control over that company. Accordingly, as from that date SeverEnergia has been accounted for using the equity method rather than being consolidated on a proportionate basis;
- disposal, on September 30, 2009, by Enel Distribuzione of 80% of Enel Rete Gas. Following the transaction, Enel's stake in Enel Rete Gas fell from 99.88% to 19.8%, with the consequent loss of control. Accordingly, as from that date the Italian gas distribution company is accounted for using the equity method rather than being consolidated on a line-by-line basis.

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 balance sheet at December 31, 2008. On June 25, 2009, and subsequently in July 2009, Endesa also sold Acciona certain of the assets indicated above, partially modifying the assets involved compared with those specified in the agreement of March 26, 2007, for €2,706 million.
In the balance sheet at September 30, 2009, the items "Assets held for sale" and "Liabilities held for sale" therefore include the assets and liabilities of the Endesa renewable energy assets, which although they were included among operations to be sold had not yet been transferred to Acciona as of September 30, 2009 pending completion of authorization requirements. Assets and liabilities held for sale also include certain other assets held by Endesa, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

In the income statement for the nine months ending September 30, 2009, income or loss, net of the related tax effect, attributable to Enel Rete Gas is reported under "discontinued operations" until the date of its deconsolidation, as have the effects of the disposal of the company on September 30, 2009. As regards those effects, in addition to the €136 million in respect of the adjustment of the value of those assets – carried out earlier in the year when the parties reached agreement on a consensus valuation of the assets and liabilities involved in the sale – the item "Net income from discontinued operations" also reflects the loss of €68 million resulting from the sale itself.
In addition to the Italian gas distribution activities, the results of the discontinued operations reported for comparative purposes in the income statement for the reference period include the results of the assets of Endesa Europa until their sale to E.ON on June 26, 2008, as those net assets were acquired for the sole purpose of their resale.

Compared with the results presented in the interim report on operations at September 30, 2008, the income statement figures and the cash flow amounts have been restated for comparative purposes only to take account of the completion at December 31, 2008, of the allocation of the purchase price for the acquisition of 67.05% of Endesa.
The following table reports the consolidated income statement at September 30, 2008, as it would have been presented had the determination of the fair value of the assets acquired and the liabilities assumed been completed by the date of

approval of the interim report on operations at September 30, 2008, with effect from the acquisition date.

CONSOLIDATED INCOME STATEMENT

Millions of euro	First nine months 2008	Adjustments	Performance with final fair values (2) first nine months 2008
Operating income	**8,184**	**(334)** (1)	**7,850**
Income before taxes	**5,956**	**(334)**	**5,622**
Income taxes	582	(103)	479
Net income from continuing operations	**5,374**	**(231)**	**5,143**
Net income from discontinued operations	**226**	**-**	**226**
Net income for the period (shareholders of the Parent Company and minority interests)	**5,600**	**(231)**	**5,369**
Attributable to minority interests	618	(63)	555
Attributable to shareholders of the Parent Company	4,982	(168)	4,814

(1) Regards change in depreciation and amortization following adjustments to the value of the property, plant and equipment and intangible assets of Endesa.
(2) Excludes the effect of the classification of the performance figures for the Italian gas distribution network under discontinued operations.

With regard to the acquisition of 25.01% of Endesa completed on June 25, 2009, the provisional recognition of the difference between the purchase price and the value of the assets acquired and liabilities assumed was carried out on the basis of the values of such assets and liabilities as determined in the final allocation of the price of the acquisition of 67.05% of Endesa. If the acquisition of the 25.01% stake had occurred on January 1, 2009, it is estimated that the revenues and net income pertaining to shareholders of the Parent Company for the first nine months of 2009 would have been €49,199 million and €4,955 million, respectively.

Results by Division

The results presented in this report reflect the organizational structure launched in September 2008, which 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. This organization was considered by management in assessing Group performance for the two periods under review.

The results of the Divisions have therefore been presented in accordance with the current structure and for the purposes of providing comparable figures, the figures for the first nine months of 2008 have been reallocated to the Renewable Energy Division, the figures for which have been drawn 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, Inelec, 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 (formerly Enel Maritza East 4), Blue Line, Enel North America, and Enel Erelis;

> the Sales Division for Enel.si.

Segment information for the 3rd Quarter of 2009 and 2008

3RD 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	4,690	3,033	43	435	7,239	1,355	347	68	28	(8)	17,230
Revenues from other segments	103	1,313	155	1,163	-	43	49	90	242	(3,158)	-
Total revenues	**4,793**	**4,346**	**198**	**1,598**	**7,239**	**1,398**	**396**	**158**	**270**	**(3,166)**	**17,230**
Net income/(charges) from commodity risk management	(223)	174	-	-	850	36	30	4	-	-	871
Gross operating margin	**108**	**805**	**-**	**817**	**2,102**	**396**	**264**	**2**	**53**	**-**	**4,547**
Depreciation, amortization and impairment losses	49	176	1	210	649	137	56	2	23	-	1,303
Operating income	**59**	**629**	**(1)**	**607**	**1,453**	**259**	**208**	**-**	**30**	**-**	**3,244**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(788)
Income taxes	-	-	-	-	-	-	-	-	-	-	840
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**1,616**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**(69)**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**1,547**

3RD 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	5,444	4,420	59	459	3,948	1,185	416	101	16	(58)	15,990
Revenues from other segments	47	1,787	179	1,117	8	48	37	71	274	(3,568)	-
Total revenues	**5,491**	**6,207**	**238**	**1,576**	**3,956**	**1,233**	**453**	**172**	**290**	**(3,626)**	**15,990**
Net income/(charges) from commodity risk management	228	(92)	-	-	33	23	(35)	(7)	-	-	150
Gross operating margin	**35**	**1,196**	**2**	**876**	**1,335**	**187**	**263**	**(15)**	**30**	**(3)**	**3,906**
Depreciation, amortization and impairment losses	59	205	1	215	405	124	49	14	23	-	1,095
Operating income	**(24)**	**991**	**1**	**661**	**930**	**63**	**214**	**(29)**	**7**	**(3)**	**2,811**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(803)
Income taxes	-	-	-	-	-	-	-	-	-	-	(259)
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**2,267**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**(18)**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**2,249**

(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 period.

Segment information for the first nine months of 2009 and 2008

FIRST NINE MONTHS 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	15,175	9,060	148	1,552	14,385	3,911	1,141	259	85	(29)	**45,687**
Revenues from other segments	231	4,580	507	3,517	3	136	118	255	694	(10,041)	-
Total revenues	**15,406**	**13,640**	**655**	**5,069**	**14,388**	**4,047**	**1,259**	**514**	**779**	**(10,070)**	**45,687**
Net income/(charges) from commodity risk management	(601)	601	-	-	328	49	76	5	-	-	**458**
Gross operating margin	**268**	**2,682**	**13**	**2,833**	**4,518**	**1,094**	**884**	**56**	**142**	**(4)**	**12,486**
Depreciation, amortization and impairment losses	218	520	2	630	1,603	443	169	6	72	-	**3,663**
Operating income	**50**	**2,162**	**11**	**2,203**	**2,915**	**651**	**715**	**50**	**70**	**(4)**	**8,823**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	**(976)**
Income taxes	-	-	-	-	-	-	-	-	-	-	**2,173**
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**5,674**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**(153)**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**5,521**
Operating assets	7,911	14,546	258	16,973	79,699 (2)	12,032	6,157	1,600	1,350	(4,836)	**135,690**
Operating liabilities	5,135	3,727	296	5,451	14,550 (3)	4,763	651	1,807	1,454	(4,926)	**32,908**
Capital expenditure	43	503	1	762	1,515	671	564	1	49	-	**4,109**

(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 period.
(2) Of which €478 million regarding units classified as "Held for sale".
(3) Of which €40 million regarding units classified as "Held for sale".

FIRST NINE MONTHS 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	16,430	10,775	85	1,290	12,123	3,029	1,193	288	122	(21)	**45,314**
Revenues from other segments	126	5,757	693	3,432	13	169	112	221	721	(11,244)	-
Total revenues	**16,556**	**16,532**	**778**	**4,722**	**12,136**	**3,198**	**1,305**	**509**	**843**	**(11,265)**	**45,314**
Net income/(charges) from commodity risk management	395	(116)	-	-	50	(31)	(65)	(7)	-	-	**226**
Gross operating margin	**330**	**2,829**	**7**	**2,802**	**3,667**	**734**	**784**	**(36)**	**111**	-	**11,228**
Depreciation, amortization and impairment losses	200	592	2	637	1,405	334	137	17	66	-	**3,390**
Operating income	**130**	**2,237**	**5**	**2,165**	**2,262**	**400**	**647**	**(53)**	**45**	-	**7,838**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	**(2,206)**
Income taxes	-	-	-	-	-	-	-	-	-	-	**481**
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**5,151**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**217**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**5,368**
Operating assets (2)	**8,105**	**15,357**	**217**	**19,773** (3)	**53,201** (5)	**12,562**	**5,593**	**1,233**	**1,883**	**(5,714)**	**112,210**
Operating liabilities (2)	**6,127**	**4,468**	**474**	**6,023** (4)	**9,255** (6)	**5,098**	**691**	**1,351**	**1,658**	**(5,150)**	**29,995**
Capital expenditure	**27**	**606**	-	**958**	**1,454**	**396**	**562**	**6**	**47**	-	**4,056**

(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 period.
(2) At December 31, 2008.
(3) Of which €2,871 million regarding units classified as "Held for sale".
(4) Of which €324 million regarding units classified as "Held for sale".
(5) Of which €2,368 million regarding units classified as "Held for sale".
(6) Of which €36 million regarding units classified as "Held for sale".

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

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008
Total assets	**160,199**	**133,207**
Financial assets, cash and cash equivalents	15,770	13,251
Tax assets	8,739	7,746
Segment assets	**135,690**	**112,210**
- of which:		
Sales	7,911	8,105
Generation and Energy Management	14,546	15,357
Engineering and Innovation	258	217
Infrastructure and Networks (1)	16,973	19,773
Iberia and Latin America (2)	79,699	53,201
International	12,032	12,562
Renewable Energy	6,157	5,593
Parent Company	1,600	1,233
Services and Other Activities	1,350	1,883
Eliminations and adjustments	(4,836)	(5,714)
Total liabilities	**118,029**	**106,912**
Loans and other financial liabilities	71,669	66,079
Tax liabilities	13,452	10,838
Segment liabilities	**32,908**	**29,995**
- of which:		
Sales	5,135	6,127
Generation and Energy Management	3,727	4,468
Engineering and Innovation	296	474
Infrastructure and Networks (3)	5,451	6,023
Iberia and Latin America (4)	14,550	9,255
International	4,763	5,098
Renewable Energy	651	691
Parent Company	1,807	1,351
Services and Other Activities	1,454	1,658
Eliminations and adjustments	(4,926)	(5,150)

(1) Of which €2,871 million regarding units classified as "Held for sale" at December 31, 2008.
(2) Of which €478 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(3) Of which €324 million regarding units classified as "Held for sale" at December 31, 2008.
(4) Of which €40 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 safeguard markets and the sale of natural gas to end users.

Operations

ELECTRICITY SALES

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
7,218	7,628	(410)	-5.4%	Mass-market customers	20,659	20,229	430	2.1%
5,961	6,003	(42)	-0.7%	Business customers (1)	17,504	18,137	(633)	-3.5%
1,375	1,876	(501)	-26.7%	Safeguard-market customers (2)	4,198	2,900	1,298	44.8%
14,554	**15,507**	**(953)**	**-6.1%**	**Total free market**	**42,361**	**41,266**	**1,095**	**2.7%**
19,005	19,616	(611)	-3.1%	Enhanced protection market	55,478	57,768	(2,290)	-4.0%
-	-	-	-	Safeguard market customers (2)	-	4,996	(4,996)	-100.0%
19,005	**19,616**	**(611)**	**-3.1%**	**Total regulated market**	**55,478**	**62,764**	**(7,286)**	**-11.6%**
33,559	**35,123**	**(1,564)**	**-4.5%**	**TOTAL**	**97,839**	**104,030**	**(6,191)**	**-6.0%**

(1) Supplies to large customers and energy-intensive users (annual consumption greater than 1 GWh).
(2) As of May 1, 2008, sales on the safeguard market are conducted by way of auction held by the operator of the free market.

Electricity sold in the first nine months of 2009 came to 97.8 TWh (33.6 TWh in the 3rd Quarter of 2009), a decline of 6.2 TWh (1.6 TWh in the 3rd Quarter of 2009) compared with the same period of the previous year, due mainly to the slowdown of the domestic economy, which had an impact on energy consumption for industrial purposes. More specifically, while sales on the free market increased by 1.1 TWh due essentially to the different period of operations for the safeguard market, sales on the regulated markets declined by a total of 7.3 TWh due essentially to the decline in demand on the enhanced protection market, in addition to the effect of the safeguard market.

NATURAL GAS SALES

3rd Quarter				Millions of m^3	First nine months			
2009	2008	Change			**2009**	2008	Change	
180	202	(22)	-10.9%	Mass-market customers (1)	2,140	2,045	95	4.6%
350	464	(114)	-24.6%	Business customers	1,330	1,906	(576)	-30.2%
530	**666**	**(136)**	**-20.4%**	**Total**	**3,470**	**3,951**	**(481)**	**-12.2%**

(1) Includes residential customers and microbusinesses.

A total of 3,470 million cubic meters of gas was sold in the first nine months of 2009 (530 million cubic meters in the 3rd Quarter of 2009), a decline of 481 million cubic meters (136 million cubic meters in the 3rd Quarter of 2009) from the same period of the previous year. This decrease was essentially due to the decline in the volume of sales to business customers (related essentially to the decline in demand by industrial consumers), which was only partially offset by the increase in sales to mass-market customers.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
4,793	5,491	(698)	Revenues	15,406	16,556	(1,150)
(223)	228	(451)	Net income/(charges) from commodity risk management	(601)	395	(996)
108	*35*	*73*	*Gross operating margin*	*268*	*330*	*(62)*
59	(24)	83	Operating income	50	130	(80)
			Operating assets	7,911	8,105 (1)	(194)
			Operating liabilities	5,135	6,127 (1)	(992)
			Employees at period-end (no.)	4,006	4,170 (1)	(164)
			Capital expenditures	43	27	16

(1) At December 31, 2008.

Performance in the 3rd Quarter

Revenues for the 3rd Quarter of 2009 totaled €4,793 million, a decline of €698 million or 12.7% from the same period of 2008 due to the following factors:

> a €543 million decline in revenues on the regulated electrical markets due mainly to the 0.6 TWh decline in quantities sold on the enhanced protection market;

> an €82 million decline (20.4%) in revenues on the natural gas market due essentially to the reduction in volumes sold;

> a €73 million decrease in revenues from electricity sales on the free market due essentially to the decrease in volumes sold (1.0 TWh).

The *gross operating margin* for the 3rd Quarter of 2009 totaled €108 million, an increase of €73 million from the same period of 2008. This increase is the net result of the following factors:

> a €52 million increase in margins on the sale of electricity on the regulated markets due mainly to the €37 million increase in sales margin, as well as to the net positive effect in the amount of €5 million for prior-year items recognized in the two periods under review in respect of electricity sales;

> a €16 million increase in margins on natural gas sales to end users, despite the decline in quantities sold;

> a €10 million increase in the margin on electricity on the free market;

> a €5 million increase in other operating costs related essentially to the increase in commercial costs for customer management.

Operating income for the 3rd Quarter of 2009 came to €59 million, including a €10 million decline in depreciation, amortization and impairment losses, for an improvement of €83 million over the same period of 2008.

Performance in the first nine months

Revenues for the first nine months of 2009 came to €15,406 million, a decrease of €1,150 million (6.9%) from the same period of 2008, due to the following factors:

> a €1,617 million decline in revenues on the regulated electricity markets due mainly to the 7.3 TWh decline in quantities sold to customers on the safeguard

market served during the first four months of 2008 (5.0 TWh), in addition to the 2.3 TWh decline in sales on the enhanced protection market. In addition, average revenues to cover power generation costs also decline, in line with the decline in the purchase price of electricity;
> a €63 million decline in revenues on the natural gas market due essentially to the reduction in volumes sold to business customers;
> a €530 million increase in revenues from electricity sales on the free market due essentially to the increase in volumes sold (an increase of 1.3 TWh on the safeguard market, partially offset by the 0.2 TWh decline on the free market).

The *gross operating margin* for the first nine months of 2009 totaled €268 million, a decrease of €62 million from the same period of 2008. This decrease is due primarily to the following factors:
> a €39 million decrease in margins on electricity on the free market, despite the higher volumes sold, which reflects the negative effect of commodity risk management;
> an €8 million decline in margins on the sale of electricity on the regulated markets due mainly to the net negative effect of prior-year items recognized in the two periods under review in respect of electricity sales in the amount of €10 million, as well as to the €9 million decline in sales margins connected with the lower quantities sold; these effects were partially offset by €11 million in operational efficiency gains;
> a €15 million increase in other operating costs related essentially to the increase in commercial costs for customer management.

Operating income for the first nine months of 2009, after depreciation, amortization and impairment losses in the amount of €218 million (€200 million for the same period of 2008), came to €50 million, decreasing by €80 million over the first nine months of 2008. The increase in depreciation, amortization and impairment losses was related mainly to the increase in impairment for doubtful trade receivables.

Capital expenditure

Capital expenditure came to €43 million, up €16 million over the first nine months of 2008, and primarily concerns investments in intangible assets.

Generation and Energy Management

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

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

Operations

NET ELECTRICITY GENERATION

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
13,051	17,922	(4,871)	-27.2%	Thermal	36,015	48,918	(12,903)	-26.4%
5,567	6,081	(514)	-8.5%	Hydroelectric	18,570	15,957	2,613	16.4%
18,618	**24,003**	**(5,385)**	**-22.4%**	**Total net generation**	**54,585**	**64,875**	**(10,290)**	**-15.9%**

In the first nine months of 2009, net electricity generation totaled 54,585 million kWh, a decrease of 15.9% from the same period of 2008. A similar trend was seen in the 3rd Quarter of 2009, with net power generation of 18,618 million kWh, a decline of 22.4% from the 3rd Quarter of 2008. More specifically, the growth in hydroelectric power generation for the first nine months of 2009 (an increase of 2,613 million kWh), fostered by improved water availability in the first half of 2009, was more than offset by the decline in thermal power generation (12,903 million kWh), which was affected above all by the reduced operations required of the plants, especially the combined-cycle plants.

CONTRIBUTION TO GROSS THERMAL GENERATION

3rd Quarter						Millions of kWh	First nine months					
2009		2008		Change			**2009**		2008		Change	
363	2.6%	468	2.5%	(105)	-22.4%	High-sulfur fuel oil (S>0.25%)	1,430	3.7%	1,736	3.3%	(306)	-17.6%
379	2.7%	785	4.1%	(406)	-51.7%	Low-sulfur fuel oil (S<0.25%)	1,508	3.9%	2,337	4.5%	(829)	-35.5%
742	**5.3%**	**1,253**	**6.6%**	**(511)**	**-40.8%**	**Total fuel oil**	**2,938**	**7.6%**	**4,073**	**7.8%**	**(1,135)**	**-27.9%**
5,966	42.8%	9,727	51.1%	(3,761)	-38.7%	Natural gas	14,165	36.7%	24,614	47.3%	(10,449)	-42.5%
7,076	50.7%	7,926	41.7%	(850)	-10.7%	Coal	21,116	54.7%	23,061	44.3%	(1,945)	-8.4%
162	1.2%	123	0.6%	39	31.7%	Other fuels	400	1.0%	284	0.6%	116	40.8%
13,946	**100.0%**	**19,029**	**100.0%**	**(5,083)**	**-26.7%**	**Total**	**38,619**	**100.0%**	**52,032**	**100.0%**	**(13,413)**	**-25.8%**

Gross thermal generation for the first nine months of 2009 declined by 25.8% from the same period of 2008. This decline, which was seen in all types of fuel and of plant technologies, was the result of the significant reduction in electricity

demand connected with the slowdown in the domestic economy, in conjunction with a variety of other factors, such as the increase in hydroelectric generation (supported by greater water availability), the increase in imported electricity, and the natural gas supply crisis of January 2009.
The most significant reduction was seen in generation from natural gas (down 42.5% for the first nine months of 2009) due mainly to the reduced operations of the combined-cycle plants, with the exception of those located in Sicily.
The decline in coal-fired generation (8.4% for the first nine months of 2009) was due to the reduced operations required of small-scale plants in response to a decline in demand, as well as to the larger plants being run at lower average power levels, as such plants were also affected by reduced availability due to accidental events. The reduced power generation of the larger plants was only partially recouped with the start of operations of sections 3 and 4 of the Torrevaldaliga Nord plant.
Finally, fuel-oil generation also declined, despite being boosted in the early part of the year by the gas emergency and by fuel price developments that made the use of this raw material more competitive.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
4,346	6,207	(1,861)	Revenues	13,640	16,532	(2,892)
174	(92)	266	Net income/(charges) from commodity risk management	601	(116)	717
805	*1,196*	*(391)*	*Gross operating margin*	*2,682*	*2,829*	*(147)*
629	991	(362)	Operating income	2,162	2,237	(75)
			Operating assets	14,546	15,357 (1)	(811)
			Operating liabilities	3,727	4,468 (1)	(741)
			Employees at period-end (no.)	6,678	6,829 (1)	(151)
			Capital expenditure	503	606	(103)

(1) At December 31, 2008.

Performance in the 3rd Quarter

Revenues came to €4,346 million for the 3rd Quarter of 2009, down €1,861 million or 30.0% from the same period of 2008 due mainly to the following factors:

> a €1,269 million decrease in revenues from electricity sales on the Power Exchange related mainly to a decline of 5.1 TWh in quantities sold on the energy and services markets and lower average sales prices;
> a €293 million decline in revenues from electricity sales related to the reduction in volumes sold (-0.7 TWh) on the free market by the Sales Division (€385 million), which was partially offset by an increase in revenues from electricity sales to domestic resellers (up €92 million);
> an €83 million decline in revenues from the sale of fuel for trading resulting from the €101 million decrease in natural gas sales, which was partially offset by the €18 million increase in sales of other fuels;
> recognition, in the 3rd Quarter of 2008, of the €323 million gain on the sale of the 51% stake in Hydro Dolomiti Enel.

These effects were partially offset by:

> a €140 million increase in revenues due to growth in trading on the international energy markets (up 3.3 TWh);
> a €45 million increase in revenues on the sale of green certificates.

The *gross operating margin* settled at €805 million, down €391 million or 32.7% from the €1,196 million posted in the 3rd Quarter of 2008. This decrease was due essentially to the gain in 2008 on the sale of Hydro Dolomiti Enel and the change in the fair value of derivatives related to commodity risk management (a negative €50 million), as well as to a decline in power generation margins and in natural gas trading margins.

Operating income came to €629 million, down €362 million or 36.5% from the 3rd Quarter of 2008. This performance was due primarily to the decline in the gross operating margin, which was partially offset by a €29 million decrease in depreciation, amortization and impairment losses.

Performance in the first nine months

Revenues for the first nine months of 2009 totaled €13,640 million, a decrease of €2,892 million (17.5%) from the same period of 2008, due primarily to the following factors:

> a €2,476 million decrease in revenues from electricity sales on the power exchange related mainly to a decline in quantities sold (9.2 TWh), as well as to the decline in average sales prices;
> a €702 million decline in revenues from electricity sales related to the reduction in volumes sold (1.5 TWh) on the free market by the Sales Division (a decrease of €1,011 million), which was partially offset by an increase in revenues from electricity sales to domestic resellers (up €309 million);
> a €249 million decline in revenues from the sale of fuel for trading resulting from the €234 million decrease in natural gas sales and the €15 million decline in sales of other fuels;
> recognition, for the first nine months of 2008, of the €323 million gain on the sale of the 51% stake in Hydro Dolomiti Enel.

These effects were partially offset by:

> a €419 million increase in revenues from the sale of green certificates to the Electricity Services Operator (ESO);
> a €403 million increase in revenues due to growth in trading on the international energy markets (up 6.4 TWh);
> recognition, in the first nine months of 2009, of gains in the amount of €78 million related to the settlement with Eni concerning the connection fees Enel paid to Snam SpA during the period 1991-1999 and to adjustment payments related to corrections to metering documents for the Montalto di Castro thermal power plant (concerning a number of months in 2004, 2006 and 2007) and for the Treviso city gate (for the period January-September 2003).

The *gross operating margin* for the first nine months of 2009 came to €2,682 million, down €147 million or 5.2% from the €2,829 million posted for the same period of 2008. This decrease was essentially due to non-recurring items (the gain on the sale of Hydro Dolomiti Enel and the settlement agreement with Eni for a net negative effect of €245 million) and the change in fair value of derivatives related to commodity risk management (a negative €189 million). These effects were partially offset by an increase in margins on natural gas trading.

Operating income came to €2,162 million, a decrease of €75 million (3.4%) from the first nine months of 2008 despite lower depreciation, amortization and impairment losses in the amount of €72 million, primarily related to completion of the depreciation of a number of systems, as well as to the increase in the useful life of the Hydro Dolomiti Enel systems following the extension of the related concession.

Capital expenditure

Capital expenditure for the first nine months of 2009 totaled €503 million and was mainly related to generation plants. The main investments for the first nine months of 2009 concerned the continuation of projects on thermal plants in the amount of €417 million (including the coal conversion of the Torrevaldaliga Nord plant for €241 million and logistics for coal transport and the refurbishing of particulate collectors at the Brindisi plant totaling €33 million), the refurbishing and repowering of the schedulable hydroelectric plants in the amount of €31 million, and projects involving alternative-energy plants, related to Project Archimede, in the amount of €19 million.

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 coordinated 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

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
198	238	(40)	Revenues	655	778	(123)
-	*2*	*(2)*	*Gross operating margin*	*13*	*7*	*6*
(1)	1	(2)	Operating income	11	5	6
			Operating assets	258	217 (1)	41
			Operating liabilities	296	474 (1)	(178)
			Employees at period-end (no.)	1,153	1,020 (1)	133
			Capital expenditure	1	-	1

(1) At December 31, 2008.

Performance in the 3rd Quarter

Revenues for the 3rd Quarter of 2009 came to €198 million, down €40 million or 16.8% from the same period of the prior year. This decline was essentially due to the following developments:

> a €41 million decline in business with E.ON España (formerly Enel Viesgo Generación) for the completion of a number of activities regarding the development of the Escatrón, Puente Nuevo, Las Remolinas and Doiras thermal power plants in Spain;

> an €8 million decline in business with the Generation and Energy Management Division, related mainly to the coal conversion of the Torrevaldaliga Nord plant;

> a €4 million increase in business with the companies of the International Division, related mainly to the construction of combined-cycle plants in Marcinelle (€13 million) and work to upgrade the thermal power plants in Slovakia (€6 million). These factors were partially offset by the decline in business with Enelco (down €10 million) and with Enel Maritza East 3 (down €7 million) related to the modernization of the coal plant.

The *gross operating margin* for the 3rd Quarter of 2009 came to zero, declining by €2 million from the same period of the previous year due essentially to a slowdown in progress on contract work in the 3rd Quarter of 2009.

The *operating loss* of €1 million for the 3rd Quarter of 2009, a deterioration of €2 million, was in line with developments in the gross operating margin.

Performance in the first nine months

Revenues for the first nine months of 2009 totaled €655 million, down €123 million or 15.8% from the same period of the previous year. This decline was essentially due to the following:

> a €126 million decline in business with E.ON España (formerly Enel Viesgo Generación) for the completion of a number of activities regarding the development of thermal power plants in Spain;
> a €34 million decline in business with the Generation and Energy Management Division, related mainly to the coal conversion of the Torrevaldaliga Nord plant;
> a €25 million increase in business with the companies of the International Division, related mainly to the construction of combined-cycle plants in Marcinelle (€25 million) and Nevinnomyskaya (€9 million), as well as to work to modernize the thermal power plants in Slovakia (€15 million). These factors were partially offset by the decline in business with Enel Maritza East 3 (down €21 million) and Enelco (down €3 million).

The *gross operating margin* for the first nine months of 2009 came to €13 million, increasing by €6 million due to the change in profitability on the business conducted during the two periods under review.

Operating income for the first nine months of 2009 totaled €11 million, an increase of €6 million, in line with the trend in gross operating margin.

Infrastructure and Networks

The Infrastructure and Networks Division is responsible for operating the electricity and gas distribution networks.
The activities are essentially carried out by:
> Enel Distribuzione and Deval (the latter's operations are limited to the Valle d'Aosta region) for the distribution of electricity;
> Avisio Energia for the distribution of natural gas;
> Enel Sole for public and artistic lighting.
Given that they concern a significant business unit in Italy, the income figures related to Enel Rete Gas have been classified among discontinued operations for the two periods being compared. For the first nine months of 2009, these figures have been recognized up to the time of the sale of the assets, which took place on September 30, 2009.

Operations

TRANSPORT OF ELECTRICITY AND NATURAL GAS

3rd Quarter					First nine months			
2009	2008	Change			**2009**	2008	Change	
62,800	66,247	(3,447)	-5.2%	**Electricity transported on Enel's distribution network** (millions of kWh) (1)	180,884	194,973	(14,089)	-7.2%
				Gas transported (millions of cubic meters)				
176	236	(60)	-25.4%	For Enel Group companies	1,831	1,949	(118)	-6.1%
145	126	19	15.1%	For third parties	561	464	97	20.9%
321	**362**	**(41)**	**-11.3%**	**Total gas transported** (2)	**2,392**	**2,413**	**(21)**	**-0.9%**

(1) The figures for the first nine months and 3rd Quarter of 2008 reflect a more detailed calculation of quantities transported.
(2) Includes discontinued operations (2,377 millions of cubic meters in the first nine months of 2009, 2,400 millions of cubic meters in the first nine months of 2008, 319 million of cubic meters in the 3rd Quarter of 2009, and 361 millions of cubic meters in the 3rd Quarter of 2008).

Developments in energy transported on the Enel network in Italy for the 3rd Quarter and the first nine months of 2009 reflects the trend of Italian demand for electricity, which was in turn significantly affected by the slowdown in the country's economy.

Gas transported, which was essentially unchanged for the first nine months of 2009 (down 0.9%), posted a decline of 11.3% in the 3rd Quarter of 2009. The reduction, which followed that of the 2nd Quarter of 2009, more than offset the increase of the 1st Quarter of 2009, a period that featured colder average temperatures than in the 1st Quarter of 2008.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
1,598	1,576	22	Revenues	5,069	4,722	347
817	*876*	*(59)*	*Gross operating margin*	*2,833*	*2,802*	*31*
607	661	(54)	Operating income	2,203	2,165	38
			Operating assets (1)	16,973	19,773 (4)	(2,800)
			Operating liabilities (2)	5,451	6,023 (4)	(572)
			Employees at period-end (no.) (3)	19,865	21,683 (4)	(1,818)
			Capital expenditure	762	958	(196)

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

Performance in the 3rd Quarter

Revenues for the 3rd Quarter of 2009 came to €1,598 million, up €22 million (1.4%) over the same period of 2008. This increase was mainly due to the €7 million increase in revenues from the transport of electricity resulting from rising prices, while energy distributed to end users fell by 3.5 TWh, as well as an €18 million increase in contributions in respect of white certificates.

The *gross operating margin* totaled €817 million, a decline of €59 million (6.7%) due to:

> an €83 million decline in positive prior-year items due essentially to the domestic equalization mechanisms and the equalization of the differences between actual network losses and standard losses;
> the margin for the 3rd Quarter of 2008 in respect of the high-voltage grid for a total of €34 million;
> a €17 million reduction in positive items related to past periods related to the purchase of electricity from the Single Buyer following the alignment by Terna and Enel Distribuzione of withdrawal points on the high-voltage networks (Resolution 177/07);
> a €29 million increase in the margin on electricity transport;
> a €49 million decline in charges for early retirement incentives, which was only partially offset by an increase in costs related to the operating structure and other lesser items totaling €3 million.

Operating income, after depreciation, amortization and impairment losses in the amount of €210 million (€215 million for the 3rd Quarter of 2008), came to €607 million, a decrease of €54 million (8.2%) from the same period of 2008.

Performance in the first nine months

Revenues for the first nine months of 2009 totaled €5,069 million, a €347 million increase (7.3%) over the same period of 2008. This change reflects the €297 million gain on the sale of Enel Linee Alta Tensione, the company to which the high-voltage power distribution network was transferred effective as of January 1, 2009, as well as the following:

> a €41 million increase in revenues on electricity transport resulting from the increase in average transport prices (including the equalization mechanisms)

following the rate updates for the 2008-2011 regulatory period, the effects of which more than offset the reduction in quantities of electricity distributed to end users (down 14.1 TWh);
> a €27 million increase in contributions related to white certificates and a €17 million increase in service continuity bonuses;
> a €46 million decrease in connection fees as a result of a decline in power demand, which was essentially related to low-voltage users.

The *gross operating margin* totaled €2,833 million, up €31 million (1.1%) due to:
> recognition of the €297 million gain on the sale of Enel Linee Alta Tensione mentioned above;
> a €74 million increase in the margin on electricity transport;
> a €103 million reduction in positive items related to prior-year periods related to the purchase of electricity from the Single Buyer following the alignment by Terna and Enel Distribuzione of withdrawal points on the high-voltage networks (Resolution 177/07);
> a €71 million decline in margins resulting from the sale of the high-voltage grid on April 1, 2009;
> a €66 million decline in positive prior-year items due essentially to the domestic equalization mechanisms and the equalization of differences between actual network losses and standard losses;
> a €46 million decline in connection fees, as mentioned above in the section on revenues;
> a €23 million increase in operating costs;
> a €31 million increase in charges for early-retirement incentives.

Operating income, after depreciation, amortization and impairment losses in the amount of €630 million (€637 million for the first nine months of 2008), came to €2,203 million, an increase of €38 million or 1.8% over the same period of 2008.

Capital expenditure

Capital expenditure for the first nine months of 2009 totaled €762 million, a €196 million decrease compared with the same period of the previous year. Investments mainly regarded the work done on the low and medium-voltage grids in order to meet customer needs (connections and plant transfers).

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. In 2009, the figures for this Division solely reflect those for Endesa (which was consolidated on a proportionate basis at 67.05% until completion of the acquisition of the additional 25.01% stake, which allowed for line-by-line consolidation), whereas in 2008 they included the performance data of Enel Viesgo Generación, Enel Viesgo Servicios, Electra de Viesgo Distribución and the equity investments of these companies, all of which were sold to E.ON in June 2008.

Operations

NET ELECTRICITY GENERATION

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
16,684	13,349	3,335	25.0%	Thermal	39,324	39,454	(130)	-0.3%
6,184	4,152	2,032	48.9%	Nuclear	13,868	13,624	244	1.8%
11,688	8,197	3,491	42.6%	Hydroelectric	27,427	22,135	5,292	23.9%
335	364	(29)	-8.0%	Wind	1,387	1,327	60	4.5%
78	42	36	85.7%	Other sources	167	123	44	35.8%
34,969	**26,104**	**8,865**	**34.0%**	**Total net generation**	**82,173**	**76,663**	**5,510**	**7.2%**

Net power generation in the first nine months of 2009 came to 82,173 million kWh (34,969 million kWh in the 3rd Quarter of 2009), for an increase of 5,510 million kWh (up 8,865 million kWh in the 3rd Quarter of 2009) over the same period of 2008 due mainly to the 6,836 million kWh increase in production for Endesa (up 8,865 million kWh in the 3rd Quarter of 2009), which was partially offset by the 1,326 million kWh reduction resulting from the sale of Enel Viesgo Generación (all related to the first half of 2008).

For the first nine months of 2009, net power generation on the Iberian peninsula fell by 138 million kWh (up 3,753 million kWh for the 3rd Quarter of 2009), where the effect of the change in the scope of consolidation (an increase of 7,611 million kWh) was more than offset by the decline in thermal power generation (down 21.0%) in reflection of the decrease in market demand for electricity, and the decline in nuclear power generation due to the unavailability of the Ascó II plant and the scheduled shutdown of a number of other plants. Conversely, production increased by 6,442 million kWh in Latin America (up 4,834 million kWh in the 3rd Quarter of 2009) due mainly to the change in consolidation method (an increase of 5,136 million kWh), as well as to the greater water availability in the first half of 2009 in Argentina, Chile and Colombia. Power generation also increased by 532 million kWh in the other European countries (up 278 million kWh in the 3rd Quarter of 2009), which includes the increased production for the thermal power plants acquired in Ireland in January 2009 (an increase of 686 million kWh).

CONTRIBUTION TO GROSS THERMAL GENERATION

3rd Quarter						Millions of kWh	First nine months					
2009		2008		Change			2009		2008		Change	
2,220	9.2%	1,581	8.7%	639	40.4%	High-sulfur fuel oil (S>0.25%)	4,881	8.8%	4,578	8.3%	303	6.6%
377	1.6%	146	0.8%	231	158.2%	Low-sulfur fuel oil (S<0.25%)	807	1.5%	392	0.7%	415	105.9%
2,597	**10.8%**	**1,727**	**9.5%**	**870**	**50.4%**	**Total fuel oil**	**5,688**	**10.3%**	**4,970**	**9.0%**	**718**	**14.4%**
7,182	30.0%	5,769	31.9%	1,413	24.5%	Natural gas	17,107	30.8%	16,014	28.9%	1,093	6.8%
6,389	26.7%	5,588	30.9%	801	14.3%	Coal	14,831	26.7%	16,943	30.4%	(2,112)	-12.5%
6,513	27.2%	4,327	23.9%	2,186	50.5%	Nuclear fuel	14,390	25.9%	14,196	25.6%	194	1.4%
1,284	5.3%	693	3.8%	591	85.3%	Other fuels	3,497	6.3%	3,361	6.1%	136	4.0%
23,965	**100.0%**	**18,104**	**100.0%**	**5,861**	**32.4%**	**TOTAL**	**55,513**	**100.0%**	**55,484**	**100.0%**	**29**	**0.1%**

Gross thermal power generation remained essentially constant, given that the effect of the change in the consolidation method used for Endesa (an increase of 8,897 million kWh) was offset almost entirely by the reduction in Endesa's thermal power generation (down 7,925 million kWh) and by the change in the scope of consolidation related to Enel Viesgo Generación (a decrease of 943 million kWh).

ELECTRICITY SALES

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			2009	2008	Change	
				Free market:				
27,945	9,214	18,731	203.3%	- Iberian peninsula	46,334	23,674	22,660	95.7%
1,658	1,522	136	8.9%	- Latin America	3,970	3,500	470	13.4%
29,603	**10,736**	**18,867**	**175.7%**	**Total free market**	**50,304**	**27,174**	**23,130**	**85.1%**
				Regulated market:				
-	9,615	(9,615)	-100.0%	- Iberian peninsula	15,010	34,567	(19,557)	-56.6%
10,431	6,362	4,069	64.0%	- Latin America	23,855	19,844	4,011	20.2%
10,431	**15,977**	**(5,546)**	**-34.7%**	**Total regulated market**	**38,865**	**54,411**	**(15,546)**	**-28.6%**
40,034	**26,713**	**13,321**	**49.9%**	**Total**	**89,169**	**81,585**	**7,584**	**9.3%**
27,945	18,829	9,116	48.4%	- of which Iberian peninsula	61,344	58,241	3,103	5.3%
12,089	7,884	4,205	53.3%	- of which Latin America	27,825	23,344	4,481	19.2%

Electricity sales to end users by the Iberia and Latin America Division for the first nine months of 2009 came to 89,169 million kWh, up 7,584 million kWh from the same period of 2008. This was due to the 10,028 million kWh increase in sales by Endesa, which was partially offset by the change in the scope of consolidation related to Electra de Viesgo Distribución and Viesgo Energía (a decrease of 2,444 million kWh), which were sold in the first half of 2008.
Of the total increase in sales by Endesa, 13,127 million kWh are related to the change in consolidation method, which was partially offset by the decline in demand for electricity, a phenomenon that affected the Iberian peninsula in particular. Finally, following the introduction of the *Tarifa de Ultimo Recurso* in Spain on July 1, 2009, all sales on the Spanish market are to be considered sales conducted on the free market.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
7,239	3,956	3,283	Revenues	14,388	12,136	2,252
850	33	817	Net income/(charges) from commodity risk management	328	50	278
2,102	*1,335*	*767*	*Gross operating margin*	*4,518*	*3,667*	*851*
1,453	930	523	Operating income	2,915	2,262	653
			Operating assets (1)	79,699	53,201 (4)	26,498
			Operating liabilities (2)	14,550	9,255 (4)	5,295
			Employees at period-end (no.) (3)	26,526	17,827 (4)	8,699
			Capital expenditure	1,515	1,454	61

(1) Of which €478 million at September 30, 2009 (€2,368 million at December 31, 2008) regarding units classified as "Held for sale".
(2) Of which €40 million at September 30, 2009 (€36 million at December 31, 2008) regarding units classified as "Held for sale".
(3) Of which 53 in units classified as "Held for sale" (124 at December 31, 2008).
(4) At December 31, 2008.

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Europe	5,156	2,626	2,530	1,251	771	480	838	518	320
Latin America	2,083	1,330	753	851	564	287	615	412	203
Total	**7,239**	**3,956**	**3,283**	**2,102**	**1,335**	**767**	**1,453**	**930**	**523**

Revenues for the 3rd Quarter of 2009 rose by €3,283 million or 83.0% due to:

> a €2,530 million increase in revenues in Europe related essentially to the change in consolidation method (from proportionate to line-by-line) and to the introduction of the *Tarifa de Ultimo Recurso* (TUR) as from July 1, 2009 in Spain. The regulatory changes involved the modification of the way that electricity sales are made on the former regulated market (which is no longer carried out by the distributor but rather by separate sales companies, the *Comercializadores de Ultimo Recurso*), with the consequent separate recognition in the income statement by the sales companies of the revenues and costs in respect of the sale and purchase of electricity, inclusive of associated transport costs, which had been offset until the TUR came into force;

> a €753 million increase in revenues by Endesa in Latin America due mainly to the change in consolidation method (€654 million), in addition to a €172 million increase in revenues on electricity distribution and sales, which were only partially offset by a decline in revenues on power generation.

The *gross operating margin* reached €2,102 million, an increase of €767 million or 57.5% over the 3rd Quarter of 2008. Of particular note was the following:

> the €480 million increase in the gross operating margin in Europe, €379 million of which related to the change in consolidation method, as well as an increase in margins on electricity sales and distribution, which was only partially offset by the lower margins on power generation due to the decline in quantities generated;

> the €287 million increase in the gross operating margin in Latin America due

essentially to the €277 million increase related to the change in consolidation method.

Operating income for the 3rd Quarter of 2009 came to €1,453 million, an increase of €523 million over the same period of 2008, €457 million of which is related to the change in consolidation method for Endesa. In addition, Endesa operating income increased by €66 million, due mainly to the electricity distribution and sales business on the Iberian peninsula.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Europe	9,562	7,970	1,592	2,630	2,217	413	1,566	1,270	296
Latin America	4,826	4,166	660	1,888	1,450	438	1,349	992	357
Total	**14,388**	**12,136**	**2,252**	**4,518**	**3,667**	**851**	**2,915**	**2,262**	**653**

Revenues for the first nine months of 2009 rose by €2,252 million or 18.6% due to:

> a €1,592 million increase in revenues in Europe, €2,387 million of which related to the increase in Endesa revenues, which was partially offset by a decrease of €795 million due to change in the scope of consolidation when the Viesgo Group was sold to E.ON in June 2008. The increase in Endesa revenues is essentially related to the change in the method of consolidation for the company (€1,290 million) and to the application of the aforementioned *Tarifa de Ultimo Recurso* as from July 1, 2009;

> a €660 million increase in revenues for Endesa in Latin America, due mainly to the change in consolidation method (€654 million).

The *gross operating margin* totaled €4,518 million, up €851 million (23.2%) over the first nine months of 2008. Of particular note was the following:

> the €438 million increase in the gross operating margin in Latin America, due substantially (€277 million) to the change in consolidation method, as well as to power generation, which benefited from the favorable water availability in a number of countries;

> the €413 million increase in the gross operating margin in Europe, €378 million of which related to the change in the contribution from Endesa (nearly entirely due to the change in consolidation method), and €35 million in respect of the positive effect of the deconsolidation of Viesgo, including the loss resulting from the sale to E.ON.

Operating income for the first nine months of 2009 came to €2,915 million, an increase of €653 million over the same period of 2008, €457 million of which is related to the change in consolidation method for Endesa. This performance also reflects the positive effect of the deconsolidation of the Viesgo Group in the amount of €242 million (which includes the loss on the sale and the adjustment made in the 1st Quarter of 2008 to the value of the net assets that were subsequently sold to E.ON).

Capital expenditure

Capital expenditure came to €1,515 million, up €61 million over the same period of the previous year. In particular, investments in the first nine months of 2009 included €693 million related to generation plants, including the following: in Spain, the construction of combined-cycle plants (Besós 5, Elecgas, Ca's Tresorer, and Granadilla 2) and gas-fueled plants (Ibiza, Mahon, and Ceuta), and the construction and development of a number of wind plants; in Latin America, the completion of the Quintero (Chile) and Santa Rosa (Peru) combined-cycle plants and the construction of the Bocamina II (Chile) coal plant and the Canela II (Chile) wind facility.

Investments in the electricity network, in the amount of €655 million (€417 million in Europe), concerned the expansion of the distribution network, as well as work to enhance the service quality and operating efficiency of the electrical system.

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 Iberian and Latin American 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 electricity sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne), and the development of thermal power 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), development of power 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 thermal power plant development in Greece (Enelco);
> Russia, with electricity sales and trading (RusEnergoSbyt), power generation and sales (Enel OGK-5), and support services (Enel Rus) in the Russian Federation.

Operations

NET ELECTRICITY GENERATION

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
11,333	11,677	(344)	-2.9%	Thermal	31,606	17,944	13,662	76.1%
2,910	3,505	(595)	-17.0%	Nuclear	9,553	11,325	(1,772)	-15.6%
1,049	969	80	8.3%	Hydroelectric	3,453	3,280	173	5.3%
3	-	3	100.0%	Other sources	3	-	3	100.0%
15,295	**16,151**	**(856)**	**-5.3%**	**Total net generation**	**44,615**	**32,549**	**12,066**	**37.1%**

Net generation abroad in the first nine months of 2009 totaled 44,615 million kWh, an increase of 12,066 million kWh over the same period of 2008 due to the different period of consolidation for Enel OGK-5 (14,282 million kWh), which was partially offset by the decrease in production for Slovenské elektrárne (down 1,957 million kWh, primarily from nuclear power as a result of the shutdown of the EBO V1 plant at the end of 2008) and Enel Maritza East 3 (down 258 million kWh) as a result of lower demand on the Bulgarian market.
In the 3rd Quarter of 2009, in addition to the reduction in nuclear power generation, there was also a decline in thermal power generation, which was essentially affected by the decrease in generation for Enel OGK-5, a factor that was only partially offset by the increase in hydroelectric production in Slovakia.

CONTRIBUTION TO GROSS THERMAL GENERATION

3rd Quarter						Millions of kWh	First nine months					
2009		2008		Change			**2009**		2008		Change	
60	0.4%	74	0.5%	(14)	-18.9%	High-sulfur fuel oil (S>0.25%)	143	0.3%	86	0.3%	57	66.3%
5,260	34.5%	6,002	36.9%	(742)	-12.4%	Natural gas	14,269	32.3%	7,289	23.0%	6,980	95.8%
6,765	44.4%	6,388	39.2%	377	5.9%	Coal	19,479	44.1%	12,072	38.0%	7,407	61.4%
3,150	20.7%	3,812	23.4%	(662)	-17.4%	Nuclear fuel	10,311	23.3%	12,277	38.7%	(1,966)	-16.0%
15,235	**100.0%**	**16,276**	**100.0%**	**(1,041)**	**-6.4%**	**Total**	**44,202**	**100.0%**	**31,724**	**100.0%**	**12,478**	**39.3%**

Gross thermal generation reflects the different period of consolidation for Enel OGK-5, which in the first nine months of 2009 generated 15,154 million kWh more power compared with the same period of the previous year (of which 8,117 million kWh from coal and 6,980 million kWh from natural gas), in addition to the aforementioned reduction in nuclear power generation in Slovakia.

ELECTRICITY SALES

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
				Free market:				
251	312	(61)	-19.6%	- Romania	812	660	152	23.0%
667	230	437	190.0%	- France	2,295	731	1,564	214.0%
1,901	968	933	96.4%	- Russia	3,474	2,329	1,145	49.2%
2,819	1,510	1,309	86.7%	Total free market	6,581	3,720	2,861	76.9%
				Regulated market:				
2,063	2,133	(70)	-3.3%	- Romania	6,459	4,591	1,868	40.7%
2,780	3,208	(428)	-13.3%	- Russia	10,757	10,577	180	1.7%
4,843	**5,341**	**(498)**	**-9.3%**	**Total regulated market**	**17,216**	**15,168**	**2,048**	**13.5%**
7,662	**6,851**	**811**	**11.8%**	**TOTAL**	**23,797**	**18,888**	**4,909**	**26.0%**
2,314	2,445	(131)	-5.4%	- of which Romania	7,271	5,251	2,020	38.5%
667	230	437	190.0%	- of which France	2,295	731	1,564	214.0%
4,681	4,176	505	12.1%	- of which Russia	14,231	12,906	1,325	10.3%

Electricity sales by the International Division in the first nine months of 2009 increased by 4,909 million kWh (811 million kWh in the 3rd Quarter of 2009), of which 2,078 million kWh related to the different consolidation period for Enel Energie Muntenia, 1,564 million kWh to the increase in sales by Enel France, and 1,325 million kWh to the increase in sales in Russia, mainly following the expansion of business into new regions in the eastern part of the country.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
1,398	1,233	165	Revenues	4,047	3,198	849
36	23	13	Net income/(charges) from commodity risk management	49	(31)	80
396	*187*	*209*	*Gross operating margin*	*1,094*	*734*	*360*
259	63	196	Operating income	651	400	251
			Operating assets	12,032	12,562 (1)	(530)
			Operating liabilities	4,763	5,098 (1)	(335)
			Employees at period-end (no.)	16,107	16,865 (1)	(758)
			Capital expenditure	671	396	275

(1) At December 31, 2008.

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Central Europe	612	444	168	227	98	129	142	12	130
Southeastern Europe	265	302	(37)	56	61	(5)	25	41	(16)
Russia	521	487	34	113	28	85	92	10	82
Total	**1,398**	**1,233**	**165**	**396**	**187**	**209**	**259**	**63**	**196**

Revenues for the 3rd Quarter of 2009 grew by €165 million or 13.4%, going from €1,233 million to €1,398 million. This performance was due to the following:

> a €34 million increase in revenues in Russia due mainly to the gain on the sale of the 51% stake in SeverEnergia (€68 million), and to a €42 million increase in revenues for RusEnergoSbyt due essentially to an increase in quantities sold. These effects were partially offset by a decline in revenues for Enel OGK-5 as a result of a fall in volumes generated and in average unit sales prices due to the change in the euro-ruble exchange rate;

> a €168 million increase in revenues in central Europe, primarily in Slovakia in the amount of €144 million (essentially due to the increase in average sales prices, which reflects Slovakia's entrance into the euro area), as well as to the €23 million increase in revenues from electricity sales by Enel France (related mainly to an increase in quantities of energy sold);

> a €37 million decline in revenues in southeastern Europe due to a €49 million decline in revenues for the Romanian companies as a result of a reduction in quantities sold (down 5.4%) and a decrease in unit sales prices, which was partially offset by a €12 million increase in revenues for Enel Maritza East 3, despite nearly constant volumes.

The *gross operating margin* reached €396 million, an increase of €209 million (111.8%) over the 3rd Quarter of 2008. This performance was attributable to:

> a €129 million increase in the gross operating margin in central Europe, €126 million of which related to Slovenské elektrárne (due mainly to the growth in the electricity margin, which benefited from a significant increase in sales prices and gains in operating efficiency) and €3 million to Enel France;

> a €85 million increase in the gross operating margin in Russia due essentially to the gain on the sale of the 51% stake in SeverEnergia, as well as to the €14 million increase in the margin of Enel OGK-5;
> a €5 million decline in the gross operating margin in southeastern Europe due mainly to a decline in margins for the Romanian companies (€18 million) related essentially to the decline in volumes sold and in sales prices. This effect was partially offset by a €12 million improvement in margins in Bulgaria due to rising sales prices.

Operating income for the 3rd Quarter of 2009 came to €259 million, an increase of €196 million over the same period of 2008 notwithstanding greater depreciation, amortization and impairment losses in the amount of €13 million.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Central Europe	1,902	1,628	274	726	548	178	473	298	175
Southeastern Europe	840	682	158	172	151	21	78	96	(18)
Russia	1,305	888	417	196	35	161	100	6	94
Total	**4,047**	**3,198**	**849**	**1,094**	**734**	**360**	**651**	**400**	**251**

Revenues for the first nine months of 2009 grew by €849 million or 26.5%, going from €3,198 million to €4,047 million. This performance was due to the following:
> the €417 million increase in revenues in Russia related mainly to the different period of consolidation for Enel OGK-5 (€279 million), to the gain on the sale of the 51% stake in SeverEnergia (€68 million), and to the increase in revenues for RusEnergoSbyt thanks to the increase in quantities sold;
> the €274 million increase in revenues in central Europe, primarily in Slovakia in the amount of €202 million (essentially due to the increase in average sales prices, which reflects Slovakia's entrance into the euro area), as well as to the €71 million increase in revenues from electricity sales by Enel France (related mainly to electricity sales following the agreement with EDF, with average sales prices also rising);
> the €158 million increase in revenues in southeastern Europe due to the different consolidation period for Enel Distributie Muntenia and Enel Energie Muntenia in the amount of €177 million and the €28 million increase in revenues for Enel Maritza East 3 as a result of the increase in prices on the Bulgarian market. These positive effects were partially offset by a €46 million decline in revenues for the other Romanian firms due essentially to the reduction in rates for electricity distribution and sales (which reflect the adverse change in exchange rates).

The *gross operating margin* totaled €1,094 million, up €360 million or 49.0% over the first nine months of 2008. This increase is due to the following factors:
> a €178 million increase in central Europe, €159 million of which related to Slovenské elektrárne (due mainly to the growth in the electricity margin, which benefited from a significant increase in sales prices, and gains in operating efficiency) and €19 million to Enel France;
> a €161 million increase in Russia due essentially to both the different consolidation period for Enel OGK-5 (€96 million) and the gain on the sale of Enel's 51% stake in SeverEnergia;

> a €21 million increase in southeastern Europe, due essentially to the €28 million improvement in margins in Bulgaria due to the increase in sales prices, as well as to the start of operations of a new section of the Enel Maritza East 3 plant and the different consolidation period for Enel Distributie Muntenia and Enel Energie Muntenia in the amount of €12 million; these effects were partially offset by the decline in margins for the other Romanian firms due essentially to the reduction in sales prices for electricity.

Operating income for the first nine months of 2009 came to €651 million, an increase of €251 million (62.8%) over the same period of 2008, including a €109 million increase in depreciation, amortization and impairment losses, of which €86 million related to the change in the scope of consolidation.

Capital expenditure

Capital expenditure came to €671 million, up €275 million over the same period of the previous year. This change is related essentially to the €215 million increase in investment in power generation plants (attributable mainly to Enel OGK-5 and Marcinelle Energie) and to the €37 million increase in investment in the Romanian distribution network.

Renewable Energy

The Division's mission is to develop and manage power generation from renewable sources, ensuring the integration of this business within the Group in line with Enel's strategies. The geographical 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, Hydro Constructional, International Wind Parks of Rhodes, International Wind Parks of Achaia, and Glafkos Hydroelectric Station in Greece; Enel Green Power in Bulgaria; Blue Line in Romania; and Enel Erelis in France);
> the Americas, with power generation from renewable resources (Enel North America and Enel Latin America BV, which, as of January 1, 2009, includes the results of Enel Latin America LLC, Inelec, and Americas Generation Corporation).

Operations

NET ELECTRICITY GENERATION

3rd Quarter				Millions of kWh	First nine months			
2009	2008	Change			**2009**	2008	Change	
				Italy:				
1,472	1,286	186	14.5%	Hydroelectric	5,090	3,923	1,167	29.7%
1,251	1,285	(34)	-2.6%	Geothermal	3,728	3,940	(212)	-5.4%
81	71	10	14.1%	Wind	322	344	(22)	-6.4%
1	-	1	-	Other resources	2	1	1	100.0%
2,805	2,642	163	6.2%	Total net generation in Italy	9,142	8,208	934	11.4%
				International:				
1,117	1,090	27	2.5%	Hydroelectric	3,456	3,279	177	5.4%
35	8	27	337.5%	Geothermal	83	34	49	144.1%
473	351	122	34.8%	Wind	1,515	1,115	400	35.9%
56	72	(16)	-22.2%	Other resources	210	229	(19)	-8.3%
1,681	1,521	160	10.5%	Total net generation abroad	5,264	4,657	607	13.0%
4,486	**4,163**	**323**	**7.8%**	**TOTAL**	**14,406**	**12,865**	**1,541**	**12.0%**

Net power generation by the Division rose 1,541 million kWh (12.0%) during the first nine months of the year to 14,406 million kWh. Of this, 934 million kWh can be attributed to the increase in power generation in Italy, where hydroelectric generation benefited from greater water availability. This was partially offset by a reduction in geothermal generation, essentially as a result of a number of plants being shut down for scheduled maintenance. Outside Italy, power generation was up by 607 million kWh, essentially the result of increased wind generation following the start of operations at the Smoky Hills II (384 million kWh) and NeWind (72 million kWh) wind farms. This was partially offset by the shutdown of a number of plants for maintenance. Also of note was the increase in hydroelectric power generation, particularly in Latin America, due to the increased water availability in the Republic of Panama.

Performance

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
396	453	(57)	Revenues	1,259	1,305	(46)
30	(35)	65	Net income/(charges) from commodity risk management	76	(65)	141
264	*263*	*1*	*Gross operating margin*	*884*	*784*	*100*
208	214	(6)	Operating income	715	647	68
			Operating assets	6,157	5,593 (1)	564
			Operating liabilities	651	691 (1)	(40)
			Employees at period-end (no.)	2,686	2,432 (1)	254
			Capital expenditure	564	562	2

(1) At December 31, 2008.

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Italy	278	330	(52)	201	186	15	170	156	14
Europe	23	30	(7)	12	20	(8)	2	12	(10)
Americas	95	93	2	51	57	(6)	36	46	(10)
Total	**396**	**453**	**(57)**	**264**	**263**	**1**	**208**	**214**	**(6)**

Revenues decreased by €57 million (down 12.6%) from €453 million to €396 million. The drop is the net effect of a €52 million decline in revenues from Italy, a €7 million decline in revenues from Europe (mainly as a result of a reduction in unit prices in Spain), and a €2 million increase in revenues from the Americas.
In Italy, revenue performance was essentially the result of €42 million in lower sales of electricity (primarily owing to €88 million in lower revenues on the Power Exchange, which was only partially offset by €49 million in higher revenues from bilateral contracts). In addition, revenues from sales of green certificates and other contributions declined by €11 million.

The *gross operating margin* rose €1 million or 0.4% compared with 3rd Quarter 2008 to €264 million. Growth was achieved through:

> an increase of €15 million on the Italian market, essentially as a result of the rise in the electricity margin;
> a reduction of €6 million in the margin posted in the Americas;
> a reduction of €8 million in the margin posted in other European countries, essentially regarding Unión Fenosa Renovables.

Operating income amounted to €208 million, down €6 million compared with the 3rd Quarter of 2008, mainly as a result of an increase of €7 million in depreciation, amortization and impairment losses.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	Change	**2009**	2008	Change	**2009**	2008	Change
Italy	904	948	(44)	671	569	102	579	487	92
Europe	79	82	(3)	48	53	(5)	21	34	(13)
Americas	276	275	1	165	162	3	115	126	(11)
Total	**1,259**	**1,305**	**(46)**	**884**	**784**	**100**	**715**	**647**	**68**

Revenues diminished by €46 million (down 3.5%) from €1,305 million to €1,259 million as the net result of a decrease of €44 million in revenues from Italy, a decline of €3 million in revenues from Europe (the joint effect of a decline of €8 million in revenues from Spain following a drop in unit sales prices, partially offset by higher revenues from wind generation in Greece and France), and €1 million in higher revenues from the Americas.

In Italy, the change in revenues was essentially the result of:

> a €35 million decrease in revenues from Enel.si, mainly ascribable to the completion of a number of projects aimed at obtaining white certificates;

> a €26 million decline in sales of electricity, essentially ascribable to a reduction of €146 million in revenues from the Power Exchange, and a €19 million decline in revenues from small plants (Legislative Decree 387/03 and Law 293/04); these items were partially offset by €132 million in higher revenues from bilateral contracts and €15 million in increased revenues from subsidized CIP 6 electricity;

> a total increase of €9 million in sales of green certificates and other contributions;

> recognition of the hydroelectric rent based on Resolution ARG/elt 63/09 in the amount of €4 million.

The *gross operating margin* rose €100 million (up 12.8%) compared with the first nine months of 2008 to €884 million. The increase breaks down as follows:

> an increase of €102 million on the Italian market. In addition to the above-mentioned hydroelectric rent, the improvement was essentially the result of a €95 million rise in the electricity margin (of which €25 million referring to prior-year items), partially offset by a €13 million decrease in the margin of Enel.si;

> a €3 million increase in the margin posted in the Americas;

> a €5 million reduction in the margin in other European countries, essentially as a result of the impact of lower electricity prices on Enel Unión Fenosa Renovables (down €6 million).

Operating income rose €68 million compared with the first nine months of 2008 to €715 million, despite an increase of €32 million in depreciation, amortization and impairment losses due essentially to new plants entering service.

Capital expenditure

Capital expenditure during the first nine months of 2009 amounted to €564 million, up €2 million compared with the same period of 2008.

Capital expenditure during the first nine months of 2009 breaks down as follows: €228 million in Italy (€209 million in the same period in 2008), and €336 million abroad (€353 million in the first nine months of 2008), mainly for work on power plants.

Parent Company, Services and Other Activities

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
			Parent Company			
158	172	(14)	Revenues	514	509	5
2	*(15)*	*17*	*Gross operating margin*	*56*	*(36)*	*92*
-	(29)	29	Operating income	50	(53)	103
			Operating assets	1,600	1,233 (1)	367
			Operating liabilities	1,807	1,351 (1)	456
			Employees at period-end (no.)	722	749 (1)	(27)
			Capital expenditure	1	6	(5)
			Services and Other Activities			
270	290	(20)	Revenues	779	843	(64)
53	*30*	*23*	*Gross operating margin*	*142*	*111*	*31*
30	7	23	Operating income	70	45	25
			Operating assets	1,350	1,883 (1)	(533)
			Operating liabilities	1,454	1,658 (1)	(204)
			Employees at period-end (no.)	4,277	4,406 (1)	(129)
			Capital expenditure	49	47	2

(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 in the 3rd Quarter

Revenues for the 3rd Quarter of 2009 amounted to €158 million, down €14 million compared with the same period last year. This performance can essentially be ascribed to:

> a €34 million reduction in revenues from the sale of electricity to the Single Buyer, essentially owing to a reduction in average sale prices;
> a €21 million rise in revenues from services provided to other Group companies.

The *gross operating margin* for the 3rd Quarter of 2009 improved €17 million to €2 million, owing to operating efficiency gains (€27 million) that were only partially offset by a reduction in the electricity margin.

Operating income reached breakeven, an improvement of €29 million compared with the corresponding figure for the 3rd Quarter of 2008. The gain reflects the improvement in the gross operating margin described above, and also benefited from a decline of €12 million in depreciation, amortization and impairment losses.

Performance in the first nine months

Revenues in the first nine months of 2009 were up €5 million or 1.0% compared with the same period last year, reaching €514 million. This can mainly be attributed to:

> a €40 million increase in revenues from services provided by the Parent Company to Group companies and in support of international acquisitions;

> a €29 million decrease in revenues from the sale of electricity to the Single Buyer, essentially ascribable to a reduction in the average sales price, the quantities sold virtually unchanged.

The *gross operating margin* in the first nine months of 2009 improved by €92 million to €56 million. This performance was primarily achieved thanks to operating efficiency gains mentioned above (€62 million) and the adjustment of €13 million to provisions for risks and charges following an update of estimates regarding disputes that arose in previous years.

Operating income improved by €103 million to €50 million compared with the first nine months of 2008, thanks in part to a decline of €11 million in depreciation, amortization and impairment losses.

Services and Other Activities

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

Performance in the 3rd Quarter

Revenues for the Services and Other Activities area in the 3rd Quarter of 2009 amounted to €270 million, compared with €290 million for the same period in 2008. The reduction of €20 million or 6.9% is essentially attributable to a decrease of €15 million in revenues from technical and IT services, and a decrease of €5 million in revenues from the sale of hardware and software to Group companies.

The *gross operating margin* for the 3rd Quarter of 2009 rose €23 million (up 76.7%) compared with the year-earlier period to €53 million, essentially attributable to the €19 million in higher operating costs recognized in the 3rd Quarter of 2008, associated mainly with provisions for early-retirement incentives.

Operating income for the 3rd Quarter of 2009 rose €23 million compared with the 3rd Quarter of 2008 to reach €30 million, in line with developments in the gross operating margin.

Performance in the first nine months

Revenues for the Services and Other Activities area during the first nine months of 2009 amounted to €779 million, compared with €843 million for the same period in 2008. The €64 million decrease (down 7.6%) essentially reflected lower revenues from the sale of hardware and software to Group companies following the completion of a number of IT development projects principally involving the Sales Division and Infrastructure and Network Division (€24 million), a reduction of €18 million in revenues from technical and IT services, and a fall of €15 million in capital gains on the disposal of investment property.

The *gross operating margin* for the first nine months of 2009 increased €31 million to €142 million, up 27.9% compared with the same period of 2008. The improvement was essentially the result of the combined effect of the adjustment made in the first half of 2009 following a review of estimates regarding previously recognized liabilities for early-retirement incentives (€22 million) and the higher operating costs recognized in the 3rd Quarter of 2008 mainly associated with provisions for early-retirement incentives (€19 million). This was only partially offset by the lower capital gains on investment property.

Operating income for the first nine months of 2009 rose €25 million to €70 million despite an increase of €6 million in depreciation, amortization and impairment losses after the entry into service of non-current assets and new investments, mainly regarding the upgrade of the corporate LAN network, the IP Telephony and UNIX project, and the purchase of SAP licenses.

Consolidated financial statements

Condensed Consolidated Income Statement

3rd Quarter				Millions of euro	First nine months			
2009	2008 *restated*	Change			**2009**	2008 *restated*	Change	
17,230	15,990	1,240	7.8%	Total revenues	45,687	45,314	373	0.8%
13,554	12,234	1,320	10.8%	Total costs	33,659	34,312	(653)	-1.9%
871	150	721	-	Net income/(charges) from commodity risk management	458	226	232	102.7%
4,547	3,906	641	16.4%	GROSS OPERATING MARGIN	12,486	11,228	1,258	11.2%
1,303	1,095	208	19.0%	Depreciation, amortization and impairment losses	3,663	3,390	273	8,1%
3,244	2,811	433	15.4%	OPERATING INCOME	8,823	7,838	985	12.6%
409	348	61	17.5%	Financial income	2,550	1,524	1,026	67.3%
1,206	1,173	33	2.8%	Financial expense	3,556	3,779	(223)	-5.9%
(797)	(825)	28	3.4%	Total financial income/(expense)	(1,006)	(2,255)	1,249	55.4%
9	22	(13)	-59.1%	Share of income/(expense) from equity investments accounted for using the equity method	30	49	(19)	-38.8%
2,456	2,008	448	22.3%	INCOME BEFORE TAXES	7,847	5,632	2,215	39.3%
840	(259)	1,099	-	Income taxes	2,173	481	1,692	-
1,616	2,267	(651)	-28.7%	Income from continuing operations	5,674	5,151	523	10.2%
(69)	(18)	(51)	-	Income from discontinued operations	(153)	217	(370)	-
1,547	2,249	(702)	-31.2%	NET INCOME FOR THE PERIOD (shareholders of the Parent Company and minority interests)	5,521	5,368	153	2.9%
360	175	185	105.7%	Attributable to minority interests	810	555	255	45.9%
1,187	2,074	(887)	-42.8%	Attributable to shareholders of the Parent Company	4,711	4,813	(102)	-2.1%
				Net earnings attributable to shareholders of the Parent Company per share (euro) (1)	*0.50*	*0.78*	*(0.28)*	*-35.9%*

(1) The Group's diluted net earnings per share are equivalent to the net earnings per share.

Statement of Comprehensive Income

Millions of euro	First nine months	
	2009	2008 *restated*
Net income for the period (shareholders of the Parent Company and minority interests)	5,521	5,368
Other components of comprehensive income:		
Effective portion of change in the fair value of cash flow hedges	(863)	58
Change in the fair value of financial investments available for sale	157	(127)
Exchange rate differences	741	(320)
Income (loss) recognized directly in equity	35	**(389)**
COMPREHENSIVE INCOME FOR THE PERIOD	**5,556**	**4,979**
Attributable to:		
- shareholders of the Parent Company	4,188	4,587
- minority interests	1,368	392

Condensed Consolidated Balance Sheet

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
ASSETS			
Non-current assets			
- Property, plant and equipment and intangible assets	92,174	71,726	20,448
- Goodwill	19,921	16,039	3,882
- Equity investments accounted for using the equity method	1,016	397	619
- Other non-current assets (1)	15,510	12,156	3,354
Total	128,621	100,318	28,303
Current assets			
- Trade receivables	13,872	12,378	1,494
- Inventories	2,608	2,182	426
- Cash and cash equivalents	4,375	5,106	(731)
- Other current assets (2)	10,155	7,972	2,183
Total	31,010	27,638	3,372
Assets held for sale	568	5,251	(4,683)
TOTAL ASSETS	**160,199**	**133,207**	**26,992**
LIABILITIES AND SHAREHOLDERS' EQUITY			
- Equity attributable to the shareholders of the Parent Company	30,723	20,398	10,325
- Equity attributable to minority interests	11,447	5,897	5,550
Total shareholders' equity	42,170	26,295	15,875
Non-current liabilities			
- Long-term loans	55,295	51,045	4,250
- Provisions and deferred tax liabilities	20,348	16,712	3,636
- Other non-current liabilities	7,833	6,544	1,289
Total	83,476	74,301	9,175
Current liabilities			
- Short-term loans and current portion of long-term loans	11,383	8,577	2,806
- Trade payables	9,309	10,600	(1,291)
- Other current liabilities	13,730	11,643	2,087
Total	34,422	30,820	3,602
Liabilities held for sale	131	1,791	(1,660)
TOTAL LIABILITIES	118,029	106,912	11,117
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**160,199**	**133,207**	**26,992**

(1) Of which long-term financial receivables and securities at September 30, 2009 came to €5,421 million (€2,835 million at December 31, 2008) and €92 million (€56 million at December 31, 2008), respectively.
(2) Of which the current portion of long-term financial receivables, short-term financial receivables and securities at September 30, 2009 came to, respectively, €936 million (€524 million at December 31, 2008), €1,725 million (€1,061 million at December 31, 2008) and €58 million (€73 million at December 31, 2008).

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company										
	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 instrumentsi	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	2	7	-	-	-	-	-	-	9	-	**9**
Charge for stock options plans for the period	-	-	-	4	-	-	-	-	4	-	**4**
Dividends	-	-	-	-	(1,794)	-	-	-	(1,794)	(322)	**(2,116)**
Allocation of net income from the previous year	-	-	-	-	2,679	-	-	(2,679)	-	-	**-**
Put options granted to minority shareholders	-	-	-	(10)	-	-	-	-	(10)	-	**(10)**
Change in scope of consolidation	-	-	-	-	-	-	(33)	-	(33)	114	**81**
Interim dividend for 2008	-	-	-	-	-	-	-	(1,237)	(1,237)	-	**(1,237)**
Comprehensive income for the period	-	-	-	-	-	(158)	(68)	4,813	4,587	392	**4,979**
of which:											
Income (loss) recognized directly in equity	-	-	-	-	-	*(158)*	*(68)*	-	*(226)*	*(163)*	**(389)**
Net income (loss) for the period	-	-	-	-	-	-	-	*4,813*	*4,813*	*555*	**5,368**
at September 30, 2008 restated	**6,186**	**658**	**1,453**	**2,244**	**6,827**	**(257)**	**392**	**3,576**	**21,079**	**7,264**	**28,343**
at January 1, 2009	**6,186**	**662**	**1,453**	**2,255**	**6,827**	**(1,247)**	**206**	**4,056**	**20,398**	**5,897**	**26,295**
Charge for stock options plans for the period	-	-	-	4	-	-	-	-	4	-	**4**
Dividends	-	-	-	-	(1,794)	-	-	-	(1,794)	(358)	**(2,152)**
Allocation of net income from the previous year	-	-	-	-	4,056	-	-	(4,056)	-	-	**-**
Capital increases	3,217	4,774	-	(137)	-	-	-	-	7,854	-	**7,854**
Change in scope of consolidation	-	-	-	-	-	73	-	-	73	4,540	**4,613**
Comprehensive income for the period	-	-	-	-	-	239	(762)	4,711	4,188	1,368	**5,556**
of which:											
Income (loss) recognized directly in equity	-	-	-	-	-	*239*	*(762)*	-	*(523)*	*558*	**35**
Net income (loss) for the period	-	-	-	-	-	-	-	*4,711*	*4,711*	*810*	**5,521**
at September 30, 2009	**9,403**	**5,436**	**1,453**	**2,122**	**9,089**	**(935)**	**(556)**	**4,711**	**30,723**	**11,447**	**42,170**

Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months		
	2009	2008 restated	Change
Cash flows from operating activities (a)	3,837	5,841	(2,004)
of which discontinued operations	*(210)*	*73*	*(283)*
Investments in property, plant and equipment and in intangible assets	(4,264)	(4,806)	542
Investments in entities (or business units) less cash and cash equivalents acquired	(9,408)	(1,369)	(8,039)
Disposals of entities (or business units) less cash and Cash equivalents sold	3,249	6,920	(3,671)
(Increase)/Decrease in other investing activities	16	(58)	74
Cash flows from (investing)/disinvesting activities (b)	(10,407)	687	(11,094)
of which discontinued operations	*(60)*	*(73)*	*13*
Change in net financial debt	(122)	(1,054)	932
Dividends paid	(2,152)	(2,116)	(36)
Increase in share capital and reserves	7,991	9	7,982
Capital increases paid by minority interests	3	-	3
Cash flows from financing activities (c)	5,720	(3,161)	8,881
of which discontinued operations	*273*	*-*	*273*
Impact of exchange rate fluctuations on cash and cash equivalents (d)	79	(21)	100
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(771)**	**3,346**	**(4,117)**
of which discontinued operations	*3*	*-*	*3*
Cash and cash equivalents at the beginning of the year	5,211	1,463	3,748
of which discontinued operations	*1*	*1*	*-*
Cash and cash equivalents at the end of the year (1) (2)	4,440	4,809	(369)
of which discontinued operations (3)	*-*	*1*	*(1)*

(1) Of which short-term securities equal to €58 million at September 30, 2009 (€70 million at September 30, 2008).
(2) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €7 million at September 30, 2009 (€37 million at September 30, 2008).
(3) Cash and cash equivalents relating to discontinued operations, existing at the time of sale and amounting to €4 million, were treated as a reduction in the amount included in the cash flow from investing/disinvesting activities relating to that sale.

Operating performance and financial position

Group performance

Revenues

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
15,814	14,114	1,700	Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies	40,332	39,991	341
393	480	(87)	Gas sold and transported to end users	2,066	2,172	(106)
72	323	(251)	Gains on the disposal of assets	380	323	57
951	1,073	(122)	Other services, sales and revenues	2,909	2,828	81
17,230	**15,990**	**1,240**	**Total**	**45,687**	**45,314**	**373**

In the 3rd Quarter of 2009, revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** increased €1,700 million compared with the corresponding period of the previous year (up 12.0%) to €15,814 million. This increase can principally be attributed to the following factors:

> a rise in revenues from electricity and comparable receipts from foreign operations amounting to €3,674 million, mainly regarding an increase of €3,449 million in revenues for Endesa, which was essentially the result of the positive impact of regulatory changes following the application in Spain from July 1, 2009 onwards of the *Tarifa de Ultimo Recurso* (TUR) and the full consolidation of Endesa from the end of June 2009. The regulatory changes involved the modification of the way that electricity sales are made on the former regulated market (which is no longer carried out by the distributor but rather by separate sales companies, the *Comercializadores de Ultimo Recurso*), with the consequent separate recognition in the income statement by the sales companies of the revenues and costs in respect of the sale and purchase of electricity, inclusive of associated transport costs, which had been offset until the TUR came into force;

> an overall €1,278 million decrease in revenues from the sale of electricity on the Power Exchange owing a decline in quantities sold and lower average unit prices. These developments were only partially offset by greater sales to the Single Buyer, essentially under bilateral contracts entered into by the generating companies in Italy;

> a €738 million reduction in revenues generated by electricity sales and transport on the enhanced protection and safeguard markets in Italy as a result of an overall decrease in amounts sold and sales prices.

In the first nine months of 2009, revenues from electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies rose €341 million or 0.9% compared with the year-earlier period to €40,332 million. The growth can essentially be ascribed to the following factors:

> a €3,933 million increase in revenues from electricity and similar contributions outside Italy, consisting mainly of an increase of €3,368 million in revenues for Endesa following the introduction of the TUR, as described in the comments on 3rd Quarter 2009, and the changes in the method used to consolidate the company (from proportionate to full), following the acquisition of the remaining 25.01% of its capital. The increase in revenues from operations outside Italy was also impacted by the different period of consolidation for Enel OGK-5 and Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) during the two periods under review, corresponding to €242 million and €173 million respectively, and to greater revenues from international electricity trading (€410 million). These positive impacts were partially offset by the revenues posted in 2008 by the Viesgo Group until it was sold to E.ON at the end of June 2008 (€605 million);
> a €2,259 million reduction in revenues from the sale of electricity on the Power Exchange and sales to the Single Buyer, as noted in the remarks on the 3rd Quarter;
> a €1,406 million decrease in revenues generated from electricity sales and transport on the enhanced protection and safeguard markets in Italy, in line with developments in 3rd Quarter of 2009.

Revenues from **gas sold and transported to end users** in the 3rd Quarter of 2009 were down €87 million or 18.1%. The reduction can essentially be attributed to lower revenues on the domestic market, which was largely the result of lower volumes sold. In the first nine months of 2009, revenues from the sale and transport of gas amounted to €2,066 million, down €106 million or 4.9% compared with the corresponding period last year, as a result of a reduction in volumes sold on the domestic market and lower revenues registered on the Spanish market.

Gains on the disposal of assets fell by €251 million in the 3rd Quarter of 2009, while over the first nine months of the year they rose by €57 million (up 17.6%). More specifically, revenues in the first nine months of 2009 amounted to €380 million, mainly accounted for by the €297 million gain on the disposal of the entire shareholding in Enel Linee Alta Tensione to Terna on April 1, 2009, in addition to a €68 million gain following the completion of Enel and Eni's disposal of 51% of SeverEnergia to Gazprom in the 3rd Quarter of 2009. The first nine months of 2008 included the entire €323 million in income from the July 2008 sale of 51% of Hydro Dolomiti Enel.

Revenues from **other services, sales and revenues** in the 3rd Quarter of 2009 amounted to €951 million (€1,073 million in the corresponding period of the previous year), down €122 million or 11.4% compared with the 3rd Quarter of 2008. The reduction was essentially to the decrease of €196 million in sales of fuel for trading, which in turn was largely the result of lower revenues from fuel trading by the Spanish companies.
In the first nine months of 2009, revenues from other services, sales and revenues amounted to €2,909 million, up €81 million compared with the corresponding period of 2008 (up 2.9%) as a result of an increase of €414 million in revenues from the sale of assets, principally attributable to the sale of green certificates in Italy, and a €152 million increase in revenues from contract work. This was partially offset by a

decline of €356 million in revenues from the sale of fuel for trading, reflecting a €51 million contraction in sales on the domestic market, and a €305 million decrease in fuel trading revenues for the Spanish companies, the effect of the recognition of €119 million in revenues in the first half of 2008 by the Viesgo Group and a decline of €186 million in revenues registered by Endesa in the first nine months of 2009.

Costs

3rd Quarter			Millions of euro	First nine months		
2009	2008	Change		**2009**	2008	Change
6,750	6,252	498	Electricity purchases	17,109	18,142	(1,033)
1,686	2,294	(608)	Consumption of fuel for electricity generation	4,326	5,499	(1,173)
182	450	(268)	Fuel for trading and gas for sale to end users	1,258	1,987	(729)
319	283	36	Materials	863	620	243
1,067	1,027	40	Personnel	3,093	2,928	165
3,293	1,577	1,716	Services, leases and rentals	6,480	4,387	2,093
655	644	11	Other operating expenses	1,559	1,600	(41)
(398)	(293)	(105)	Capitalized costs	(1,029)	(851)	(178)
13,554	**12,234**	**1,320**	**Total**	**33,659**	**34,312**	**(653)**

Costs for **electricity purchases** rose by €498 million or 8.0% in the 3rd Quarter of 2009. This was mainly ascribable to €1,534 million in higher purchase costs posted by Endesa, associated essentially with the impact of the introduction of the *Tarifa de Ultimo Recurso* (TUR) from July 1, 2009, as described in the remarks on revenues. It was also impacted by changes to the consolidation method applied to the company from June 2009 onwards. These effects were partially offset by the contraction in energy purchases for sales on domestic markets. In the first nine months of the year, electricity purchase costs fell by €1,033 million or 5.7%, essentially reflecting a reduction in the cost of electricity purchases associated with sales on the domestic markets, which was only partially offset by the €979 million rise in Endesa's purchase costs. This latter item was impacted by application of the TUR and the change from proportionate to full consolidation, the effects of which were only partially offset by a reduction in the quantity of electricity purchased in the first nine months.

Costs for **consumption of fuel for electricity generation** amounted to €1,686 million in the 3rd Quarter of 2009 (€4,326 million in the first nine months), down €608 million (26.5%) and €1,173 million (21.3%) respectively compared with the figures for the corresponding period of 2008. This decrease was attributable to lower consumption on the domestic market, with lower thermal generation and a reduction in unit costs, which was only partially offset by the increase in Endesa's consumption costs, essentially attributable to the change in the consolidation method used for the company from the end of June 2009 onwards.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €182 million for the 3rd Quarter of 2009 (€1,258 million in the first nine months), down €268 million or 59.6% (€729 million in the first nine months of 2009, a decline of 36.7%) compared with the figures for the corresponding periods of 2008. These changes essentially regarded a contraction in trading on the Spanish market, taking partial account of the difference in the contribution from the Viesgo Group, which was sold at the end of June 2008, and reduced purchases of gas on the domestic market for resale to end users.

Costs for **materials** amounted to €319 million in the 3rd Quarter of 2009 (€863 million in the first nine months), up €36 million compared with the corresponding period of 2008, a rise of 12,7% (up €243 million in the first nine months of 2009, corresponding to a 39.2% rise), mainly as a result of Endesa's contribution.

Personnel costs in the 3rd Quarter of 2009 amounted to €1,067 million, up €40 million or 3.9%. In the first nine months of 2009, costs amounted to €3,093 million, up €165 million (5.6%) compared with the year-earlier period. Excluding the impact of changes in the scope of consolidation of a number of companies outside Italy and the impact of expenses for early-retirement incentives, in the first nine months of 2009 labor costs rose by €83 million (up 4.2%) while the average size of the workforce contracted by 2.6%. The variation over the period was mainly ascribable to pay increases as from January 1, 2009 envisaged in the most recent renewal of the industry's collective bargaining agreement in Italy, and higher social security contributions as from January 1, 2009.

Costs for **services, leases and rentals** amounted to €3,293 million in the 3rd Quarter of 2009, up €1,716 million compared with the 3rd Quarter of 2008. In the first nine months of 2009, these costs amounted to €6,480 million, a rise of €2,093 million or 47.7% compared with the corresponding period in 2008. This was essentially ascribable to higher electricity transport costs for Endesa's electricity, equal to €1,560 million and €1,620 million in the 3rd Quarter and the first nine months of 2009 respectively, essentially as a result of the regulatory amendments noted previously and the changes in how the company is consolidated.

Other operating expenses amounted to €655 million in the 3rd Quarter of 2009, broadly in line with the figure for the corresponding period of the previous year (up 1.7%). In the first nine months of 2009, the total decreased by €41 million or 2.6% compared with the corresponding period of 2008, to €1,559 million. In the first nine months of 2009, this item was impacted by an increase of €334 million in charges for green certificates, which was only partially offset by the effect of the recognition, in the 2nd Quarter of 2008, of the €109 million loss registered on the sale of Enel's Viesgo Group assets to E.ON at the end of June 2008, in addition to €96 million in lower charges for CO_2 emissions allowances.

In the 3rd Quarter of 2009, **capitalized costs** rose €105 million or 35.8%. In the first nine months of 2009, capitalized costs were up €178 million (20.9%), principally as a result of engineering and innovation activities and the contribution of companies outside Italy.

Net income/(charges) from commodity risk management amounted to €871 million in income in the 3rd Quarter of 2009 (€150 million in net income in the corresponding period during the previous year), while in the first nine months net income amounted to €458 million (€226 million in net income for the first nine months of 2008). Net income for the 3rd Quarter of 2009 was essentially attributable to net realized income of €702 million during the period and from net unrealized income of €169 million from the fair value measurement of derivatives positions open at the end of the period. The €458 million in net income from commodity risk management over the first nine months of 2009 is the result of €556 million in net unrealized income from fair value measurement, partially offset by €98 million in net realized charges for the period.

Depreciation, amortization and impairment losses in the 3rd Quarter of 2009 rose €208 million (up 19.0%); in the first nine months of the year, the item increased by €273 million (up 8.1%). The variation is mainly the result of higher depreciation and amortization (up €220 million for the quarter and €407 million for the first nine months), essentially due to the change in the method used to consolidate Endesa and that company's redefinition, in the 1st Half of the year, of the renewable assets held for sale to Acciona. For the first nine months of 2008, this item included a €168 million adjustment to Viesgo Group net assets, sold to E.ON, to their estimated value as calculated on the basis of the appraisal carried out by the investment banks at the end of the 1st Quarter of 2008.

Operating income for the 3rd Quarter of 2009 amounted to €3,244 million, up €433 million compared with the corresponding period in the previous year (up 15.4%). For the first nine months of 2009, operating income amounted to €8,823 million, a rise of €985 million or 12.6%.

Net financial expense decreased by €28 million (down 3.4%) for the 3rd Quarter of 2009 and by €1,249 million (down 55.4%) for the first nine months of the year. The €1,026 million rise in financial income for the first nine months of 2009 consisted mainly of the positive €970 million impact of the early exercise of the put option granted to Acciona on Acciona's 25.01% direct and indirect shareholding in Endesa. The €223 million decrease in financial expense reflected the drop in interest rates during the first nine months of 2009 compared with the corresponding period of 2008 as a result of the international financial crisis, as well as the reduction in Enel's average financial debt, despite the less favorable credit rating.

The share of income/(expense) from equity investments accounted for using the equity method in the 3rd Quarter of 2009 showed a net gain of €9 million, down €13 million compared with the corresponding period last year; for the first nine months of 2009, this item amounted to €30 million, down €19 million compared with the first nine months of 2008 (which included the equity method measurement of Enel OGK-5 prior to its consolidation as from the end of May 2008).

Income taxes for the 3rd Quarter of 2009 amounted to €840 million, compared with a tax credit of €259 million for the 3rd Quarter of 2008. The estimated tax liability for the first nine months of 2009 amounted to €2,173 million, corresponding to 27.7% of taxable income. This compares with 8.5% of taxable income for the first nine months of 2008. This trend was essentially due to the recognition in the first nine months of 2009 of greater partially or fully tax-exempt revenues and as well as to the adjustment in the 2nd and 3rd Quarters of 2008 of deferred taxes related to the realignment, through payment of a one-off gains tax, of the differences between the statutory and tax values of the property, plant and equipment of a number of Italian companies (Law 244/07) and to the application of the IRES surtax for companies operating in the energy and hydrocarbon industry (Decree Law 112/2008, ratified with Law 133/08).

Analysis of the Group's financial position

Non-current assets - *€128,621 million*

Property, plant and equipment and intangible assets, including investment property, amounted to €92,174 million at September 30, 2009, an overall increase of €20,448 million. The rise was mainly the result of the change in the method of consolidation for Endesa from proportionate to full, following the acquisition of complete control of the company with the purchase of a 25.01% equity interest (adding €17,626 million). It also reflects investments for the period in the amount of €4,109 million and the effects of the completion in the first nine months of 2009 of the purchase price allocation process in connection with the acquisition of Enel OGK-5 and Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) for a total of €891 million net of depreciation, amortization and impairment losses on those assets of €3,392 million. The remainder of the increase is largely ascribable to exchange rate differences in the period and to the change in the Endesa renewable energy assets classified as held for sale as at December 31, 2008, in accordance with the agreement of February 20, 2009, with the sale to Acciona of nearly all of these assets on June 25, 2009.

Goodwill amounted to €19,921 million, up €3,882 million. The increase mainly reflects the provisional recognition, in the first nine months of 2009, of the goodwill related to the acquisition of 25.01% of Endesa and the effects of the sale of renewable energy assets to Acciona, for a total of €4,052 million. The increase also reflects the goodwill provisionally recognized by Endesa on the acquisition of 100% of KJWB (now Endesa Ireland), an Irish company to which 20% of the power generation assets of the Electricity Supply Board had previously been transferred (€205 million), as well as the net effects of the adjustments for exchange rate differences for the period (€90 million). During the period (more specifically, by June 30, 2009), the purchase price allocation process was also completed for Enel OGK-5, Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia), Marcinelle Energie, Enel Erelis, Hydro Constructional, and International Wind Parks of Crete. The residual goodwill, where recognized, is therefore to be considered definitive. As regards goodwill arising from acquisitions completed during the first nine months of 2009, its value should be considered provisional pending conclusion of the analysis required for more accurate allocation to the assets acquired and/or liabilities assumed.

Equity investments accounted for using the equity method came to €1,016 million, up €619 million with respect to the previous year. The increase is essentially due to the recognition of €271 million relating to the equity investment in SeverEnergia, reclassified as an associate following the sale by Enel and Eni of 51% of the company to Gazprom on September 23, 2009, an operation that reduced Enel's investment from 40% to 19.6%, resulting in the loss of joint control. The increase in the period also reflects the recognition, for €144 million, of the equity investment in Enel Rete Gas as a consequence of the sale on September 30, 2009 of 80% of the share capital of the company. Until that date, Enel had controlled 99.88% of the company, the value of which at December 31, 2008 was already recognized under assets and liabilities held for sale. The remainder of the increase is essentially ascribable to the effects of the change from proportionate to full consolidation of Endesa for a total of €107 million.

Other non-current assets came to €15,510 million and comprise:

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
Deferred tax assets	6,383	5,881	502
Non-current financial assets	6,516	4,338	2,178
Receivables due from Electricity Equalization Fund and similar bodies	1,909	1,360	549
Other long-term receivables	702	577	125
Total	**15,510**	**12,156**	**3,354**

The increase for the period of €3,354 million was mainly attributable to the following:

> an increase of €2,178 million in non-current financial assets due essentially to an increase of €2,622 million in long-term financial receivables and securities, of which €2,004 million refers to financial receivables in respect of the deficit of the Spanish electricity system (of which €1,074 million relating to the change in the method used for consolidating Endesa). This was partially offset by a decline of €549 million in the fair value of derivatives;

> an increase of €549 million in receivables due from the Electricity Equalization Fund and similar bodies, of which €543 million relates to long-term receivables due to Endesa as reimbursement for the higher costs it incurred in generating electricity in extra-peninsular areas. The latter change reflects €604 million connected with the change in the method used for consolidating Endesa from proportionate to full;

> an increase of €502 million in deferred tax assets, essentially as a result of the change in the consolidation method used for Endesa.

Current assets – *€31,010 million*

Trade receivables totaled €13,872 million, an increase of €1,494 million. The rise mainly relates to an increase of €1,534 million in trade receivables due to Endesa, and includes the effects of the full consolidation of the company following Enel's acquisition of 25.01% of its share capital.

Inventories amounted to €2,608 million, an increase of €426 million that mostly results from the higher value of Endesa's fuel inventories.

Other current assets, which total €10,155 million, break down as follows:

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
Current financial assets	3,777	3,255	522
Tax receivables	2,351	1,239	1,112
Receivables due from Electricity Equalization Fund and similar bodies	2,618	1,850	768
Other receivables	1,409	1,628	(219)
Total	**10,155**	**7,972**	**2,183**

The increase in the period, €2,183 million, was mainly due to the following:

> an increase of €1,112 million in tax receivables, mainly as a result of higher income tax receivables of €1,019 million, including advance payments in the period;

> an increase of €768 million in receivables due from the Electricity Equalization Fund and similar bodies, largely in relation to the current portion of the

receivables due to Endesa as reimbursement for the higher costs of extra-peninsular generation;

> an increase of €522 million in current financial assets, mainly as a result of an increase of €1,076 million in short-term financial receivables (of which €276 million relating to the change in the method used for the consolidation of Endesa), which was offset by a contraction of €478 million in the value of financial assets in respect of derivatives.

Assets held for sale – *€568 million*

These essentially consist of assets held by Endesa in Greece and Latin America that, as a result of decisions made by management, meet the requirements of IFRS 5 for classification as assets held for sale. The item also includes Endesa renewable energy assets that are covered by the terms of the agreement of February 20, 2009 but, pending the conclusion of the authorization process, have yet to be transferred to Acciona.

Equity attributable to the shareholders of the Parent Company – *€30,723 million*

In execution of the authorization granted by the Extraordinary Shareholders' Meeting of Enel SpA on April 29, 2009, pursuant to Article 2443 of the Italian Civil Code, the Enel SpA Board of Directors voted to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8,000 million by way of the issue of 3,216,938,192 ordinary shares with a par value of €1.00 and the same characteristics of the shares already in circulation. The shares were offered in pre-emption to parties who were shareholders of the Company as of the start date of the rights offering at a price of €2.48 per share, of which €1.48 represents the share premium, with an option ratio of 13 new shares for every 25 existing shares. During the offer period, which started on June 1 and ended on June 19, 2009, a total of 6,160,693,425 rights were exercised. As a result, 3,203,560,581 newly issued Enel ordinary shares were subscribed altogether, equal to 99.58% of the shares offered, for a total of €7,945 million.
At the end of the offer period, total unexercised rights amounted to 25,726,175, granting the right to subscribe 13,377,611 newly issued ordinary shares.
On June 26, 2009, all the unexercised rights were all sold at a unit price of €0.51 for a total of €13 million, and the related 13,377,611 ordinary shares were issued on July 3, 2009 for a total of €33 million. Accordingly, as of September 30, 2009, the share capital of Enel SpA – considering the capital increase and the fact that in the first nine months of 2009 no options were exercised as part of stock option plans – consisted of 9,403,357,795 ordinary shares with a par value of €1.00 each.
The transaction costs were €189 million and the related tax effect was €52 million.
The change in shareholders' equity in the first nine months of 2009 also reflects: the recognition of €4,711 million in net income for the period, the distribution of the balance of the dividend for 2008 (€1,794 million) in accordance with the decision of the Shareholders' Meeting of April 29, 2009, and the net loss of €523 million for the period recognized directly in equity.

Non-current liabilities – *€83,476 million*

Long-term loans totaled €55,295 million (€51,045 million at December 31, 2008), consisting of bonds in the amount of €28,555 million (€20,248 million at December 31, 2008) and bank and other loans in euro and other currencies in the amount of €26,740 million (€30,797 million at December 31, 2008).
Provisions and deferred tax liabilities amounted to €20,348 million at September

30, 2009 (€16,712 million at December 31, 2008) and include post-employment and other employee benefits of €3,185 million (€2,910 million at December 31, 2008), provisions for risks and charges of €7,898 million (€6,922 million at December 31, 2008) and deferred tax liabilities of €9,265 million (€6,880 million at December 31, 2008).

Other non-current liabilities came to €7,833 million, an increase of €1,289 million compared with the previous year, mainly the result of higher deferred operating liabilities relating essentially to the change in the consolidation method used for Endesa (€1,423 million), offset in part by a decrease of €134 million in non-current financial liabilities. The latter decline in non-current liabilities reflects the early exercise of the put option granted to Acciona in the contract of March 26, 2007, on the 25.01% that company held directly and indirectly in Endesa, which was involved in the acquisition of June 25, 2009. This resulted in a reduction of €970 million, offset by an €836 million increase in liabilities connected with derivative instruments.

Current liabilities – *€34,422 million*

Short-term loans and current portion of long-term loans increased by €2,806 million, from €8,577 million at the end of 2008 to €11,383 million at September 30, 2009. The change comprises an increase of €3,231 million in commercial paper issues.

Trade payables came to €9,309 million, a fall of €1,291 million thanks mainly to a reduction in payables in respect of electricity purchases.

Other current liabilities, which came to €13,730 million, break down as follows:

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
Payables due to customers	1,653	1,539	114
Payables due to Electricity Equalization Fund and similar bodies	3,414	2,655	759
Current financial liabilities	1,946	2,454	(508)
Social security contributions payable and payables due to employees	404	557	(153)
Tax payables	4,161	2,956	1,205
Other	2,152	1,482	670
Total	**13,730**	**11,643**	**2,087**

The increase in the period, €2,087 million, was mainly due to the following:

> an increase of €1,205 million in tax payables, largely attributable to the estimate for taxes on current income for the period;

> an increase of €759 million in payables due to the Electricity Equalization Fund and similar bodies, relating mainly to greater payables on the Spanish market.

Liabilities held for sale – *€131 million*

These essentially consist of assets owned by Endesa in Greece that, as a result of decisions made by management, meet the requirements of IFRS 5 for classification as assets held for sale. The item also includes Endesa renewable energy assets that are covered by the terms of the agreement of February 20, 2009 but, pending the conclusion of the authorization process, have yet to be transferred to Acciona.

Net capital employed and related funding

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

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	92,174	71,726	20,448
- goodwill	19,921	16,039	3,882
- equity investments accounted for using the equity method	1,016	397	619
- other net non-current assets/(liabilities)	(4,219)	(3,160)	(1,059)
Total	**108,892**	**85,002**	**23,890**
Net current assets:			
- trade receivables	13,872	12,378	1,494
- inventories	2,608	2,182	426
- net receivables due from Electricity Equalization Fund and similar bodies	(796)	(805)	9
- other net current assets/(liabilities)	(5,498)	(4,524)	(974)
- trade payables	(9,309)	(10,600)	1,291
Total	**877**	**(1,369)**	**2,246**
Gross capital employed	**109,769**	**83,633**	**26,136**
Provisions:			
- post-employment and other employee benefits	(3,185)	(2,910)	(275)
- provisions for risks and charges and net deferred taxes	(10,780)	(7,921)	(2,859)
Total	**(13,965)**	**(10,831)**	**(3,134)**
Net assets held for sale	**437**	**3,460**	**(3,023)**
Net capital employed	**96,241**	**76,262**	**19,979**
Total shareholders' equity	**42,170**	**26,295**	**15,875**
Net financial debt	**54,071**	**49,967**	**4,104**

Net capital employed at September 30, 2009 totaled €96,241 million and is funded by shareholders' equity attributable to the Group and minority interests in the amount of €42,170 million and net financial debt of €54,071 million. The debt-to-equity ratio at September 30, 2009 came to 1.28 (compared with 1.90 at December 31, 2008).

Net financial debt

Millions of euro

	at Sept. 30, 2009	at Dec. 31, 2008	Change
Long-term debt:			
- bank loans	24,357	29,392	(5,035)
- bonds	28,555	20,248	8,307
- preference shares	1,460	973	487
- other loans	923	432	491
Long-term debt	*55,295*	*51,045*	*4,250*
Long-term financial receivables and securities	(5,513)	(2,891)	(2,622)
Net long-term debt	**49,782**	**48,154**	**1,628**
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	918	590	328
- drawings on revolving credit facilities	37	14	23
- other short-term bank debt	1,639	1,564	75
Short-term bank debt	2,594	2,168	426
Bonds (short-term portion)	1,248	2,364	(1,116)
Other loans (short-term portion)	472	156	316
Commercial paper	7,023	3,792	3,231
Other short-term financial payables	46	97	(51)
Other short-term debt	*8,789*	*6,409*	*2,380*
Long-term financial receivables (short-term portion)	(936)	(524)	(412)
Factoring receivables	(278)	(367)	89
Other short-term financial receivables	(1,447)	(694)	(753)
Cash and cash equivalents	(4,433)	(5,179)	746
Cash and cash equivalents and short-term financial receivables	*(7,094)*	*(6,764)*	*(330)*
Net short-term debt	**4,289**	**1,813**	**2,476**
NET FINANCIAL DEBT	**54,071**	**49,967**	**4,104**
Financial debt of "Assets held for sale"	**58**	**795**	**(737)**

The net financial debt of the Group amounted to €54,071 million at September 30, 2009, an increase of €4,104 million compared with December 31, 2008.
The increase reflects the effects of the acquisition of 25.01% of the share capital of Endesa for €9,627 million as well as the effects of the full consolidation of Endesa's debt, which were offset by the sale of Enel Linee Alta Tensione to Terna for €1,152 million, the finalization of the capital increase of Enel SpA for a total of €7,991 million (taking account of the receipts from option rights), the sale of a number of hydroelectric and other renewable energy plants by Endesa to Acciona for €1,838 million, the sale to F2i and AXA Private Equity of 80% of Enel Rete Gas for €516 million and the sale to Gazprom of 51% of Enel's stake in SeverEnergia for €423 million.
Taking account of the change in the method of consolidation of Endesa, net long-term financial debt increased by €1,628 million, the net effect of a rise of €4,250 million in gross long-term debt and an increase of €2,622 million in long-term financial receivables.

In particular, long-term bank loans, which totaled €24,357 million, decreased by €5,035 million compared with December 31, 2008, principally as a result of the following factors:

> the €8,000 million (nominal value; the effect on net financial debt comes to €7,743 million) use of the 2009 Credit Agreement to finance the acquisition of the additional 25.01% stake in Endesa;
> an increase in Endesa's bank loans and the full consolidation of the same in the amount of €4,538 million;
> mandatory and voluntary repayments totaling €10,866 million on the tranche falling due in 2010 of the €35 billion syndicated line of credit;
> mandatory repayments of the 2007 and 2009 credit facility following Endesa's sale of its assets to Acciona, and the issue of bonds by Enel Finance International, of which €1,674 million refers to the tranche falling due in 2012, €1,176 to the tranche falling due in 2014 and €535 million to the tranche falling due in 2016;
> the repayment of €3,773 million of the €5 billion five-year syndicated revolving line of credit established in November 2005.

Bonds, which totaled €28,555 million, increased by €8,307 million mostly in connection with the full consolidation of Endesa's debt and the issue of multi-tranche euro- and sterling-denominated bonds on September 10, 2009 for institutional investors for a value of more than €6.5 billion as part of the Global Medium-Term Notes program. The operation was structured as follows:

> €1,500 million fixed-rate 4.00% bond due 2016;
> €2,500 million fixed-rate 5.00% bond due 2022;
> £850 million fixed-rate 5.625% bond due 2024;
> £1,400 million fixed-rate 5.75% bond due 2040.

Net short-term financial debt, which stood at €4,289 million at September 30, 2009, shows an increase of €2,476 million compared with December 31, 2008. The increase reflects a rise of €426 million in short-term bank debt and an increase of €2,380 million in other loans, offset by an increase of €330 million in cash and cash equivalents and short-term financial receivables. Other short-term loans, which totaled €8,789 million, include €7,023 million in respect of the issue of commercial paper by Enel Finance International, Endesa Internacional BV, Endesa Capital SA and Enel OGK-5 as well as €1,248 million in bonds maturing within the next 12 months, of which about €795 million in bonds issued by the Endesa Group and around €453 million in bonds issued by Enel SpA.

Net financial debt relating to assets held for sale at September 30, 2009 stood at €58 million (€795 million at December 31, 2008) and is composed entirely of the debt of Endesa assets held for sale. The change in the period is mainly due to the deconsolidation of the debt associated with Enel Rete Gas.

Cash flows

Cash flows from operating activities in the first nine months of 2009 were positive at €3,837 million, a fall of €2,004 million compared with the corresponding period of 2008. The increased use of cash connected with the change in net current assets between the two periods was only partially offset by an improvement in the gross operating margin.

Cash flows from (investing)/disinvesting activities in the first nine months of 2009 absorbed funds in the amount of €10,407 million, while in the corresponding period of 2008 they had generated liquidity totaling €687 million.

In particular, investments in property, plant and equipment and in intangible assets totaling €4,264 million declined by €542 million from the corresponding period of the previous year. The reduction was essentially due to the investments made in the first nine months of 2008 associated with the Endesa and Enel generation assets that were sold to E.ON. in June 2008.
Investments in entities and business units, net of cash and cash equivalents acquired in the amount of €566 million, totaled €9,408 million. This essentially includes €9,067 million related to the purchase of the 25.01% stake in Endesa (net of the €560 million in cash at the date of acquisition), as well as the €295 million payment for Endesa's acquisition of KJWH (now Endesa Ireland), an Irish company to which 20% of the generation assets of the Electricity Supply Board (ESB) had been transferred. Investments in entities for the first nine months of 2008, net of the cash and cash equivalents acquired in the amount of €499 million, came to €1,369 million and essentially included €815 million in respect of the Enel OGK-5 acquisition and €334 million for the purchase of a 64.4% stake in Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) and the purchase of a 30% stake in several wind-generation projects in Greece for €121 million.
In the first nine months of 2009, sales of entities and business units generated cash flows of €3,249 million, €1,838 million of which related to the sale of Endesa's renewable energy assets to Acciona and €1,152 million of which for the sale of Enel Linee Alta Tensione (ELAT) to Terna. The cash flows from investing activities in the first nine months of 2009 also reflect the effects of the sale at the end of September 2009 of the Group's 80% stake in Enel Rete Gas for €163 million and the sale by Enel and Eni of 51% of SeverEnergia to Gazprom for €96 million. The first nine months of 2008 had also included the effects of the sale to E.ON of Endesa Europa (€5,880 million), the sale of Viesgo (€702 million) and the sale of 51% of the share capital of Hydro Dolomiti Enel for €333 million.

Cash flows from financing activities generated €5,720 million in liquidity. In the first nine months of 2008, on the other hand, financing activities had absorbed cash of €3,161 million. Cash flows for the period under review essentially reflect the increase in capital and reserves of Enel totaling €7,991 million, taking account of the cash needs associated with the €2,152 million dividend payment.

In the first nine months of 2009, the €5,720 million in cash flows generated by financing activities and the €3,837 million generated by operating activities went toward covering the €10,407 million in cash needed for investing activities. The difference is reflected in the decrease in cash and cash equivalents, which came to €4,440 million at September 30, 2009, compared with €5,211 million at the end of 2008. This decline also reflects the positive effect of exchange rate changes in the amount of €79 million.

Other information

Related parties

As the main operator in the field of generation, transport, distribution and sale of electricity in Italy, Enel provides services to a number of companies controlled by the State, Enel's controlling shareholder. 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.
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 company of the Renewable Energy Division that operates 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:

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Costs	Revenues
	at Sept. 30, 2009		**First nine months 2009**	
Single Buyer	201	1,124	5,296	966
Market Operator	881	818	3,790	3,832
Terna	293	275	1,315	1,319
Electricity Services Operator	112	272	25	464
Eni	1	135	607	394
Italian Post Office	-	49	122	3
Other	8	439	22	1
Total	**1,496**	**3,112**	**11,177**	**6,979**

The following table shows transactions with associated companies outstanding at September 30, 2009 and carried out during the first nine months of the year, respectively.

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Costs	Revenues
	at Sept. 30, 2009		First nine months 2009	
Cesi	1	13	2	1
LaGeo	8	-	-	-
Enel Rete Gas (1)	25	33	-	-
SeverEnergia (1)	37	-	-	-
Other companies	22	3	3	12
Total	**93**	**49**	**5**	**13**

(1) Accounted for using the equity method following loss of control in the 3rd Quarter of 2009.

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.

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 Sept. 30, 2009
Guarantees given:	
- sureties and other guarantees granted to third parties	2,447
Commitments to suppliers for:	
- electricity purchases	48,488
- fuel purchases	51,529
- various supplies	4,190
- tenders	1,395
- other	2,069
Total	107,671
TOTAL	**110,118**

Guarantees granted to third parties amounted to €2,447 million and include €674 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 €48,488 million at September 30, 2009,

of which €20,455 million refer to the period October 1, 2009-2013, €9,776 million to the period 2014-2018, €9,273 million to the period 2019-2023 and the remaining €8,984 million beyond 2023.
Commitments for the purchase of fuels are determined with reference to the parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at September 30, 2009, was €51,529 million, of which €19,747 million refer to the period October 1, 2009-2013, €20,258 million to the period 2014-2018, €8,427 million to the period 2019-2023 and the remaining €3,097 million beyond 2023.
Various supply commitments include €297 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.

Contingent liabilities and assets

Compared with the half-year financial report at June 30, 2009, which the reader is invited to consult, the following main changes have occurred in contingent assets and liabilities:

> in relation to the blackout of September 28, 2003, on July 23, 2009, the Court of Cassation (the supreme court of appeals) issued three rulings (17282, 17283 and 17284) that definitively ruled out any responsibility on the part of Enel Distribuzione, granting the appeals and denying the claims of customers;

> Spain's antitrust authority initiated a proceeding against a number of distribution companies (Endesa, Iberdrola, Hidrocantabrico, Unión Fenosa and E.ON) for an alleged violation of Article 1 of Law 15/2007, consisting in a collusive agreement that, according to the authority, was designed to prevent, restrict or interfere with competition in the domestic market for electricity supply, by delaying the process of changing suppliers;

> Endesa Generación is currently involved in a arbitration proceeding with a seller of liquefied natural gas (LNG). If the claim of the supplier should be granted, it would be necessary to adjust the price of LNG already delivered and the price of future deliveries;

> on August 31, 2009, Endesa's co-shareholder in the Portuguese company TP - Sociedade térmicas Portuguesas SA – presented a request for arbitration for an alleged violation of the shareholders' agreement. On September 10, 2009, Endesa submitted a counterclaim;

> on September 9, 2009, Endesa's co-shareholder in Endesa Hellas presented a request for arbitration for an alleged violation of the shareholders' agreement, asking to acquire Endesa's holding in Endesa Hellas at the market price discounted by 17%. Endesa has presented its defense and submitted a counterclaim, indicating that it would sell its stake to the partner for €205 million or would purchase the partner's holding at the market price discounted by 17%.

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 September 30, 2009 corresponds with that contained in the accounting documentation, books and records.

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